
ANNUAL FINANCIAL REPORT SEVIER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Audit Highlights

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in three findings and recommendations, which we have reviewed with Sevier County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ A fraud reporting form was not filed timely.
- ◆ Duties were not segregated adequately in the Water Department.

OFFICE OF CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.

BEST PRACTICES

The Division of Local Government 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, 2012

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
Marty Loveday
Bryan Delius
Judy Godfrey
Mike Hillard
Warren Hurst
Jim Keener
Phil King
Randy Williams

David Norton
Bill Oakes
Ray Ogle
Frank Parton
Harold Pitner
Tony Proffitt
Carroll Rauhuff
James Temple, Sr.
Tommy Watts
Tim Hurst
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 LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

October 23, 2012

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, 2012, 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 .8 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 2.5 percent and .04 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 20 and the budgetary comparison, pension, and other postemployment benefits information on pages 96 through 103 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 end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

SEVIER COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. 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 2011-2012

In total, net assets of the primary government decreased by approximately \$1.4 million. Net assets of the primary government are related to governmental and business-type activities.

General revenues of the primary government accounted for \$47 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 \$20.7 million or 31 percent of total revenues of \$67.7 million.

Total assets of the primary government were \$249.9 million as taxes receivable ended at \$30.7 million, cash ended at \$67.7 million, and capital assets, net of accumulated depreciation, ended at \$140.1 million.

Sevier County had \$73.1 million in expenses related to governmental and business-type activities. Of these expenses, \$20.7 million was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$28.9 million) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$40.5 million in revenues and \$37.8 million in expenditures. The Highway/Public Works Fund had \$9.7 million in revenues and \$11.4 million in expenditures. The General Debt Service Fund had \$11.2 million in revenues and \$11.1 million in expenditures. The General Capital Projects Fund had \$1.7 million in revenues and \$7.6 million in expenditures. The Education Capital Projects Fund had \$.011 million in revenues and \$10.6 million in expenditures. The Public Utility Fund had \$.068 million in revenues and \$.6 million in expenditures. Fund balance for the General Fund increased by \$2.5 million to \$16.8 million. Fund balance for the Highway/Public Works Fund decreased by \$1.7 million to \$5.7 million. Fund balance for the General Debt Service Fund increased by \$.07 million to \$32 million; fund balance for the General Capital Projects Fund increased by \$6.1 million to \$8.5 million; fund balance for the Education Capital Projects Fund decreased by \$10.6 million to \$2.3 million; fund balance for the Public Utility Fund increased by \$1.1 million to \$17 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 eight governmental funds are combined into a single, aggregate presentation titled nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining financial statements elsewhere in this report.

Sevier County government adopts an annual appropriated budget for most of its governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget. Budget comparison statements for the General and Highway/Public Works funds can be found as required supplementary information of this report. Budget comparison statements for the other budgeted governmental funds are located in the combining and individual fund section of this report.

Proprietary Funds – Sevier County maintains 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 \$85.8 million at the close of the most recent fiscal year.

At June 30, 2012, \$98.3 million of the county’s net assets reflect its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Of this amount, \$82 million is capital assets 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 a portion of 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 2012. A comparison of the prior year is provided.

Sevier County Government Net Assets as of June 30
Governmental Activities

	2012	2011
Current and Other Assets	\$ 108,998,488	\$ 108,437,290
Capital Assets	<u>123,872,976</u>	<u>117,077,309</u>
Total Assets	<u>\$ 232,871,464</u>	<u>\$ 225,514,599</u>
Long-term Liabilities Outstanding	\$ 127,434,608	\$ 121,590,229
Other Liabilities	<u>36,612,910</u>	<u>32,558,718</u>
Total Liabilities	<u>\$ 164,047,518</u>	<u>\$ 154,148,947</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 82,021,794	\$ 81,235,584
Restricted	52,346,061	56,806,271
Unrestricted	<u>(65,543,909)</u>	<u>(66,676,203)</u>
Total Net Assets	<u>\$ 68,823,946</u>	<u>\$ 71,365,652</u>

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

	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 15,251,464	\$ 12,701,128
Operating Grants and Contributions	3,543,420	3,548,916
Capital Grants and Contributions	1,883,351	4,290,622
General Revenues:		
Property Taxes	28,853,423	27,849,141
Sales Taxes	3,922,389	3,882,794
Other Taxes	5,188,998	4,968,363
Grants and Contributions Unrestricted	7,240,495	6,973,082
Unrestricted Investment Income	1,153,922	1,742,202
Miscellaneous	119,225	38,106
Total Revenues	<u>\$ 67,156,687</u>	<u>\$ 65,994,354</u>
Expenses:		
General Government	\$ 6,609,822	\$ 6,774,732
Finance	2,971,672	3,048,698
Administration of Justice	3,129,927	3,068,944
Public Safety	14,199,450	13,459,953
Public Health and Welfare	8,800,009	8,852,742
Social, Cultural, and Recreational Services	2,141,944	2,059,022
Agriculture and Natural Resources	445,863	429,297
Other Operations	4,567,115	787,735
Highways	12,008,820	11,677,496
Education	12,639,423	2,545,610
Interest	4,440,929	4,936,345
Other Debt Service	484,383	505,386
Total Expenses	<u>\$ 72,439,357</u>	<u>\$ 58,145,960</u>
Transfers	<u>\$ (1,191,413)</u>	<u>\$ (16,037,503)</u>
Increase (Decrease) in Net Assets	<u>\$ (6,474,083)</u>	<u>\$ (8,189,109)</u>
Net Assets - Beginning Balance	71,365,652	79,554,761
Prior-period Adjustment	3,932,377	0
Net Assets - Ending Balance	<u><u>\$ 68,823,946</u></u>	<u><u>\$ 71,365,652</u></u>

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

	2012	2011
Current and Other Assets	\$ 732,668	\$ 151,522
Capital Assets	16,276,498	15,707,967
Total Assets	\$ 17,009,166	\$ 15,859,489
Other Liabilities	\$ 12,315	\$ 9,937
Total Liabilities	\$ 12,315	\$ 9,937
Net Assets:		
Invested in Capital Assets	\$ 16,276,498	\$ 15,707,967
Unrestricted	720,353	141,585
Total Net Assets	\$ 16,996,851	\$ 15,849,552

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

	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 68,414	\$ 33,982
General Revenues:		
Grants and Contributions Unrestricted	505,646	0
Total Revenues	\$ 574,060	\$ 33,982
Expenses:		
Public Utility	\$ 618,174	\$ 221,933
Total Expenses	\$ 618,174	\$ 221,933
Transfers	\$ 1,191,413	\$ 16,037,503
Increase (Decrease) in Net Assets	\$ 1,147,299	\$ 15,849,552
Net Assets - Beginning Balance	15,849,552	0
Net Assets - Ending Balance	\$ 16,996,851	\$ 15,849,552

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 \$66.6 million. Approximately \$12.5 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 \$16.8 million, of which \$12.5 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 33 percent of total General Fund expenditures.

The fund balance of the county's General Fund increased by \$2.5 million during the current fiscal year.

The fund balance of the Highway/Public Works Fund ended at \$5.7 million, a decrease of \$1.7 million.

The General Debt Service Fund again finished very strong at June 30, 2012, with a net increase of \$.07 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 \$1.3 million in additional appropriations and revenue estimates. The changes were the result of payroll accruals and Homeland Security Grant revenues unanticipated at the beginning of the year.

Capital Assets and Debt Administration

Capital Assets – Sevier County’s investment in capital assets for its governmental activities as of June 30, 2012, totaled \$82 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 2012 fiscal year.

Long-term Debt – At the end of the 2012 fiscal year, Sevier County had total long-term debt obligations outstanding of \$126.4 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 \$82.7 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 six percent of the total expenses for governmental activities.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate for the county was 8.4 percent at June 30, 2012, down 1.4 percent from June 30, 2011. This is comparable to the state’s average unemployment rate of 8.1 percent and is two tenths of a percent above the national average of 8.2 percent. Inflationary trends in the region compare unfavorably to national indices. These factors were considered in preparing the county’s budget for the 2013 fiscal year. At the end of the 2012 fiscal year, unassigned fund balance in the General Fund increased to \$12.5 million. The county has budgeted \$.75 million of this fund balance to spend on fiscal year 2013. The county intends to balance the budget for the 2013 fiscal year by using this available fund balance and by holding spending at the 2012 rate plus a 2.5 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, 2012

	Primary Government			Component Units		
	Governmental	Business-type	Total	Sevier	Emergency	Public
	Activities	Activities		School	Communica-	Building
				Department	tions	Authority
					District	
ASSETS						
Cash	\$ 4,226,171	\$ 200	\$ 4,226,371	\$ 2,340	\$ 262,914	\$ 59,380
Equity in Pooled Cash and Investments	62,725,298	727,149	63,452,447	18,560,020	0	0
Investments	0	0	0	0	1,436,759	1,864,375
Deferred Outflow - Interest Rate Swap	6,325,966	0	6,325,966	0	0	0
Accounts Receivable	4,510,870	6,504	4,517,374	384,871	79,032	0
Allowance for Uncollectibles	(1,372,355)	(441)	(1,372,796)	0	0	0
Due from Other Governments	2,245,375	0	2,245,375	8,723,349	0	0
Internal Balances	744	(744)	0	0	0	0
Due from Primary Government	0	0	0	602,981	0	0
Due from Component Units	22,750	0	22,750	0	0	0
Property Taxes Receivable	30,713,585	0	30,713,585	32,333,090	0	0
Allowance for Uncollectible Property Taxes	(1,637,789)	0	(1,637,789)	(1,720,194)	0	0
Prepaid Items	0	0	0	0	27,142	0
Accrued Interest Receivable	0	0	0	0	0	0
Other Restricted Assets	0	0	0	0	0	1,305,776
Deferred Charges - Debt Issuance Costs	1,237,873	0	1,237,873	0	0	0
Capital Assets						
Assets Not Depreciated:						
Land	5,000,222	0	5,000,222	12,313,627	0	1,181,941
Construction in Progress	4,366,611	692,462	5,059,073	20,306,895	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	34,484,492	0	34,484,492	71,310,186	415,977	0
Other Capital Assets	4,904,958	469	4,905,427	5,180,048	779,926	0
Infrastructure	75,116,693	15,583,567	90,700,260	1,580,542	0	0
Total Assets	\$ 232,871,464	\$ 17,009,166	\$ 249,880,630	\$ 169,577,755	\$ 3,001,750	\$ 4,411,472
LIABILITIES						
Accounts Payable	\$ 1,000,247	\$ 7,717	\$ 1,007,964	\$ 52,840	\$ 5,387	\$ 276
Accrued Payroll	728,240	3,867	732,107	121,895	2,147	0
Accrued Interest Payable	217,418	0	217,418	0	0	0
Payroll Deductions Payable	117,763	640	118,403	20,220	0	0
Contracts Payable	162,479	0	162,479	1,159,339	0	0
Retainage Payable	16,440	0	16,440	45,658	0	0
Derivative - Interest Rate Swap	6,325,966	0	6,325,966	0	0	0
Due to Primary Government	0	0	0	22,750	0	0
Due to Component Units	602,890	91	602,981	0	0	0
Payable from Restricted Assets - Conduit Debt	0	0	0	0	0	1,305,776
Deferred Revenue - Current Property Taxes	27,441,444	0	27,441,444	28,822,145	0	0
Other Notes Payable	0	0	0	2,516,000	0	0
Other Current Liabilities	23	0	23	3,367,000	8,002	519,958
Noncurrent Liabilities:						
Due Within One Year	6,905,023	0	6,905,023	135,136	0	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	120,529,585	0	120,529,585	13,086,050	0	0
Total Liabilities	\$ 164,047,518	\$ 12,315	\$ 164,059,833	\$ 49,349,033	\$ 15,536	\$ 1,826,010

(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	\$ 82,021,794	\$ 0	\$ 82,021,794	\$ 110,354,390	\$ 0	\$ 0
Invested in Capital Assets	0	16,276,498	16,276,498	0	1,195,904	1,181,941
Restricted for:						
General Government	15,011	0	15,011	0	0	0
Administration of Justice	325,665	0	325,665	0	0	0
Public Safety	23,364	0	23,364	0	0	0
Public Health and Welfare	1,499,135	0	1,499,135	0	0	0
Other Operations	9,122,819	0	9,122,819	0	0	0
Highways	6,247,554	0	6,247,554	0	0	0
Education	2,307,177	0	2,307,177	805,852	0	0
Debt Service	32,077,344	0	32,077,344	0	0	0
Capital Outlay	727,992	0	727,992	0	0	0
Unrestricted	(65,543,909)	720,353	(64,823,556)	9,068,480	1,790,310	1,403,521
Total Net Assets	\$ 68,823,946	\$ 16,996,851	\$ 85,820,797	\$ 120,228,722	\$ 2,986,214	\$ 2,585,462

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, 2012

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	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Emergency Communications District	Public Building Authority
Primary Government:										
Governmental Activities:										
General Government	\$ 6,609,822	\$ 1,588,386	\$ 152,663	\$ 0	\$ (4,868,773)	\$ 0	\$ (4,868,773)	\$ 0	\$ 0	\$ 0
Finance	2,971,672	3,624,492	0	0	652,820	0	652,820	0	0	0
Administration of Justice	3,129,927	1,690,415	183,164	0	(1,256,348)	0	(1,256,348)	0	0	0
Public Safety	14,199,450	2,398,835	189,294	216,093	(11,395,228)	0	(11,395,228)	0	0	0
Public Health and Welfare	8,800,009	4,309,207	442,377	261,668	(3,786,757)	0	(3,786,757)	0	0	0
Social, Cultural, and Recreational Services	2,141,944	34,013	139,265	387,396	(1,581,270)	0	(1,581,270)	0	0	0
Agriculture and Natural Resources	445,863	0	0	0	(445,863)	0	(445,863)	0	0	0
Other Operations	4,567,115	5,830	0	228,370	(4,332,915)	0	(4,332,915)	0	0	0
Highways	12,008,820	454,214	2,436,657	789,824	(8,328,125)	0	(8,328,125)	0	0	0
Education	12,639,423	1,146,072	0	0	(11,493,351)	0	(11,493,351)	0	0	0
Interest on Long-term Debt	4,440,929	0	0	0	(4,440,929)	0	(4,440,929)	0	0	0
Debt Service	484,383	0	0	0	(484,383)	0	(484,383)	0	0	0
Total Primary Government	\$ 72,439,357	\$ 15,251,464	\$ 3,543,420	\$ 1,883,351	\$ (51,761,122)	\$ 0	\$ (51,761,122)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Public Utility Fund	\$ 618,174	\$ 68,414	\$ 0	\$ 0	\$ 0	\$ (549,760)	\$ (549,760)	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 618,174	\$ 68,414	\$ 0	\$ 0	\$ 0	\$ (549,760)	\$ (549,760)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 73,057,531	\$ 15,319,878	\$ 3,543,420	\$ 1,883,351	\$ (51,761,122)	\$ (549,760)	\$ (52,310,882)	\$ 0	\$ 0	\$ 0
Component Units:										
Sevier County School Department	\$ 133,869,563	\$ 2,239,057	\$ 13,999,364	\$ 12,286,925	\$ 0	\$ 0	\$ 0	\$ (105,344,217)	\$ 0	\$ 0
Emergency Communications District	901,843	1,111,791	50,000	0	0	0	0	0	259,948	0
Public Building Authority	47,874	45,324	0	0	0	0	0	0	0	(2,550)
Total Component Units	\$ 134,819,280	\$ 3,396,172	\$ 14,049,364	\$ 12,286,925	\$ 0	\$ 0	\$ 0	\$ (105,344,217)	\$ 259,948	\$ (2,550)

(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		Primary Government		Sevier County School Department	Emergency Communications District	Public Building Authority	Sevier County School Department		
	Services	Contributions	Governmental Activities	Business-type Activities				School Department	District	Authority
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Total						
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes				\$ 16,863,137	\$ 0	\$ 16,863,137	\$ 30,239,104	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Special Purposes				729,958	0	729,958	0	0	0	0
Property Taxes Levied for Highways				6,170,167	0	6,170,167	0	0	0	0
Property Taxes Levied for Debt Service				5,090,161	0	5,090,161	0	0	0	0
Local Option Sales Taxes				3,922,389	0	3,922,389	42,602,801	0	0	0
Other Local Taxes				386,596	0	386,596	220,731	0	0	0
Hotel/Motel Tax				2,278,981	0	2,278,981	2,320,228	0	0	0
Business Tax				2,149,456	0	2,149,456	0	0	0	0
Wholesale Beer Tax				373,965	0	373,965	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				7,240,495	505,646	7,746,141	41,912,844	0	0	0
Unrestricted Investment Income				1,153,922	0	1,153,922	4,620	5,039	17,343	0
Miscellaneous				119,225	0	119,225	131,380	0	0	0
Gain or (Loss) on Disposals				0	0	0	0	(691)	0	0
Total General Revenues				\$ 46,478,452	\$ 505,646	\$ 46,984,098	\$ 117,431,708	\$ 4,348	\$ 17,343	\$ 0
Transfers				(1,191,413)	1,191,413	0	0	0	0	0
Change in Net Assets				(6,474,083)	1,147,299	(5,326,784)	12,087,491	264,296	14,793	0
Net Assets, July 1, 2011				71,365,652	15,849,552	87,215,204	108,141,231	2,738,971	2,570,669	0
Prior-period Adjustment				3,932,377	0	3,932,377	0	(17,053)	0	0
Net Assets, June 30, 2012				\$ 68,823,946	\$ 16,996,851	\$ 85,820,797	\$ 120,228,722	\$ 2,986,214	\$ 2,585,462	\$ 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, 2012

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General		Education Capital Projects	Other Governmental Funds	Governmental Funds		
			Debt Service	Capital Projects					
\$	375	0	0	0	2,909,844	1,568	\$	2,911,787	
15,338,729	5,591,121	31,986,536	8,685,447	0	1,123,465	62,725,298		62,725,298	
4,312,008	368	107,208	0	0	4,707	4,424,291		4,424,291	
(1,372,355)	0	0	0	0	0	0		(1,372,355)	
1,458,404	390,810	0	0	0	396,161	2,245,375		2,245,375	
88,369	405	0	10,173	0	4,968	103,915		103,915	
0	0	0	0	0	22,750	22,750		22,750	
17,964,550	6,567,685	5,408,681	0	0	772,669	30,713,585		30,713,585	
(957,952)	(350,219)	(288,416)	0	0	(41,202)	(1,637,789)		(1,637,789)	
\$ 36,832,128	\$ 12,200,170	\$ 37,214,009	\$ 8,695,620	\$ 2,909,844	\$ 2,285,086	\$ 100,136,857		\$ 100,136,857	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Due from Other Governments
 Due from Other Funds
 Due from Component Units
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Contracts Payable
 Retainage Payable
 Due to Other Funds
 Due to Component Units
 Other Current Liabilities
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues

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	
		Public Works							
\$	0	0	0	0	0	0	15,011	\$ 15,011	
	0	0	0	0	0	0	325,665	325,665	
	979	0	0	0	0	0	22,385	23,364	
	0	0	0	1,499,135	0	0	0	1,499,135	
	4,275,754	0	0	4,847,065	0	0	0	9,122,819	
	0	5,748,946	0	0	0	0	0	5,748,946	
	0	0	0	0	2,307,177	0	0	2,307,177	
	0	0	0	1,858,924	0	692,321	0	2,551,245	
	0	0	32,045,065	0	0	0	0	32,045,065	
Committed:									
Committed for Public Health and Welfare	0	0	0	0	0	0	175,471	175,471	
Committed for Capital Projects	0	0	0	311,577	0	0	0	311,577	
Unassigned	12,504,593	0	0	0	0	0	0	12,504,593	
Total Fund Balances	\$ 16,781,326	\$ 5,748,946	\$ 32,045,065	\$ 8,516,701	\$ 2,307,177	\$ 1,230,853	\$ 66,630,068	\$ 66,630,068	
Total Liabilities and Fund Balances	\$ 36,832,128	\$ 12,200,170	\$ 37,214,009	\$ 8,695,620	\$ 2,909,844	\$ 2,285,086	\$ 100,136,857	\$ 100,136,857	

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, 2012

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)		\$ 66,630,068
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,000,222	
Add: construction in progress	4,366,611	
Add: infrastructure net of accumulated depreciation	75,116,693	
Add: buildings and improvements net of accumulated depreciation	34,484,492	
Add: other capital assets net of accumulated depreciation	<u>4,904,958</u>	123,872,976
(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.		1,026,629
(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	\$ (80,916,667)	
Less: bonds payable	(45,574,392)	
Less: other postemployment benefits liability	(1,222,110)	
Add: deferred amount on refunding	552,120	
Add: deferred charges - debt issuance costs	1,237,873	
Less: accrued interest on bonds and other loans	(217,418)	
Less: other deferred revenue - premium on debt	<u>(273,559)</u>	(126,414,153)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,708,426</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 68,823,946</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, 2012

	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	\$ 24,389,064	\$ 6,318,276	\$ 5,227,710	\$ 0	\$ 0	\$ 0	\$ 2,822,114	\$ 38,757,164	
Licenses and Permits	491,305	0	0	0	0	0	0	491,305	
Fines, Forfeitures, and Penalties	284,049	0	0	0	0	0	104,869	388,918	
Charges for Current Services	3,888,049	0	0	0	0	0	39,250	3,927,299	
Other Local Revenues	111,505	297,097	1,136,245	1,533,700	11,300	0	99,860	3,189,707	
Fees Received from County Officials	5,889,763	0	0	0	0	0	0	5,889,763	
State of Tennessee	3,689,682	2,905,181	0	136,668	0	0	50,000	6,781,531	
Federal Government	1,432,932	0	0	0	0	0	83,164	1,516,096	
Other Governments and Citizens Groups	357,287	204,023	4,844,706	0	0	0	50,000	5,456,016	
Total Revenues	\$ 40,533,636	\$ 9,724,577	\$ 11,208,661	\$ 1,670,368	\$ 11,300	\$ 0	\$ 3,249,257	\$ 66,397,799	
<u>Expenditures</u>									
Current:									
General Government	\$ 6,015,664	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,378	\$ 6,107,042	
Finance	2,931,940	0	0	0	0	0	2,220	2,934,160	
Administration of Justice	2,989,229	0	0	0	0	0	111,664	3,100,893	
Public Safety	13,525,369	0	0	0	0	0	229,707	13,755,076	
Public Health and Welfare	5,329,527	0	0	0	0	0	2,553,473	7,883,000	
Social, Cultural, and Recreational Services	1,516,262	0	0	0	0	0	31,503	1,547,765	
Agriculture and Natural Resources	433,501	0	0	0	0	0	0	433,501	
Other Operations	4,247,118	0	0	0	0	0	14,585	4,261,703	
Highways	203,292	11,417,397	0	0	0	0	0	11,620,689	
Debt Service:									
Principal on Debt	0	0	6,507,941	0	0	0	0	6,507,941	
Interest on Debt	0	0	4,497,773	0	0	0	0	4,497,773	
Other Debt Service	0	0	133,373	113,150	0	0	0	246,523	
Capital Projects	559,208	0	0	6,509,853	0	0	0	7,069,061	
Capital Projects - Donated	0	0	0	1,000,000	10,583,771	0	0	11,583,771	
Total Expenditures	\$ 37,751,110	\$ 11,417,397	\$ 11,139,087	\$ 7,623,003	\$ 10,583,771	\$ 0	\$ 3,034,530	\$ 81,548,898	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects	Other	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,782,526	\$ (1,692,820)	\$ 69,574	\$ (5,952,635)	\$ (10,572,471)	\$ 214,727	\$ (15,151,099)	
Other Financing Sources (Uses)								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 5,500,000	\$ 0	\$ 0	\$ 5,500,000	
Other Loans Issued	0	0	0	6,574,495	0	0	6,574,495	
Insurance Recovery	83,054	0	0	0	0	0	83,054	
Transfers Out	(350,000)	0	0	0	0	0	(350,000)	
Total Other Financing Sources (Uses)	\$ (266,946)	\$ 0	\$ 0	\$ 12,074,495	\$ 0	\$ 0	\$ 11,807,549	
Net Change in Fund Balances	\$ 2,515,580	\$ (1,692,820)	\$ 69,574	\$ 6,121,860	\$ (10,572,471)	\$ 214,727	\$ (3,343,550)	
Fund Balance, July 1, 2011	14,265,746	7,441,766	31,975,491	2,394,841	12,879,648	1,016,126	69,973,618	
Fund Balance, June 30, 2012	\$ 16,781,326	\$ 5,748,946	\$ 32,045,065	\$ 8,516,701	\$ 2,307,177	\$ 1,230,853	\$ 66,630,068	

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, 2012

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)		\$ (3,343,550)
(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	\$ 14,821,623	
Less: current-year depreciation expense	<u>(10,701,954)</u>	4,119,669
(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	\$ (841,413)	
Add: donated assets acquired	244,134	
Less: book value of assets disposed	<u>(659,100)</u>	(1,256,379)
(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, 2012	\$ 3,708,426	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(3,392,293)</u>	316,133
(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	\$ (6,574,495)	
Less: other loan proceeds	(5,500,000)	
Add: change in premium on debt issuances	145,295	
Less: change in deferred debt issuance costs	(237,860)	
Add: principal payments on bonds	3,804,608	
Add: principal payments on other loans	2,703,333	
Less: change in deferred amount on refunding debt	<u>(103,673)</u>	(5,762,792)

(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	\$	15,222
Change in other postemployment benefits liability		<u>(319,447)</u>
	\$	(304,225)
(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>(242,939)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ (6,474,083)</u></u>

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

Sevier County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities	
	Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 200	\$ 1,314,384
Equity in Pooled Cash and Investments	727,149	0
Accounts Receivable	6,504	86,579
Allowance for Uncollectibles	(441)	0
Due from Other Funds	21	163,274
Total Current Assets	<u>\$ 733,433</u>	<u>\$ 1,564,237</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	\$ 692,462	\$ 0
Assets Net of Accumulated Depreciation:		
Infrastructure	15,583,567	0
Other Capital Assets	469	0
Total Noncurrent Assets	<u>\$ 16,276,498</u>	<u>\$ 0</u>
Total Assets	<u>\$ 17,009,931</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 7,717	\$ 537,000
Accrued Payroll	3,867	0
Payroll Deductions Payable	640	0
Due to Other Funds	765	608
Due to Component Units	91	0
Total Liabilities	<u>\$ 13,080</u>	<u>\$ 537,608</u>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 16,276,498	\$ 0
Unrestricted	<u>720,353</u>	<u>1,026,629</u>
Total Net Assets	<u>\$ 16,996,851</u>	<u>\$ 1,026,629</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, 2012

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Public Utility Fund	
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 6,355,326
Patient Charges	0	127,647
Water Sales	53,012	0
Water Tap Sales	14,510	0
Service Charges	850	0
Miscellaneous Refunds	42	0
Total Operating Revenues	<u>\$ 68,414</u>	<u>\$ 6,482,973</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 209,897
Employee and Dependent Insurance	0	106,045
Excess Risk Insurance	0	627,023
Medical Claims	0	5,789,158
Supervisor/Director	58,438	0
Longevity	250	0
Other Salaries and Wages	38,250	0
Social Security	5,705	0
State Retirement	9,489	0
Employee and Dependent Insurance	14,925	0
Employer Medicare	1,334	0
Bank Charges	210	0
Communication	1,969	0
Consultants	34,255	0
Contracts with Government Agencies	102,825	0
Legal Services	5,210	0
Maintenance and Repair Services - Equipment	19,166	0
Postal Charges	753	0
Travel	3,524	0
Other Contracted Services	3,019	0
Gasoline	5,962	0
Office Supplies	1,210	0
Other Supplies and Materials	35,442	0
Liability Insurance	2,000	0
Trustee's Commission	656	0
Vehicle and Equipment Insurance	700	0
Depreciation	272,882	0
Total Operating Expenses	<u>\$ 618,174</u>	<u>\$ 6,732,123</u>
Operating Income (Loss)	<u>\$ (549,760)</u>	<u>\$ (249,150)</u>

(Continued)

Exhibit D-2

Sevier County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Public Utility Fund</u>	
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 0	\$ 6,211
Contributions	1,347,059	0
Total Nonoperating Revenues (Expenses)	<u>\$ 1,347,059</u>	<u>\$ 6,211</u>
Income (Loss) Before Transfers	\$ 797,299	\$ (242,939)
Transfers In (Out)	350,000	0
Change in Net Assets	\$ 1,147,299	\$ (242,939)
Net Assets, July 1, 2011	<u>15,849,552</u>	<u>1,269,568</u>
Net Assets, June 30, 2012	<u>\$ 16,996,851</u>	<u>\$ 1,026,629</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, 2012

	<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	\$ 6,415,073
Receipts for Patient Charges	0	127,647
Receipts for Customers and Users	65,177	0
Payments to Insurers	0	(733,068)
Payments for Claims	0	(5,907,100)
Payments for Administrative Costs	0	(209,897)
Payments to Vendors	(219,031)	0
Payments to Employees	(123,117)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (276,971)</u>	<u>\$ (307,345)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from Other Funds	\$ 350,000	\$ 0
Contributions	505,646	0
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 855,646</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	\$ 0	\$ 6,211
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 6,211</u>
Increase (Decrease) in Cash	\$ 578,675	\$ (301,134)
Cash, July 1, 2011	<u>148,674</u>	<u>1,615,518</u>
Cash, June 30, 2012	<u>\$ 727,349</u>	<u>\$ 1,314,384</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (549,760)	\$ (249,150)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	272,882	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(3,394)	59,747
Increase (Decrease) in Allowance for Uncollectibles	157	0
Increase (Decrease) in Current Liabilities	<u>3,144</u>	<u>(117,942)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (276,971)</u>	<u>\$ (307,345)</u>
<u>Noncash Investing, Capital, and Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 841,413	\$ 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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,985,457
Equity in Pooled Cash and Investments	265,264
Accounts Receivable	5,160
Due from Other Governments	<u>5,805,367</u>
Total Assets	<u>\$ 9,061,248</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,805,367
Due to Litigants, Heirs, and Others	2,990,617
Due to Joint Ventures	<u>265,264</u>
Total Liabilities	<u>\$ 9,061,248</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, 2012

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 include 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 \$11,583,771 were contributed by the county to the School Department during the year ended June 30, 2012.

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 except in the General Debt Service Fund. The General Debt Service Fund uses the least restrictive fund balance first. 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, Water Department, and property taxes receivables are shown with an allowance for uncollectibles. Ambulance and Water Department receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.9 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current

fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities account reflected in the discretely presented School Department's General Purpose School Fund represents the remaining balance in the teachers' insurance clearing account. Other Notes Payable account in the discretely presented School Department's General Purpose School and Education Capital Project funds represents amounts payable on two land purchase financing agreements, which have been funded from currently available financial resources.

Retainage payable 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 applicable governmental funds.

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 and therefore is not required to be accrued or recorded.

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, 2012, Sevier County had \$82,722,334 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, and shall remain binding unless removed in the same manner.

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.

7. Prior-period Adjustments

Capital assets for the primary government were restated from the prior year because the old hospital building and nursing home were never added to the capital asset records. Buildings and Improvements were increased by \$15,442,187, and the corresponding accumulated depreciation was increased by \$11,509,810 resulting in a net restatement of \$3,932,377.

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

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, 2012, 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	\$ 284,867
	Old Hospital Renovations	640,556
	Veterans Admin. Renovations	572,061
School Department:		
Major Fund:		
General Purpose School	School Construction and Renovations	5,213,336
Nonmajor Fund:		
Other Capital Projects	School Construction	2,366,508

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, 2012.

B. Derivative Instruments

Primary Government

At June 30, 2012, Sevier County had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$3 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	\$ 3,000,000	10-1-09	6-1-25	Pay 4.44% receive 63.4% of LIBOR

Instrument (Cont.)	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$4 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	\$ 4,000,000	10-1-09	6-1-20	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, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 financial statements are as follows:

Type	Classification	Changes in Fair Value		Fair Value at June 30, 2012		6-30-12
		Amount		Classification	Amount	Notional Amount
Governmental Activities						
Cash Flow Hedges:						
Pay-fixed interest rate swaps:						
\$3 M Swap	Deferred Outflow	\$ (369,038)		Debt	\$ (858,120)	\$ 3,000,000
\$4 M Swap	Deferred Outflow	(39,561)		Debt	(344,432)	2,150,000
\$13 M Swap	Deferred Outflow	(1,626,222)		Debt	(2,887,753)	13,000,000
\$14.435 M Swap	Deferred Outflow	(752,075)		Debt	(2,235,661)	12,415,000
Totals		<u>\$ (2,786,896)</u>			<u>\$ (6,325,966)</u>	<u>\$30,565,000</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 4.44 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, 2012, 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>-0.615</u>
Net interest rate swap payments		3.825 %
Variable-rate bond coupon payments		<u>0.520</u>
Synthetic interest rate on bonds		<u><u>4.345 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$858,120. 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, 2012, 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, 2012, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ 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, 2012, 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		
2013	\$ 0	\$ 15,600	\$ 114,751	\$ 130,351	
2014	0	15,600	114,751	130,351	
2015	0	15,600	114,751	130,351	
2016	0	15,600	114,751	130,351	
2017	0	15,600	114,751	130,351	
2018-2022	1,095,000	75,244	553,480	1,723,724	
2023-2025	1,905,000	20,176	148,411	2,073,587	
Total	<u>\$ 3,000,000</u>	<u>\$ 173,420</u>	<u>\$ 1,275,646</u>	<u>\$ 4,449,066</u>	

\$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, 2012, 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>-0.322</u>
Net interest rate swap payments		3.918 %
Variable-rate bond coupon payments		<u>0.520</u>
		<u>4.438 %</u>
Synthetic interest rate on bonds		

Fair value. As of June 30, 2012, the swap had a negative fair value of \$344,432. 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, 2012, 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, 2012, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ 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, 2012, 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		
2013	\$ 220,000	\$ 11,180	\$ 84,237	\$	315,417
2014	235,000	10,036	75,617		320,653
2015	245,000	8,814	66,410		320,224
2016	260,000	7,540	56,811		324,351
2017	275,000	6,188	46,624		327,812
2018-2020	915,000	9,672	72,875		997,547
Total	\$ 2,150,000	\$ 53,430	\$ 402,574	\$	2,606,004

\$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, 2012, 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>-0.650</u>
Net interest rate swap payments		3.320 %
Variable-rate bond coupon payments		<u>0.340</u>
Synthetic interest rate on bonds		<u><u>3.660 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$2,887,753. 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, 2012, 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, 2012, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ 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, 2012, 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		
2013	\$ 0	\$ 44,200	\$ 431,613	\$	475,813
2014	0	44,200	431,613		475,813
2015	0	44,200	431,613		475,813
2016	0	44,200	431,613		475,813
2017	0	44,200	431,613		475,813
2018-2022	5,900,000	201,790	1,970,479		8,072,269
2023-2025	7,100,000	49,130	479,754		7,628,884
Total	\$ 13,000,000	\$ 471,920	\$ 4,608,298	\$	18,080,218

\$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, 2012, 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>-0.615</u>
Net interest rate swap payments		3.765 %
Variable-rate bond coupon payments		<u>0.340</u>
Synthetic interest rate on bonds		<u><u>4.105 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$2,235,661. 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, 2012, 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, 2012, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ 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, 2012, 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		
2013	\$ 625,000	\$ 42,211	\$ 467,427	\$	1,134,638
2014	665,000	40,086	443,896		1,148,982
2015	700,000	37,825	418,858		1,156,683
2016	825,000	35,445	392,503		1,252,948
2017	1,850,000	32,640	361,442		2,244,082
2018-2022	6,755,000	68,612	759,781		7,583,393
2023-2025	995,000	6,885	76,242		1,078,127
Total	<u>\$ 12,415,000</u>	<u>\$ 263,704</u>	<u>\$ 2,920,149</u>	<u>\$</u>	<u>15,598,853</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Restated*			Transfers Out	Balance 6-30-12
	Balance 7-1-11	Increases	Decreases		
Capital Assets Not Depreciated:					
Land	\$ 4,768,794	\$ 231,428	\$ 0	\$ 0	\$ 5,000,222
Construction in Progress	2,054,722	4,646,064	(1,492,762)	(841,413)	4,366,611
Total Capital Assets Not Depreciated	\$ 6,823,516	\$ 4,877,492	\$ (1,492,762)	\$ (841,413)	\$ 9,366,833
Capital Assets Depreciated:					
Buildings and Improvements	\$ 54,056,748	\$ 1,209,763	\$ (1,410,900)	\$ 0	\$ 53,855,611
Roads and Bridges	146,338,215	9,079,017	0	0	155,417,232
Other Capital Assets	13,186,833	1,392,247	(236,686)	0	14,342,394
Total Capital Assets Depreciated	\$ 213,581,796	\$ 11,681,027	\$ (1,647,586)	\$ 0	\$ 223,615,237
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 18,737,560	\$ 1,407,593	\$ (774,035)	\$ 0	\$ 19,371,118
Roads and Bridges	72,042,507	8,258,032	0	0	80,300,539
Other Capital Assets	8,615,559	1,036,329	(214,452)	0	9,437,436
Total Accumulated Depreciation	\$ 99,395,626	\$ 10,701,954	\$ (988,487)	\$ 0	\$ 109,109,093
Total Capital Assets Depreciated, Net	\$ 114,186,170	\$ 979,073	\$ (659,099)	\$ 0	\$ 114,506,144
Governmental Activities Capital Assets, Net	\$ 121,009,686	\$ 5,856,565	\$ (2,151,861)	\$ (841,413)	\$ 123,872,977

* - The beginning balances in Capital Assets Depreciated and Accumulated Depreciation for Buildings and Improvements have been increased by \$15,442,187 and \$11,509,810, respectively. These changes were made by the county due to the omission of assets in a prior year.

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	\$ 550,718
Finance	10,833
Public Safety	614,491
Public Health and Welfare	367,353
Social, Cultural, and Recreational Services	580,216
Agriculture and Natural Resources	9,466
Other Operations	24,879
Highways/Public Works	<u>8,543,998</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 10,701,954</u>

Business-Type Activities:

	Balance 7-1-11	Transfers In	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:					
Construction in Progress	\$ 5,292,485	\$ 841,413	\$ 0	\$ (5,441,436)	\$ 692,462
Total Capital Assets Not Depreciated	<u>\$ 5,292,485</u>	<u>\$ 841,413</u>	<u>\$ 0</u>	<u>\$ (5,441,436)</u>	<u>\$ 692,462</u>
Capital Assets Depreciated:					
Infrastructure	\$ 11,731,016	\$ 0	\$ 5,441,436	\$ 0	\$ 17,172,452
Other Capital Assets	18,750	0	0	0	18,750
Total Capital Assets Depreciated	<u>\$ 11,749,766</u>	<u>\$ 0</u>	<u>\$ 5,441,436</u>	<u>\$ 0</u>	<u>\$ 17,191,202</u>
Less Accumulated Depreciation For:					
Infrastructure	\$ 1,319,753	\$ 0	\$ 269,132	\$ 0	\$ 1,588,885
Other Capital Assets	14,531	0	3,750	0	18,281
Total Accumulated Depreciation	<u>\$ 1,334,284</u>	<u>\$ 0</u>	<u>\$ 272,882</u>	<u>\$ 0</u>	<u>\$ 1,607,166</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,415,482</u>	<u>\$ 0</u>	<u>\$ 5,168,554</u>	<u>\$ 0</u>	<u>\$ 15,584,036</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,707,967</u>	<u>\$ 841,413</u>	<u>\$ 5,168,554</u>	<u>\$ (5,441,436)</u>	<u>\$ 16,276,498</u>

Transfers In represent capital assets transferred from governmental activities to business-type activities during the year.

Depreciation expense totaling \$272,882 was charged to the Public Utility Fund.

Discretely Presented Sevier County School Department

Governmental Activities:

	Balance			Balance	
	7-1-11	Increases	Decreases	6-30-12	
Capital Assets Not Depreciated:					
Land	\$ 12,020,182	\$ 293,445	\$ 0	\$ 12,313,627	
Construction in Progress	3,913,485	17,305,740	(912,330)	20,306,895	
Total Capital Assets Not Depreciated	\$ 15,933,667	\$ 17,599,185	\$ (912,330)	\$ 32,620,522	
Capital Assets Depreciated:					
Buildings and Improvements	\$ 116,913,582	\$ 1,016,330	\$ (6,858)	\$ 117,923,054	
Infrastructure	5,852,116	105,304	0	5,957,420	
Other Capital Assets	16,588,257	1,844,289	(323,064)	18,109,482	
Total Capital Assets Depreciated	\$ 139,353,955	\$ 2,965,923	\$ (329,922)	\$ 141,989,956	
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 43,681,075	\$ 2,938,651	\$ (6,858)	\$ 46,612,868	
Infrastructure	4,181,780	195,098	0	4,376,878	
Other Capital Assets	11,832,790	1,405,683	(309,039)	12,929,434	
Total Accumulated Depreciation	\$ 59,695,645	\$ 4,539,432	\$ (315,897)	\$ 63,919,180	
Total Capital Assets Depreciated, Net	\$ 79,658,310	\$ (1,573,509)	\$ (14,025)	\$ 78,070,776	
Governmental Activities Capital Assets, Net	\$ 95,591,977	\$ 16,025,676	\$ (926,355)	\$ 110,691,298	

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

Governmental Activities:

Instruction	\$ 2,613,644
Support Services	1,272,474
Operation of Non-Instructional Services	<u>653,314</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 4,539,432</u>

D. Construction Commitments

At June 30, 2012, the General Capital Projects Fund had uncompleted construction contracts of approximately \$284,867 for waterline projects, \$640,556 for hospital renovations, and \$572,061 for Veterans Administration renovations. 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 \$5,213,336 for various renovations and construction projects. Funding has been provided for these future expenditures. The School Department's Other Capital Projects Fund had uncompleted construction contracts of \$2,366,508 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, 2012, 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
"	Nonmajor governmental	1,568
"	Internal service	175
Highway/Public Works	"	405
Other Capital Projects	General	10,173
Public Utility	"	21
Nonmajor governmental	"	4,774
"	General Debt Service	166
"	Internal service	28
Internal service	General	155,624
"	Nonmajor governmental	6,885
"	Public Utility	<u>765</u>
 Total		 <u>\$ 267,210</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:

Receivable Fund	Payable Fund	Amount
Primary Government: Nonmajor governmental	Component Unit: School Department	\$ 22,750
Component Unit: School Department	Primary Government: General	223
"	Education Capital Projects	602,667
"	Public Utility	<u>91</u>
Total		<u>\$ 625,731</u>

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Public Utility Fund
General Fund	\$ 350,000

Discretely Presented Sevier County School Department

Transfers Out	Transfers In	
	General Purpose School	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 362,500
Nonmajor governmental funds	<u>634,152</u>	<u>0</u>
Total	<u>\$ 634,152</u>	<u>\$ 362,500</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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>(51,686)</u>
Total	<u>\$ 657,143</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2013	\$ 147,119
2014	147,119
2015	<u>61,298</u>
Total Minimum Lease Payments	\$ 355,536
Less: Amount Representing Interest	<u>(18,628)</u>
Present Value of Minimum Lease Payments	<u>\$ 336,908</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 20 years for bonds and up to 24 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, 2012, will be retired from the General Debt Service Fund. The county had no outstanding capital outlay notes as of June 30, 2012.

General obligation bonds and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2.9 to 4.3 %	6-1-32	\$ 8,200,000	\$ 7,830,000
General Obligation Bonds - Refunding	2 to 4.5	6-1-25	39,360,000	24,070,000
Other Loans - Fixed Rate - Refunding	3 to 5	6-1-25	19,775,000	12,800,000
Other Loans - Variable Rate	Variable	6-1-32	21,450,000	21,350,000
Other Loans - Variable Rate - Refunding	Variable	6-1-32	49,395,000	45,775,000
Qualified School Construction Bonds	4.84	8-1-27	14,504,000	13,674,392
Energy Efficient Schools Initiative Loan	0	5-1-22	1,000,000	991,667

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. 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, 2012, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Interest Rate as of 6-30-12	Other Fees on Variable Rate Debt
Series V-D-1 (Refunding)	\$ 6,150,000	\$ 3,545,000	Fixed	3 - 4%	0%
Series VII-A-4 (Refunding)(1)	6,900,000	5,150,000	Variable	0.52	1.07
Series VII-B-1 (Refunding)(2)	42,495,000	40,625,000	Variable	0.34	1.16
Series VII-B-1	21,450,000	21,350,000	Variable	0.34	1.16
Series V-F-1 (Refunding)	13,625,000	<u>9,255,000</u>	Fixed	3.5 - 5	0
Total		<u>\$ 79,925,000</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).

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables.

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, 2012. 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
2013	\$ 4,190,027	\$ 1,919,594	\$ 6,109,621
2014	4,955,027	1,793,956	6,748,983
2015	5,095,027	1,638,056	6,733,083
2016	5,105,027	1,476,306	6,581,333
2017	1,835,027	1,311,181	3,146,208
2018-2022	10,790,135	5,949,894	16,740,029
2023-2027	11,129,122	4,502,837	15,631,959
2028-2032	<u>2,475,000</u>	<u>240,452</u>	<u>2,715,452</u>
Total	<u>\$ 45,574,392</u>	<u>\$ 18,832,276</u>	<u>\$ 64,406,668</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 2,714,996	\$ 793,220	\$ 774,015	\$ 4,282,231
2014	2,254,996	731,261	763,251	3,749,508
2015	2,334,996	695,861	748,614	3,779,471
2016	2,469,996	659,065	733,465	3,862,526
2017	4,569,996	617,416	716,705	5,904,117
2018-2022	23,246,687	1,872,238	3,072,759	28,191,684
2023-2027	22,750,000	689,175	1,891,542	25,330,717
2028-2032	20,575,000	217,005	740,370	21,532,375
Total	\$ 80,916,667	\$ 6,275,241	\$ 9,440,721	\$ 96,632,629

There is \$32,045,065 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$507, based on the 2010 federal census. Debt per capita, including bonds and other loans totaled \$1,407, based on the 2010 federal census.

During the year, the School Department remitted \$4,844,706 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, 2012, was as follows:

Governmental Activities:

	Bonds	Other Loans	Other Postemployment Benefits
Balance, July 1, 2011	\$ 43,879,000	\$ 77,045,505	\$ 902,663
Additions	5,500,000	6,574,495	430,997
Reductions	(3,804,608)	(2,703,333)	(111,550)
Balance, June 30, 2012	\$ 45,574,392	\$ 80,916,667	\$ 1,222,110
Balance Due Within One Year	\$ 4,190,027	\$ 2,714,996	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 127,713,169
Less: Balance Due Within One Year	(6,905,023)
Less: Deferred Amount on Refunding	(552,120)
Add: Unamortized Premium on Debt	<u>273,559</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 120,529,585</u></u>

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, 2012, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
Capital Leases	4.35 %	12-1-14	\$ 708,829	\$ 336,908

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:		<u>Capital Leases</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 466,302	\$ 9,537,376	
Additions	0	4,592,545	
Reductions	(129,394)	(1,245,643)	
Balance, June 30, 2012	<u>\$ 336,908</u>	<u>\$ 12,884,278</u>	
Balance Due Within One Year	<u>\$ 135,136</u>	<u>\$ 0</u>	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 13,221,186
Less: Balance Due Within One Year	<u>(135,136)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 13,086,050</u></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 – Primary Government and Discretely Presented Sevier County School Department

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Sevier County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$7,605. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2012, were \$276,014 and \$51,341, 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 \$5,800,000 for all claims in any plan year for health coverage. The county also retains the risk of loss to a limit of \$350,000 per occurrence for general employees and \$425,000 for police officers and approximately \$3,700,000 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 \$354,844 for health coverage, \$136,275 for dental and vision coverage, and \$535,510 for workers' compensation coverage at June 30, 2012. 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
2010-2011	\$430,000	\$5,096,896	(\$4,950,396)	\$576,500
2011-2012	576,500	5,165,034	(5,278,954)	462,580

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2010-2011	\$11,204	\$67,981	(\$74,205)	\$4,980
2011-2012	4,980	57,651	(58,603)	4,028

Workers' Compensation Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2010-2011	\$57,600	\$578,473	(\$562,003)	\$74,070
2011-2012	74,070	566,473	(569,543)	71,000

The discretely presented Sevier County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local educational agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the state of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The county and the discretely presented School Department continue to carry commercial insurance for all other risks of loss, including general liability, property, and casualty. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Subsequent Events

Subsequent to June 30, 2012, the County Commission authorized the county mayor to enter into a memo of understanding with the City of Gatlinburg to build a sports facility. The county plans to issue \$6 million in general obligation bonds to help build the facility.

Subsequent to June 30, 2012, the County Commission authorized the issuance of \$7.8 million in school refunding bonds.

C. 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 (\$1,974,186 at June 30, 2012). 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.D.

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

D. 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 who are 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, 2012, 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 \$157,600 to the operations of the Economic Development Council for the 2011-12 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

E. Retirement Commitments

Plan Description

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

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

Funding Policy

Sevier County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, 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, 2012, Sevier County's annual pension cost of \$3,509,882 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$3,509,882	100%	\$0
6-30-11	3,362,530	100	0
6-30-10	3,508,335	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 94.21 percent funded. The actuarial accrued liability for benefits was \$91.46 million, and the actuarial value of assets was \$86.17 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.29 million. The covered payroll (annual payroll of active employees covered by the plan) \$34.34 million, and the ratio of the UAAL to the covered payroll was 15.41 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.

SCHOOL TEACHERS

Plan Description

The Sevier County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members

and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, 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, 2012, 2011, and 2010, were \$5,254,580, \$5,246,034, and \$3,678,415, respectively, equal to the required contributions for each year.

F. 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 healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-701, *Tennessee Code Annotated*. 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 \$305 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 be a member in the state's retirement system to be eligible for the Medicare Supplement Plan. During the year ended June 30, 2012, the county contributed \$111,550 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 284,000	\$ 149,000
Interest on the NPO	20,000	16,306
Adjustment to the ARC	(21,000)	(17,309)
Annual OPEB cost	\$ 283,000	\$ 147,997
Amount of contribution	(109,000)	(2,550)
Increase/decrease in NPO	\$ 174,000	\$ 145,447
Net OPEB obligation, 7-1-11	495,000	407,663
Net OPEB obligation, 6-30-12	<u>\$ 669,000</u>	<u>\$ 553,110</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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
6-30-12	Self-insured	283,000	38.5	669,000
6-30-12	Medicare Supplement	147,997	1.7	553,110

Funded Status and Funding Progress

The funded status of the plans as of the last actuarial evaluations were:

	Self-Insured Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-11
Actuarial accrued liability (AAL)	\$ 2,495,000	\$ 1,317,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,495,000	\$ 1,317,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 19,989,000	N/A
UAAL as a % of covered payroll	12.5%	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 8.5 percent for fiscal year 2012, reduced by decrements of .5 percent until an ultimate rate of five percent is reached. The rate includes a 2.5 percent inflation assumption.

The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. The rates include a 2.5 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.

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. Prior to reaching the age of 65, all members 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, 2012, the School Department contributed \$1,234,243 for the Local Education Group Plan and \$11,400 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 4,288,000	\$ 328,000
Interest on the NPO	347,200	34,295
Adjustment to the ARC	(368,546)	(36,404)
Annual OPEB cost	<u>\$ 4,266,654</u>	<u>\$ 325,891</u>
Amount of contribution	(1,234,243)	(11,400)
Increase/decrease in NPO	\$ 3,032,411	\$ 314,491
Net OPEB obligation, 7-1-11	<u>8,680,000</u>	<u>857,376</u>
Net OPEB obligation, 6-30-12	<u>\$ 11,712,411</u>	<u>\$ 1,171,867</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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
6-30-12	Local Education Group	4,266,654	28.9	11,712,411
6-30-12	Medicare Supplement	325,891	3.5	1,171,867

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 35,308,000	\$ 4,002,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 35,308,000	\$ 4,002,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 78,213,000	N/A
UAAL as a % of covered payroll	45%	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, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then 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 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018.

Both rates include a 2.5 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.

G. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, govern 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 was established in February 1987, pursuant to provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The district is responsible for furnishing local emergency telephone service and a primary emergency telephone number for the residents of Sevier County, Tennessee. The district is governed by a nine-member Board of Directors appointed by the mayor and County Commissioners of Sevier County, Tennessee. The Board of Directors has the authority to levy an emergency telephone service charge to be used to fund the operations of the district.

The district is considered a component unit of Sevier County, Tennessee, because the Sevier County mayor appoints, and the Sevier County commissioners affirm, the district's Board of Directors and must approve most debt issued by the district.

Basis of Accounting

The district uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. Operating revenue is revenue that is generated from the primary operations of the district. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the district. All other expenses are reported as nonoperating expenses.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2012, has been calculated as follows:

	2012
Capital assets	\$ 2,611,648
Accumulated depreciation	(1,415,744)
Total	\$ 1,195,904

Restricted: This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the district pursuant to those stipulations or that expire by the passage of time. The district had no restricted net assets as of June 30, 2012.

Unrestricted: This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets." Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable, which are deemed uncollectible based upon a periodic review of the accounts, are charged to revenue. At June 30, 2012, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets, which include property and equipment, are recorded at cost and defined by the district as assets with an initial, individual cost of \$100 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from three to 25 years.

Operating Budget

The district is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments and maintains the legal level of control at the line-item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

Compensated Absences

The district's employees are granted vacation and sick leave in varying amounts and may accumulate sick leave indefinitely, which can be used for early retirement. The district's policies do not provide for an employee to be paid for any unused sick leave in the event of termination. Vacation leave may be accumulated up to 160 hours. Any hours over 160 will be transferred to the employee's sick leave account. Employees may receive payment for unused vacation leave up to the 160-hour maximum upon termination or resignation. Accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees. No liability is recorded for accumulated sick leave.

B. Cash

Cash represents money on deposit in various banks. The district considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the district to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's local government investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee 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.

All of the district's cash and cash equivalent balances at June 30, 2012, were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

C. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance 7-1-11	Additions	Retirements	Balance 6-30-12
<u>Capital Assets Depreciated</u>				
Equipment	\$ 1,730,043	\$ 205,752	\$ (150,016)	\$ 1,785,779
Furniture and fixtures	84,859	300	(6,589)	78,570
Buildings and improvements	697,861	0	0	697,861
Vehicles	49,438	0	0	49,438
Total Capital Assets Depreciated	<u>\$ 2,562,201</u>	<u>\$ 206,052</u>	<u>\$ (156,605)</u>	<u>\$ 2,611,648</u>
<u>Accumulated Depreciation</u>				
Equipment	(1,002,931)	(160,782)	149,325	(1,014,388)
Furniture and fixtures	(73,817)	(2,806)	6,589	(70,034)
Buildings and improvements	(262,972)	(18,912)	0	(281,884)
Vehicles	(49,438)	0	0	(49,438)
Total Accumulated Depreciation	<u>\$ (1,389,158)</u>	<u>\$ (182,500)</u>	<u>\$ 155,914</u>	<u>\$ (1,415,744)</u>
Total Capital Assets, Net	<u>\$ 1,173,043</u>	<u>\$ 23,552</u>	<u>\$ (691)</u>	<u>\$ 1,195,904</u>

D. Retirement Commitments

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by Tennessee Consolidated Retirement System (TCRS). TCRS

provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service, who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The 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, 2011, was 12.98 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, 2011, the district's annual pension cost of \$27,629 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, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-year period. The district's unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 20 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
6-30-11	\$ 27,629	100%	\$ 0
6-30-10	24,982	100	0
6-30-09	24,941	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 (AAL) for benefits was \$700,000, and the actuarial value of assets was \$500,000, resulting in UAAL of \$100,000. The covered payroll (annual payroll of active employees covered by the plan) was \$200,000, and the ratio of the UAAL to cover the payroll was 79.47 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 AAL 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.

E. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

F. Restatement

Net assets at the beginning of the year have been restated to correct the recording of property as of June 30, 2011. This restatement resulted in a decrease in net assets of \$17,053 for the year ended June 30, 2011.

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 Financial Accounting Standards Board (FASB) pronouncements issued after 1989 in the form of Statements and Interpretations, 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, 2012.

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 one investment account with Morgan Keegan and 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, 2012, is \$1,864,375. This includes all interest earned through the end of fiscal year 2012. At June 30, 2012, the accounts were invested in Tennessee Housing Development Agency Homeownership Program Revenue Bonds, bank certificates of deposit, Montgomery County, Tennessee Taxable Industrial Development Park Bonds, 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 7-1-11	Balance 6-30-12
Non-Depreciable Capital Assets:		
Land and Improvements Held for Development - Smith-Thomas Technology Park	\$ 585,017	\$ 585,017
Smith-Thomas Technology Park Improvements	<u>596,924</u>	<u>596,924</u>
Total	<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, 2012, for all bond issues is \$686,960,000. 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, 2012, is \$1,305,776. 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, 2012, 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, 2012, as it has no employees and owns minimal assets, other than cash, which is insured by the Federal Depository Insurance Corporation.

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 24,389,064	\$ 22,962,001	\$ 23,007,001	\$ 1,382,063
Licenses and Permits	491,305	535,000	535,000	(43,695)
Fines, Forfeitures, and Penalties	284,049	344,600	344,600	(60,551)
Charges for Current Services	3,888,049	3,420,000	3,420,000	468,049
Other Local Revenues	111,505	390,460	124,091	(12,586)
Fees Received from County Officials	5,889,763	5,575,000	5,575,000	314,763
State of Tennessee	3,689,682	2,555,552	2,700,691	988,991
Federal Government	1,432,932	316,017	1,309,722	123,210
Other Governments and Citizens Groups	357,287	355,257	390,095	(32,808)
Total Revenues	\$ 40,533,636	\$ 36,453,887	\$ 37,406,200	\$ 3,127,436
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 536,311	\$ 547,740	\$ 547,740	\$ 11,429
Beer Board	9,419	14,500	15,355	5,936
Other Boards and Committees	707,532	685,585	718,153	10,621
County Mayor/Executive	654,130	636,382	661,089	6,959
Election Commission	618,156	616,162	632,052	13,896
Register of Deeds	532,116	539,671	555,705	23,589
Planning	298,174	323,715	334,603	36,429
Building	183,649	185,254	190,457	6,808
Geographical Information Systems	82,564	90,012	91,718	9,154
County Buildings	1,526,680	1,529,800	1,563,428	36,748
Other Facilities	263,935	207,400	292,400	28,465
Other General Administration	431,837	431,791	441,893	10,056
Preservation of Records	171,161	183,680	189,330	18,169
<u>Finance</u>				
Property Assessor's Office	1,096,599	1,130,990	1,183,975	87,376
Reappraisal Program	13,728	14,581	14,581	853
County Trustee's Office	568,884	574,598	593,973	25,089
County Clerk's Office	1,056,125	1,050,161	1,082,389	26,264
Data Processing	196,604	192,230	198,901	2,297
<u>Administration of Justice</u>				
Circuit Court	843,889	855,514	884,540	40,651
General Sessions Court	666,923	672,510	696,668	29,745
General Sessions Judge	504,594	511,722	531,634	27,040
Drug Court	52,993	121,428	95,868	42,875
Chancery Court	368,431	367,535	378,259	9,828
Juvenile Court	125,347	124,426	128,939	3,592

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Administration of Justice (Cont.)</u>				
District Attorney General	\$ 71,445	\$ 69,693	\$ 72,518	\$ 1,073
Judicial Commissioners	295,035	294,840	305,395	10,360
Other Administration of Justice	5,750	167,259	22,163	16,413
Victims Assistance Programs	54,822	54,149	56,225	1,403
<u>Public Safety</u>				
Sheriff's Department	6,010,044	5,537,584	6,083,480	73,436
Drug Enforcement	212,611	208,716	215,912	3,301
Jail	4,848,629	4,678,954	4,899,058	50,429
Juvenile Services	355,077	349,252	362,452	7,375
Fire Prevention and Control	915,000	920,000	920,000	5,000
Civil Defense	4,000	4,000	4,000	0
Rescue Squad	90,000	90,000	90,000	0
Other Emergency Management	308,134	127,921	314,076	5,942
County Coroner/Medical Examiner	82,342	97,920	98,131	15,789
Other Public Safety	699,532	718,290	742,794	43,262
<u>Public Health and Welfare</u>				
Local Health Center	88,877	101,429	101,429	12,552
Rabies and Animal Control	85,000	85,000	85,000	0
Ambulance/Emergency Medical Services	4,000,368	3,822,726	4,026,506	26,138
Maternal and Child Health Services	585,890	635,915	657,657	71,767
Other Local Health Services	135,958	184,360	179,360	43,402
Appropriation to State	86,235	86,261	86,261	26
Other Local Welfare Services	31,591	32,000	32,000	409
Other Public Health and Welfare	315,608	328,560	338,857	23,249
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	291,757	294,202	311,197	19,440
Libraries	1,152,530	1,217,278	1,269,932	117,402
Parks and Fair Boards	71,975	87,000	87,000	15,025
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	224,364	224,564	228,402	4,038
Forest Service	1,000	1,000	1,000	0
Soil Conservation	43,608	42,371	44,092	484
Storm Water Management	164,529	170,270	176,193	11,664
<u>Other Operations</u>				
Tourism	1,134,532	1,130,000	1,177,508	42,976
Veterans' Services	123,091	116,688	124,015	924
Contributions to Other Agencies	167,694	175,000	175,000	7,306

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Other Operations (Cont.)</u>				
Employee Benefits	\$ 702,535	\$ 788,000	\$ 702,731	\$ 196
ARRA Grant # 5	3,984	0	3,985	1
Miscellaneous	2,115,282	1,463,500	2,174,259	58,977
<u>Highways</u>				
Litter and Trash Collection	176,749	173,497	179,904	3,155
Other Charges	26,543	28,300	28,300	1,757
<u>Capital Projects</u>				
Other General Government Projects	559,208	973,000	652,800	93,592
Total Expenditures	<u>\$ 37,751,110</u>	<u>\$ 37,086,886</u>	<u>\$ 39,053,242</u>	<u>\$ 1,302,132</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,782,526</u>	<u>\$ (632,999)</u>	<u>\$ (1,647,042)</u>	<u>\$ 4,429,568</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 83,054	\$ 0	\$ 60,000	\$ 23,054
Transfers Out	(350,000)	0	(350,000)	0
Total Other Financing Sources (Uses)	<u>\$ (266,946)</u>	<u>\$ 0</u>	<u>\$ (290,000)</u>	<u>\$ 23,054</u>
Net Change in Fund Balance	\$ 2,515,580	\$ (632,999)	\$ (1,937,042)	\$ 4,452,622
Fund Balance, July 1, 2011	<u>14,265,746</u>	<u>14,449,309</u>	<u>14,449,309</u>	<u>(183,563)</u>
Fund Balance, June 30, 2012	<u>\$ 16,781,326</u>	<u>\$ 13,816,310</u>	<u>\$ 12,512,267</u>	<u>\$ 4,269,059</u>

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,318,276	\$ 5,728,000	\$ 6,079,700	\$ 238,576
Other Local Revenues	297,097	52,000	52,000	245,097
State of Tennessee	2,905,181	2,758,232	2,759,922	145,259
Other Governments and Citizens Groups	204,023	50,000	229,500	(25,477)
Total Revenues	<u>\$ 9,724,577</u>	<u>\$ 8,588,232</u>	<u>\$ 9,121,122</u>	<u>\$ 603,455</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 270,284	\$ 263,065	\$ 283,934	\$ 13,650
Highway and Bridge Maintenance	7,749,038	5,813,212	8,412,274	663,236
Operation and Maintenance of Equipment	1,169,248	1,133,265	1,294,322	125,074
Quarry Operations	293,570	424,690	351,148	57,578
Other Charges	300,095	302,000	306,500	6,405
Employee Benefits	79,221	56,000	83,960	4,739
Capital Outlay	1,555,941	596,000	2,066,250	510,309
Total Expenditures	<u>\$ 11,417,397</u>	<u>\$ 8,588,232</u>	<u>\$ 12,798,388</u>	<u>\$ 1,380,991</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,692,820)</u>	<u>\$ 0</u>	<u>\$ (3,677,266)</u>	<u>\$ 1,984,446</u>
Net Change in Fund Balance	\$ (1,692,820)	\$ 0	\$ (3,677,266)	\$ 1,984,446
Fund Balance, July 1, 2011	<u>7,441,766</u>	<u>7,428,257</u>	<u>7,428,257</u>	<u>13,509</u>
Fund Balance, June 30, 2012	<u>\$ 5,748,946</u>	<u>\$ 7,428,257</u>	<u>\$ 3,750,991</u>	<u>\$ 1,997,955</u>

Exhibit F-3

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sevier County School Department
June 30, 2012

(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)
7-1-11	\$ 86,169	\$ 91,461	\$ 5,292	94.21 %	\$ 34,342	15.41 %
7-1-09	65,129	79,595	14,466	94.64	33,043	11.17
7-1-07	56,091	66,849	10,758	92.41	29,475	15.62

Exhibit F-4

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Sevier County Emergency Communications District
June 30, 2012

(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)
7-1-11	\$ 718	\$ 800	\$ 82	89.76 %	\$ 181	45.38 %
7-1-09	521	664	143	78.46	180	79.47
7-1-07	428	495	67	86.46	186	36.02

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, 2012

(Dollar amounts in thousands)

Plans	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)
<u>PRIMARY GOVERNMENT</u>							
Self-Insured*	7-1-08	\$ 0	\$ 2,123	\$ 2,123	0 %	\$ 20,345	10.43 %
"	7-1-10	0	2,495	2,495	0	19,501	12.79
Medicare Supplement	7-1-09	0	1,174	1,174	0	N/A	N/A
"	7-1-10	0	1,174	1,174	0	N/A	N/A
"	7-1-11	0	1,317	1,317	0	N/A	N/A
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	31,695	31,695	0	76,168	41.61
"	7-1-10	0	31,996	31,996	0	76,965	41.57
"	7-1-11	0	35,308	35,308	0	78,213	45.14
Medicare Supplement	7-1-09	0	3,599	3,599	0	N/A	N/A
"	7-1-10	0	3,599	3,599	0	N/A	N/A
"	7-1-11	0	4,002	4,002	0	N/A	N/A

*Data only available for two actuarial studies.

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

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, 2012

Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
\$	0	0	0	0	0	0
	15,011	49,445	38,562	761,553	22,219	
	0	0	0	4,707	0	
	0	0	361,000	0	0	
	0	0	28	0	166	
	0	0	22,750	0	0	
	0	0	0	772,669	0	
	0	0	0	(41,202)	0	
\$	15,011	49,445	422,340	1,497,727	22,385	

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

(Continued)

Exhibit G-1

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

		Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
\$	15,011	0	0	0	0	
	0	49,055	0	0	0	
	0	0	0	0	22,385	
	0	0	0	692,321	0	
	0	0	175,471	0	0	
\$	15,011	49,055	175,471	692,321	22,385	
\$	15,011	49,445	422,340	1,497,727	22,385	

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances</u>
Restricted:
Restricted for General Government
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Capital Outlay
Committed:
Committed for Public Health and Welfare
Total Fund Balances
Total Liabilities and Fund Balances

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

	Special Revenue Funds (Cont.)				Total Nonmajor Governmental Funds
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees		
\$	0 \$	0 \$	1,568 \$		1,568
Equity in Pooled Cash and Investments	10,134	226,541	0		1,123,465
Accounts Receivable	0	0	0		4,707
Due from Other Governments	631	34,530	0		396,161
Due from Other Funds	0	4,774	0		4,968
Due from Component Units	0	0	0		22,750
Property Taxes Receivable	0	0	0		772,669
Allowance for Uncollectible Property Taxes	0	0	0		(41,202)
Total Assets	\$ 10,765 \$	265,845 \$	1,568 \$		2,285,086

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

\$	0 \$	0 \$	0 \$		108,956
	0	0	0		30,174
	0	0	0		4,628
	0	0	1,568		8,453
	0	0	0		690,351
	0	0	0		35,671
	0	0	0		176,000
\$	0 \$	0 \$	1,568 \$		1,054,233

(Continued)

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

	Special Revenue Funds (Cont.)				Total Nonmajor Governmental Funds
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees		
\$	0 \$	0 \$	0 \$	0 \$	15,011
	10,765	265,845	0	0	325,665
	0	0	0	0	22,385
	0	0	0	0	692,321
	0	0	0	0	175,471
\$	10,765 \$	265,845 \$	0 \$	0 \$	1,230,853
\$	10,765 \$	265,845 \$	1,568 \$		2,285,086

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances</u>
Restricted:
Restricted for General Government
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Capital Outlay
Committed:
Committed for Public Health and Welfare
Total Fund Balances
Total Liabilities and Fund Balances

Sevier County, Tennessee
Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Revenues</u>					
Local Taxes	\$ 25,022	\$ 11,480	\$ 2,033,000	\$ 752,612	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	17,016
Charges for Current Services	0	0	22,750	0	0
Other Local Revenues	0	0	98,820	0	166
State of Tennessee	0	0	0	0	0
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0
Total Revenues	\$ 25,022	\$ 11,480	\$ 2,154,570	\$ 752,612	\$ 17,182
<u>Expenditures</u>					
Current:					
General Government	\$ 33,085	\$ 0	\$ 0	\$ 58,293	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	12,802	0	0	0
Public Safety	0	0	0	214,547	15,160
Public Health and Welfare	0	0	2,206,856	296,560	0
Social, Cultural, and Recreational Services	0	0	0	31,503	0
Other Operations	0	0	0	14,585	0
Total Expenditures	\$ 33,085	\$ 12,802	\$ 2,206,856	\$ 615,488	\$ 15,160
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,063)	\$ (1,322)	\$ (52,286)	\$ 137,124	\$ 2,022
Net Change in Fund Balances	\$ (8,063)	\$ (1,322)	\$ (52,286)	\$ 137,124	\$ 2,022
Fund Balance, July 1, 2011	23,074	50,377	227,757	555,197	20,363
Fund Balance, June 30, 2012	\$ 15,011	\$ 49,055	\$ 175,471	\$ 692,321	\$ 22,385

(Continued)

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

	Special Revenue Funds (Cont.)				Total Nonmajor Governmental Funds
	District Attorney General	Other Special Revenue	Constitu- tional Officers - Fees		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,822,114
Fines, Forfeitures, and Penalties	23,541	64,312	0	0	104,869
Charges for Current Services	0	0	16,500	0	39,250
Other Local Revenues	0	874	0	0	99,860
State of Tennessee	0	50,000	0	0	50,000
Federal Government	0	83,164	0	0	83,164
Other Governments and Citizens Groups	0	50,000	0	0	50,000
Total Revenues	\$ 23,541	\$ 248,350	\$ 16,500	\$ 0	\$ 3,249,257
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,378
Finance	0	0	2,220	0	2,220
Administration of Justice	31,029	53,553	14,280	0	111,664
Public Safety	0	0	0	0	229,707
Public Health and Welfare	0	50,057	0	0	2,553,473
Social, Cultural, and Recreational Services	0	0	0	0	31,503
Other Operations	0	0	0	0	14,585
Total Expenditures	\$ 31,029	\$ 103,610	\$ 16,500	\$ 0	\$ 3,034,530
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,488)	\$ 144,740	\$ 0	\$ 0	\$ 214,727
Net Change in Fund Balances	\$ (7,488)	\$ 144,740	\$ 0	\$ 0	\$ 214,727
Fund Balance, July 1, 2011	18,253	121,105	0	0	1,016,126
Fund Balance, June 30, 2012	\$ 10,765	\$ 265,845	\$ 0	\$ 0	\$ 1,230,853

Exhibit G-3

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 25,022	\$ 25,000	\$ 25,000	\$ 22
Total Revenues	\$ 25,022	\$ 25,000	\$ 25,000	\$ 22
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 33,085	\$ 42,500	\$ 42,500	\$ 9,415
Total Expenditures	\$ 33,085	\$ 42,500	\$ 42,500	\$ 9,415
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,063)	\$ (17,500)	\$ (17,500)	\$ 9,437
Net Change in Fund Balance	\$ (8,063)	\$ (17,500)	\$ (17,500)	\$ 9,437
Fund Balance, July 1, 2011	23,074	24,140	24,140	(1,066)
Fund Balance, June 30, 2012	\$ 15,011	\$ 6,640	\$ 6,640	\$ 8,371

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,480	\$ 11,000	\$ 11,000	\$ 480
Total Revenues	\$ 11,480	\$ 11,000	\$ 11,000	\$ 480
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 12,802	\$ 15,150	\$ 15,150	\$ 2,348
Total Expenditures	\$ 12,802	\$ 15,150	\$ 15,150	\$ 2,348
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,322)	\$ (4,150)	\$ (4,150)	\$ 2,828
Net Change in Fund Balance	\$ (1,322)	\$ (4,150)	\$ (4,150)	\$ 2,828
Fund Balance, July 1, 2011	50,377	50,378	50,378	(1)
Fund Balance, June 30, 2012	\$ 49,055	\$ 46,228	\$ 46,228	\$ 2,827

Exhibit G-5

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,033,000	\$ 2,020,000	\$ 2,020,000	\$ 13,000
Charges for Current Services	22,750	22,750	22,750	0
Other Local Revenues	98,820	75,000	95,000	3,820
Total Revenues	<u>\$ 2,154,570</u>	<u>\$ 2,117,750</u>	<u>\$ 2,137,750</u>	<u>\$ 16,820</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,206,856	\$ 2,142,923	\$ 2,241,601	\$ 34,745
Total Expenditures	<u>\$ 2,206,856</u>	<u>\$ 2,142,923</u>	<u>\$ 2,241,601</u>	<u>\$ 34,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (52,286)</u>	<u>\$ (25,173)</u>	<u>\$ (103,851)</u>	<u>\$ 51,565</u>
Net Change in Fund Balance	\$ (52,286)	\$ (25,173)	\$ (103,851)	\$ 51,565
Fund Balance, July 1, 2011	<u>227,757</u>	<u>228,111</u>	<u>228,111</u>	<u>(354)</u>
Fund Balance, June 30, 2012	<u>\$ 175,471</u>	<u>\$ 202,938</u>	<u>\$ 124,260</u>	<u>\$ 51,211</u>

Exhibit G-6

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 752,612	\$ 716,000	\$ 716,000	\$ 36,612
Total Revenues	\$ 752,612	\$ 716,000	\$ 716,000	\$ 36,612
<u>Expenditures</u>				
<u>General Government</u>				
Geographical Information Systems	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Other General Administration	8,293	9,000	9,000	707
<u>Public Safety</u>				
Sheriff's Department	214,547	200,000	214,550	3
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	214,690	215,000	215,000	310
Sanitation Management	81,870	95,000	95,000	13,130
<u>Social, Cultural, and Recreational Services</u>				
Libraries	31,503	15,000	36,686	5,183
<u>Other Operations</u>				
Other Charges	14,585	16,000	16,000	1,415
Total Expenditures	\$ 615,488	\$ 600,000	\$ 636,236	\$ 20,748
Excess (Deficiency) of Revenues Over Expenditures	\$ 137,124	\$ 116,000	\$ 79,764	\$ 57,360
Net Change in Fund Balance	\$ 137,124	\$ 116,000	\$ 79,764	\$ 57,360
Fund Balance, July 1, 2011	555,197	612,854	612,854	(57,657)
Fund Balance, June 30, 2012	\$ 692,321	\$ 728,854	\$ 692,618	\$ (297)

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 17,016	\$ 0	\$ 0	\$ 17,016
Other Local Revenues	166	0	0	166
Federal Government	0	15,100	15,150	(15,150)
Total Revenues	\$ 17,182	\$ 15,100	\$ 15,150	\$ 2,032
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 15,160	\$ 15,100	\$ 15,150	\$ (10)
Total Expenditures	\$ 15,160	\$ 15,100	\$ 15,150	\$ (10)
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,022	\$ 0	\$ 0	\$ 2,022
Net Change in Fund Balance	\$ 2,022	\$ 0	\$ 0	\$ 2,022
Fund Balance, July 1, 2011	20,363	20,363	20,363	0
Fund Balance, June 30, 2012	\$ 22,385	\$ 20,363	\$ 20,363	\$ 2,022

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 64,312	\$ 51,500	\$ 51,500	\$ 12,812
Other Local Revenues	874	0	0	874
State of Tennessee	50,000	0	50,000	0
Federal Government	83,164	160,000	110,000	(26,836)
Other Governments and Citizens Groups	50,000	0	0	50,000
Total Revenues	<u>\$ 248,350</u>	<u>\$ 211,500</u>	<u>\$ 211,500</u>	<u>\$ 36,850</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 53,553	\$ 138,176	\$ 138,176	\$ 84,623
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	50,057	50,952	50,952	895
Total Expenditures	<u>\$ 103,610</u>	<u>\$ 189,128</u>	<u>\$ 189,128</u>	<u>\$ 85,518</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 144,740</u>	<u>\$ 22,372</u>	<u>\$ 22,372</u>	<u>\$ 122,368</u>
Net Change in Fund Balance	\$ 144,740	\$ 22,372	\$ 22,372	\$ 122,368
Fund Balance, July 1, 2011	121,105	126,824	126,824	(5,719)
Fund Balance, June 30, 2012	<u>\$ 265,845</u>	<u>\$ 149,196</u>	<u>\$ 149,196</u>	<u>\$ 116,649</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,227,710	\$ 4,967,000	\$ 4,967,000	\$ 260,710
Other Local Revenues	1,136,245	1,400,000	1,400,000	(263,755)
Other Governments and Citizens Groups	4,844,706	4,993,969	4,993,969	(149,263)
Total Revenues	<u>\$ 11,208,661</u>	<u>\$ 11,360,969</u>	<u>\$ 11,360,969</u>	<u>\$ (152,308)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,670,000	\$ 5,769,996	\$ 5,694,577	\$ 24,577
Education	837,941	0	839,608	1,667
<u>Interest on Debt</u>				
General Government	3,828,879	5,188,828	5,178,828	1,349,949
Education	668,894	1,429,999	675,810	6,916
<u>Other Debt Service</u>				
General Government	121,770	142,000	142,000	20,230
Education	11,603	11,603	11,603	0
Total Expenditures	<u>\$ 11,139,087</u>	<u>\$ 12,542,426</u>	<u>\$ 12,542,426</u>	<u>\$ 1,403,339</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 69,574</u>	<u>\$ (1,181,457)</u>	<u>\$ (1,181,457)</u>	<u>\$ 1,251,031</u>
Net Change in Fund Balance	\$ 69,574	\$ (1,181,457)	\$ (1,181,457)	\$ 1,251,031
Fund Balance, July 1, 2011	<u>31,975,491</u>	<u>32,062,114</u>	<u>32,062,114</u>	<u>(86,623)</u>
Fund Balance, June 30, 2012	<u>\$ 32,045,065</u>	<u>\$ 30,880,657</u>	<u>\$ 30,880,657</u>	<u>\$ 1,164,408</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, 2012

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 567,571	\$ 140,303	\$ 606,510	\$ 1,314,384
Accounts Receivable	86,579	0	0	86,579
Due from Other Funds	163,274	0	0	163,274
Total Assets	<u>\$ 817,424</u>	<u>\$ 140,303</u>	<u>\$ 606,510</u>	<u>\$ 1,564,237</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 462,000	\$ 4,000	\$ 71,000	\$ 537,000
Due to Other Funds	580	28	0	608
Total Liabilities	<u>\$ 462,580</u>	<u>\$ 4,028</u>	<u>\$ 71,000</u>	<u>\$ 537,608</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 354,844</u>	<u>\$ 136,275</u>	<u>\$ 535,510</u>	<u>\$ 1,026,629</u>
Total Net Assets	<u>\$ 354,844</u>	<u>\$ 136,275</u>	<u>\$ 535,510</u>	<u>\$ 1,026,629</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, 2012

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 5,630,290	\$ 174,568	\$ 550,468	\$ 6,355,326
Patient Charges	127,647	0	0	127,647
Total Operating Revenues	<u>\$ 5,757,937</u>	<u>\$ 174,568</u>	<u>\$ 550,468</u>	<u>\$ 6,482,973</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 204,106	\$ 5,791	\$ 0	\$ 209,897
Employee and Dependent Insurance	0	106,045	0	106,045
Excess Risk Insurance	627,023	0	0	627,023
Medical Claims	5,165,034	57,651	566,473	5,789,158
Total Operating Expenses	<u>\$ 5,996,163</u>	<u>\$ 169,487</u>	<u>\$ 566,473</u>	<u>\$ 6,732,123</u>
Operating Income (Loss)	<u>\$ (238,226)</u>	<u>\$ 5,081</u>	<u>\$ (16,005)</u>	<u>\$ (249,150)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 4,887	\$ 520	\$ 804	\$ 6,211
Total Nonoperating Revenues (Expenses)	<u>\$ 4,887</u>	<u>\$ 520</u>	<u>\$ 804</u>	<u>\$ 6,211</u>
Change in Net Assets	\$ (233,339)	\$ 5,601	\$ (15,201)	\$ (242,939)
Net Assets, July 1, 2011	<u>588,183</u>	<u>130,674</u>	<u>550,711</u>	<u>1,269,568</u>
Net Assets, June 30, 2012	<u>\$ 354,844</u>	<u>\$ 136,275</u>	<u>\$ 535,510</u>	<u>\$ 1,026,629</u>

Exhibit I-3

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compen- sation	Total
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 5,610,437	\$ 174,568	\$ 630,068	\$ 6,415,073
Receipts for Patient Charges	127,647	0	0	127,647
Payments to Insurers	(627,023)	(106,045)	0	(733,068)
Payments for Claims	(5,278,954)	(58,603)	(569,543)	(5,907,100)
Payments for Administrative Costs	(204,106)	(5,791)	0	(209,897)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (371,999)</u>	<u>\$ 4,129</u>	<u>\$ 60,525</u>	<u>\$ (307,345)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 4,887	\$ 520	\$ 804	\$ 6,211
Net Cash Provided By (Used In) Investing Activities	<u>\$ 4,887</u>	<u>\$ 520</u>	<u>\$ 804</u>	<u>\$ 6,211</u>
Increase (Decrease) in Cash	\$ (367,112)	\$ 4,649	\$ 61,329	\$ (301,134)
Cash, July 1, 2011	934,683	135,654	545,181	1,615,518
Cash, June 30, 2012	<u>\$ 567,571</u>	<u>\$ 140,303</u>	<u>\$ 606,510</u>	<u>\$ 1,314,384</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (238,226)	\$ 5,081	\$ (16,005)	\$ (249,150)
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	(19,853)	0	79,600	59,747
Increase (Decrease) in Accounts Payable	(113,920)	(952)	(3,070)	(117,942)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (371,999)</u>	<u>\$ 4,129</u>	<u>\$ 60,525</u>	<u>\$ (307,345)</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, 2012

	<u>Agency Funds</u>			
	<u>Cities - Sales Tax</u>	<u>Constitu- tional Officers - Agency</u>	<u>Judicial District Drug</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,985,457	\$ 0	\$ 2,985,457
Equity in Pooled Cash and Investments	0	0	265,264	265,264
Accounts Receivable	0	5,160	0	5,160
Due from Other Governments	5,805,367	0	0	5,805,367
Total Assets	<u>\$ 5,805,367</u>	<u>\$ 2,990,617</u>	<u>\$ 265,264</u>	<u>\$ 9,061,248</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 5,805,367	\$ 0	\$ 0	\$ 5,805,367
Due to Litigants, Heirs, and Others	0	2,990,617	0	2,990,617
Due to Joint Ventures	0	0	265,264	265,264
Total Liabilities	<u>\$ 5,805,367</u>	<u>\$ 2,990,617</u>	<u>\$ 265,264</u>	<u>\$ 9,061,248</u>

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 33,228,599	\$ 33,228,599	\$ 0
Due from Other Governments	5,487,573	5,805,367	5,487,573	5,805,367
Total Assets	\$ 5,487,573	\$ 39,033,966	\$ 38,716,172	\$ 5,805,367
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,487,573	\$ 39,033,966	\$ 38,716,172	\$ 5,805,367
Total Liabilities	\$ 5,487,573	\$ 39,033,966	\$ 38,716,172	\$ 5,805,367
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,062,857	\$ 18,795,256	\$ 18,872,656	\$ 2,985,457
Accounts Receivable	3,709	5,160	3,709	5,160
Total Assets	\$ 3,066,566	\$ 18,800,416	\$ 18,876,365	\$ 2,990,617
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,066,566	\$ 18,800,416	\$ 18,876,365	\$ 2,990,617
Total Liabilities	\$ 3,066,566	\$ 18,800,416	\$ 18,876,365	\$ 2,990,617
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 412,839	\$ 106,152	\$ 253,727	\$ 265,264
Total Assets	\$ 412,839	\$ 106,152	\$ 253,727	\$ 265,264
<u>Liabilities</u>				
Due to Joint Ventures	\$ 412,839	\$ 106,152	\$ 253,727	\$ 265,264
Total Liabilities	\$ 412,839	\$ 106,152	\$ 253,727	\$ 265,264

(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	\$ 3,062,857	\$ 18,795,256	\$ 18,872,656	\$ 2,985,457
Equity in Pooled Cash and Investments	412,839	33,334,751	33,482,326	265,264
Accounts Receivable	3,709	5,160	3,709	5,160
Due from Other Governments	5,487,573	5,805,367	5,487,573	5,805,367
Total Assets	<u>\$ 8,966,978</u>	<u>\$ 57,940,534</u>	<u>\$ 57,846,264</u>	<u>\$ 9,061,248</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,487,573	\$ 39,033,966	\$ 38,716,172	\$ 5,805,367
Due to Litigants, Heirs, and Others	3,066,566	18,800,416	18,876,365	2,990,617
Due to Joint Ventures	412,839	106,152	253,727	265,264
Total Liabilities	<u>\$ 8,966,978</u>	<u>\$ 57,940,534</u>	<u>\$ 57,846,264</u>	<u>\$ 9,061,248</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, 2012

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		Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 80,197,595	\$ 195,818	\$ 6,935,065	\$ 12,286,925	\$	\$	(60,779,787)
Support Services	39,391,983	35,154	1,127,628	0	0	0	(38,229,201)
Operation of Non-Instructional Services	9,417,554	2,008,085	5,936,671	0	0	0	(1,472,798)
Interest on Long-term Debt	17,725	0	0	0	0	0	(17,725)
Other Debt Service	4,844,706	0	0	0	0	0	(4,844,706)
Total Governmental Activities	\$ 133,869,563	\$ 2,239,057	\$ 13,999,364	\$ 12,286,925	\$	\$	(105,344,217)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes						\$	30,239,104
Local Option Sales Taxes							42,602,801
Other Local Taxes							220,731
Hotel/Motel Tax							2,320,228
Grants and Contributions Not Restricted to Specific Programs							41,912,844
Unrestricted Investment Income							4,620
Miscellaneous							131,380
Total General Revenues						\$	117,431,708
Change in Net Assets						\$	12,087,491
Net Assets, July 1, 2011							108,141,231
Net Assets, June 30, 2012						\$	120,228,722

Exhibit K-2

Sevier County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2012

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,340	\$ 2,340
Equity in Pooled Cash and Investments	18,241,900	318,120	18,560,020
Accounts Receivable	384,871	0	384,871
Due from Other Governments	8,258,127	465,222	8,723,349
Due from Primary Government	314	602,667	602,981
Property Taxes Receivable	32,333,090	0	32,333,090
Allowance for Uncollectible Property Taxes	(1,720,194)	0	(1,720,194)
Total Assets	<u>\$ 57,498,108</u>	<u>\$ 1,388,349</u>	<u>\$ 58,886,457</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 52,840	\$ 0	\$ 52,840
Accrued Payroll	121,895	0	121,895
Payroll Deductions Payable	20,220	0	20,220
Contracts Payable	586,805	572,534	1,159,339
Retainage Payable	15,525	30,133	45,658
Due to Primary Government	22,750	0	22,750
Other Notes Payable	2,516,000	0	2,516,000
Other Current Liabilities	3,367,000	0	3,367,000
Deferred Revenue - Current Property Taxes	28,822,145	0	28,822,145
Deferred Revenue - Delinquent Property Taxes	1,489,263	0	1,489,263
Other Deferred Revenues	4,248,809	0	4,248,809
Total Liabilities	<u>\$ 41,263,252</u>	<u>\$ 602,667</u>	<u>\$ 41,865,919</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 20,170	\$ 785,682	\$ 805,852
Assigned:			
Assigned for Education	5,336,114	0	5,336,114
Unassigned	10,878,572	0	10,878,572
Total Fund Balances	<u>\$ 16,234,856</u>	<u>\$ 785,682</u>	<u>\$ 17,020,538</u>
Total Liabilities and Fund Balances	<u>\$ 57,498,108</u>	<u>\$ 1,388,349</u>	<u>\$ 58,886,457</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, 2012

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)		\$ 17,020,538
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 12,313,627	
Add: construction in progress	20,306,895	
Add: buildings and improvements net of accumulated depreciation	71,310,186	
Add: infrastructure net of accumulated depreciation	1,580,542	
Add: other capital assets net of accumulated depreciation	<u>5,180,048</u>	110,691,298
(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	\$ (336,908)	
Less: other postemployment benefits liability	<u>(12,884,278)</u>	(13,221,186)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>5,738,072</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 120,228,722</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, 2012

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 75,979,430	\$ 0	\$ 75,979,430
Licenses and Permits	145,560	0	145,560
Charges for Current Services	220,109	1,998,065	2,218,174
Other Local Revenues	687,464	4,620	692,084
State of Tennessee	39,664,285	68,072	39,732,357
Federal Government	177,760	14,682,988	14,860,748
Other Governments and Citizens Groups	1,764,381	10,583,771	12,348,152
Total Revenues	<u>\$ 118,638,989</u>	<u>\$ 27,337,516</u>	<u>\$ 145,976,505</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 64,833,981	\$ 8,560,853	\$ 73,394,834
Support Services	38,074,368	1,459,325	39,533,693
Operation of Non-Instructional Services	1,534,838	6,936,042	8,470,880
Capital Outlay	8,450,438	0	8,450,438
Debt Service:			
Principal on Debt	129,394	0	129,394
Interest on Debt	17,725	0	17,725
Other Debt Service	4,844,706	0	4,844,706
Capital Projects	0	10,949,654	10,949,654
Total Expenditures	<u>\$ 117,885,450</u>	<u>\$ 27,905,874</u>	<u>\$ 145,791,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 753,539</u>	<u>\$ (568,358)</u>	<u>\$ 185,181</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 39,948	\$ 0	\$ 39,948
Transfers In	634,152	362,500	996,652
Transfers Out	(362,500)	(634,152)	(996,652)
Total Other Financing Sources (Uses)	<u>\$ 311,600</u>	<u>\$ (271,652)</u>	<u>\$ 39,948</u>
Net Change in Fund Balances	\$ 1,065,139	\$ (840,010)	\$ 225,129
Fund Balance, July 1, 2011	15,169,717	1,625,692	16,795,409
Fund Balance, June 30, 2012	<u>\$ 16,234,856</u>	<u>\$ 785,682</u>	<u>\$ 17,020,538</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, 2012

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)		\$	225,129
(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	\$	19,652,778	
Less: current-year depreciation expense		<u>(4,539,432)</u>	15,113,346
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: net book value of disposed assets			(14,025)
(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, 2012	\$	5,738,072	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(5,757,523)</u>	(19,451)
(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 leases			129,394
(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>(3,346,902)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 12,087,491</u>

Exhibit K-6

Sevier County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Sevier County School Department
 June 30, 2012

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Other Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 2,340	\$ 2,340	\$ 0	\$ 2,340
Equity in Pooled Cash and Investments	91,058	227,062	318,120	0	318,120
Due from Other Governments	0	465,222	465,222	0	465,222
Due from Primary Government	0	0	0	602,667	602,667
Total Assets	<u>\$ 91,058</u>	<u>\$ 694,624</u>	<u>\$ 785,682</u>	<u>\$ 602,667</u>	<u>\$ 1,388,349</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 572,534	\$ 572,534
Retainage Payable	0	0	0	30,133	30,133
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 602,667</u>	<u>\$ 602,667</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 91,058	\$ 694,624	\$ 785,682	\$ 0	\$ 785,682
Total Fund Balances	<u>\$ 91,058</u>	<u>\$ 694,624</u>	<u>\$ 785,682</u>	<u>\$ 0</u>	<u>\$ 785,682</u>
Total Liabilities and Fund Balances	<u>\$ 91,058</u>	<u>\$ 694,624</u>	<u>\$ 785,682</u>	<u>\$ 602,667</u>	<u>\$ 1,388,349</u>

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, 2012

	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	\$ 1,998,065	\$ 1,998,065	\$ 0	\$ 0	\$ 0	\$ 1,998,065
Other Local Revenues	0	4,620	4,620	0	0	0	4,620
State of Tennessee	0	68,072	68,072	0	0	0	68,072
Federal Government	9,688,904	4,994,084	14,682,988	0	0	0	14,682,988
Other Governments and Citizens Groups	0	0	0	0	10,583,771	10,583,771	10,583,771
Total Revenues	\$ 9,688,904	\$ 7,064,841	\$ 16,753,745	\$ 0	\$ 10,583,771	\$ 10,583,771	\$ 27,337,516
<u>Expenditures</u>							
Current:							
Instruction	\$ 8,560,853	\$ 0	\$ 8,560,853	\$ 0	\$ 0	\$ 0	\$ 8,560,853
Support Services	1,459,325	0	1,459,325	0	0	0	1,459,325
Operation of Non-Instructional Services	0	6,936,042	6,936,042	0	0	0	6,936,042
Capital Projects	0	0	0	365,883	10,583,771	10,949,654	10,949,654
Total Expenditures	\$ 10,020,178	\$ 6,936,042	\$ 16,956,220	\$ 365,883	\$ 10,583,771	\$ 10,949,654	\$ 27,905,874
Excess (Deficiency) of Revenues Over Expenditures	\$ (331,274)	\$ 128,799	\$ (202,475)	\$ (365,883)	\$ 0	\$ (365,883)	\$ (568,358)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 362,500	\$ 0	\$ 362,500	\$ 362,500
Transfers Out	0	0	0	(634,152)	0	(634,152)	(634,152)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (271,652)	\$ 0	\$ (271,652)	\$ (271,652)
Net Change in Fund Balances	\$ (331,274)	\$ 128,799	\$ (202,475)	\$ (637,535)	\$ 0	\$ (637,535)	\$ (840,010)
Fund Balance, July 1, 2011	422,332	565,825	988,157	637,535	0	637,535	1,625,692
Fund Balance, June 30, 2012	\$ 91,058	\$ 694,624	\$ 785,682	\$ 0	\$ 0	\$ 0	\$ 785,682

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 75,979,430	\$ 0	\$ 0	\$ 75,979,430	\$ 73,328,154	\$ 74,548,694	\$ 1,430,736
Licenses and Permits	145,560	0	0	145,560	150,000	145,000	560
Charges for Current Services	220,109	0	0	220,109	210,000	233,305	(13,196)
Other Local Revenues	687,464	0	0	687,464	1,222,555	648,789	38,675
State of Tennessee	39,664,285	0	0	39,664,285	38,999,034	39,590,660	73,625
Federal Government	177,760	0	0	177,760	237,000	253,427	(75,667)
Other Governments and Citizens Groups	1,764,381	0	0	1,764,381	0	1,769,654	(5,273)
Total Revenues	\$ 118,638,989	\$ 0	\$ 0	\$ 118,638,989	\$ 114,146,743	\$ 117,189,529	\$ 1,449,460
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 53,191,213	\$ (577,735)	\$ 90,720	\$ 52,704,198	\$ 55,581,885	\$ 54,246,897	\$ 1,542,699
Alternative Instruction Program	705,559	0	0	705,559	759,080	759,080	53,521
Special Education Program	8,105,811	0	703	8,106,514	8,101,972	8,261,972	155,458
Vocational Education Program	2,704,346	0	0	2,704,346	2,820,462	2,820,462	116,116
Student Body Education Program	10,728	0	0	10,728	3,049	35,549	24,821
Adult Education Program	116,324	0	1,240	117,564	172,002	172,142	54,578
<u>Support Services</u>							
Attendance	448,931	0	0	448,931	483,545	483,545	34,614
Health Services	1,347,930	0	0	1,347,930	1,546,869	1,548,971	201,041
Other Student Support	2,701,654	0	0	2,701,654	2,820,173	2,824,376	122,722
Regular Instruction Program	4,240,503	(18,445)	2,922	4,224,980	4,366,329	4,404,425	179,445
Alternative Instruction Program	12,690	0	0	12,690	103,385	103,385	90,695
Special Education Program	314,416	0	0	314,416	332,844	332,844	18,428

(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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 87,731	\$ 0	\$ 0	\$ 87,731	\$ 155,242	\$ 155,242	\$ 67,511
Adult Programs	106,123	0	0	106,123	113,214	113,214	7,091
Other Programs	327,355	0	0	327,355	0	327,355	0
Board of Education	2,893,932	0	0	2,893,932	3,209,781	3,249,781	355,849
Director of Schools	214,388	0	0	214,388	238,364	238,364	23,976
Office of the Principal	7,765,000	0	0	7,765,000	8,664,681	8,218,920	453,920
Fiscal Services	1,332,606	(347,250)	20,250	1,005,606	1,147,994	1,166,494	160,888
Operation of Plant	7,465,288	0	575	7,465,863	8,451,391	8,331,772	865,909
Maintenance of Plant	3,085,644	(1,890)	6,369	3,090,123	3,165,499	3,306,599	216,476
Transportation	5,730,177	0	375,604	6,105,781	6,384,077	6,505,384	399,603
<u>Operation of Non-Instructional Services</u>							
Food Service	918,159	0	0	918,159	981,017	981,487	63,328
Community Services	134,505	0	0	134,505	163,840	163,840	29,335
Early Childhood Education	482,174	0	0	482,174	485,870	485,870	3,696
<u>Capital Outlay</u>							
Regular Capital Outlay	8,450,438	(4,722,901)	4,837,731	8,565,268	12,602,846	14,100,410	5,535,142
<u>Principal on Debt</u>							
Education	129,394	0	0	129,394	2,475,185	129,394	0
Interest on Debt							
Education	17,725	0	0	17,725	2,507,180	17,725	0
<u>Other Debt Service</u>							
Education	4,844,706	0	0	4,844,706	11,604	4,844,708	2
Total Expenditures	\$ 117,885,450	\$ (5,668,221)	\$ 5,336,114	\$ 117,553,343	\$ 127,849,380	\$ 128,330,207	\$ 10,776,864

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 753,539	\$ 5,668,221	\$ (5,336,114)	\$ 1,085,646	\$ (13,702,637)	\$ (11,140,678)	\$ 12,226,324
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 39,948	\$ 0	\$ 0	\$ 39,948	\$ 0	\$ 21,879	\$ 18,069
Transfers In	634,152	0	0	634,152	578,905	634,152	0
Transfers Out	(362,500)	0	0	(362,500)	0	(362,500)	0
Total Other Financing Sources (Uses)	\$ 311,600	\$ 0	\$ 0	\$ 311,600	\$ 578,905	\$ 293,531	\$ 18,069
Net Change in Fund Balance	\$ 1,065,139	\$ 5,668,221	\$ (5,336,114)	\$ 1,397,246	\$ (13,123,732)	\$ (10,847,147)	\$ 12,244,393
Fund Balance, July 1, 2011	15,169,717	(5,668,221)	0	9,501,496	16,959,213	16,959,213	(7,457,717)
Fund Balance, June 30, 2012	\$ 16,234,856	\$ 0	\$ (5,336,114)	\$ 10,898,742	\$ 3,835,481	\$ 6,112,066	\$ 4,786,676

Exhibit K-9

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sevier County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 9,688,904	\$ 10,479,558	\$ 10,542,235	\$ (853,331)
Total Revenues	\$ 9,688,904	\$ 10,479,558	\$ 10,542,235	\$ (853,331)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 4,364,816	\$ 4,698,990	\$ 4,698,613	\$ 333,797
Special Education Program	4,043,098	4,305,419	4,368,097	324,999
Vocational Education Program	152,939	152,939	152,939	0
<u>Support Services</u>				
Health Services	18,683	18,683	18,683	0
Other Student Support	149,389	150,244	150,620	1,231
Regular Instruction Program	1,033,932	1,227,980	1,227,980	194,048
Vocational Education Program	2,500	2,500	2,500	0
Transportation	254,821	254,821	254,821	0
<u>Capital Outlay</u>				
Regular Capital Outlay	0	90,314	90,314	90,314
Total Expenditures	\$ 10,020,178	\$ 10,901,890	\$ 10,964,567	\$ 944,389
Excess (Deficiency) of Revenues Over Expenditures	\$ (331,274)	\$ (422,332)	\$ (422,332)	\$ 91,058
Net Change in Fund Balance	\$ (331,274)	\$ (422,332)	\$ (422,332)	\$ 91,058
Fund Balance, July 1, 2011	422,332	975,469	975,469	(553,137)
Fund Balance, June 30, 2012	\$ 91,058	\$ 553,137	\$ 553,137	\$ (462,079)

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,998,065	\$ 1,877,640	\$ 1,932,640	\$ 65,425
Other Local Revenues	4,620	5,000	3,600	1,020
State of Tennessee	68,072	69,245	68,072	0
Federal Government	4,994,084	4,550,000	5,280,284	(286,200)
Total Revenues	<u>\$ 7,064,841</u>	<u>\$ 6,501,885</u>	<u>\$ 7,284,596</u>	<u>\$ (219,755)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 6,936,042	\$ 6,666,602	\$ 7,554,886	\$ 618,844
Total Expenditures	<u>\$ 6,936,042</u>	<u>\$ 6,666,602</u>	<u>\$ 7,554,886</u>	<u>\$ 618,844</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 128,799</u>	<u>\$ (164,717)</u>	<u>\$ (270,290)</u>	<u>\$ 399,089</u>
Net Change in Fund Balance	\$ 128,799	\$ (164,717)	\$ (270,290)	\$ 399,089
Fund Balance, July 1, 2011	<u>565,825</u>	<u>456,963</u>	<u>456,963</u>	<u>108,862</u>
Fund Balance, June 30, 2012	<u>\$ 694,624</u>	<u>\$ 292,246</u>	<u>\$ 186,673</u>	<u>\$ 507,951</u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sevier County, Tennessee
 Schedule of Changes in Long-term Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Sevier County School Department
 For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT								
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Public Building Authority, Series V-D-1 (Refunding)	\$ 6,150,000	3 to 4	08-27-08	6-1-16	\$ 4,310,000	0	\$ 765,000	\$ 3,545,000
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000	(1) Variable	08-28-08	6-1-25	5,360,000	0	210,000	5,150,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000	(1) Variable	11-20-08	6-1-32	41,165,000	0	540,000	40,625,000
Public Building Authority, Series VII-B-1	21,450,000	Variable	11-20-08	6-1-32	15,775,505	5,574,495	0	21,350,000
Public Building Authority, Series V-F-1 (Refunding)	13,625,000	3.5 to 5	11-25-08	6-1-25	10,435,000	0	1,180,000	9,255,000
Energy Efficient Schools Initiative Loan, Series 2011	1,000,000	0	6-1-12	5-1-22	0	1,000,000	8,333	991,667
Total Payable through General Debt Service Fund					\$ 77,045,505	\$ 6,574,495	\$ 2,703,333	\$ 80,916,667
Total Other Loans Payable					\$ 77,045,505	\$ 6,574,495	\$ 2,703,333	\$ 80,916,667
BONDS PAYABLE								
Payable through General Debt Service Fund								
School Refunding Bonds, Series 2002	19,415,000	2 to 4.5	10-30-02	4-1-16	\$ 9,300,000	0	\$ 1,600,000	\$ 7,700,000
General Obligation Refunding Bonds, Series 2008	11,135,000	3 to 4.5	5-1-08	6-1-25	11,065,000	0	35,000	11,030,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	2,460,000	0	130,000	2,330,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-25	1,840,000	0	350,000	1,490,000
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	4,710,000	0	860,000	3,850,000
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	14,504,000	0	829,608	13,674,392
General Obligation Bonds, Series 2011	5,500,000	2.9	12-12-11	6-1-32	0	5,500,000	0	5,500,000
Total Payable through General Debt Service Fund					\$ 43,879,000	\$ 5,500,000	\$ 3,804,608	\$ 45,574,392
Total Bonds Payable					\$ 43,879,000	\$ 5,500,000	\$ 3,804,608	\$ 45,574,392

(Continued)

Exhibit L-1

Sevier County, Tennessee
Schedule of Changes in Long-term 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 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<u>DISCRETELY PRESENTED SEVIER</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Purpose School Fund								
Geothermal Catlettsburg	\$ 708,829	4.35 %	12-12-08	12-1-14	\$ 466,302	0 \$	129,394 \$	336,908
Total Payable through General Purpose School Fund					\$ 466,302	0 \$	129,394 \$	336,908
Total Capital Leases Payable					\$ 466,302	0 \$	129,394 \$	336,908

(1) The loan agreements refunded by these issues were swapped from variable to a synthetic fixed rate by execution of swap agreements.

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
2013	\$ 2,714,996	\$ 793,220	\$ 774,015	\$ 4,282,231
2014	2,254,996	731,261	763,251	3,749,508
2015	2,334,996	695,861	748,614	3,779,471
2016	2,469,996	659,065	733,465	3,862,526
2017	4,569,996	617,416	716,705	5,904,117
2018	4,764,996	529,804	687,895	5,982,695
2019	4,074,996	417,891	657,821	5,150,708
2020	5,219,996	346,276	626,312	6,192,584
2021	4,504,996	311,652	571,848	5,388,496
2022	4,681,703	266,615	528,883	5,477,201
2023	4,870,000	219,935	483,630	5,573,565
2024	5,830,000	173,172	434,927	6,438,099
2025	5,220,000	120,985	375,643	5,716,628
2026	3,315,000	93,177	317,898	3,726,075
2027	3,515,000	81,906	279,444	3,876,350
2028	3,705,000	69,955	238,670	4,013,625
2029	3,905,000	57,358	195,692	4,158,050
2030	4,105,000	44,081	150,394	4,299,475
2031	4,305,000	30,124	102,776	4,437,900
2032	4,555,000	15,487	52,838	4,623,325
Total	<u>\$ 80,916,667</u>	<u>\$ 6,275,241</u>	<u>\$ 9,440,721</u>	<u>\$ 96,632,629</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 4,190,027	\$ 1,919,594	\$ 6,109,621
2014	4,955,027	1,793,956	6,748,983
2015	5,095,027	1,638,056	6,733,083
2016	5,105,027	1,476,306	6,581,333
2017	1,835,027	1,311,181	3,146,208
2018	1,890,027	1,272,861	3,162,888
2019	1,920,027	1,232,581	3,152,608
2020	1,945,027	1,194,181	3,139,208
2021	2,500,027	1,154,451	3,654,478
2022	2,535,027	1,095,820	3,630,847
2023	2,585,027	1,034,060	3,619,087
2024	2,630,027	968,750	3,598,777
2025	3,105,027	899,419	4,004,446
2026	1,355,026	806,829	2,161,855
2027	1,454,015	793,779	2,247,794
2028	475,000	82,452	557,452
2029	500,000	62,875	562,875
2030	500,000	47,375	547,375
2031	500,000	31,750	531,750
2032	500,000	16,000	516,000
Total	<u>\$ 45,574,392</u>	<u>\$ 18,832,276</u>	<u>\$ 64,406,668</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 Lease		
	Principal	Interest	Total
2013	\$ 135,136	\$ 11,982	\$ 147,118
2014	141,134	5,985	147,119
2015	60,638	661	61,299
Total	<u>\$ 336,908</u>	<u>\$ 18,628</u>	<u>\$ 355,536</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, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Utility	Operations	\$ 350,000
Total Transfers Primary Government			<u>\$ 350,000</u>
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School Education Capital Projects	Education Capital Projects General Purpose School	Capital projects "	\$ 362,500 <u>634,152</u>
Total Transfers Discretely Presented Sevier County School Department			<u>\$ 996,652</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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 123,651 (4)	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA	96,795	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	132,696 (1)	100,000	"
Trustee	Section 8-24-102, TCA	86,141 (2)	3,690,000	"
Assessor of Property	Section 8-24-102, TCA	86,141 (2)	10,000	"
County Clerk	Section 8-24-102, TCA	86,143 (2)	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	86,141 (2)	50,000	"
General Sessions Court Clerk	Section 8-24-102, TCA	86,141 (2)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	86,141 (2, 5)	50,000	"
Register	Section 8-24-102, TCA	86,141 (2)	25,000	"
Sheriff	Section 8-24-102, TCA	96,924 (3, 6)	25,000	"
Employee Blanket Bonds - All County Employees: Public Employee Dishonesty			150,000	Local Government Insurance Pool

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Includes supplemental pay of \$1,430.
- (3) Includes a law enforcement training supplement of \$600 and a workhouse supplement of \$1,142. Does not include a clothing allowance of \$500.
- (4) Includes longevity pay of \$1,750.
- (5) Does not include special commissioner fees of \$14,280.
- (6) Includes longevity pay of \$2,000.

Exhibit L-5

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 15,194,842	\$ 0	\$ 0	\$ 0	\$ 653,548	\$ 0	\$ 0
Trustee's Collections - Prior Year	984,331	0	0	0	44,741	0	0
Circuit/Clerk & Master Collections - Prior Years	593,543	0	0	0	29,676	0	0
Interest and Penalty	185,052	0	0	0	8,322	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,557	0	0	0	110	0	0
Payments in-Lieu-of Taxes - Local Utilities	221,083	0	0	0	9,509	0	0
Payments in-Lieu-of Taxes - Other	97,748	0	0	0	4,207	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,899,302	0	0	2,033,000	0	0	0
Hotel/Motel Tax	2,278,981	0	0	0	0	0	0
Litigation Tax - General	345,349	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	11,480	0	0	0	0
Business Tax	2,149,456	0	0	0	0	0	0
Other County Local Option Taxes	0	25,022	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	58,110	0	0	0	2,499	0	0
Wholesale Beer Tax	373,965	0	0	0	0	0	0
Interstate Telecommunications Tax	4,745	0	0	0	0	0	0
Total Local Taxes	\$ 24,389,064	\$ 25,022	\$ 11,480	\$ 2,033,000	\$ 752,612	\$ 0	\$ 0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 371,140	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>							
Building Permits	24,675	0	0	0	0	0	0
Other Permits	95,490	0	0	0	0	0	0
Total Licenses and Permits	\$ 491,305	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-5

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	\$ 26,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	11,747	0	0	0	0	0	0	0
Drug Control Fines	17,424	0	0	0	0	5,187	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
Jail Fees	11,248	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	6,118
DUI Treatment Fines	4,255	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,348	0	0	0	0	0	0	0
Courtroom Security Fee	357	0	0	0	0	0	0	0
Victims Assistance Assessments	8,878	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	42,053	0	0	0	0	0	0	0
Fines for Littering	50	0	0	0	0	0	0	0
Officers Costs	37,028	0	0	0	0	0	0	0
Game and Fish Fines	230	0	0	0	0	0	0	0
Drug Control Fines	10,171	0	0	0	0	328	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
Jail Fees	53,926	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	9,886
DUI Treatment Fines	16,830	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,036	0	0	0	0	0	0	0
Courtroom Security Fee	64	0	0	0	0	0	0	0
Victims Assistance Assessments	10,453	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	1,180	0	0	0	0	0	0	0
Officers Costs	2,233	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	4,485	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	6,971	0	0	0	0	0	0	0
Courtroom Security Fee	32	0	0	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	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
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	0	7,537
<u>Judicial District Drug Program</u>							
Fines	1,748	0	0	0	0	4,586	0
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	6,915	0
Victims Assistance Assessments	0	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 284,049	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,016	\$ 23,541
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 3,528,769	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	20,576	0	0	0	0	0	0
Health Department Collections	116,637	0	0	0	0	0	0
Other General Service Charges	1,550	0	0	22,750	0	0	0
<u>Fees</u>							
Copy Fees	4,936	0	0	0	0	0	0
Library Fees	34,013	0	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0	0
Telephone Commissions	22,405	0	0	0	0	0	0
Vending Machine Collections	26,895	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	98,026	0	0	0	0	0	0
Data Processing Fee - Sheriff	11,829	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	8,100	0	0	0	0	0	0
Data Processing Fee - County Clerk	5,158	0	0	0	0	0	0
<u>Education Charges</u>							
TBI Criminal Background Fees	9,105	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,888,049	\$ 0	\$ 0	\$ 22,750	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 166	\$ 0
Lease/Rentals	42,524	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Sale of Maps	5,830	0	0	0	0	0	0
Sale of Recycled Materials	1,606	0	0	98,820	0	0	0
Sale of Animals/Livestock	3,500	0	0	0	0	0	0
Miscellaneous Refunds	16,867	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	0
Sale of Property	0	0	0	0	0	0	0
Damages Recovered from Individuals	407	0	0	0	0	0	0
Contributions and Gifts	15,197	0	0	0	0	0	0
Performance Bond Forfeitures	0	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	25,574	0	0	0	0	0	0
Total Other Local Revenues	\$ 111,505	\$ 0	\$ 0	\$ 98,820	\$ 0	\$ 166	\$ 0
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 1,160,990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	314,940	0	0	0	0	0	0
General Sessions Court Clerk	502,082	0	0	0	0	0	0
Clerk and Master	369,836	0	0	0	0	0	0
Juvenile Court Clerk	47,228	0	0	0	0	0	0
Register	988,862	0	0	0	0	0	0
Sheriff	44,593	0	0	0	0	0	0
Trustee	2,461,232	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,889,763	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
- Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	2,621	0	0	0	0	0	0
Aging Programs	13,136	0	0	0	0	0	0
On-Behalf Contributions for OPEB	7,605	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	440,377	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	66,524	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	307,934	0	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0	0
Alcoholic Beverage Tax	120,189	0	0	0	0	0	0
Mixed Drink Tax	4,652	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	599,750	0	0	0	0	0	0
Contracted Prisoner Boarding	1,994,965	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0	0	0
Other State Grants	79,368	0	0	0	0	0	0
Other State Revenues	6,185	0	0	0	0	0	0
Total State of Tennessee	\$ 3,689,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 216,093	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	398,050	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Public Safety Partnership and Community Policing - COPS	92,359	0	0	0	0	0	0
Tax Credit Bond Rebate	703,154	0	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General	
<u>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue (Cont.)</u>								
ARRA Grant # 6	\$ 3,993	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	19,283	0	0	0	0	0	0	0
Total Federal Government	\$ 1,432,932	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	357,287	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 357,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total</u>	\$ 40,533,636	\$ 25,022	\$ 11,480	\$ 2,154,570	\$ 752,612	\$ 17,182	\$ 23,541	\$ 23,541

(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 Debt Service	Education Capital Projects	General Capital Projects	Education Capital Projects		
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 0	\$ 0	\$ 5,555,088	\$ 4,574,855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,978,333	
Trustee's Collections - Prior Year	0	0	357,937	290,829	0	0	0	0	1,677,838	
Circuit/Clerk & Master Collections - Prior Years	0	0	222,578	192,901	0	0	0	0	1,038,698	
Interest and Penalty	0	0	67,354	54,873	0	0	0	0	315,601	
Payments in-Lieu-of Taxes - T.V.A.	0	0	935	770	0	0	0	0	4,372	
Payments in-Lieu-of Taxes - Local Utilities	0	0	57,407	66,563	0	0	0	0	354,562	
Payments in-Lieu-of Taxes - Other	0	0	35,733	29,423	0	0	0	0	167,111	
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	0	0	0	0	0	0	3,932,302	
Hotel/Motel Tax	0	0	0	0	0	0	0	0	2,278,981	
Litigation Tax - General	0	0	0	0	0	0	0	0	345,349	
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	0	11,480	
Business Tax	0	0	0	0	0	0	0	0	2,149,456	
Other County Local Option Taxes	0	0	0	0	0	0	0	0	25,022	
<u>Statutory Local Taxes</u>										
Bank Excise Tax	0	0	21,244	17,496	0	0	0	0	99,349	
Wholesale Beer Tax	0	0	0	0	0	0	0	0	373,965	
Interstate Telecommunications Tax	0	0	0	0	0	0	0	0	4,745	
Total Local Taxes	\$ 0	\$ 0	\$ 6,318,276	\$ 5,227,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,757,164	
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 371,140	
<u>Permits</u>										
Building Permits	0	0	0	0	0	0	0	0	24,675	
Other Permits	0	0	0	0	0	0	0	0	95,490	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 491,305	

(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 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	0	26,302	
Officers Costs	0	0	0	0	0	0	0	0	11,747	
Drug Control Fines	0	0	0	0	0	0	0	0	22,611	
Drug Court Fees	11,817	0	0	0	0	0	0	0	11,817	
Jail Fees	0	0	0	0	0	0	0	0	11,248	
District Attorney General Fees	0	0	0	0	0	0	0	0	6,118	
DUI Treatment Fines	186	0	0	0	0	0	0	0	4,441	
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	2,348	
Courtroom Security Fee	0	0	0	0	0	0	0	0	357	
Victims Assistance Assessments	0	0	0	0	0	0	0	0	8,878	
<u>General Sessions Court</u>										
Fines	0	0	0	0	0	0	0	0	42,053	
Fines for Littering	0	0	0	0	0	0	0	0	50	
Officers Costs	0	0	0	0	0	0	0	0	37,028	
Game and Fish Fines	0	0	0	0	0	0	0	0	230	
Drug Control Fines	0	0	0	0	0	0	0	0	10,499	
Drug Court Fees	5,370	0	0	0	0	0	0	0	5,370	
Jail Fees	0	0	0	0	0	0	0	0	53,926	
District Attorney General Fees	0	0	0	0	0	0	0	0	9,886	
DUI Treatment Fines	0	0	0	0	0	0	0	0	16,830	
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	14,036	
Courtroom Security Fee	0	0	0	0	0	0	0	0	64	
Victims Assistance Assessments	1,043	0	0	0	0	0	0	0	11,496	
<u>Juvenile Court</u>										
Fines	0	0	0	0	0	0	0	0	1,180	
Officers Costs	0	0	0	0	0	0	0	0	2,233	
<u>Chancery Court</u>										
Officers Costs	0	0	0	0	0	0	0	0	4,485	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	6,971	
Courtroom Security Fee	0	0	0	0	0	0	0	0	32	

(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 Debt Service	General Capital Projects	Education Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Other Courts - In-county</u>									
Drug Court Fees	\$ 44,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,300
<u>Courts in Other District Counties</u>									
District Attorney General Fees	0	0	0	0	0	0	0	0	7,537
<u>Judicial District Drug Program</u>									
Fines	0	0	0	0	0	0	0	0	6,334
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	0	6,915
Victims Assistance Assessments	1,596	0	0	0	0	0	0	0	1,596
Total Fines, Forfeitures, and Penalties	\$ 64,312	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 388,918
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,528,769
Work Release Charges for Board	0	0	0	0	0	0	0	0	20,576
Health Department Collections	0	0	0	0	0	0	0	0	116,637
Other General Service Charges	0	0	0	0	0	0	0	0	24,300
<u>Fees</u>									
Copy Fees	0	0	0	0	0	0	0	0	4,936
Library Fees	0	0	0	0	0	0	0	0	34,013
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	0	0	0	22,405
Vending Machine Collections	0	0	0	0	0	0	0	0	26,895
Constitutional Officers' Fees and Commissions	0	2,220	0	0	0	0	0	0	2,220
Special Commissioner Fees/Special Master Fees	0	14,280	0	0	0	0	0	0	14,280
Data Processing Fee - Register	0	0	0	0	0	0	0	0	98,026
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	11,829
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	8,100
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	5,158
<u>Education Charges</u>									
TBI Criminal Background Fees	0	0	0	0	0	0	0	0	9,105
Total Charges for Current Services	\$ 0	\$ 16,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,927,299

(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>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 0	\$ 0	\$ 1,136,245	\$ 0	\$ 11,300	\$ 1,147,711		
Lease/Rentals	0	0	0	0	0	0	42,524		
Sale of Materials and Supplies	0	0	1,747	0	0	0	1,747		
Sale of Maps	0	0	0	0	0	0	5,830		
Sale of Recycled Materials	0	0	0	0	0	20,780	121,206		
Sale of Animals/Livestock	0	0	0	0	0	0	3,500		
Miscellaneous Refunds	874	0	4,310	0	425	0	22,476		
<u>Nonrecurring Items</u>									
Sale of Equipment	0	0	40,270	0	0	0	40,270		
Sale of Property	0	0	0	0	1,000,099	0	1,000,099		
Damages Recovered from Individuals	0	0	6,636	0	0	0	7,043		
Contributions and Gifts	0	0	0	0	512,396	0	527,593		
Performance Bond Forfeitures	0	0	244,134	0	0	0	244,134		
<u>Other Local Revenues</u>									
Other Local Revenues	0	0	0	0	0	0	25,574		
Total Other Local Revenues	\$ 874	\$ 0	\$ 297,097	\$ 1,136,245	\$ 1,533,700	\$ 11,300	\$ 3,189,707		
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,160,990		
Circuit Court Clerk	0	0	0	0	0	0	314,940		
General Sessions Court Clerk	0	0	0	0	0	0	502,082		
Clerk and Master	0	0	0	0	0	0	369,836		
Juvenile Court Clerk	0	0	0	0	0	0	47,228		
Register	0	0	0	0	0	0	988,862		
Sheriff	0	0	0	0	0	0	44,593		
Trustee	0	0	0	0	0	0	2,461,232		
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,889,763		

(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>State of Tennessee</u>									
<u>General Government Grants</u>									
- Juvenile Services Program	0	0	0	0	0	0	0	0	9,000
Child Restraint Program	0	0	0	0	0	0	0	0	2,621
Aging Programs	0	0	0	0	0	0	0	0	13,136
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	0	7,605
<u>Health and Welfare Grants</u>									
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	440,377
<u>Public Works Grants</u>									
State Aid Program	0	0	545,690	0	0	0	0	0	545,690
Litter Program	0	0	0	0	0	0	0	0	66,524
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	307,934
Beer Tax	0	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	120,189
Mixed Drink Tax	0	0	0	0	0	0	0	0	4,652
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	599,750
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	1,994,965
Gasoline and Motor Fuel Tax	0	0	2,294,632	0	0	0	0	0	2,294,632
Petroleum Special Tax	0	0	64,859	0	0	0	0	0	64,859
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	18,955
Other State Grants	50,000	0	0	0	136,668	0	0	0	266,036
Other State Revenues	0	0	0	0	0	0	0	0	6,185
Total State of Tennessee	\$ 50,000	\$ 0	\$ 2,905,181	\$ 0	\$ 136,668	\$ 0	\$ 0	\$ 6,185	\$ 6,781,531
<u>Federal Government</u>									
<u>Federal Through State</u>									
Homeland Security Grants	0	0	0	0	0	0	0	0	216,093
Other Federal through State	0	0	0	0	0	0	0	0	398,050
<u>Direct Federal Revenue</u>									
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	0	0	92,359
Tax Credit Bond Rebate	0	0	0	0	0	0	0	0	703,154

(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	Education Capital Projects	General Capital Projects	Education Capital Projects		
<u>Federal Government (Cont.)</u>									
<u>Direct Federal Revenue (Cont.)</u>									
ARRA Grant # 6	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,993
Other Direct Federal Revenue	83,164	0	0	0	0	0	0	0	102,447
Total Federal Government	\$ 83,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,516,096
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Paving and Maintenance Contributions	\$ 0	\$ 0	\$ 204,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 204,023
Total Other Governments and Citizens Groups	\$ 50,000	\$ 0	\$ 0	\$ 4,844,706	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,251,993
<u>Total</u>	\$ 248,350	\$ 16,500	\$ 9,724,577	\$ 11,208,661	\$ 1,670,368	\$ 11,300	\$ 66,397,799		

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 27,359,580	\$ 0	\$ 0	\$ 0	\$ 27,359,580
Trustee's Collections - Prior Year	1,616,018	0	0	0	1,616,018
Circuit/Clerk & Master Collections - Prior Years	949,667	0	0	0	949,667
Interest and Penalty	332,242	0	0	0	332,242
Payments in-Lieu-of Taxes - T.V.A.	4,591	0	0	0	4,591
Payments in-Lieu-of Taxes - Local Utilities	396,998	0	0	0	396,998
Payments in-Lieu-of Taxes - Other	175,526	0	0	0	175,526
<u>County Local Option Taxes</u>					
Local Option Sales Tax	42,603,849	0	0	0	42,603,849
Hotel/Motel Tax	2,320,228	0	0	0	2,320,228
Other County Local Option Taxes	111,345	0	0	0	111,345
<u>Statutory Local Taxes</u>					
Bank Excise Tax	104,348	0	0	0	104,348
Interstate Telecommunications Tax	5,038	0	0	0	5,038
Total Local Taxes	\$ 75,979,430	\$ 0	\$ 0	\$ 0	\$ 75,979,430
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 145,560	\$ 0	\$ 0	\$ 0	\$ 145,560
Total Licenses and Permits	\$ 145,560	\$ 0	\$ 0	\$ 0	\$ 145,560
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 5,633	\$ 0	\$ 0	\$ 0	\$ 5,633
Lunch Payments - Children	0	0	989,269	0	989,269
Lunch Payments - Adults	0	0	169,123	0	169,123
Income from Breakfast	0	0	478,803	0	478,803
A la carte Sales	0	0	360,870	0	360,870
Receipts from Individual Schools	214,476	0	0	0	214,476
Total Charges for Current Services	\$ 220,109	\$ 0	\$ 1,998,065	\$ 0	\$ 2,218,174
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,620	\$ 0	\$ 4,620
Lease/Rentals	10,020	0	0	0	10,020
Sale of Materials and Supplies	10,863	0	0	0	10,863
Refund of Telecommunication and Internet Fees (E-Rate)	59,845	0	0	0	59,845
Miscellaneous Refunds	41,523	0	0	0	41,523
<u>Nonrecurring Items</u>					
Sale of Equipment	61,625	0	0	0	61,625
Damages Recovered from Individuals	28,232	0	0	0	28,232
Contributions and Gifts	106,473	0	0	0	106,473
<u>Other Local Revenues</u>					
Other Local Revenues	368,883	0	0	0	368,883
Total Other Local Revenues	\$ 687,464	\$ 0	\$ 4,620	\$ 0	\$ 692,084

(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	\$ 327,355	\$ 0	\$ 0	\$ 0	\$ 327,355
<u>State Education Funds</u>					
Basic Education Program	36,919,000	0	0	0	36,919,000
Early Childhood Education	426,478	0	0	0	426,478
School Food Service	0	0	68,072	0	68,072
Driver Education	41,701	0	0	0	41,701
Other State Education Funds	381,616	0	0	0	381,616
Coordinated School Health - ARRA	5,194	0	0	0	5,194
Career Ladder Program	656,438	0	0	0	656,438
Career Ladder - Extended Contract	170,000	0	0	0	170,000
Career Ladder - Extended Contract - ARRA	19,095	0	0	0	19,095
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	649,729	0	0	0	649,729
Other State Grants	67,679	0	0	0	67,679
Total State of Tennessee	\$ 39,664,285	\$ 0	\$ 68,072	\$ 0	\$ 39,732,357
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,407,327	\$ 0	\$ 3,407,327
USDA - Commodities	0	0	318,278	0	318,278
Breakfast	0	0	1,253,794	0	1,253,794
USDA - Other	0	0	14,685	0	14,685
Adult Education State Grant Program	61,334	0	0	0	61,334
Vocational Education - Basic Grants to States	0	197,440	0	0	197,440
Title I Grants to Local Education Agencies	0	3,146,084	0	0	3,146,084
Special Education - Grants to States	26,426	2,801,160	0	0	2,827,586
Special Education Preschool Grants	7,550	82,875	0	0	90,425
English Language Acquisition Grants	0	56,512	0	0	56,512
Rural Education	0	307,347	0	0	307,347
Eisenhower Professional Development State Grants	0	492,063	0	0	492,063
Race-to-the-Top - ARRA	0	588,890	0	0	588,890
Other Federal through State	82,450	2,016,533	0	0	2,098,983
Total Federal Government	\$ 177,760	\$ 9,688,904	\$ 4,994,084	\$ 0	\$ 14,860,748
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 1,703,154	\$ 0	\$ 0	\$ 10,583,771	\$ 12,286,925
Contracted Services	61,227	0	0	0	61,227
Total Other Governments and Citizens Groups	\$ 1,764,381	\$ 0	\$ 0	\$ 10,583,771	\$ 12,348,152
Total	\$ 118,638,989	\$ 9,688,904	\$ 7,064,841	\$ 10,583,771	\$ 145,976,505

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	133,972	
Social Security		6,983	
State Retirement		7,354	
Employee and Dependent Insurance		296,940	
Employer Medicare		1,633	
Advertising		552	
Audit Services		41,011	
Dues and Memberships		16,180	
Legal Services		16,716	
Travel		11,874	
Other Contracted Services		3,096	
Total County Commission			\$ 536,311

Beer Board

Board and Committee Members Fees	\$	2,900	
Social Security		134	
State Retirement		211	
Employer Medicare		31	
Advertising		121	
Legal Services		6,022	
Total Beer Board			9,419

Other Boards and Committees

County Official/Administrative Officer	\$	48,517	
Assistant(s)		98,419	
Dispatchers/Radio Operators		357,673	
Longevity Pay		5,500	
Other Salaries and Wages		15,492	
Social Security		31,373	
State Retirement		49,074	
Employee and Dependent Insurance		85,190	
Employer Medicare		7,337	
Communication		830	
Data Processing Services		699	
Gasoline		1,287	
Office Supplies		3,147	
Other Supplies and Materials		2,994	
Total Other Boards and Committees			707,532

(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	\$	121,901	
Assistant(s)		76,778	
Accountants/Bookkeepers		161,966	
Secretary(ies)		31,731	
Clerical Personnel		49,919	
Longevity Pay		7,250	
Other Salaries and Wages		43,734	
Social Security		29,298	
State Retirement		45,629	
Employee and Dependent Insurance		43,035	
Employer Medicare		7,050	
Communication		6,927	
Dues and Memberships		585	
Maintenance and Repair Services - Office Equipment		4,559	
Postal Charges		4,327	
Travel		5,582	
Gasoline		266	
Office Supplies		13,593	
Total County Mayor/Executive			\$ 654,130

Election Commission

County Official/Administrative Officer	\$	69,055
Assistant(s)		10,272
Supervisor/Director		45,004
Deputy(ies)		111,392
Clerical Personnel		23,669
Longevity Pay		4,500
Other Salaries and Wages		8,878
Election Commission		22,271
Election Workers		27,780
Social Security		17,216
State Retirement		24,828
Employee and Dependent Insurance		47,340
Employer Medicare		4,026
Advertising		16,304
Communication		22,684
Dues and Memberships		910
Maintenance and Repair Services - Office Equipment		6,604
Postal Charges		9,736
Travel		12,477

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Contracted Services	\$	86,822	
Office Supplies		46,388	
Total Election Commission			\$ 618,156

Register of Deeds

County Official/Administrative Officer	\$	84,711	
Deputy(ies)		45,564	
Clerical Personnel		205,753	
Longevity Pay		8,680	
Other Salaries and Wages		26,010	
Social Security		22,012	
State Retirement		34,194	
Employee and Dependent Insurance		55,080	
Employer Medicare		5,148	
Communication		1,471	
Dues and Memberships		1,194	
Maintenance and Repair Services - Office Equipment		2,950	
Postal Charges		1,440	
Travel		1,043	
Other Contracted Services		24,689	
Office Supplies		8,177	
Other Supplies and Materials		4,000	
Total Register of Deeds			532,116

Planning

County Official/Administrative Officer	\$	54,381	
Assistant(s)		32,779	
Supervisor/Director		36,923	
Secretary(ies)		16,475	
Longevity Pay		3,250	
Other Salaries and Wages		48,333	
Board and Committee Members Fees		11,288	
Social Security		11,589	
State Retirement		17,632	
Employee and Dependent Insurance		19,020	
Employer Medicare		2,710	
Advertising		851	
Communication		7,061	
Dues and Memberships		765	
Legal Services		1,420	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Postal Charges	\$	264	
Rentals		20,602	
Travel		1,894	
Office Supplies		10,837	
Refunds		100	
Total Planning			\$ 298,174

Building

County Official/Administrative Officer	\$	39,907	
Assistant(s)		29,755	
Secretary(ies)		24,590	
Longevity Pay		750	
Social Security		5,573	
State Retirement		9,300	
Employee and Dependent Insurance		19,020	
Employer Medicare		1,303	
Communication		5,229	
Dues and Memberships		1,755	
Legal Services		238	
Postal Charges		131	
Rentals		19,380	
Travel		5,893	
Other Contracted Services		2,000	
Gasoline		2,416	
Office Supplies		5,877	
Utilities		1,804	
Other Supplies and Materials		6,731	
Refunds		1,997	
Total Building			183,649

Geographical Information Systems

Supervisor/Director	\$	32,191	
Longevity Pay		750	
Other Salaries and Wages		19,627	
Social Security		3,235	
State Retirement		4,929	
Employee and Dependent Insurance		4,860	
Employer Medicare		757	
Communication		2,130	
Maintenance and Repair Services - Office Equipment		7,984	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Postal Charges	\$	44	
Travel		254	
Gasoline		768	
Office Supplies		5,035	
Total Geographical Information Systems			\$ 82,564

County Buildings

County Official/Administrative Officer	\$	51,237	
Supervisor/Director		44,701	
Custodial Personnel		284,742	
Longevity Pay		10,500	
Social Security		22,999	
State Retirement		38,174	
Employee and Dependent Insurance		85,768	
Employer Medicare		5,379	
Communication		36,686	
Maintenance and Repair Services - Buildings		171,636	
Pest Control		2,540	
Travel		1,642	
Electricity		457,264	
Gasoline		9,322	
Natural Gas		121,771	
Office Supplies		219	
Uniforms		4,804	
Water and Sewer		139,616	
Other Supplies and Materials		21,522	
Workers' Compensation Insurance		16,158	
Total County Buildings			1,526,680

Other Facilities

Communication	\$	7,209	
Maintenance and Repair Services - Buildings		7,070	
Other Contracted Services		591	
Electricity		185,260	
Natural Gas		43,165	
Water and Sewer		13,050	
Other Supplies and Materials		7,590	
Total Other Facilities			263,935

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Mechanic(s)	\$	173,976	
Longevity Pay		4,500	
Social Security		10,296	
State Retirement		16,243	
Employee and Dependent Insurance		42,480	
Employer Medicare		2,408	
Communication		4,607	
Maintenance and Repair Services - Vehicles		99,805	
Gasoline		4,119	
Lubricants		16,922	
Tires and Tubes		49,756	
Other Supplies and Materials		6,448	
Workers' Compensation Insurance		277	
Total Other General Administration			\$ 431,837

Preservation of Records

County Official/Administrative Officer	\$	40,780	
Assistant(s)		44,556	
Longevity Pay		1,250	
Social Security		4,956	
State Retirement		8,473	
Employee and Dependent Insurance		19,020	
Employer Medicare		1,159	
Communication		1,762	
Maintenance and Repair Services - Office Equipment		460	
Travel		85	
Other Contracted Services		36,185	
Office Supplies		5,884	
Other Supplies and Materials		6,591	
Total Preservation of Records			171,161

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	84,711	
Deputy(ies)		115,596	
Clerical Personnel		189,805	
Longevity Pay		15,180	
Other Salaries and Wages		238,917	
Board and Committee Members Fees		8,920	
Social Security		39,368	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

State Retirement	\$	63,520	
Employee and Dependent Insurance		102,840	
Unemployment Compensation		10,177	
Employer Medicare		9,207	
Advertising		414	
Audit Services		60,128	
Communication		5,247	
Dues and Memberships		2,125	
Maintenance and Repair Services - Office Equipment		6,975	
Postal Charges		17,556	
Rentals		18,300	
Travel		2,522	
Other Contracted Services		66,752	
Gasoline		15,873	
Office Supplies		20,522	
Utilities		1,944	
Total Property Assessor's Office			\$ 1,096,599

Reappraisal Program

Other Salaries and Wages	\$	9,123	
Social Security		489	
State Retirement		462	
Employee and Dependent Insurance		3,540	
Employer Medicare		114	
Total Reappraisal Program			13,728

County Trustee's Office

County Official/Administrative Officer	\$	84,711	
Deputy(ies)		45,564	
Clerical Personnel		209,173	
Longevity Pay		7,180	
Social Security		19,790	
State Retirement		34,283	
Employee and Dependent Insurance		63,960	
Unemployment Compensation		4,032	
Employer Medicare		4,628	
Audit Services		22,469	
Communication		1,966	
Dues and Memberships		1,119	
Maintenance and Repair Services - Office Equipment		1,912	

(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.)

Postal Charges	\$	43,588	
Travel		681	
Other Contracted Services		10,905	
Office Supplies		12,923	
Total County Trustee's Office			\$ 568,884

County Clerk's Office

County Official/Administrative Officer	\$	84,713	
Deputy(ies)		41,719	
Accountants/Bookkeepers		65,756	
Clerical Personnel		452,985	
Longevity Pay		13,180	
Social Security		37,154	
State Retirement		62,321	
Employee and Dependent Insurance		156,290	
Employer Medicare		8,689	
Communication		6,082	
Dues and Memberships		2,284	
Maintenance and Repair Services - Office Equipment		3,704	
Postal Charges		17,386	
Travel		1,799	
Other Contracted Services		83,198	
Office Supplies		18,865	
Total County Clerk's Office			1,056,125

Data Processing

County Official/Administrative Officer	\$	50,303	
Assistant(s)		71,477	
Longevity Pay		750	
Social Security		7,065	
State Retirement		11,995	
Employee and Dependent Insurance		23,280	
Employer Medicare		1,652	
Communication		5,455	
Postal Charges		11	
Travel		983	
Data Processing Supplies		19,737	
Gasoline		900	
Office Supplies		568	
In Service/Staff Development		2,428	
Total Data Processing			196,604

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	84,711	
Deputy(ies)		33,538	
Accountants/Bookkeepers		30,482	
Clerical Personnel		379,534	
Longevity Pay		11,180	
Other Salaries and Wages		2,003	
Jury and Witness Expense		48,920	
Social Security		32,116	
State Retirement		53,351	
Employee and Dependent Insurance		102,420	
Employer Medicare		7,511	
Communication		2,037	
Contracts with Other Public Agencies		1,092	
Dues and Memberships		1,329	
Maintenance and Repair Services - Office Equipment		7,592	
Postal Charges		6,735	
Travel		247	
Other Contracted Services		16,426	
Office Supplies		22,665	
Total Circuit Court	\$		843,889

General Sessions Court

County Official/Administrative Officer	\$	84,711	
Deputy(ies)		46,476	
Accountants/Bookkeepers		29,755	
Clerical Personnel		221,365	
Longevity Pay		9,180	
Other Salaries and Wages		58,359	
Social Security		26,050	
State Retirement		44,391	
Employee and Dependent Insurance		94,260	
Employer Medicare		6,093	
Communication		2,694	
Contracts with Other Public Agencies		8,979	
Dues and Memberships		684	
Maintenance and Repair Services - Office Equipment		734	
Postal Charges		4,726	
Travel		413	
Other Contracted Services		13,777	
Office Supplies		14,276	
Total General Sessions Court			666,923

(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 Judge

Judge(s)	\$	296,659	
Secretary(ies)		32,981	
Longevity Pay		4,500	
Other Salaries and Wages		44,653	
Social Security		18,549	
State Retirement		38,292	
Employee and Dependent Insurance		42,960	
Employer Medicare		5,501	
Communication		3,803	
Dues and Memberships		3,221	
Postal Charges		6	
Travel		5,928	
Other Contracted Services		3,468	
Office Supplies		4,073	
Total General Sessions Judge			\$ 504,594

Drug Court

Supervisor/Director	\$	1,458	
Probation Officer(s)		1,209	
Social Security		153	
State Retirement		136	
Employer Medicare		37	
Contributions		50,000	
Total Drug Court			52,993

Chancery Court

County Official/Administrative Officer	\$	84,711	
Deputy(ies)		29,983	
Clerical Personnel		119,346	
Longevity Pay		7,430	
Other Salaries and Wages		34,538	
Social Security		16,694	
State Retirement		27,366	
Employee and Dependent Insurance		23,880	
Employer Medicare		3,904	
Communication		933	
Dues and Memberships		654	
Maintenance and Repair Services - Office Equipment		9,397	
Postal Charges		1,990	
Office Supplies		7,605	
Total Chancery Court			368,431

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Deputy(ies)	\$	32,248	
Clerical Personnel		55,389	
Longevity Pay		1,250	
Social Security		5,380	
State Retirement		8,702	
Employee and Dependent Insurance		9,720	
Employer Medicare		1,258	
Postal Charges		1,232	
Other Contracted Services		3,150	
Office Supplies		7,018	
Total Juvenile Court			\$ 125,347

District Attorney General

Assistant(s)	\$	55,725	
Social Security		3,376	
State Retirement		5,455	
Employee and Dependent Insurance		4,860	
Employer Medicare		789	
Dues and Memberships		950	
Travel		290	
Total District Attorney General			71,445

Judicial Commissioners

County Official/Administrative Officer	\$	164,940	
Supervisor/Director		42,172	
Longevity Pay		2,500	
Other Salaries and Wages		1,810	
Social Security		12,612	
State Retirement		13,665	
Employee and Dependent Insurance		42,900	
Employer Medicare		2,950	
Communication		1,694	
Dues and Memberships		315	
Travel		2,708	
Office Supplies		5,872	
In Service/Staff Development		897	
Total Judicial Commissioners			295,035

Other Administration of Justice

Assistant(s)	\$	5,077	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Social Security	\$	313	
State Retirement		287	
Employer Medicare		73	
Total Other Administration of Justice			\$ 5,750

Victims Assistance Programs

Supervisor/Director	\$	39,907	
Longevity Pay		750	
Social Security		2,489	
State Retirement		3,980	
Employee and Dependent Insurance		4,860	
Employer Medicare		582	
Communication		1,355	
Office Supplies		899	
Total Victims Assistance Programs			54,822

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	94,324	
Assistant(s)		60,165	
Deputy(ies)		2,191,249	
Investigator(s)		313,482	
Lieutenant(s)		99,228	
Sergeant(s)		283,843	
Accountants/Bookkeepers		38,229	
Dispatchers/Radio Operators		326,178	
Guards		163,352	
Secretary(ies)		114,812	
Longevity Pay		58,750	
Other Salaries and Wages		45,374	
In-Service Training		46,800	
Social Security		226,038	
State Retirement		347,977	
Employee and Dependent Insurance		599,808	
Unemployment Compensation		2,522	
Employer Medicare		52,864	
Other Fringe Benefits		40,084	
Communication		23,190	
Contracts with Other Public Agencies		12,200	
Data Processing Services		39,868	

(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.)

Dues and Memberships	\$	2,500	
Maintenance and Repair Services - Equipment		40,310	
Maintenance and Repair Services - Office Equipment		715	
Maintenance and Repair Services - Vehicles		39,281	
Transportation - Other than Students		1,500	
Travel		11,180	
Gasoline		387,523	
Law Enforcement Supplies		741	
Other Supplies and Materials		66,708	
Workers' Compensation Insurance		186,475	
In Service/Staff Development		36,408	
Motor Vehicles		39,250	
Other Equipment		17,116	
Total Sheriff's Department			\$ 6,010,044

Drug Enforcement

Longevity Pay	\$	2,750	
Other Salaries and Wages		142,288	
Social Security		8,616	
State Retirement		14,200	
Employee and Dependent Insurance		19,020	
Employer Medicare		2,015	
Other Supplies and Materials		23,722	
Total Drug Enforcement			212,611

Jail

Assistant(s)	\$	60,858	
Supervisor/Director		31,199	
Guards		2,017,946	
Cafeteria Personnel		124,192	
Longevity Pay		20,500	
Other Salaries and Wages		24,533	
In-Service Training		15,000	
Social Security		135,117	
State Retirement		202,055	
Employee and Dependent Insurance		385,680	
Unemployment Compensation		3,657	
Employer Medicare		31,600	
Other Fringe Benefits		26,489	
Communication		20,906	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Contracts with Other Public Agencies	\$	13,346	
Data Processing Services		9,038	
Maintenance and Repair Services - Buildings		48,768	
Maintenance and Repair Services - Equipment		31,628	
Maintenance and Repair Services - Office Equipment		2,959	
Medical and Dental Services		996,101	
Postal Charges		2,181	
Rentals		3,870	
Transportation - Other than Students		12,226	
Food Supplies		381,258	
Office Supplies		38,144	
Other Supplies and Materials		208,601	
In Service/Staff Development		777	
Total Jail			\$ 4,848,629

Juvenile Services

Supervisor/Director	\$	53,306	
Youth Service Officer(s)		158,707	
Secretary(ies)		28,826	
Longevity Pay		5,500	
Social Security		14,059	
State Retirement		24,116	
Employee and Dependent Insurance		46,920	
Employer Medicare		3,288	
Communication		1,915	
Dues and Memberships		1,075	
Postal Charges		728	
Travel		4,234	
Other Contracted Services		4,010	
Office Supplies		8,393	
Total Juvenile Services			355,077

Fire Prevention and Control

Contributions	\$	865,000	
Other Capital Outlay		50,000	
Total Fire Prevention and Control			915,000

Civil Defense

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 44,555	
Other Salaries and Wages	38,147	
Social Security	4,752	
State Retirement	6,981	
Employee and Dependent Insurance	9,300	
Employer Medicare	1,111	
Communication	4,669	
Dues and Memberships	545	
Postal Charges	101	
Travel	2,575	
Gasoline	2,911	
Office Supplies	5,905	
Other Supplies and Materials	4,664	
Communication Equipment	31,831	
Other Equipment	35,975	
Other Capital Outlay	114,112	
Total Other Emergency Management		308,134

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 6,914	
Social Security	429	
Employer Medicare	100	
Communication	530	
Postal Charges	16	
Travel	461	
Other Contracted Services	73,366	
Office Supplies	526	
Total County Coroner/Medical Examiner		82,342

Other Public Safety

County Official/Administrative Officer	\$ 48,536
Sergeant(s)	112,915
Medical Personnel	12,135
Guards	248,542
Secretary(ies)	26,192
Longevity Pay	6,500

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Other Salaries and Wages	\$	25,063	
In-Service Training		2,506	
Social Security		28,712	
State Retirement		44,956	
Employee and Dependent Insurance		81,780	
Employer Medicare		6,715	
Other Fringe Benefits		4,257	
Communication		7,228	
Data Processing Services		3,950	
Dues and Memberships		215	
Maintenance and Repair Services - Buildings		2,738	
Maintenance and Repair Services - Equipment		2,815	
Maintenance and Repair Services - Office Equipment		2,964	
Medical and Dental Services		14,708	
Postal Charges		384	
Rentals		2,490	
Travel		675	
Other Contracted Services		1,058	
Gasoline		1,429	
Office Supplies		5,819	
Other Supplies and Materials		4,250	
Total Other Public Safety			\$ 699,532

Public Health and Welfare

Local Health Center

Communication	\$	10,326	
Maintenance and Repair Services - Buildings		415	
Maintenance and Repair Services - Office Equipment		4,506	
Medical and Dental Services		1,785	
Pest Control		352	
Postal Charges		2,314	
Electricity		23,037	
Natural Gas		1,475	
Office Supplies		16,175	
Water and Sewer		2,247	
Other Supplies and Materials		19,016	
Other Charges		4,030	
Office Equipment		3,199	
Total Local Health Center			88,877

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

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

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$ 65,985	
Assistant(s)	43,899	
Medical Personnel	1,999,163	
Clerical Personnel	155,987	
Longevity Pay	35,250	
Other Salaries and Wages	353,580	
Social Security	156,587	
State Retirement	217,044	
Employee and Dependent Insurance	346,160	
Unemployment Compensation	213	
Employer Medicare	36,621	
Communication	23,320	
Contributions	100,000	
Licenses	4,050	
Maintenance and Repair Services - Equipment	6,946	
Maintenance and Repair Services - Office Equipment	11,043	
Maintenance and Repair Services - Vehicles	14,471	
Postal Charges	12,498	
Travel	1,629	
Tuition	13,293	
Other Contracted Services	6,000	
Custodial Supplies	3,717	
Drugs and Medical Supplies	108,478	
Gasoline	134,417	
Office Supplies	13,580	
Uniforms	23,088	
Utilities	29,987	
Other Supplies and Materials	36,410	
Refunds	35,219	
Workers' Compensation Insurance	9,788	
Other Charges	1,945	
Total Ambulance/Emergency Medical Services		4,000,368

Maternal and Child Health Services

Medical Personnel	\$ 71,148
Clerical Personnel	328,648

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Maternal and Child Health Services (Cont.)

Longevity Pay	\$	4,500	
Social Security		23,172	
State Retirement		34,272	
Employee and Dependent Insurance		109,665	
Unemployment Compensation		1,425	
Employer Medicare		5,419	
Transportation - Other than Students		7,523	
Travel		118	
Total Maternal and Child Health Services			\$ 585,890

Other Local Health Services

Contributions	\$	119,458	
Other Charges		16,500	
Total Other Local Health Services			135,958

Appropriation to State

Communication	\$	1,371	
Contributions		55,526	
Rentals		29,338	
Total Appropriation to State			86,235

Other Local Welfare Services

Contributions	\$	24,241	
Pauper Burials		7,350	
Total Other Local Welfare Services			31,591

Other Public Health and Welfare

Supervisor/Director	\$	52,376	
Secretary(ies)		31,120	
Longevity Pay		3,000	
Other Salaries and Wages		107,046	
Social Security		11,376	
State Retirement		18,947	
Employee and Dependent Insurance		33,180	
Employer Medicare		2,661	
Communication		7,116	
Dues and Memberships		950	
Maintenance and Repair Services - Office Equipment		100	
Postal Charges		1,220	
Rentals		23,096	

(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.)

Travel	\$	17,707	
Other Contracted Services		2,412	
Office Supplies		2,403	
Utilities		323	
Refunds		575	
Total Other Public Health and Welfare			\$ 315,608

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	19,010	
Assistant(s)		26,652	
Supervisor/Director		38,485	
Dispatchers/Radio Operators		18,232	
Secretary(ies)		26,968	
Cafeteria Personnel		9,888	
Maintenance Personnel		18,718	
Longevity Pay		1,250	
Social Security		8,978	
State Retirement		11,494	
Employee and Dependent Insurance		42,480	
Employer Medicare		2,100	
Advertising		6,890	
Communication		5,106	
Maintenance and Repair Services - Buildings		14,193	
Travel		1,010	
Other Contracted Services		12,434	
Office Supplies		1,722	
Other Supplies and Materials		18,281	
In Service/Staff Development		3,708	
Other Charges		4,158	
Total Senior Citizens Assistance			291,757

Libraries

County Official/Administrative Officer	\$	45,545	
Assistant(s)		294,124	
Supervisor/Director		184,727	
Custodial Personnel		25,061	
Longevity Pay		6,000	
Other Salaries and Wages		38,632	
Social Security		34,992	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

State Retirement	\$	50,808	
Employee and Dependent Insurance		115,315	
Unemployment Compensation		7,529	
Employer Medicare		8,184	
Communication		28,071	
Dues and Memberships		3,471	
Janitorial Services		7,430	
Maintenance and Repair Services - Equipment		47,666	
Maintenance and Repair Services - Office Equipment		6,212	
Postal Charges		4,030	
Printing, Stationery, and Forms		2,970	
Rentals		720	
Travel		7,550	
Tuition		6,441	
Other Contracted Services		68,926	
Data Processing Supplies		5,510	
Duplicating Supplies		1,999	
Electricity		63,943	
Equipment and Machinery Parts		2,589	
Instructional Supplies and Materials		8,750	
Library Books/Media		32,067	
Office Supplies		21,136	
Periodicals		6,169	
Utilities		4,646	
Water and Sewer		6,512	
Other Supplies and Materials		4,805	
Total Libraries			\$ 1,152,530

Parks and Fair Boards

Contributions	\$	71,975	
Total Parks and Fair Boards			71,975

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	52,489	
Longevity Pay		1,250	
Other Salaries and Wages		114,979	
Social Security		24,113	
State Retirement		5,261	
Employee and Dependent Insurance		9,300	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Employer Medicare	\$	713	
Communication		5,333	
Contributions		2,500	
Postal Charges		1,500	
Travel		2,565	
Other Supplies and Materials		4,361	
Total Agriculture Extension Service			\$ 224,364

Forest Service

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

Soil Conservation

Clerical Personnel	\$	28,796	
Longevity Pay		750	
Social Security		1,515	
State Retirement		2,893	
Employee and Dependent Insurance		9,300	
Employer Medicare		354	
Total Soil Conservation			43,608

Storm Water Management

County Official/Administrative Officer	\$	44,874	
Secretary(ies)		28,228	
Longevity Pay		1,500	
Other Salaries and Wages		36,624	
Social Security		6,500	
State Retirement		10,888	
Employee and Dependent Insurance		19,020	
Employer Medicare		1,520	
Communication		3,472	
Legal Services		125	
Postal Charges		225	
Travel		8,812	
Office Supplies		2,741	
Total Storm Water Management			164,529

Other Operations

Tourism

County Official/Administrative Officer	\$	34,614	
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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.)

Tourism (Cont.)

Longevity Pay	\$	250	
Social Security		1,919	
State Retirement		3,411	
Employee and Dependent Insurance		6,975	
Employer Medicare		449	
Advertising		55	
Contracts with Private Agencies		961,024	
Contributions		115,000	
Dues and Memberships		25	
Travel		790	
Other Supplies and Materials		10,020	
Total Tourism			\$ 1,134,532

Veterans' Services

Supervisor/Director	\$	36,891	
Secretary(ies)		40,006	
Longevity Pay		2,000	
Social Security		4,571	
State Retirement		7,562	
Employee and Dependent Insurance		14,160	
Employer Medicare		1,069	
Communication		3,159	
Contributions		6,000	
Dues and Memberships		25	
Postal Charges		591	
Travel		1,899	
Other Contracted Services		1,650	
Gasoline		1,057	
Office Supplies		1,726	
Other Supplies and Materials		725	
Total Veterans' Services			123,091

Contributions to Other Agencies

Contributions	\$	167,694	
Total Contributions to Other Agencies			167,694

Employee Benefits

State Retirement	\$	2,550	
Employee and Dependent Insurance		563,723	
Workers' Compensation Insurance		136,262	
Total Employee Benefits			702,535

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 5

Other Contracted Services	\$ 3,984	
Total ARRA Grant # 5		\$ 3,984

Miscellaneous

On-Behalf Payments to OPEB	\$ 7,605	
Other Fringe Benefits	9,708	
Advertising	5,673	
Communication	1,176	
Contributions	197,600	
Legal Services	7,120	
Legal Notices, Recording, and Court Costs	11	
Maintenance and Repair Services - Office Equipment	5,617	
Postal Charges	1,436	
Other Contracted Services	6,371	
Other Supplies and Materials	16,359	
Building and Contents Insurance	75,671	
Liability Insurance	429,602	
Refunds	1,185	
Trustee's Commission	581,969	
Vehicle and Equipment Insurance	55,539	
Other Charges	9,486	
Other Debt Service	703,154	
Total Miscellaneous		2,115,282

Highways

Litter and Trash Collection

Deputy(ies)	\$ 112,586	
Longevity Pay	2,500	
In-Service Training	1,500	
Social Security	6,681	
State Retirement	11,266	
Employee and Dependent Insurance	18,600	
Employer Medicare	1,562	
Communication	1,877	
Other Contracted Services	16,600	
Other Supplies and Materials	3,577	
Total Litter and Trash Collection		176,749

Other Charges

Contracts with Private Agencies	\$ 5,899	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Other Contracted Services	\$	16,990	
Other Supplies and Materials		3,500	
Right-of-Way		154	
Total Other Charges			\$ 26,543

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$	850	
Other Contracted Services		234,095	
Other Charges		3,000	
Building Purchases		12,882	
Other Capital Outlay		308,381	
Total Other General Government Projects			<u>559,208</u>

Total General Fund \$ 37,751,110

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	32,751	
Trustee's Commission		334	
Total County Buildings			<u>\$ 33,085</u>

Total Courthouse and Jail Maintenance Fund 33,085

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	12,687	
Trustee's Commission		115	
Total Other Administration of Justice			<u>\$ 12,802</u>

Total Law Library Fund 12,802

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,545	
Laborers		750,204	
Longevity Pay		16,750	

(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.)

Social Security	\$	48,175	
State Retirement		64,460	
Employee and Dependent Insurance		158,027	
Employer Medicare		11,267	
Communication		4,863	
Contracts with Government Agencies		785,832	
Maintenance and Repair Services - Equipment		415	
Maintenance and Repair Services - Vehicles		43,366	
Rentals		30,351	
Other Contracted Services		15,349	
Electricity		15,672	
Gasoline		120,988	
Natural Gas		2,010	
Tires and Tubes		20,696	
Uniforms		6,229	
Water and Sewer		786	
Other Supplies and Materials		39,084	
Trustee's Commission		21,193	
Other Charges		5,594	
Total Sanitation Management			\$ 2,206,856

Total Solid Waste/Sanitation Fund \$ 2,206,856

Special Purpose Fund

General Government

Geographical Information Systems

Other Equipment	\$	50,000	
Total Geographical Information Systems			\$ 50,000

Other General Administration

Maintenance Equipment	\$	8,293	
Total Other General Administration			8,293

Public Safety

Sheriff's Department

Motor Vehicles	\$	214,547	
Total Sheriff's Department			214,547

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 214,690	
Total Ambulance/Emergency Medical Services		\$ 214,690

Sanitation Management

Motor Vehicles	\$ 35,298	
Solid Waste Equipment	46,572	
Total Sanitation Management		81,870

Social, Cultural, and Recreational Services

Libraries

Administration Equipment	\$ 31,503	
Total Libraries		31,503

Other Operations

Other Charges

Trustee's Commission	\$ 14,585	
Total Other Charges		14,585

Total Special Purpose Fund		\$ 615,488
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Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 15,000	
Trustee's Commission	160	
Total Sheriff's Department		\$ 15,160

Total Drug Control Fund		15,160
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District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$ 6,598	
Dues and Memberships	665	
Travel	1,571	
Office Supplies	3,027	
Trustee's Commission	158	
Other Charges	19,010	
Total District Attorney General		\$ 31,029

Total District Attorney General Fund		31,029
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(Continued)

Exhibit L-7

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

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$	28,887	
Communication		2,364	
Dues and Memberships		555	
Maintenance and Repair Services - Office Equipment		1,106	
Postal Charges		30	
Printing, Stationery, and Forms		419	
Travel		13,953	
Office Supplies		5,797	
Trustee's Commission		377	
Other Charges		65	
Total Drug Court			\$ 53,553

Public Health and Welfare

Alcohol and Drug Programs

Supervisor/Director	\$	50,057	
Total Alcohol and Drug Programs			50,057

Total Other Special Revenue Fund \$ 103,610

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	2,220	
Total County Clerk's Office			\$ 2,220

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	14,280	
Total Chancery Court			14,280

Total Constitutional Officers - Fees Fund 16,500

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	96,795	
Accountants/Bookkeepers		51,010	
Secretary(ies)		40,659	
Social Security		10,577	
State Retirement		18,322	

(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.)

Employee and Dependent Insurance	\$	14,160	
Employer Medicare		2,474	
Data Processing Services		7,602	
Dues and Memberships		3,683	
Legal Notices, Recording, and Court Costs		3,983	
Postal Charges		1,097	
Printing, Stationery, and Forms		1,559	
Travel		5,052	
Office Supplies		7,395	
Other Charges		5,916	
Total Administration			\$ 270,284

Highway and Bridge Maintenance

Foremen	\$	418,446	
Equipment Operators		338,876	
Equipment Operators - Light		262,956	
Truck Drivers		210,525	
Laborers		288,141	
Social Security		88,811	
State Retirement		143,369	
Employee and Dependent Insurance		271,646	
Employer Medicare		20,752	
Rentals		138	
Other Contracted Services		544,525	
Asphalt		4,989,578	
Concrete		69,569	
Crushed Stone		17,343	
Fertilizer, Lime, and Seed		7,170	
General Construction Materials		3,099	
Other Road Supplies		271	
Pipe - Metal		29,543	
Road Signs		12,999	
Salt		28,097	
Small Tools		466	
Wood Products		459	
Other Supplies and Materials		947	
Other Charges		1,312	
Total Highway and Bridge Maintenance			7,749,038

(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

Foremen	\$	96,209	
Mechanic(s)		98,483	
Laborers		111,245	
Nightwatchmen		14,937	
Social Security		19,306	
State Retirement		26,650	
Employee and Dependent Insurance		43,985	
Employer Medicare		4,534	
Maintenance and Repair Services - Equipment		14,296	
Tow-in Services		1,100	
Other Contracted Services		49	
Diesel Fuel		201,973	
Electricity		10,253	
Equipment and Machinery Parts		205,916	
Garage Supplies		80,881	
Gasoline		114,810	
Lubricants		39,547	
Natural Gas		1,836	
Office Supplies		3,569	
Propane Gas		7,222	
Small Tools		10,230	
Tires and Tubes		60,018	
Water and Sewer		906	
Other Charges		1,293	
Total Operation and Maintenance of Equipment			\$ 1,169,248

Quarry Operations

Foremen	\$	65,320
Equipment Operators		76,372
Laborers		43,293
Social Security		10,627
State Retirement		18,226
Employee and Dependent Insurance		38,182
Employer Medicare		2,486
Engineering Services		275
Maintenance and Repair Services - Equipment		6,325
Permits		4,868
Electricity		7,255
Equipment and Machinery Parts		17,710
Other Supplies and Materials		870

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Other Charges	\$ 1,761	
Total Quarry Operations		\$ 293,570

Other Charges

Communication	\$ 16,758	
Boiler Insurance	157	
Liability Insurance	54,176	
Trustee's Commission	146,594	
Vehicle and Equipment Insurance	82,410	
Total Other Charges		300,095

Employee Benefits

Employee and Dependent Insurance	\$ 27,545	
Medical and Dental Services	4,317	
Workers' Compensation Insurance	47,359	
Total Employee Benefits		79,221

Capital Outlay

Bridge Construction	\$ 117	
Building Construction	32,956	
Building Improvements	10,805	
Highway Equipment	713,029	
Motor Vehicles	112,800	
State Aid Projects	686,234	
Total Capital Outlay		<u>1,555,941</u>

Total Highway/Public Works Fund		\$ 11,417,397
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 2,975,000	
Principal on Other Loans	2,695,000	
Total General Government		\$ 5,670,000

Education

Principal on Bonds	\$ 829,608	
Principal on Other Loans	8,333	
Total Education		837,941

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 1,236,098	
Interest on Other Loans	2,592,781	
Total General Government		\$ 3,828,879

Education

Interest on Bonds	\$ 668,894	
Total Education		668,894

Other Debt Service

General Government

Fiscal Agent Charges	\$ 9,374	
Trustee's Commission	112,396	
Total General Government		121,770

Education

Fiscal Agent Charges	\$ 11,603	
Total Education		11,603

Total General Debt Service Fund \$ 11,139,087

General Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$ 58,150	
Other Debt Issuance Charges	55,000	
Total General Government		\$ 113,150

Capital Projects

General Administration Projects

Architects	\$ 16,960	
Other Supplies and Materials	5,390	
Building Construction	234,353	
Building Improvements	57,616	
Data Processing Equipment	7,078	
Furniture and Fixtures	908	
Total General Administration Projects		322,305

Public Health and Welfare Projects

Architects	\$ 448,594	
Other Supplies and Materials	91,669	

(Continued)

Exhibit L-7

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Health and Welfare Projects (Cont.)</u>		
Trustee's Commission	\$	147
Building Construction		3,768
Building Improvements		163,342
Heating and Air Conditioning Equipment		221,211
Motor Vehicles		251,530
Site Development		263,111
Building Purchases		375,098
Other Construction		<u>3,573,885</u>
Total Public Health and Welfare Projects	\$	5,392,355
<u>Public Utility Projects</u>		
Handling Charges and Administrative Costs	\$	7,000
Engineering Services		359,520
Trustee's Commission		61
Other Construction		<u>370,336</u>
Total Public Utility Projects		736,917
<u>Other General Government Projects</u>		
Architects	\$	9,421
Legal Services		4,100
Building Improvements		39,008
Furniture and Fixtures		<u>2,439</u>
Total Other General Government Projects		54,968
<u>Highway and Street Capital Projects</u>		
Engineering Services	\$	2,500
Legal Services		750
Legal Notices, Recording, and Court Costs		<u>58</u>
Total Highway and Street Capital Projects		3,308
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$	<u>1,000,000</u>
Total Capital Projects Donated to School Department		<u>1,000,000</u>
Total General Capital Projects Fund	\$	7,623,003
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$	<u>10,583,771</u>
Total Capital Projects Donated to School Department	\$	<u>10,583,771</u>
Total Education Capital Projects Fund		<u>10,583,771</u>
Total Governmental Funds - Primary Government	\$	<u><u>81,548,898</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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 36,525,578	
Career Ladder Program	335,215	
Career Ladder Extended Contracts	160,810	
Homebound Teachers	69,630	
Educational Assistants	1,377,965	
Other Salaries and Wages	320,566	
Certified Substitute Teachers	40,425	
Non-certified Substitute Teachers	564,628	
Social Security	2,299,997	
State Retirement	3,476,745	
Life Insurance	16,414	
Medical Insurance	4,670,614	
Dental Insurance	91,615	
Employer Medicare	544,857	
Other Fringe Benefits	145,621	
Maintenance and Repair Services - Equipment	34,533	
Tuition	91,002	
Other Contracted Services	544,942	
Instructional Supplies and Materials	934,874	
Textbooks	700,158	
Fee Waivers	43,167	
Other Charges	158,156	
Regular Instruction Equipment	43,701	
Total Regular Instruction Program		\$ 53,191,213

Alternative Instruction Program

Teachers	\$ 419,918	
Career Ladder Program	3,500	
Clerical Personnel	55,764	
Educational Assistants	64,871	
Social Security	31,432	
State Retirement	48,123	
Life Insurance	260	
Medical Insurance	64,658	
Dental Insurance	1,959	
Employer Medicare	7,677	
Other Fringe Benefits	1,977	
Instructional Supplies and Materials	5,420	
Total Alternative Instruction Program		705,559

(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	\$ 4,088,735	
Career Ladder Program	44,310	
Educational Assistants	597,004	
Speech Pathologist	702,550	
Other Salaries and Wages	317,364	
Non-certified Substitute Teachers	81,684	
Social Security	474,846	
State Retirement	733,227	
Life Insurance	5,382	
Medical Insurance	747,122	
Dental Insurance	27,551	
Employer Medicare	111,385	
Other Fringe Benefits	32,452	
Contracts with Other Public Agencies	255	
Contracts with Private Agencies	9,246	
Other Contracted Services	56,764	
Instructional Supplies and Materials	49,784	
Other Supplies and Materials	815	
Special Education Equipment	25,335	
Total Special Education Program		\$ 8,105,811

Vocational Education Program

Teachers	\$ 1,989,087	
Career Ladder Program	23,000	
Certified Substitute Teachers	743	
Non-certified Substitute Teachers	13,283	
Social Security	119,507	
State Retirement	182,274	
Life Insurance	800	
Medical Insurance	251,840	
Dental Insurance	5,012	
Employer Medicare	27,980	
Other Fringe Benefits	7,874	
Maintenance and Repair Services - Equipment	12,421	
Other Contracted Services	2,397	
Instructional Supplies and Materials	65,128	
Fee Waivers	3,000	
Total Vocational Education Program		2,704,346

(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	\$	96	
Other Equipment		10,632	
Total Student Body Education Program			\$ 10,728

Adult Education Program

Teachers	\$	88,143	
Other Salaries and Wages		674	
Social Security		4,542	
State Retirement		6,126	
Life Insurance		40	
Medical Insurance		9,012	
Dental Insurance		210	
Employer Medicare		1,268	
Other Fringe Benefits		178	
Other Contracted Services		2,240	
Instructional Supplies and Materials		3,890	
Other Charges		1	
Total Adult Education Program			116,324

Support Services

Attendance

Supervisor/Director	\$	83,758	
Career Ladder Program		5,000	
Social Workers		167,757	
Clerical Personnel		51,120	
Other Salaries and Wages		35,775	
Social Security		16,265	
State Retirement		26,063	
Life Insurance		100	
Medical Insurance		44,075	
Dental Insurance		840	
Employer Medicare		4,670	
Other Fringe Benefits		1,109	
Travel		1,573	
Other Supplies and Materials		3,278	
Attendance Equipment		7,548	
Total Attendance			448,931

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	996,251	
Other Salaries and Wages		100,290	
Social Security		63,065	
State Retirement		64,489	
Life Insurance		220	
Medical Insurance		72,041	
Dental Insurance		1,680	
Employer Medicare		15,386	
Other Fringe Benefits		2,026	
Maintenance and Repair Services - Equipment		1,162	
Travel		5,554	
Other Contracted Services		4,045	
Drugs and Medical Supplies		14,943	
Other Supplies and Materials		5,838	
In Service/Staff Development		940	
Total Health Services			\$ 1,347,930

Other Student Support

Career Ladder Program	\$	21,000	
Guidance Personnel		1,591,375	
Psychological Personnel		396,128	
Clerical Personnel		42,540	
Social Security		117,406	
State Retirement		178,008	
Life Insurance		720	
Medical Insurance		209,336	
Dental Insurance		4,674	
Employer Medicare		28,734	
Other Fringe Benefits		7,688	
Evaluation and Testing		93,539	
Travel		4,888	
Other Supplies and Materials		5,618	
Total Other Student Support			2,701,654

Regular Instruction Program

Supervisor/Director	\$	611,816	
Career Ladder Program		39,490	
Librarians		1,215,884	
Materials Supervisor		83,758	

(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.)

Education Media Personnel	\$	323,990	
Instructional Computer Personnel		391,653	
Clerical Personnel		187,012	
Other Salaries and Wages		148,488	
Social Security		170,062	
State Retirement		264,592	
Life Insurance		1,226	
Medical Insurance		373,582	
Dental Insurance		7,700	
Employer Medicare		41,440	
Other Fringe Benefits		11,194	
Travel		101,203	
Other Contracted Services		13,610	
Library Books/Media		177,816	
Periodicals		3,185	
Other Supplies and Materials		20,515	
In Service/Staff Development		41,256	
Other Charges		330	
Other Equipment		10,701	
Total Regular Instruction Program			\$ 4,240,503

Alternative Instruction Program

Supervisor/Director	\$	12,509	
Employer Medicare		181	
Total Alternative Instruction Program			12,690

Special Education Program

Supervisor/Director	\$	115,030	
Career Ladder Program		4,500	
Clerical Personnel		78,645	
Other Salaries and Wages		27,068	
Social Security		11,780	
State Retirement		18,222	
Life Insurance		80	
Medical Insurance		15,948	
Dental Insurance		280	
Employer Medicare		3,230	
Other Fringe Benefits		755	
Travel		32,512	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	1,195	
In Service/Staff Development		1,613	
Other Charges		3,558	
Total Special Education Program			\$ 314,416

Vocational Education Program

Supervisor/Director	\$	31,272	
Career Ladder Program		1,500	
Secretary(ies)		35,123	
Social Security		2,103	
State Retirement		3,445	
Life Insurance		20	
Medical Insurance		5,386	
Dental Insurance		280	
Employer Medicare		967	
Other Fringe Benefits		138	
Travel		4,005	
Other Supplies and Materials		1,915	
In Service/Staff Development		817	
Other Charges		760	
Total Vocational Education Program			87,731

Adult Programs

Supervisor/Director	\$	78,172	
Social Security		4,834	
State Retirement		7,120	
Life Insurance		20	
Medical Insurance		5,184	
Dental Insurance		280	
Employer Medicare		1,130	
Other Fringe Benefits		309	
Travel		1,675	
Other Supplies and Materials		969	
In Service/Staff Development		450	
Other Charges		5,980	
Total Adult Programs			106,123

Other Programs

On-Behalf Payments to OPEB	\$	327,355	
Total Other Programs			327,355

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	1,200	
Other Salaries and Wages		312,510	
Board and Committee Members Fees		24,000	
Social Security		20,612	
State Retirement		2,463	
Life Insurance		272	
Medical Insurance		499,316	
Dental Insurance		1,204	
Unemployment Compensation		18,289	
Employer Medicare		4,820	
Other Fringe Benefits		1,441	
Audit Services		33,125	
Dues and Memberships		15,082	
Legal Services		85,396	
Travel		10,046	
Liability Insurance		117,670	
Trustee's Commission		1,249,662	
Workers' Compensation Insurance		446,961	
In Service/Staff Development		3,275	
Other Charges		46,588	
Total Board of Education			\$ 2,893,932

Director of Schools

County Official/Administrative Officer	\$	131,696	
Career Ladder Extended Contracts		1,000	
Social Security		6,708	
State Retirement		12,009	
Life Insurance		20	
Medical Insurance		11,752	
Dental Insurance		400	
Employer Medicare		1,918	
Other Fringe Benefits		521	
Communication		27,776	
Dues and Memberships		3,093	
Postal Charges		10,000	
Travel		7,423	
Other Contracted Services		72	
Total Director of Schools			214,388

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	2,025,518	
Career Ladder Program		72,000	
Assistant Principals		1,497,135	
Clerical Personnel		2,006,999	
Other Salaries and Wages		20,558	
Social Security		363,620	
State Retirement		566,474	
Life Insurance		2,384	
Medical Insurance		650,129	
Dental Insurance		14,431	
Employer Medicare		86,101	
Other Fringe Benefits		24,468	
Communication		227,542	
Maintenance and Repair Services - Equipment		7,068	
Other Contracted Services		129,958	
Other Charges		4,139	
Administration Equipment		66,476	
Total Office of the Principal			\$ 7,765,000

Fiscal Services

Supervisor/Director	\$	92,580	
Accountants/Bookkeepers		393,652	
Purchasing Personnel		92,580	
Secretary(ies)		113,025	
Social Security		40,722	
State Retirement		65,233	
Life Insurance		260	
Medical Insurance		77,093	
Dental Insurance		1,848	
Employer Medicare		9,705	
Other Fringe Benefits		1,564	
Data Processing Services		61,873	
Travel		2,540	
Other Contracted Services		18,078	
Office Supplies		11,044	
In Service/Staff Development		1,275	
Other Charges		1,108	
Administration Equipment		348,426	
Total Fiscal Services			1,332,606

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Guards	\$	96,680	
Custodial Personnel		2,302,762	
Social Security		140,227	
State Retirement		218,484	
Life Insurance		1,796	
Medical Insurance		459,714	
Dental Insurance		6,595	
Employer Medicare		33,346	
Other Fringe Benefits		9,209	
Janitorial Services		453,245	
Rentals		1	
Other Contracted Services		46,239	
Custodial Supplies		239,063	
Electricity		2,378,942	
Fuel Oil		23,678	
Natural Gas		367,755	
Water and Sewer		339,134	
Other Supplies and Materials		8,313	
Boiler Insurance		21,668	
Building and Contents Insurance		277,606	
Plant Operation Equipment		40,831	
Total Operation of Plant			\$ 7,465,288

Maintenance of Plant

Supervisor/Director	\$	107,097
Secretary(ies)		34,920
Maintenance Personnel		1,718,193
Other Salaries and Wages		46,000
Social Security		110,764
State Retirement		149,070
Life Insurance		836
Medical Insurance		219,435
Dental Insurance		2,814
Employer Medicare		26,644
Other Fringe Benefits		6,266
Communication		12,473
Laundry Service		22,423
Maintenance and Repair Services - Buildings		104,325
Maintenance and Repair Services - Equipment		94,734

(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.)

Travel	\$	2,958	
Other Contracted Services		76,776	
Equipment and Machinery Parts		13,952	
Other Supplies and Materials		280,412	
In Service/Staff Development		1,300	
Maintenance Equipment		54,252	
Total Maintenance of Plant			\$ 3,085,644

Transportation

Supervisor/Director	\$	61,729	
Mechanic(s)		365,302	
Bus Drivers		1,788,536	
Clerical Personnel		48,360	
Social Security		129,396	
State Retirement		211,873	
Life Insurance		1,936	
Medical Insurance		324,068	
Dental Insurance		6,608	
Employer Medicare		30,725	
Other Fringe Benefits		7,008	
Communication		8,041	
Contracts with Parents		225	
Laundry Service		13,273	
Travel		241	
Other Contracted Services		80,974	
Diesel Fuel		639,571	
Garage Supplies		29,900	
Gasoline		158,706	
Lubricants		20,226	
Tires and Tubes		80,000	
Vehicle Parts		290,861	
Vehicle and Equipment Insurance		200,770	
Other Charges		18,848	
Transportation Equipment		1,213,000	
Total Transportation			5,730,177

Operation of Non-Instructional Services

Food Service

Social Security	\$	46	
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(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

State Retirement	\$	254,839	
Medical Insurance		626,194	
Dental Insurance		12,304	
Employer Medicare		11	
Other Fringe Benefits		11,130	
Food Supplies		<u>13,635</u>	
Total Food Service	\$		918,159

Community Services

Supervisor/Director	\$	58,690	
Other Salaries and Wages		40,073	
Social Security		6,058	
State Retirement		8,859	
Life Insurance		40	
Medical Insurance		10,558	
Dental Insurance		140	
Employer Medicare		1,417	
Other Fringe Benefits		387	
Travel		4,874	
Other Contracted Services		1,290	
Other Supplies and Materials		<u>2,119</u>	
Total Community Services			134,505

Early Childhood Education

Teachers	\$	267,480	
Educational Assistants		76,517	
Social Security		19,901	
State Retirement		31,649	
Life Insurance		220	
Medical Insurance		57,080	
Dental Insurance		1,400	
Employer Medicare		4,746	
Other Fringe Benefits		1,349	
Travel		4,332	
Instructional Supplies and Materials		14,500	
In Service/Staff Development		<u>3,000</u>	
Total Early Childhood Education			482,174

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	553,171	
Engineering Services		94,942	
Building Improvements		7,383,880	
Land		293,445	
Other Capital Outlay		<u>125,000</u>	
Total Regular Capital Outlay	\$		8,450,438

Principal on Debt

Education

Principal on Capital Leases	\$	<u>129,394</u>	
Total Education			129,394

Interest on Debt

Education

Interest on Capital Leases	\$	<u>17,725</u>	
Total Education			17,725

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>4,844,706</u>	
Total Education			<u>4,844,706</u>

Total General Purpose School Fund \$ 117,885,450

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	2,793,188	
Educational Assistants		239,483	
Other Salaries and Wages		4,597	
Social Security		183,086	
State Retirement		273,817	
Life Insurance		1,524	
Medical Insurance		376,008	
Dental Insurance		8,050	
Unemployment Compensation		6,500	
Employer Medicare		42,997	
Other Fringe Benefits		11,681	
Instructional Supplies and Materials		64,643	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Regular Instruction Equipment	\$ 359,242	
Total Regular Instruction Program		\$ 4,364,816

Special Education Program

Teachers	\$ 829,764	
Educational Assistants	2,565,378	
Social Security	49,787	
State Retirement	72,673	
Life Insurance	320	
Medical Insurance	508,220	
Dental Insurance	2,100	
Employer Medicare	11,644	
Other Fringe Benefits	3,212	
Total Special Education Program		4,043,098

Vocational Education Program

Educational Assistants	\$ 69,000	
Social Security	4,278	
State Retirement	6,244	
Employer Medicare	1,000	
Other Fringe Benefits	535	
Instructional Supplies and Materials	2,200	
Vocational Instruction Equipment	69,682	
Total Vocational Education Program		152,939

Support Services

Health Services

Medical Personnel	\$ 17,355	
Social Security	1,076	
Employer Medicare	252	
Total Health Services		18,683

Other Student Support

Other Salaries and Wages	\$ 61,624	
Social Security	3,761	
State Retirement	5,577	
Life Insurance	20	
Medical Insurance	5,297	
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.)

Other Student Support (Cont.)

Employer Medicare	\$	880	
Other Fringe Benefits		246	
Travel		42,000	
Other Supplies and Materials		29,844	
Total Other Student Support			\$ 149,389

Regular Instruction Program

Secretary(ies)	\$	39,060	
Other Salaries and Wages		678,694	
Non-certified Substitute Teachers		36,699	
Social Security		9,411	
State Retirement		11,960	
Life Insurance		40	
Medical Insurance		17,413	
Dental Insurance		280	
Employer Medicare		2,201	
Other Fringe Benefits		474	
Consultants		30,000	
Travel		15,243	
Other Supplies and Materials		12,096	
In Service/Staff Development		125,162	
Other Equipment		55,199	
Total Regular Instruction Program			1,033,932

Vocational Education Program

Travel	\$	2,500	
Total Vocational Education Program			2,500

Transportation

Transportation Equipment	\$	254,821	
Total Transportation			254,821

Total School Federal Projects Fund \$ 10,020,178

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,111	
Clerical Personnel		181,011	

(Continued)

Exhibit L-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Cafeteria Personnel	\$ 2,778,539	
Social Security	173,383	
State Retirement	22,835	
Life Insurance	3,064	
Medical Insurance	30,000	
Employer Medicare	40,886	
Communication	10,340	
Maintenance and Repair Services - Equipment	60,119	
Transportation - Other than Students	19,926	
Travel	3,391	
Other Contracted Services	96,409	
Food Preparation Supplies	199,700	
Food Supplies	2,897,695	
USDA - Commodities	318,278	
Other Supplies and Materials	38,559	
In Service/Staff Development	5,796	
Total Food Service		\$ 6,936,042

Total Central Cafeteria Fund \$ 6,936,042

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 4,000	
Building Construction	361,883	
Total Education Capital Projects		\$ 365,883

Total Education Capital Projects Fund 365,883

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$ 10,583,771	
Total Education Capital Projects		\$ 10,583,771

Total Other Capital Projects Fund 10,583,771

Total Governmental Funds - Sevier County School Department \$ 145,791,324

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 33,228,599
Total Cash Receipts	<u>\$ 33,228,599</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 32,896,313
Trustee's Commission	<u>332,286</u>
Total Cash Disbursements	<u>\$ 33,228,599</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

October 23, 2012

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, 2012, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated October 23, 2012. 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

The management of Sevier County is responsible for establishing and maintaining effective 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: 12.02 and 12.03. 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.

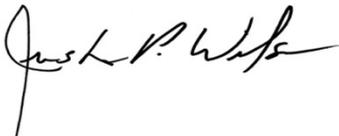
Compliance and Other Matters

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 12.01.

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

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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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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

Independent Auditor's Report

October 23, 2012

Sevier County Mayor and
Board of County Commissioners
Sevier County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Sevier County's compliance 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, 2012. 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, 2012.

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 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, 2012, and have issued our report thereon dated October 23, 2012. 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.

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 fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

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	\$ 318,278 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,253,794
National School Lunch Program	10.555	N/A	3,411,549 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	10,463
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	399,690
Total U.S. Department of Agriculture			<u>\$ 5,393,774</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investments Partnerships Program	14.239	N/A	\$ 228,370
Total U.S. Department of Housing and Urban Development			<u>\$ 228,370</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 312,510
Total Bureau of Land Management, Department of the Interior			<u>\$ 312,510</u>
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	(2)	\$ 83,164
Public Safety Partnership and Community Policing Grants	16.710	(2)	92,359
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	11,309
Passed-through State Office of Criminal Justice Programs:			
Crime Victim Assistance	16.575	N/A	42,293
Total U.S. Department of Justice			<u>\$ 229,125</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 29,138
Total U.S. Department of Highway Administration			<u>\$ 29,138</u>
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	\$ 3,993
Total U.S. Department of Energy			<u>\$ 3,993</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)	\$ 61,334
Title I Grants to Local Educational Agencies	84.010	N/A	3,145,340
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,896,848
Special Education - Grants to States, Recovery Act	84.391	N/A	254,821
Special Education - Preschool Grants	84.173	N/A	90,425
Career and Technical Education - Basic Grants to States	84.048	N/A	197,440
Twenty-first Century Community Learning Centers	84.287	N/A	82,450
Education Technology State Grants	84.318	(2)	22,248
Rural Education	84.358	N/A	307,347
English Language Acquisition Grants	84.365	N/A	56,512
Improving Teacher Quality State Grants	84.367	N/A	499,998
Race-to-the-Top (State Fiscal Stabilization Fund (SFSF)-Race-to-the-Top Incentive Grants, Recovery Act)	84.395	N/A	588,890
Education Jobs Fund	84.410	N/A	1,994,285
Total U.S. Department of Education			<u>\$ 10,197,938</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	34101-3349	\$ 54,293
Total U.S. Department of Election Assistance Commission			<u>\$ 54,293</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 B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 43,956
Total U.S. Department of Health and Human Services			<u>\$ 43,956</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-3868-1	\$ 35,000
Homeland Security Grant Program	97.067	34101-5679	181,093
Total U.S. Department of Homeland Security			<u>\$ 216,093</u>
Total Expenditures of Federal Awards			<u>\$ 16,709,190</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)	\$ 66,524
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Aging Program - State Office on Aging	N/A	(2)	13,136
Health Department Program - State Department of Health	N/A	(2)	440,377
Driver's Education - State Department of Education	N/A	(2)	41,701
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	(2)	147,028
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	426,478
Rehabilitation Grant - State Department of Human Services	N/A	(2)	<u>12,838</u>
Total State Grants			<u>\$ 1,157,082</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 \$3,729,827.

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Sevier County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	227	Duties were not segregated adequately in the Water Department

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.04	228	Multiple employees operated from the same cash drawer

SEVIER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, and Special Education – Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); the Improving Teacher Quality State Grants (CFDA No. 84.367); and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$501,276 threshold was used to distinguish between Type A and Type B federal programs.
9. Sevier County qualified 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; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **A FRAUD REPORTING FORM WAS NOT FILED TIMELY** (Noncompliance Under *Government Auditing Standards*)

The director of the Sevier County Preservation of Records Department filed a fraud reporting form with the state Comptroller's Office on September 6, 2011, alleging the theft of a desktop computer. However, the theft had already been investigated by the Sevier County Sheriff's Department in August. This investigation resulted in a county employee's plea of guilty to theft on December 8, 2011. The employee received one year of probation and was ordered to pay court costs. The desktop computer was returned to the Records Department on August 22.

Sections 8-4-501 through 8-4-505, *Tennessee Code Annotated*, requires a person elected or appointed to any office of a public entity, to notify the Comptroller of the Treasury, within a reasonable amount of time under the particular circumstances, but shall not under any circumstances exceed five working days, of any unlawful conduct including theft, forgery, credit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, involving public money, property, or services. Management became aware of the theft in early August 2011; however, management did not file a fraud reporting form until September 6, 2011.

RECOMMENDATION

Management should notify the Comptroller of the Treasury of any unlawful conduct within five working days as required by state statute.

FINDING 12.02 **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. Also, this deficiency is the result of the failure of management to correct the finding reported in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF CLERK AND MASTER

FINDING 12.03 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

All employees of the office 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. Also, this deficiency is the result of the failure of management to correct the finding reported in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICES

The Division of Local Government 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 approved by the County Commission and established in accordance with Section 9-3-405, *Tennessee Code Annotated (TCA)*. 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 approved by County Commission and established in accordance with provisions of Section 9-3-405, *TCA*, as a best practice.

The Sevier County Mayor informed us that an Audit Committee was formed by the Budget Committee of the County Commission. However, this Audit Committee was not approved by the County Commission and was not established in accordance with the above referenced statute.

**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, 2012

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