

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2013

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

June 30, 2013

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

**SECTION ONE**

**INTRODUCTORY SECTION**

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2013

**BOARD MEMBERS:**

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

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

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

**SECTION TWO**

**FINANCIAL SECTION**



Joe S. Ingram, CPA (1948 – 2011)  
Lonas D. Overholt, CPA  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 – 6) and budgetary comparison information (pages 25 – 34) 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's basic financial statements. The introductory section, capital assets used in governmental activities, changes in capital assets by function, and the insurance schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The capital assets used in governmental activities and changes in capital assets by function are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

The introductory and insurance schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Ingram, Overholt & Bean, PC*

Alcoa, Tennessee  
October 29, 2013



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October 29, 2013

Our discussion and analysis of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County’s financial performance provides an overview of the Commission’s activities for the year ended June 30, 2013.

## USING THIS ANNUAL REPORT

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

## THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

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

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

## FINANCIAL HIGHLIGHTS

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

	<u>2013</u>	<u>2012</u>
Governmental appropriations – from Maryville, Alcoa and Blount County, Tennessee	65%	63%
Concessions	4%	5%
Pool admissions	7%	8%
Recreational programs	19%	19%
Facility rental	3%	3%
Other	<u>2%</u>	<u>2%</u>
Total funding	<u>100%</u>	<u>100%</u>

Operational costs for the Commission were \$2,591,314 and \$2,552,084 for the fiscal years ended June 30, 2013 and 2012 respectively.

## NET POSITION

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

	<u>2013</u>	<u>2012</u>
Current assets	\$ 1,260,062	\$ 1,281,549
Capital assets, net	<u>271,108</u>	<u>205,656</u>
Total Assets	<u>1,531,170</u>	<u>1,487,205</u>
Current liabilities	201,051	202,908
Long-term liabilities	<u>54,623</u>	<u>55,859</u>
Total Liabilities	<u>255,674</u>	<u>258,767</u>
Net Assets:		
Invested in capital assets	271,108	205,656
Unrestricted	361,342	316,456
Restricted	<u>642,046</u>	<u>706,326</u>
Total Net Assets	<u>\$ 1,275,496</u>	<u>\$ 1,228,438</u>

Net position of the Commission increased 4.4% during the current year. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, increased by 16.3%.

### Changes in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 864,717	\$ 911,655
Operating grants	21,976	22,031
General Revenues:		
Government appropriations	1,737,417	1,642,161
Investing earnings	1,414	1,882
Miscellaneous	<u>63,596</u>	<u>51,720</u>
Total Revenues	<u>2,689,120</u>	<u>2,629,449</u>
Expenses:		
General and Administration	1,880,586	1,795,852
Concessions	90,776	92,376
Pools	189,135	208,961
Recreational programs	<u>481,565</u>	<u>464,937</u>
	<u>2,642,062</u>	<u>2,562,126</u>
Change in Net Position	47,058	67,323
Net Position – Beginning of Year	<u>1,228,438</u>	<u>1,161,115</u>
Net Position – End of Year	<u>\$ 1,275,496</u>	<u>\$ 1,228,438</u>

## FINANCIAL RATIOS

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

	<u>2013</u>	<u>2012</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 1,059,011	\$ 1,078,641
Current Ratio (compares current assets to current liabilities – as an indicator of the ability to pay current obligations)	6.27	6.32
Days Cash and Investments (represents the number of days normal operations could continue with no revenue collections)	173	181

## CAPITAL ASSETS

At the fiscal year ended June 30, 2013, the Commission had \$271,108 invested in capital assets as outlined below (a 31.83% increase from the prior year):

Depreciable:	<u>2013</u>	<u>2012</u>
Equipment:		
Administration	\$ 314,759	\$ 300,885
Concession equipment	30,325	37,325
Pool equipment	56,388	29,400
Senior citizens center	82,542	79,145
Maintenance	461,733	448,625
Everett Center	69,621	46,939
Martin Luther King Center	<u>38,996</u>	<u>29,555</u>
Total Capital Assets	1,054,364	971,874
Accumulated Depreciation	<u>(783,256)</u>	<u>(766,218)</u>
Net Capital Assets	<u>\$ 271,108</u>	<u>\$ 205,656</u>

## DEBT

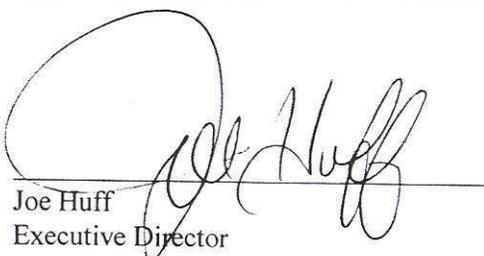
At the fiscal year end, the Commission had no debts payable. However, the Commission has a commitment to Blount County, Tennessee for administrative office building amounting to \$651,536 due 2027. During the next year, the Commission plans to continue equipment replacement. During the current year, several equipment items were purchased.

## BUDGETS

The variances between the originally adopted budget for the fiscal year ended June 30, 2013, and the final budget were caused by participations in recreational programs. Categories were amended as deemed necessary by the Board of Directors, amounting to an overall \$41,026 decrease from the original budget.

## CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

  
Joe Huff  
Executive Director

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

June 30, 2013

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**STATEMENT OF NET POSITION**  
June 30, 2013

	<u>Governmental Activities</u>
<b>Assets:</b>	
<b>Current Assets:</b>	
Cash in bank.....	\$ 702,184
Certificates of Deposit .....	519,475
Inventory .....	28,211
Receivables .....	<u>10,192</u>
Total Current Assets .....	1,260,062
Depreciable Capital Assets, net of depreciation .....	<u>271,108</u>
Total Assets .....	<u>1,531,170</u>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts payable.....	94,031
Accrued payroll.....	83,522
Accrued expenses .....	<u>23,498</u>
Total Current Liabilities .....	<u>201,051</u>
<b>Long-term Liabilities:</b>	
Compensated absences .....	<u>54,623</u>
Total Liabilities .....	<u>255,674</u>
<b>Net Position:</b>	
Invested in capital assets.....	271,108
Unrestricted .....	361,343
Restricted for:	
Capital outlay .....	411,220
Equipment replacement .....	210,759
Memorial trees .....	8,286
Leon Berrong Scholarship Fund.....	658
Tennis Scholarships .....	3,269
Randall Cobb Football Fund.....	<u>8,853</u>
Total Net Position.....	<u>\$ 1,275,496</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**STATEMENT OF ACTIVITIES**  
June 30, 2013

		<u>Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes Net Position Governmental Activities</u>
Function/ Programs				
Governmental Activities:				
General and Administrative	\$ 1,880,586	\$ 67,292	\$ 1,737,417	\$ (75,877)
Concessions	90,776	108,690	-	17,914
Pool Admissions	189,135	183,423	-	(5,712)
Recreational Programs	<u>481,565</u>	<u>505,312</u>	<u>21,976</u>	<u>45,723</u>
Totals	<u>\$ 2,642,062</u>	<u>\$ 864,717</u>	<u>\$ 1,759,393</u>	<u>(17,952)</u>
General Revenues:				
Interest earned				1,414
Miscellaneous				<u>63,596</u>
Total General Revenues				<u>65,010</u>
Change in net position				47,058
Net Position – Beginning				<u>1,228,438</u>
Net Position – Ending				<u>\$ 1,275,496</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

**FUND FINANCIAL STATEMENTS**

June 30, 2013

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2013

<u>ASSETS</u>	<u>General</u>	<u>Equipment Replacement Fund</u>	<u>Everett Equipment Replacement Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Cash in bank.....	\$ 472,192	\$ 66,568	\$ 52,204	\$ 111,220	\$ 702,184
Certificates of Deposit .....	127,488	91,987	-	300,000	519,475
Inventory .....	28,211	-	-	-	28,211
Receivables .....	<u>10,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,192</u>
 Total Assets .....	 <u>\$ 638,083</u>	 <u>\$ 158,555</u>	 <u>\$ 52,204</u>	 <u>\$ 411,220</u>	 <u>\$ 1,260,062</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable.....	\$ 94,031	\$ -	\$ -	\$ -	\$ 94,031
Accrued payroll.....	83,522	-	-	-	83,522
Accrued expenses .....	<u>23,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,498</u>
 Total Liabilities.....	 <u>201,051</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>201,051</u>
Fund Balance:					
Unassigned.....	<u>387,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,755</u>
Unspendable.....	<u>28,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,211</u>
Restricted for:					
Equipment replacement and Capital Outlay.....	-	158,555	52,204	411,220	621,979
Memorial trees .....	8,286	-	-	-	8,286
Leon Berrong Scholarship Fund.....	658	-	-	-	658
Tennis Scholarships .....	3,269	-	-	-	3,269
Randall Cobb Football .....	<u>8,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,853</u>
 Total Restricted Fund Balance .....	 <u>21,066</u>	 <u>158,555</u>	 <u>52,204</u>	 <u>411,220</u>	 <u>643,045</u>
 Total Fund Balance .....	 <u>437,032</u>	 <u>158,555</u>	 <u>52,204</u>	 <u>411,220</u>	 <u>1,059,011</u>
 Total Liabilities and Fund Balance .....	 <u>\$ 638,083</u>	 <u>\$ 158,555</u>	 <u>\$ 52,204</u>	 <u>\$ 411,220</u>	 <u>\$ 1,260,062</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**RECONCILITATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2013

Fund balances – total governmental funds	\$ 1,059,011
Amounts reported for the governmental activities in the statement of net position are different because:	
Capital assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	271,108
Compensated absences are not due and payable in the current period, and, therefore, are not reported in the governmental funds	<u>(54,623)</u>
Net position of governmental activities	<u>\$ 1,275,496</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa and Blount County  
Maryville, Tennessee  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**  
**GOVERNMENT FUNDS**  
For the Fiscal Year ended June 30, 2013

	<u>General</u>	<u>Equipment Replacement Fund</u>	<u>Everett Equipment Replacement Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Government appropriations.....	\$ 1,737,417	\$ -	\$ -	\$ -	\$ 1,737,417
Concessions .....	108,690	-	-	-	108,690
Pool Admissions.....	183,423	-	-	-	183,423
Program Revenue .....	505,312	-	-	-	505,312
Facility rental.....	67,292	-	-	-	67,292
Other revenues.....	55,745	7,851	-	-	63,596
Grant – Office on Aging.....	21,976	-	-	-	21,976
Interest .....	-	789	177	448	1,414
<b>Total Revenues.....</b>	<u>2,679,855</u>	<u>8,640</u>	<u>177</u>	<u>448</u>	<u>2,689,120</u>
<b>Expenditures:</b>					
Concessions .....	90,776	-	-	-	90,776
Pools.....	189,135	-	-	-	189,135
Program expenditures.....	481,565	3,000	-	24	484,589
General and administrative .....	1,824,804	-	-	-	1,824,804
Capital Outlay.....	<u>5,034</u>	<u>51,807</u>	<u>3,397</u>	<u>59,208</u>	<u>119,446</u>
<b>Total Expenditures .....</b>	<u>2,591,314</u>	<u>54,807</u>	<u>3,397</u>	<u>59,232</u>	<u>2,708,750</u>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	<u>88,541</u>	<u>(46,167)</u>	<u>(3,220)</u>	<u>(58,784)</u>	<u>(19,630)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers .....	<u>(38,000)</u>	<u>15,000</u>	<u>3,000</u>	<u>20,000</u>	<u>-</u>
<b>Net change in fund balances .....</b>	<b>50,541</b>	<b>(31,167)</b>	<b>(220)</b>	<b>(38,784)</b>	<b>(19,630)</b>
<b>Fund Balance – July 1<sup>st</sup> .....</b>	<u>386,491</u>	<u>189,722</u>	<u>52,424</u>	<u>450,004</u>	<u>1,078,641</u>
<b>Fund Balance – June 30<sup>th</sup> .....</b>	<u>\$ 437,032</u>	<u>\$ 158,555</u>	<u>\$ 52,204</u>	<u>\$ 411,220</u>	<u>\$ 1,059,011</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**RECONCILITATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALACE  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

Net change in fund balances – total governmental funds	\$ (19,630)
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. (Current additions \$119,446 less depreciation \$53,994).</p>	65,452
<p>Expenses related to compensated absences are recorded in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (Liability 6/30/12 \$55,859 less liability 6/30/13 \$54,623).</p>	<u>1,236</u>
Changes in net position of governmental activities	<u>\$ 47,058</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 1 – GENERAL INFORMATION:**

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

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

**A. REPORTING ENTITY**

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

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements*

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

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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

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

*Fund Financial Statements*

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

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Capital Project Funds*

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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

**Major and Nonmajor Funds**

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

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

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

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

**Measurement Focus**

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

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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

**Basis of Accounting**

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

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

Deferred revenues are reported in the governmental funds if the potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Commission before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

For fiscal year 2013, the Commission implemented Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65. Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively. Further, Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

Statement No. 65, *Items Previously Reported as Assets and Liabilities* reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

(Continued)

**RECREATION AND PARKS COMMISSION**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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

**Basis of Accounting (Continued)**

Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

Since the governmental fund financial statements are presented on a basis different than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

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

**Cash and Cash Equivalents**

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

**Interfund Receivables and Payables**

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

**Fixed Assets**

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

*Government-wide Statements*

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

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**RECREATION AND PARKS COMMISSION**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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

**Fixed Assets (Continued)**

*Government-wide Statements (Continued)*

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

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

*Fund Financial Statements*

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

**Inventory**

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

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net position 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 position – consists of 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 position – all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Equity Classifications**

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as unassigned, unspendable, and restricted.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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

**Revenues and Expenses**

Revenues and expenses include all items not related to capital and related financing, noncapital financing, or investing activities. The Commission has the following types of program revenues – fees and charges and operating grants and contributions.

**Expenditures/Expenses**

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

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

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

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

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Commission’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Commission’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

**Interfund Transfers**

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

**F. BUDGETARY ACCOUNTING**

At least forty-five (45) days before the beginning of the budgetary fiscal year, the Executive Director submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1<sup>st</sup>, the budget is legally enacted by approval of the Board. The Executive Director is authorized to transfer appropriations between departments of any fund without the approval of the Board of Commissioners. However, any revisions that alter the total expenditures of any fund and all other budget amendments must be approved by the Board of Commissioners. Formal budgetary integration is employed as a management control device during the year for the General Fund, Equipment Replacement Fund, and Everett

(Continued)

**RECREATION AND PARKS COMMISSION**  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**F. BUDGETARY ACCOUNTING (Continued)**

Equipment Replacement Fund. Budgets for the General Fund, Equipment Replacement Fund, and Everett Equipment Replacement Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted by the Board of Commissioners, with the exception of those amounts subsequently amended by action of the Commission. Appropriations lapse at the end of the fiscal year.

**G. FUND BALANCES**

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

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of governing body (commission) using its highest level of authority.
- d. Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority or an official expressly authorized by the governing body.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

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

**H. USE OF ESTIMATES**

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

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

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

**A. FUND ACCOUNTING REQUIREMENTS**

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

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

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

**C. FUND EQUITY RESTRICTIONS**

**Deficit Prohibition**

State of Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The Commission complied with this statute in all material respects for the year ended June 30, 2013.

**NOTE 4 – CASH:**

Total cash with a carrying value of \$1,221,659 at June 30, 2013, is summarized as follows:

Type	Amount
Petty cash – office, pools, concessions .....	\$ 734
Local financial institutions:	
Checking accounts (Varies) .....	392,063
Savings accounts (approximately .351%).....	309,387
Certificate of Deposit -	
(.75% maturing 05/27/14).....	40,149
(.50% maturing 04/16/14).....	77,930
(.50% maturing 04/16/14).....	51,599
(.10% maturing 04/23/14).....	40,388
(.87% maturing 08/15/13).....	300,000
(.50% maturing 09/29/13).....	9,409
Total Cash and Investments .....	\$ 1,221,659

As of June 30, 2013, total cash on deposit in four financial institutions includes deposits insured up to \$250,000 by either the Federal Deposit Insurance Corporation, the Mutual Guaranty Corporation, or by the Tennessee Bank Collateral Pool.

**NOTE 5 – LEASES:**

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 – VACATION AND SICK LEAVE:**

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

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

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

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

The Commission accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. The liability as of June 30, 2013 is \$54,623.

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

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

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

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

For the year ended June 30, 2013, the Commission contributed \$101,850 to the plan.

An actuarial valuation is made every two years, the most recent having been completed July 1, 2013. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities are valued at amortized costs.

An experience study of the system is conducted every four years, the most recent as of June 30, 2012. The 2012 valuation was conducted using assumptions that resulted from the June 30, 2008 study.

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**RECREATION AND PARKS COMMISSION**  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

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

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

**NOTE 8 – RISK FINANCING ACTIVITIES:**

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

**NOTE 9 – COMMITMENTS:**

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

Year ending <u>June 30,</u>		Year ending <u>June 30,</u>		Year ending <u>June 30,</u>	
2014	\$ 38,000	2019	\$ 43,000	2024	\$ 50,000
2015	38,000	2020	48,000	2025	50,000
2016	38,000	2021	48,000	2026	57,000
2017	43,000	2022	48,000	2027	<u>57,536</u>
2018	<u>43,000</u>	2023	<u>50,000</u>		
	<u>\$ 200,000</u>		<u>\$ 237,000</u>		<u>214,536</u>
					<u>\$ 651,536</u>

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

Long-term liability activity for the year ended June 30, 2013 is:

	Beginning Balance	Additions	Reductions	Ending Balance
Commitment to Blount County	\$ 684,536	\$ -	\$ 33,000	\$ 651,536
Compensated Absences	<u>55,859</u>	<u>-</u>	<u>1,236</u>	<u>54,623</u>
	<u>\$ 740,395</u>	<u>\$ -</u>	<u>\$ 34,236</u>	<u>\$ 706,159</u>

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
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Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 10 – CAPITAL ASSETS:**

A summary of capital assets and depreciation is as follows:

	<u>Balance</u> <u>7/1/12</u>	<u>Current</u> <u>Additions</u>	<u>Current</u> <u>Retirements/</u> <u>Reclassifications</u>	<u>Balance</u> <u>6/30/13</u>
<u>Depreciable Capital Assets:</u>				
Equipment:				
Administration	\$ 300,885	\$ 13,874	\$ -	\$ 314,759
Concessions Equipment	37,325	500	(7,500)	30,325
Pool Equipment	29,400	26,988	-	56,388
Senior Citizens Center	79,145	3,397	-	82,542
Maintenance	448,625	42,564	(29,456)	461,733
Everett Center	46,939	22,682	-	69,621
Martin Luther King Center	<u>29,555</u>	<u>9,441</u>	<u>-</u>	<u>38,996</u>
Total Capital Assets	971,874	119,446	(36,956)	1,054,364
Less Accumulated Depreciation	<u>(766,218)</u>	<u>(53,994)</u>	<u>36,956</u>	<u>(783,256)</u>
Net Capital Assets	<u>\$ 205,656</u>	<u>\$ 65,452</u>	<u>\$ -</u>	<u>\$ 271,108</u>
<u>Accumulated Depreciation:</u>				
Equipment:				
Administration	\$ 256,198	\$ 12,027	\$ -	\$ 268,225
Concessions Equipment	22,845	1,642	(7,500)	16,987
Pool Equipment	17,281	4,173	-	21,454
Senior Citizens Center	74,568	1,836	-	76,404
Maintenance	325,134	32,093	(29,456)	327,771
Everett Center	42,472	1,536	-	44,008
Martin Luther King Center	<u>27,720</u>	<u>687</u>	<u>-</u>	<u>28,407</u>
	<u>\$ 766,218</u>	<u>\$ 53,994</u>	<u>\$ (36,956)</u>	<u>\$ 783,256</u>

**NOTE 11 – SUBSEQUENT EVENTS:**

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is October 29, 2013 is the date on which the financial statements were issued.

**RECREATION AND PARKS COMMISSION**

Of

Maryville, Alcoa and Blount County  
Maryville, Tennessee

**SUPPLEMENTAL SCHEDULES**

June 30, 2013

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
<b>APPROPRIATIONS:</b>				
City of Maryville.....	\$ 631,565	\$ 631,565	\$ 631,565	\$ -
City of Alcoa.....	452,270	452,268	452,268	-
Blount County.....	<u>653,585</u>	<u>653,584</u>	<u>653,584</u>	-
Total Appropriations.....	<u>1,737,420</u>	<u>1,737,417</u>	<u>1,737,417</u>	-
<b>CONCESSIONS:</b>				
Everett Park.....	11,000	12,923	12,923	-
Everett Football Field.....	19,000	14,545	15,530	985
Everett Recreation Center.....	7,750	9,647	9,647	-
Sandy Springs Park.....	9,500	9,570	9,570	-
John Sevier Pool.....	16,500	13,441	13,441	-
Springbrook Pool.....	50,000	45,638	46,242	604
Vending.....	<u>1,200</u>	<u>1,337</u>	<u>1,337</u>	-
Total Concessions.....	<u>114,950</u>	<u>107,101</u>	<u>108,690</u>	<u>1,589</u>
<b>POOL ADMISSIONS:</b>				
John Sevier Pool.....	62,275	59,118	59,118	-
Springbrook Pool.....	<u>124,750</u>	<u>124,305</u>	<u>124,305</u>	-
Total Pool Admissions.....	<u>187,025</u>	<u>183,423</u>	<u>183,423</u>	-
<b>RECREATIONAL PROGRAM INCOME:</b>				
Swim Team.....	16,500	19,550	19,550	-
Learn to Swim.....	12,500	12,904	12,904	-
Adult Softball.....	72,350	55,141	55,141	-
Smoky Mountain Classic.....	43,600	38,783	38,783	-
Tennis.....	8,800	10,666	10,666	-
Therapeutics.....	1,850	1,695	1,695	-
Recreation programs.....	15,375	24,107	24,107	-
Adult Basketball.....	9,350	6,203	6,203	-
Youth Basketball.....	39,450	42,846	42,846	-
Adult Volleyball.....	7,650	9,825	9,825	-
Soccer Camp.....	1,300	1,296	1,296	-
Youth Performing Arts.....	2,850	3,085	3,085	-
Volleyball Camp.....	2,400	3,462	3,462	-
Environmental Camp.....	1,275	2,359	2,359	-
Spring Arts & Craft Show.....	2,800	2,285	2,285	-
Youth Softball Camp.....	1,875	2,428	2,428	-
Youth Softball.....	500	5,345	5,345	-

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
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**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**COMPARED TO BUDGET (Continued)**  
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>			Variance -
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>RECREATIONAL PROGRAM INCOME</b>				
<b>(CONTINUED):</b>				
Basketball Camp.....	4,000	5,850	5,850	-
Youth Football Camp .....	3,600	5,111	5,111	-
Christmas Basketball Tournament.....	1,900	6,848	6,848	-
Youth Football.....	25,900	45,000	35,472	(9,528)
Youth Soccer .....	73,000	76,791	76,791	-
Day Camp .....	11,125	11,616	11,616	-
Yoga.....	5,575	7,653	7,653	-
Everett Park Adult Center .....	28,760	41,443	41,443	-
Road races.....	25,350	27,205	27,205	-
Special Events .....	20,000	15,101	15,101	-
Fishing Derby .....	2,400	1,522	1,522	-
Halloween Fun.....	2,450	2,458	2,458	-
Dog Obedience .....	1,325	900	900	-
Preschool Programs .....	<u>16,850</u>	<u>25,362</u>	<u>25,362</u>	<u>-</u>
Total Recreational Program Income.....	<u>462,660</u>	<u>514,840</u>	<u>505,312</u>	<u>(9,528)</u>
<b>FACILITY RENTAL:</b>				
Springbrook Gym rental.....	10,000	24,930	24,930	-
Martin Luther King Center rental .....	8,000	7,534	7,534	-
Pavilion rental.....	18,750	19,983	19,983	-
Everett Gym rental .....	13,500	14,019	14,019	-
Hometown Christmas .....	<u>3,300</u>	<u>826</u>	<u>826</u>	<u>-</u>
Total Facility Rental .....	<u>53,550</u>	<u>67,292</u>	<u>67,292</u>	<u>-</u>
<b>OTHER REVENUES:</b>				
Miscellaneous .....	4,000	2,841	2,981	140
Utility reimbursements .....	30,000	32,444	32,444	-
Marketing.....	6,000	6,394	6,394	-
Scholarships.....	-	-	1,176	1,176
Randall Cobb Football Camp.....	-	-	9,000	9,000
Memorial trees.....	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>3,750</u>
Total Other Revenues .....	<u>40,000</u>	<u>41,679</u>	<u>55,745</u>	<u>14,066</u>
GRANT REVENUE .....	<u>21,975</u>	<u>21,976</u>	<u>21,976</u>	<u>-</u>
<b>TOTAL REVENUES.....</b>	<u>2,617,580</u>	<u>2,673,728</u>	<u>2,679,855</u>	<u>6,127</u>
<b>EXPENDITURES:</b>				
<b>RECREATIONAL PROGRAMS</b>				
Day Camp .....	8,700	9,290	9,290	-
Swim Team.....	7,150	7,151	8,952	(1,801)
Adult Softball .....	72,045	51,057	44,643	6,414
Smoky Mountain Classic .....	30,200	34,965	33,654	1,311
Tennis .....	<u>6,550</u>	<u>7,733</u>	<u>8,019</u>	<u>(286)</u>

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
COMPARED TO BUDGET (Continued)  
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES (CONTINUED):</b>				
<b>RECREATIONAL PROGRAMS (CONTINUED)</b>				
Spring Sprint.....	3,825	4,905	4,905	-
Youth Softball Camp.....	-	5,000	3,488	1,512
Youth Softball .....	-	2,000	1,949	51
Youth Football Camp.....	2,500	1,995	-	1,995
Recreation Programs .....	7,750	11,306	11,713	(407)
Reindeer Run .....	6,500	6,474	6,474	-
Triple Crown .....	6,650	7,161	7,161	-
Youth Performing Arts.....	1,900	2,507	2,613	(106)
Volleyball Camp.....	1,850	2,533	2,476	57
Environmental Camp.....	1,250	2,066	2,066	-
Arts and Craft Show .....	1,975	1,230	1,230	-
Christmas Basketball Tournament.....	400	4,744	4,744	-
Everett Senior Center .....	166,025	168,053	166,034	2,019
Soccer Camp.....	950	2,577	1,312	1,265
Basketball Camp.....	3,050	4,968	5,124	(156)
Youth Baseball .....	3,600	1,200	1,200	-
Adult Basketball .....	8,025	5,008	5,008	-
Adult Volleyball .....	3,550	3,613	3,493	120
Youth Football.....	28,350	50,549	44,854	5,695
Supervised Gym .....	1,975	-	-	-
Learn to swim .....	7,375	6,763	7,031	(268)
Therapeutics.....	2,700	1,616	1,021	595
Youth Basketball .....	23,250	24,011	24,011	-
Youth Soccer .....	22,775	24,061	24,061	-
Special Events .....	17,000	15,014	15,014	-
Downtown Christmas .....	3,275	2,299	2,299	-
Yoga.....	3,625	5,146	5,666	(520)
Fishing Derby .....	1,325	1,062	1,062	-
Halloween Fun.....	1,400	1,596	1,596	-
Dog Obedience .....	925	620	620	-
Preschool Program .....	11,700	18,782	18,782	-
Miscellaneous – trees, scholarships, etc. ....	-	10,000	8,592	1,408
Total Recreational Programs .....	<u>470,120</u>	<u>509,055</u>	<u>490,157</u>	<u>18,898</u>
<b>POOLS</b>				
John Sevier Pool.....	69,450	63,165	62,832	333
Alcoa Springbrook Pool.....	117,375	125,826	126,303	(477)
Total Pool Admissions .....	<u>186,825</u>	<u>188,991</u>	<u>189,135</u>	<u>(144)</u>
<b>CONCESSIONS</b>				
Vending.....	200	1,105	1,114	(9)
Everett Park Concessions .....	11,600	11,751	11,759	(8)
Sandy Springs Park Concessions .....	9,700	8,740	9,881	(1,141)
Everett Football Field Concessions .....	11,425	13,330	13,579	(249)

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
COMPARED TO BUDGET (Continued)  
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
CONCESSIONS (Continued)				
Everett Recreation Center Concessions .....	5,125	6,345	6,345	-
John Sevier Pool Concessions .....	14,075	13,076	13,929	(853)
Alcoa Springbrook Pool Concessions .....	35,750	31,321	34,169	(2,848)
Total Concessions .....	87,875	85,668	90,776	(5,108)
<b>OTHER EXPENDITURES:</b>				
Springbrook Recreation Center .....	102,225	105,638	105,478	160
Louisville Point Park .....	20,050	19,924	19,684	240
Everett Recreation Center .....	132,025	128,415	130,061	(1,646)
Parks' Maintenance .....	763,125	737,494	702,204	35,290
Administration .....	726,775	722,820	727,153	(4,333)
Marketing .....	10,500	13,575	-	13,575
Martin Luther King Center .....	85,060	98,974	98,632	342
Debt Retirement .....	33,000	33,000	33,000	-
Capital Outlay .....	-	5,000	5,034	(34)
Total Other Expenditures .....	1,872,760	1,864,840	1,821,246	43,594
Total Expenditures .....	2,617,580	2,648,554	2,591,314	57,240
<b>EXCESS OF REVENUES OVER</b>				
EXPENDITURES .....	\$ -	\$ 25,174	\$ 88,541	\$ 63,367

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**GENERAL FUND**  
**SCHEDULE OF CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2013

FUND BALANCE – July 1, 2012 .....	\$	386,491
ADD: Excess of Revenues Over Expenditure (Page 28).....		88,541
LESS: Operating transfers to Equipment Replacement Fund, Everett Equipment Replacement Fund and Capital Outlay Fund .....		<u>(38,000)</u>
FUND BALANCE – June 30, 2013.....	\$	<u>437,032</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Sale of equipment .....	\$ 7,851	\$ 7,851	\$ 7,851	\$ -
Interest on investments .....	789	789	789	-
<b>Total Revenues</b> .....	8,640	8,640	8,640	-
<b>EXPENDITURES:</b>				
Capital outlay .....	51,807	51,807	51,807	-
Program expenditures .....	3,000	3,000	3,000	-
<b>Total Expenditures</b> .....	54,807	54,807	54,807	-
<b>EXCESS (DEFICIT) OF REVENUES OVER</b>				
<b>EXPENDITURES</b> .....	(46,167)	(46,167)	(46,167)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfer from General Fund .....	15,000	15,000	15,000	-
<b>NET CHANGE IN FUND BALANCE</b> .....	(31,167)	(31,167)	(31,167)	-
<b>FUND BALANCE – JULY 1, 2012</b>	189,722	189,722	189,722	-
<b>FUND BALANCE – JUNE 30, 2013</b> .....	\$ 158,555	\$ 158,555	\$ 158,555	\$ -

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**EVERETT EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
REVENUES:				
Interest on investments .....	\$ 177	\$ 177	\$ 177	\$ -
EXPENDITURES – Capital Outlay .....	<u>3,397</u>	<u>3,397</u>	<u>3,397</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES .....	(3,220)	(3,220)	(3,220)	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund .....	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE .....	(220)	(220)	(220)	-
FUND BALANCE – JULY 1, 2012 .....	<u>52,424</u>	<u>52,424</u>	<u>52,424</u>	<u>-</u>
FUND BALANCE – JUNE 30, 2013 .....	<u>\$ 52,204</u>	<u>\$ 52,204</u>	<u>\$ 52,204</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Interest on investments .....	\$ 448	\$ 448	\$ 448	\$ -
<b>EXPENDITURES:</b>				
Capital Outlay .....	59,208	59,208	59,208	-
Program expenditures .....	<u>24</u>	<u>24</u>	<u>24</u>	-
Total Expenditures .....	<u>59,232</u>	<u>59,232</u>	<u>59,232</u>	-
<b>EXCESS (DEFICIT) OF REVENUES</b>				
<b>OVER EXPENDITURES .....</b>	(58,784)	(58,784)	(58,784)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfer from General Fund .....	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-
<b>NET CHANGE IN FUND BALANCE .....</b>	(38,784)	(38,784)	(38,784)	-
<b>FUND BALANCE – JULY 1, 2012 .....</b>	<u>450,004</u>	<u>450,004</u>	<u>450,004</u>	-
<b>FUND BALANCE – JUNE 30, 2013 .....</b>	<u>\$ 411,220</u>	<u>\$ 411,220</u>	<u>\$ 411,220</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND – SCHEDULE OF EXPENDITURES –  
COMPARED TO BUDGET  
June 30, 2013

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>RECREATIONAL PROGRAMS:</b>				
Personnel expenses.....	\$ 131,025	\$ 121,831	\$ 121,813	\$ 18
Small equipment.....	6,525	11,974	11,974	-
Repairs and maintenance.....	20,625	16,549	16,549	-
Utilities and telephone.....	275	-	-	-
Dues .....	2,125	1,545	1,545	-
Travel.....	500	416	416	-
Supplies/Miscellaneous.....	<u>105,770</u>	<u>147,834</u>	<u>127,381</u>	<u>20,453</u>
Subtotal.....	<u>266,845</u>	<u>300,149</u>	<u>279,678</u>	<u>20,471</u>
<b>POOLS:</b>				
Personnel expenses.....	105,000	105,717	105,861	(144)
Repair and Maintenance.....	15,000	15,617	15,617	-
Chemicals and supplies .....	27,000	30,144	30,144	-
Utilities and telephone.....	<u>39,825</u>	<u>37,513</u>	<u>37,513</u>	<u>-</u>
Subtotal.....	<u>186,825</u>	<u>188,991</u>	<u>189,135</u>	<u>(144)</u>
<b>POOLS &amp; PARKS CONCESSIONS:</b>				
Supplies.....	44,875	48,658	51,572	(2,914)
Personnel expenses.....	40,750	36,500	38,694	(2,194)
Small equipment/repairs.....	<u>2,250</u>	<u>510</u>	<u>510</u>	<u>-</u>
Subtotal.....	<u>87,875</u>	<u>85,668</u>	<u>90,776</u>	<u>(5,108)</u>
<b>OTHER EXPENDITURES:</b>				
Springbrook Recreation Center:				
Personnel expenses.....	74,300	79,818	79,658	160
Supplies.....	725	205	205	-
Repair and maintenance .....	3,000	4,964	4,964	-
Conferences and training.....	300	80	80	-
Utilities and telephone.....	<u>23,900</u>	<u>20,571</u>	<u>20,571</u>	<u>-</u>
Subtotal.....	<u>102,225</u>	<u>105,638</u>	<u>105,478</u>	<u>160</u>
Everett Adult Center:				
Personnel expenses.....	126,400	120,383	120,364	19
Repairs/maintenance/equipment .....	5,850	5,726	3,726	2,000
Conference and training .....	650	485	485	-
Utilities.....	21,000	21,909	21,909	-
Postage.....	250	-	-	-
Printing/Programs.....	11,025	18,553	18,553	-
Office Supplies .....	<u>850</u>	<u>997</u>	<u>997</u>	<u>-</u>
Subtotal.....	<u>166,025</u>	<u>168,053</u>	<u>166,034</u>	<u>2,019</u>

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND – SCHEDULE OF EXPENDITURES –  
COMPARED TO BUDGET (Continued)  
June 30, 2013

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>OTHER EXPENDITURES (Continued):</b>				
Everett Recreation Center:				
Personnel expenses .....	88,225	88,225	88,686	(461)
Supplies .....	500	337	337	-
Repair and maintenance .....	7,600	5,819	7,004	(1,185)
Conferences and training .....	1,000	465	465	-
Utilities and telephone .....	34,700	33,569	33,569	-
Subtotal .....	132,025	128,415	130,061	(1,646)
Martin Luther King Center:				
Personnel expenses .....	68,660	78,444	78,102	342
Supplies .....	3,300	2,548	2,548	-
Repair and maintenance .....	2,900	4,493	4,493	-
Conferences and training .....	400	255	255	-
Utilities and telephone .....	9,800	13,234	13,234	-
Subtotal .....	85,060	98,974	98,632	342
Maintenance:				
Personnel expenses .....	441,400	441,400	426,212	15,188
Supplies .....	21,600	21,600	19,874	1,726
Small equipment .....	15,000	15,000	3,072	11,928
Repair and maintenance .....	100,450	92,125	85,733	6,392
Conferences and training .....	1,400	834	834	-
Utilities and telephone .....	92,000	87,000	86,944	56
Rent .....	8,400	8,400	8,400	-
Insurance .....	82,875	71,135	71,135	-
Subtotal .....	763,125	737,494	702,204	35,290
Administration:				
Personnel services .....	504,425	498,697	498,030	667
Insurance .....	140,450	139,525	139,525	-
Supplies .....	14,900	20,096	20,096	-
Utilities and telephone .....	15,500	14,183	14,183	-
Postage .....	5,000	4,648	4,648	-
Dues and publications .....	3,200	4,208	4,208	-
Conferences and training .....	8,000	4,548	4,548	-
Contract services .....	26,300	33,373	33,373	-
Debt Commitment .....	33,000	33,000	33,000	-
Capital Outlay .....	9,000	5,000	5,034	(34)
Subtotal .....	759,775	757,278	756,645	633
Total Other Expenditures .....	67,800	77,944	72,721	5,223
Total Recreational Programs .....	\$ 2,617,580	\$ 2,648,554	\$ 2,591,314	\$ 57,240

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**CAPTIAL ASSETS USED IN GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF GENERAL CAPITAL ASSETS**  
June 30, 2013

Depreciable Capital Assets:	
Equipment .....	\$ <u>271,108</u>
 Investment in Capital Assets.....	 \$ <u>271,108</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**

For the Fiscal Year Ended June 30, 2013

	Capital Assets			Accumulated Depreciation				Net Book Value	
	Balance <u>7/1/12</u>	Current <u>Additions</u>	Current Retirements/ <u>Reclassifications</u>	Balance <u>6/30/13</u>	Balance <u>7/01/12</u>	Current <u>Additions</u>	Current <u>Retirements</u>		Balance <u>6/30/13</u>
Equipment:									
Administration.....	\$ 300,885	\$ 13,874	\$ -	\$ 314,759	\$ 256,198	\$ 12,027	\$ -	\$ 268,225	\$ 46,534
Concessions Equipment .....	37,325	500	(7,500)	30,325	22,845	1,642	(7,500)	16,987	13,338
Pool Equipment.....	29,400	26,988	-	56,388	17,281	4,173	-	21,454	34,934
Senior Citizens Center.....	79,145	3,397	-	82,542	74,568	1,836	-	76,404	6,138
Maintenance .....	448,625	42,564	(29,456)	461,733	325,134	32,093	(29,456)	327,771	133,962
Everett Center.....	46,939	22,682	-	69,621	42,472	1,536	-	44,008	25,613
Martin Luther King Center....	<u>29,555</u>	<u>9,441</u>	<u>-</u>	<u>38,996</u>	<u>27,720</u>	<u>687</u>	<u>-</u>	<u>28,407</u>	<u>10,589</u>
Totals .....	<u>\$ 971,874</u>	<u>\$ 119,446</u>	<u>\$ (36,956)</u>	<u>\$ 1,054,364</u>	<u>\$ 766,218</u>	<u>\$ 53,994</u>	<u>\$ (36,956)</u>	<u>\$ 783,256</u>	<u>\$ 271,108</u>

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

Equipment Replacement Fund.....	\$ 55,204
Capital Outlay Fund.....	59,208
General Fund .....	<u>5,034</u>
Total	<u>\$ 119,446</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**SCHEDULE OF INSURANCE IN FORCE**  
June 30, 2013

<u>Insurance Company/Agency</u>	<u>Policy Number</u>	<u>Period</u>	<u>Description</u>
TML Risk Management Pool	TMP-0699	7-12-12 to 7-12-13	\$50,000 Contents coverage at 80% co-insurance – Everett Rec. Center, 318 So. Everett High Road  \$80,000 Contents coverage at 80% co-insurance – Bldgs. On Birchfield St., (Senior Citizens Center)  \$85,000 Contents coverage at 80% co-insurance -Bldg. at 316 Everett High Rd.  \$50,000 Contents coverage at 80% co-insurance - Bldg. at 614 Evan Cir.  \$5,000 Contents coverage at 80% co-insurance – Bldg. on Dalton St.  \$40,000 Contents coverage at 80% co-insurance – MLK Bldg. At 209 E. Franklin Street
The Ohio Casualty Insurance Company/Crum & Blazer Insurance, Inc.	91383710	10-25-12 to 10-25-13	\$10,000 Surety Bond, Recreation and Parks Dir., Superintendent of Recreation, Accounting Technician, Assistant Director of Athletics and Secretary. Senior Citizens: Dir., Assistant Dir., and Clerk
Tennessee Municipal League Pool	TML-362	12-31-12 to 12-31-15	\$600,000 Public Officials Personal Liability; \$250,000 General Liability - Bodily Injury, Property Damage, Automobile
Tennessee Municipal League Pool	WC-0347	7-1-13 to 7-1-16	Statutory Workmen's Compensation

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

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

June 30, 2013



**JOE S. INGRAM, CPA (1948 – 2011)**  
**LONAS D. OVERHOLT, CPA**  
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October 29, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 29, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. It is intended solely for the information and use of the governing body, Commission's management, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

*Ingram, Overholt & Bean, PC*