



**ANNUAL FINANCIAL REPORT  
SEVIER COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2013**



**ANNUAL FINANCIAL REPORT**  
**SEVIER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*COMPTROLLER OF THE TREASURY*  
*JUSTIN P. WILSON*

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
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*Director*

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*DOUG SANDIDGE, CISA, CFE*  
*State Auditors*

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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# ***Audit Highlights***

Annual Financial Report  
Sevier County, Tennessee  
For the Year Ended June 30, 2013

## ***Scope***

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2013.

## ***Results***

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

Our audit resulted in four 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 Practice***

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

### **OFFICE OF COUNTY MAYOR**

- ◆ The office did not require a depository to adequately collateralize funds.
- ◆ Ambulance Service collections were not reconciled with county trustee reports.
- ◆ Duties were not segregated adequately in the Water Department.

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### **OFFICE OF CLERK AND MASTER**

- ◆ Multiple employees operated from the same cash drawer.

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### **BEST PRACTICE**

Sevier County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice 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.

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# INTRODUCTORY SECTION

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# Sevier County Officials

## June 30, 2013

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### **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 of Deeds  
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**

Becky Barnes, Chairman  
John McClure  
Mike Oakley

Mark Strange  
Charles Temple

### **Audit Committee**

Kent Woods  
Ronnie Whaley  
Fred Atchley  
Gary Cole

Warren Hurst  
Ben Clabo  
David Norton

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## FINANCIAL SECTION

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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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the county'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 did not audit the financial statements of the Sevier County Emergency Communications District, which represent 1.8 percent, 2.4 percent, and .9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Sevier County Public Building Authority, which represent 2.4 percent, two percent, and .04 percent,

respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports 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 solely on the reports of the other auditors. 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, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

We draw attention to Note V.B. to the financial statements, which describes a restatement to the beginning balance of Governmental Activities and of the nonmajor governmental funds totaling \$10,765. This restatement was made to reclassify the District Attorney General Fund from a special revenue fund to an agency fund.

As described in Note V.B., Sevier County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained*

*in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, Reporting Deferred Outflows, Deferred Inflows and Net Position, which became effective for the year ended June 30, 2013. Sevier County early implemented Statement No. 65, Items Previously Reported as Assets and Liabilities and Statement No. 66, Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62, which have an effective date of June 30, 2014.*

## ***Other Matters***

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefits plan on pages 98-101 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier County's basic financial statements. 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 basic 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

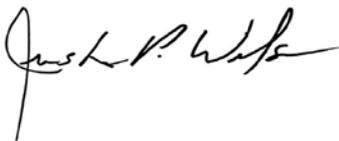
(a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 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 fairly stated, in all material respects, in relation to the basic 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of Sevier County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sevier County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 18, 2013

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Sevier County, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Government			Component Units		
	Governmental		Total	Sevier County		Public Building Authority
	Activities	Business-type Activities		School Department	Emergency Communications District	
<b>ASSETS</b>						
Cash	\$ 1,534,301	\$ 200	\$ 1,534,501	\$ 3,058	\$ 406,087	\$ 51,275
Equity in Pooled Cash and Investments	61,931,854	380,913	62,312,767	16,749,354	0	0
Investments	0	0	0	0	1,650,162	1,883,861
Accounts Receivable	3,937,921	27,078	3,964,999	300,666	69,203	0
Allowance for Uncollectibles	(1,181,171)	(2,598)	(1,183,769)	0	0	0
Due from Other Governments	2,883,459	0	2,883,459	8,485,569	0	0
Due from Component Units	201,772	0	201,772	0	0	0
Property Taxes Receivable	30,483,307	0	30,483,307	32,017,057	0	0
Allowance for Uncollectible Property Taxes	(1,701,398)	0	(1,701,398)	(1,787,004)	0	0
Prepaid Items	0	0	0	0	30,860	0
Other Restricted Assets	0	0	0	0	0	1,187,697
Capital Assets						
Assets Not Depreciated:						
Land	6,271,926	0	6,271,926	13,141,839	0	1,181,941
Construction in Progress	7,402,513	744,694	8,147,207	25,760,815	2,955	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	33,991,287	0	33,991,287	72,133,552	397,065	0
Other Capital Assets	4,896,888	20,104	4,916,992	5,413,045	724,129	0
Infrastructure	73,395,498	17,202,275	90,597,773	1,405,493	0	0
Total Assets	\$ 224,048,157	\$ 18,372,666	\$ 242,420,823	\$ 173,623,444	\$ 3,280,461	\$ 4,304,774
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 1,740,945	\$ 0	\$ 1,740,945	\$ 0	\$ 0	\$ 0
Deferred Charge on Refunding	472,671	0	472,671	0	0	0
Total Deferred Outflows of Resources	\$ 2,213,616	\$ 0	\$ 2,213,616	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Emergency Communications District	Public Building Authority
	\$ 955,329	\$ 9,092	\$ 964,421	\$ 656,708	\$ 225,920	\$ 276
Accounts Payable	756,036	4,024	760,060	0	0	0
Accrued Payroll	163,933	0	163,933	0	0	0
Accrued Interest Payable	128,927	660	129,587	0	0	0
Payroll Deductions Payable	0	0	0	527,646	0	0
Contracts Payable	0	0	0	26,700	0	0
Retainage Payable	4,028,190	0	4,028,190	0	0	0
Derivative - Interest Rate Swap	0	0	0	201,772	0	0
Due to Primary Government	0	0	0	0	0	0
Payable from Restricted Assets - Conduit Debt	0	0	0	1,749,000	0	1,187,697
Other Notes Payable	0	0	0	3,602,874	7,944	519,958
Other Current Liabilities	0	0	0	0	0	0
Noncurrent Liabilities:						
Due Within One Year	6,701,156	0	6,701,156	0	0	0
Due in More Than One Year (net of unamortized premium on debt)	119,833,152	0	119,833,152	16,088,793	0	0
Total Liabilities	\$ 132,566,723	\$ 13,776	\$ 132,580,499	\$ 22,853,493	\$ 233,864	\$ 1,707,931

DEFERRED INFLOWS OF RESOURCES

Accumulated Increase in Fair Value of Hedging Derivatives	\$ 164,947	\$ 0	\$ 164,947	\$ 0	\$ 0	\$ 0
Deferred Current Property Taxes	27,410,359	0	27,410,359	28,789,494	0	0
Total Deferred Inflows of Resources	\$ 27,575,306	\$ 0	\$ 27,575,306	\$ 28,789,494	\$ 0	\$ 0

(Continued)

Exhibit A

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

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Emergency Communications District	Public Building Authority
Net Investment in Capital Assets	\$ 86,802,001	\$ 0	\$ 86,802,001	\$ 0	\$ 0	0
Investment in Capital Assets Restricted for:	0	17,697,073	17,697,073	117,854,744	1,124,149	1,181,941
General Government	37,619	0	37,619	0	0	0
Administration of Justice	379,830	0	379,830	0	0	0
Public Safety	45,892	0	45,892	0	0	0
Other Operations	3,184,497	0	3,184,497	0	0	0
Highways	5,548,572	0	5,548,572	0	0	0
Education	0	0	0	620,413	0	0
Debt Service	32,835,172	0	32,835,172	0	0	0
Capital Outlay	520,784	0	520,784	0	0	0
Unrestricted	(63,234,623)	391,817	(62,842,806)	3,505,300	1,922,448	1,414,902
Total Net Position	\$ 66,119,744	\$ 18,358,890	\$ 84,478,634	\$ 121,980,457	\$ 3,046,597	\$ 2,596,843

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, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										
	Program Revenues					Primary Government			Component Units		
	Expenses	Charges for Services	Operating Contributions	Grants and Contributions	Capital Contributions	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Emergency Communications District	Public Building Authority
Primary Government:											
Governmental Activities:											
General Government	\$ 5,477,775	\$ 1,762,033	\$ 15,164	\$ 0	\$ 0	\$ (3,700,578)	\$ 0	\$ (3,700,578)	\$ 0	\$ 0	\$ 0
Finance	2,938,220	3,737,059	0	0	0	798,839	0	798,839	0	0	0
Administration of Justice	3,310,506	1,783,598	179,795	0	0	(1,347,113)	0	(1,347,113)	0	0	0
Public Safety	13,804,046	2,137,743	823,462	26,618	0	(10,816,223)	0	(10,816,223)	0	0	0
Public Health and Welfare	9,624,842	2,975,020	409,399	443,685	0	(5,796,738)	0	(5,796,738)	0	0	0
Social, Cultural, and Recreational Services	4,175,870	31,405	82,138	42,302	0	(4,020,025)	0	(4,020,025)	0	0	0
Agriculture and Natural Resources	452,384	0	0	0	0	(452,384)	0	(452,384)	0	0	0
Other Operations	3,995,532	11,257	0	1,234,050	0	(2,750,225)	0	(2,750,225)	0	0	0
Highways	12,162,808	125,633	2,436,360	503,337	0	(9,097,478)	0	(9,097,478)	0	0	0
Education	3,960,503	1,342,462	0	0	0	(2,618,041)	0	(2,618,041)	0	0	0
Interest on Long-term Debt	4,673,576	0	0	0	0	(4,673,576)	0	(4,673,576)	0	0	0
Debt Service	261,579	0	0	0	0	(261,579)	0	(261,579)	0	0	0
<b>Total Primary Government</b>	<b>\$ 64,837,641</b>	<b>\$ 13,906,210</b>	<b>\$ 3,946,318</b>	<b>\$ 2,249,992</b>	<b>\$ 2,249,992</b>	<b>\$ (44,735,121)</b>	<b>\$ 0</b>	<b>\$ (44,735,121)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Business-type Activities:											
Public Utility Fund	\$ 735,027	\$ 139,920	\$ 0	\$ 0	\$ 0	\$ 0	\$ (595,107)	\$ (595,107)	\$ 0	\$ 0	\$ 0
<b>Total Business-type Activities</b>	<b>\$ 735,027</b>	<b>\$ 139,920</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (595,107)</b>	<b>\$ (595,107)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 65,572,668</b>	<b>\$ 14,046,130</b>	<b>\$ 3,946,318</b>	<b>\$ 2,249,992</b>	<b>\$ 2,249,992</b>	<b>\$ (44,735,121)</b>	<b>\$ (595,107)</b>	<b>\$ (45,330,228)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:											
Sevier County School Department	\$ 136,731,458	\$ 1,986,347	\$ 12,395,615	\$ 3,611,666	\$ 0	\$ 0	\$ 0	\$ (118,757,830)	\$ 0	\$ 0	\$ 0
Emergency Communications District	1,172,204	983,960	233,661	0	0	0	0	0	45,417	0	0
Public Building Authority	41,325	33,149	0	0	0	0	0	0	0	0	(8,176)
<b>Total Component Units</b>	<b>\$ 137,944,987</b>	<b>\$ 2,983,456</b>	<b>\$ 12,629,276</b>	<b>\$ 3,611,666</b>	<b>\$ 3,611,666</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (118,757,830)</b>	<b>\$ 45,417</b>	<b>\$ (8,176)</b>	<b>\$ (8,176)</b>

(Continued)

Exhibit B

Sevier County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Charges for		Primary Government			Sevier		Emergency		
	Services	Operating Grants and Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	County School Department	Communications District	Public Building Authority		
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes			\$ 16,789,283	\$ 0	\$ 16,789,283	\$ 30,074,233	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Special Purposes			723,646	0	723,646	0	0	0	0	0
Property Taxes Levied for Highways			6,136,769	0	6,136,769	0	0	0	0	0
Property Taxes Levied for Debt Service			5,051,412	0	5,051,412	0	0	0	0	0
Local Option Sales Taxes			4,133,152	0	4,133,152	44,556,839	0	0	0	0
Other Local Taxes			5,450,464	0	5,450,464	289,792	0	0	0	0
Hotel/Motel Tax			0	0	0	2,411,546	0	0	0	0
Business Tax			0	0	0	0	0	0	0	0
Wholesale Beer Tax			0	0	0	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs			7,899,179	0	7,899,179	43,032,042	0	0	0	0
Unrestricted Investment Income			1,346,118	0	1,346,118	4,486	14,966	19,557	0	0
Miscellaneous			158,872	0	158,872	140,627	0	0	0	0
Total General Revenues			\$ 47,688,895	\$ 0	\$ 47,688,895	\$ 120,509,565	\$ 14,966	\$ 19,557	\$ 0	\$ 0
Change in Fair Value of Derivatives - Interest Rate Swap			\$ (2,452,192)	\$ 0	\$ (2,452,192)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers			(1,957,146)	1,957,146	0	0	0	0	0	0
Change in Net Position			\$ (1,455,564)	\$ 1,362,039	\$ (93,525)	\$ 1,751,735	\$ 60,383	\$ 11,381	\$ 2,585,462	\$ 11,381
Net Position, July 1, 2012			68,823,946	16,996,851	85,820,797	120,228,722	2,986,214	2,585,462	0	0
Prior-period Adjustment - Accounting Changes			(1,248,638)	0	(1,248,638)	0	0	0	0	0
Net Position, June 30, 2013			\$ 66,119,744	\$ 18,358,890	\$ 84,478,634	\$ 121,980,457	\$ 3,046,597	\$ 2,596,843	\$ 0	\$ 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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 375	\$ 0	\$ 0	\$ 2,150	\$ 2,525
Equity in Pooled Cash and Investments	15,439,615	4,657,419	32,724,655	9,110,165	61,931,854
Accounts Receivable	3,861,948	27,255	46,671	1,952	3,937,826
Allowance for Uncollectibles	(1,181,171)	0	0	0	(1,181,171)
Due from Other Governments	1,655,043	820,525	0	407,891	2,883,459
Due from Other Funds	91,776	103,777	72,874	0	268,427
Property Taxes Receivable	17,829,859	6,518,443	5,368,129	766,876	30,483,307
Allowance for Uncollectible Property Taxes	(995,158)	(363,821)	(299,617)	(42,802)	(1,701,398)
Total Assets	\$ 36,702,287	\$ 11,763,598	\$ 37,912,712	\$ 10,246,232	\$ 96,624,829
<u>LIABILITIES</u>					
Accounts Payable	\$ 249,769	\$ 301,518	\$ 0	\$ 221,575	\$ 772,862
Accrued Payroll	683,690	41,696	0	30,650	756,036
Payroll Deductions Payable	117,055	7,070	0	4,802	128,927
Due to Other Funds	172,640	3,407	86,626	181,801	444,474
Total Liabilities	\$ 1,223,154	\$ 353,691	\$ 86,626	\$ 438,828	\$ 2,102,299
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 16,032,474	\$ 5,861,335	\$ 4,826,981	\$ 689,569	\$ 27,410,359
Deferred Delinquent Property Taxes	659,590	241,140	198,586	28,370	1,127,686
Other Deferred/Unavailable Revenue	1,676,599	214,678	0	177,500	2,068,777
Total Deferred Inflows of Resources	\$ 18,368,663	\$ 6,317,153	\$ 5,025,567	\$ 895,439	\$ 30,606,822
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 37,619	\$ 37,619
Restricted for Administration of Justice	0	0	0	1,854,597	1,854,597
Restricted for Public Safety	8,578	0	0	37,314	45,892
Restricted for Public Health and Welfare	0	0	0	4,209,005	4,209,005
Restricted for Other Operations	3,184,497	0	0	0	3,184,497
Restricted for Highways/Public Works	0	5,092,754	0	0	5,092,754
Restricted for Capital Outlay	0	0	0	2,226,338	2,226,338
Restricted for Debt Service	0	0	32,800,519	0	32,800,519
Committed:					
Committed for Public Health and Welfare	0	0	0	245,795	245,795
Committed for Capital Projects	0	0	0	301,297	301,297
Unassigned	13,917,395	0	0	0	13,917,395
Total Fund Balances	\$ 17,110,470	\$ 5,092,754	\$ 32,800,519	\$ 8,911,965	\$ 63,915,708
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,702,287	\$ 11,763,598	\$ 37,912,712	\$ 10,246,232	\$ 96,624,829

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 Position  
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 63,915,708
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 6,271,926	
Add: construction in progress	7,402,513	
Add: infrastructure net of accumulated depreciation	73,395,498	
Add: buildings and improvements net of accumulated depreciation	33,991,287	
Add: other capital assets net of accumulated depreciation	<u>4,896,888</u>	125,958,112
(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 position.		1,525,451
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (600,000)	
Less: other loans payable	(78,201,671)	
Less: bonds payable	(45,434,365)	
Less: other postemployment benefits liability	(1,604,200)	
Less: capital leases payable	(201,772)	
Add: capital lease payments to be contributed by School Department	201,772	
Add: deferred amount on refunding	472,671	
Less: accrued interest on bonds and other loans	(163,933)	
Less: fair value of investment-type derivative - interest rate swap	(2,452,192)	
Less: other deferred revenue - premium on debt	<u>(492,300)</u>	(128,475,990)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,196,463</u>
Net position of governmental activities (Exhibit A)		<u>\$ 66,119,744</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, 2013

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b>Revenues</b>					
Local Taxes	\$ 24,754,477	\$ 6,374,999	\$ 5,228,317	\$ 2,918,326	\$ 39,276,119
Licenses and Permits	554,617	0	0	0	554,617
Fines, Forfeitures, and Penalties	356,028	0	0	81,707	437,735
Charges for Current Services	3,401,933	0	0	49,808	3,451,741
Other Local Revenues	221,476	99,583	1,032,982	128,921	1,482,962
Fees Received from County Officials	6,156,535	0	0	0	6,156,535
State of Tennessee	3,648,327	2,851,424	0	80,685	6,580,436
Federal Government	1,051,715	0	0	1,710,845	2,762,560
Other Governments and Citizens Groups	491,560	117,236	5,300,945	50,000	5,959,741
<b>Total Revenues</b>	<b>\$ 40,636,668</b>	<b>\$ 9,443,242</b>	<b>\$ 11,562,244</b>	<b>\$ 5,020,292</b>	<b>\$ 66,662,446</b>
<b>Expenditures</b>					
Current:					
General Government	\$ 6,105,286	\$ 0	\$ 0	\$ 58,655	\$ 6,163,941
Finance	2,990,772	0	0	225	2,990,997
Administration of Justice	3,032,552	0	0	206,522	3,239,074
Public Safety	13,410,095	0	0	262,117	13,672,212
Public Health and Welfare	5,171,710	0	0	2,867,980	8,039,690
Social, Cultural, and Recreational Services	1,651,656	0	0	3,111	1,654,767
Agriculture and Natural Resources	442,290	0	0	2,500	444,790
Other Operations	4,593,705	0	0	106,519	4,700,224
Highways	232,483	10,104,826	0	0	10,337,309
Debt Service:					
Principal on Debt	0	0	6,255,023	0	6,255,023
Interest on Debt	0	0	4,416,888	0	4,416,888
Other Debt Service	0	0	215,019	46,560	261,579
Capital Projects	2,624,995	0	0	6,049,368	8,674,363
Capital Projects - Donated	0	0	0	2,908,512	2,908,512
<b>Total Expenditures</b>	<b>\$ 40,255,544</b>	<b>\$ 10,104,826</b>	<b>\$ 10,886,930</b>	<b>\$ 12,512,069</b>	<b>\$ 73,759,369</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 381,124	\$ (661,584)	\$ 675,314	\$ (7,491,777)	\$ (7,096,923)
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 3,540,000	\$ 3,540,000
Notes Issued	0	0	0	600,000	600,000
Refunding Debt Issued	0	0	6,410,000	0	6,410,000
Premiums on Debt Issued	0	0	252,865	82,985	335,850
Insurance Recovery	79,020	5,392	0	5,791	90,203
Transfers In	0	0	0	131,000	131,000
Transfers Out	(131,000)	0	0	0	(131,000)
Payments to Refunded Debt Escrow Agent	0	0	(6,582,725)	0	(6,582,725)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (51,980)</b>	<b>\$ 5,392</b>	<b>\$ 80,140</b>	<b>\$ 4,359,776</b>	<b>\$ 4,393,328</b>
Net Change in Fund Balances	\$ 329,144	\$ (656,192)	\$ 755,454	\$ (3,132,001)	\$ (2,703,595)
Prior-period Adjustments	0	0	0	(10,765)	(10,765)
Fund Balance, July 1, 2012	16,781,326	5,748,946	32,045,065	12,054,731	66,630,068
<b>Fund Balance, June 30, 2013</b>	<b>\$ 17,110,470</b>	<b>\$ 5,092,754</b>	<b>\$ 32,800,519</b>	<b>\$ 8,911,965</b>	<b>\$ 63,915,708</b>

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, 2013

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)		\$ (2,703,595)
(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	\$ 14,675,459	
Less: current-year depreciation expense	<u>(10,577,108)</u>	4,098,351
(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	\$ (1,957,146)	
Less: book value of assets disposed	<u>(56,070)</u>	(2,013,216)
(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, 2013	\$ 3,196,463	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(3,708,426)</u>	(511,963)
(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 position. Also, governmental funds report the effect of 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: note proceeds	\$ (600,000)	
Less: bond proceeds	(3,540,000)	
Less: refunding bond proceeds	(6,410,000)	
Less: change in premium on debt issuances	(218,741)	
Add: principal payments on bonds	3,540,027	
Add: principal payments on other loans	2,714,996	
Add: bonds refunded	6,550,000	
Less: termination of hedge relationship - interest rate swap	(989,022)	
Less: change in deferred amount on refunding debt	<u>(79,449)</u>	967,811

(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	\$	53,486
Change in other postemployment benefits liability		<u>(382,090)</u>
	\$	(328,604)
(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.		498,822
(7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		<u>(1,463,170)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(1,455,564)</u></u>

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

Exhibit C-5

Sevier County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 24,754,477	\$ 23,485,000	\$ 23,548,476	\$ 1,206,001
Licenses and Permits	554,617	535,000	535,000	19,617
Fines, Forfeitures, and Penalties	356,028	332,100	332,100	23,928
Charges for Current Services	3,401,933	3,501,000	3,501,000	(99,067)
Other Local Revenues	221,476	378,000	176,713	44,763
Fees Received from County Officials	6,156,535	5,803,000	5,803,000	353,535
State of Tennessee	3,648,327	3,132,017	3,375,220	273,107
Federal Government	1,051,715	116,000	1,017,096	34,619
Other Governments and Citizens Groups	491,560	550,000	568,280	(76,720)
<b>Total Revenues</b>	<b>\$ 40,636,668</b>	<b>\$ 37,832,117</b>	<b>\$ 38,856,885</b>	<b>\$ 1,779,783</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 537,309	\$ 587,340	\$ 573,800	\$ 36,491
Beer Board	5,202	11,500	11,500	6,298
Other Boards and Committees	684,678	710,193	703,193	18,515
County Mayor/Executive	686,336	673,981	693,876	7,540
Election Commission	659,398	649,855	663,330	3,932
Register of Deeds	532,561	565,045	553,045	20,484
Planning	289,269	302,678	306,078	16,809
Building	170,014	178,242	178,242	8,228
Geographical Information Systems	102,006	105,646	105,646	3,640
County Buildings	1,644,370	1,567,338	1,645,138	768
Other Facilities	174,885	204,400	204,400	29,515
Other General Administration	430,283	444,810	439,810	9,527
Preservation of Records	188,975	189,969	189,969	994
<u>Finance</u>				
Property Assessor's Office	1,138,416	1,165,219	1,167,919	29,503
County Trustee's Office	538,858	585,544	582,544	43,686
County Clerk's Office	1,103,851	1,170,059	1,153,059	49,208
Data Processing	209,647	213,205	213,205	3,558
<u>Administration of Justice</u>				
Circuit Court	850,883	870,273	877,273	26,390
General Sessions Court	693,400	705,478	705,478	12,078
General Sessions Judge	513,514	528,301	528,301	14,787
Drug Court	50,581	183,005	90,531	39,950
Chancery Court	383,237	386,949	387,949	4,712
Juvenile Court	128,819	132,119	132,119	3,300
District Attorney General	69,094	73,117	74,217	5,123
Judicial Commissioners	289,951	300,099	300,099	10,148
Other Administration of Justice	0	170,810	22,722	22,722
Victims Assistance Programs	53,073	55,610	55,610	2,537
<u>Public Safety</u>				
Sheriff's Department	5,863,169	5,979,773	6,012,171	149,002
Drug Enforcement	214,976	216,453	216,453	1,477
Jail	5,069,613	4,847,078	5,081,178	11,565
Juvenile Services	348,613	360,360	360,360	11,747

(Continued)

Exhibit C-5

Sevier County, Tennessee  
Statement 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>Public Safety (Cont.)</u>				
Fire Prevention and Control	\$ 889,000	\$ 889,000	\$ 889,000	\$ 0
Civil Defense	4,000	4,000	4,000	0
Rescue Squad	90,000	90,000	90,000	0
Other Emergency Management	161,013	133,855	163,590	2,577
County Coroner/Medical Examiner	98,021	98,205	98,205	184
Other Public Safety	671,690	716,687	708,687	36,997
<u>Public Health and Welfare</u>				
Local Health Center	98,941	84,229	110,284	11,343
Rabies and Animal Control	85,000	85,000	85,000	0
Ambulance/Emergency Medical Services	3,880,223	4,032,180	4,004,180	123,957
Maternal and Child Health Services	559,171	622,002	619,002	59,831
Other Local Health Services	131,004	184,360	184,360	53,356
Appropriation to State	86,238	86,261	86,261	23
Other Local Welfare Services	24,637	32,000	32,000	7,363
Other Public Health and Welfare	306,496	337,988	331,988	25,492
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	350,374	309,952	359,307	8,933
Libraries	1,212,830	1,239,414	1,246,462	33,632
Parks and Fair Boards	88,452	103,148	103,148	14,696
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	230,113	231,217	231,217	1,104
Forest Service	1,000	1,000	1,000	0
Soil Conservation	43,499	44,088	44,088	589
Storm Water Management	167,678	176,321	176,321	8,643
<u>Other Operations</u>				
Tourism	1,141,541	1,179,776	1,179,776	38,235
Veterans' Services	121,474	121,543	121,543	69
Contributions to Other Agencies	169,991	175,000	175,000	5,009
Employee Benefits	994,811	979,000	1,048,400	53,589
ARRA Grant # 5	0	0	169,952	169,952
Miscellaneous	2,165,888	1,499,000	2,209,759	43,871
<u>Highways</u>				
Litter and Trash Collection	211,447	210,165	216,165	4,718
Other Charges	21,036	28,500	28,500	7,464
<u>Capital Projects</u>				
Other General Government Projects	2,624,995	753,000	3,132,382	507,387
Total Expenditures	\$ 40,255,544	\$ 38,581,340	\$ 42,078,792	\$ 1,823,248
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 381,124	\$ (749,223)	\$ (3,221,907)	\$ 3,603,031
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 79,020	\$ 0	\$ 55,198	\$ 23,822
Transfers Out	(131,000)	0	(131,000)	0
Total Other Financing Sources	\$ (51,980)	\$ 0	\$ (75,802)	\$ 23,822

(Continued)

Exhibit C-5

Sevier County, Tennessee  
Statement 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	
Net Change in Fund Balance	\$ 329,144	\$ (749,223)	\$ (3,297,709)	\$ 3,626,853
Fund Balance, July 1, 2012	16,781,326	12,191,933	12,191,933	4,589,393
Fund Balance, June 30, 2013	\$ 17,110,470	\$ 11,442,710	\$ 8,894,224	\$ 8,216,246

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

Exhibit C-6

Sevier County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,374,999	\$ 6,021,000	\$ 6,021,000	\$ 353,999
Other Local Revenues	99,583	98,000	98,000	1,583
State of Tennessee	2,851,424	2,595,662	2,595,662	255,762
Other Governments and Citizens Groups	117,236	68,300	68,300	48,936
Total Revenues	<u>\$ 9,443,242</u>	<u>\$ 8,782,962</u>	<u>\$ 8,782,962</u>	<u>\$ 660,280</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 267,727	\$ 289,842	\$ 289,842	\$ 22,115
Highway and Bridge Maintenance	7,088,857	8,039,196	8,039,196	950,339
Operation and Maintenance of Equipment	1,221,038	1,287,413	1,287,413	66,375
Quarry Operations	285,750	313,762	313,762	28,012
Other Charges	304,800	322,000	322,000	17,200
Employee Benefits	107,865	125,480	125,480	17,615
Capital Outlay	828,789	849,143	849,143	20,354
Total Expenditures	<u>\$ 10,104,826</u>	<u>\$ 11,226,836</u>	<u>\$ 11,226,836</u>	<u>\$ 1,122,010</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (661,584)</u>	<u>\$ (2,443,874)</u>	<u>\$ (2,443,874)</u>	<u>\$ 1,782,290</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,392	\$ 5,000	\$ 5,000	\$ 392
Total Other Financing Sources	<u>\$ 5,392</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 392</u>
Net Change in Fund Balance	\$ (656,192)	\$ (2,438,874)	\$ (2,438,874)	\$ 1,782,682
Fund Balance, July 1, 2012	<u>5,748,946</u>	<u>5,748,946</u>	<u>5,748,946</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 5,092,754</u>	<u>\$ 3,310,072</u>	<u>\$ 3,310,072</u>	<u>\$ 1,782,682</u>

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

Exhibit D-1

Sevier County, Tennessee  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Business-type Activities - <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
	Public Utility Fund	
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 200	\$ 1,531,776
Equity in Pooled Cash and Investments	380,913	0
Accounts Receivable	27,078	95
Allowance for Uncollectibles	(2,598)	0
Due from Other Funds	0	176,047
Total Current Assets	<u>\$ 405,593</u>	<u>\$ 1,707,918</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	\$ 744,694	\$ 0
Assets Net of Accumulated Depreciated:		
Infrastructure	17,202,275	0
Other Capital Assets	20,104	0
Total Noncurrent Assets	<u>\$ 17,967,073</u>	<u>\$ 0</u>
Total Assets	<u>\$ 18,372,666</u>	<u>\$ 1,707,918</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 9,092	\$ 182,467
Accrued Payroll	4,024	0
Payroll Deductions Payable	660	0
Total Liabilities	<u>\$ 13,776</u>	<u>\$ 182,467</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 17,967,073	\$ 0
Unrestricted	<u>391,817</u>	<u>1,525,451</u>
Total Net Position	<u>\$ 18,358,890</u>	<u>\$ 1,525,451</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 Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Public Utility Fund	
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 7,005,721
Patient Charges	0	150,310
Water Sales	107,728	0
Water Tap Sales	26,312	0
Service Charges	5,880	0
Total Operating Revenues	<u>\$ 139,920</u>	<u>\$ 7,156,031</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 449,382
Employee and Dependent Insurance	0	115,372
Life Insurance	0	141,966
Disability Insurance	0	26,765
Excess Risk Insurance	0	505,854
Medical Claims	0	4,348,632
Other Self-Insured Claims	0	1,077,914
Supervisor/Director	57,503	0
Longevity	500	0
Other Salaries and Wages	39,075	0
Social Security	5,669	0
State Retirement	9,018	0
Employee and Dependent Insurance	14,880	0
Employer Medicare	1,326	0
Bank Charges	290	0
Communication	1,456	0
Consultants	82,551	0
Contracts with Government Agencies	145,948	0
Legal Services	1,051	0
Maintenance and Repair Services - Equipment	28,837	0
Maintenance and Repair Services - Vehicles	4,571	0
Postal Charges	2,656	0
Other Contracted Services	9,810	0
Electricity	2,404	0
Gasoline	6,643	0
Office Supplies	2,349	0
Utilities	6,688	0
Other Supplies and Materials	20,781	0
Liability Insurance	2,000	0
Trustee's Commission	1,205	0
Vehicle and Equipment Insurance	800	0
Depreciation	287,016	0
Total Operating Expenses	<u>\$ 735,027</u>	<u>\$ 6,665,885</u>
Operating Income (Loss)	<u>\$ (595,107)</u>	<u>\$ 490,146</u>

(Continued)

Sevier County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds (Cont.)

	<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	\$ 3,676
Contributions	1,957,146	5,000
Total Nonoperating Revenues (Expenses)	<u>\$ 1,957,146</u>	<u>\$ 8,676</u>
Change in Net Position	\$ 1,362,039	\$ 498,822
Net Position, July 1, 2012	<u>16,996,851</u>	<u>1,026,629</u>
Net Position, June 30, 2013	<u><u>\$ 18,358,890</u></u>	<u><u>\$ 1,525,451</u></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, 2013

	<u>Business-type</u> <u>Activities</u>	
	<u>Enterprise</u> <u>Fund</u>	<u>Governmental</u> <u>Activities</u>
	<u>Public Utility</u> <u>Fund</u>	<u>Internal</u> <u>Service Funds</u>
<u>Cash Flows from Operating Activities</u>		
Receipts for Self-Insurance Premiums	\$ 0	\$ 7,079,432
Receipts for Patient Charges	0	150,310
Receipts from Customers and Users	121,525	0
Payments to Insurers	0	(789,957)
Payments for Claims	0	(5,781,687)
Payments for Administrative Costs	0	(449,382)
Payments to Vendors	(318,755)	0
Payments to Employees	(128,561)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (325,791)</u>	<u>\$ 208,716</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchases of Capital Assets	\$ (20,445)	\$ 0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (20,445)</u>	<u>\$ 0</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Contributions	\$ 0	\$ 5,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 0</u>	<u>\$ 5,000</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	\$ 0	\$ 3,676
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 3,676</u>
Increase (Decrease) in Cash	\$ (346,236)	\$ 217,392
Cash, July 1, 2012	<u>727,349</u>	<u>1,314,384</u>
Cash, June 30, 2013	<u>\$ 381,113</u>	<u>\$ 1,531,776</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (595,107)	\$ 490,146
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	287,016	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(20,553)	73,711
Increase (Decrease) in Allowance for Uncollectibles	2,157	0
Increase (Decrease) in Accounts Payable	519	(355,141)
Increase (Decrease) in Accrued Payroll	157	0
Increase (Decrease) in Payroll Deductions	20	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (325,791)</u>	<u>\$ 208,716</u>
<u>Noncash Investing, Capital, and Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 1,957,146	\$ 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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,802,487
Equity in Pooled Cash and Investments	278,093
Accounts Receivable	4,667
Due from Other Governments	<u>6,160,123</u>
Total Assets	<u>\$ 9,245,370</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 6,160,123
Due to Litigants, Heirs, and Others	2,824,546
Due to Joint Ventures	<u>260,701</u>
Total Liabilities	<u>\$ 9,245,370</u>

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

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**SEVIER COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**SEVIER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 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 Fair Association oversees the planning and operation of the annual Sevier County Fair, as well as, other events at the fairgrounds, and the Sevier County Commission appoints its governing body. The Fair Association is funded primarily through revenues collected for the use of the fairgrounds. Sevier County also makes annual contributions to the Fair Association. The financial statements of the Sevier County Fair Association were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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. Although required by GAAP, the financial statements of the Sevier County Fair Association were not available in time for inclusion, as previously mentioned. Complete financial statements of the Sevier County Emergency Communications District, the Sevier County Public Building Authority, and the Sevier County Fair Association 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

Sevier County Fair Association  
P.O. Box 4066  
Sevierville, TN 37864

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position 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 \$2,908,512 were contributed by the county to the School Department during the year ended June 30, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

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.

**Capital Projects Funds** – These funds are used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**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, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. 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 Fund** – The Other Capital Projects Fund is used to account for building construction and renovations of the School Department.

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 3.01 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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 fund 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 in the Education Capital Projects Fund totaling \$1,335 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Deferred charge on refunding is reported as a deferred outflow of resources in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The accumulated decrease in fair value of hedging derivatives as discussed in Note V.B., is also reported as a deferred outflow of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds; and the accumulated increase in fair value of hedging derivatives discussed in Note V.B. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. 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.

**6. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

**7. Net Position and Fund Balance**

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – 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 net position 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 net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Sevier County had \$77,701,991 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 position with no corresponding increase in the county's capital assets.

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.

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 has authorized the Finance Director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the School Department’s General Purpose School Fund consists of amounts for encumbrances (\$4,127,422) and fund balance appropriated for use in the 2013-14 year budget (\$5,705,454).

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.

**8. Prior-period Adjustments**

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general. An adjustment to beginning balances totaling \$10,765 has been recognized in the government-wide and the governmental funds financial statements.

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$1,237,873 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

**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 Position**

**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 Position.

### **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 Position.

#### **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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is 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, 2013, the Sevier County School Department reported the following significant encumbrances:

Fund	Description	Amount
General Purpose School	Textbooks	\$ 1,627,646
"	School Buses	917,000

**B. The County Had Deposits Exposed to Custodial Credit Risk**

The county mayor did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$110,864. Section 5-8-201, *Tennessee Code Annotated*, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

**C. Cash Shortage – Prior Years**

In 2009-10, a \$94,645 cash shortage was reported in the Office of County Clerk, which the clerk subsequently repaid. On May 23, 2012, the court ordered the clerk to pay an additional \$14,019 to the county for the costs of additional audit services related to this theft. As of June 30, 2013, the outstanding balance for audit costs totaled \$11,276.50.

**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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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.

**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a bank failure, Sevier County’s deposits may not be returned to it. Sevier County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Sevier County and the discretely presented Sevier County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2013, bank balances of \$110,864 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 110,864

The above \$110,864 was in the nonpooled bank balances in the proprietary funds. Uninsured and uncollateralized deposits are a violation of state statutes.

**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, 2013.

**B. Derivative Instruments**

At June 30, 2013, 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
\$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, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2013		6-30-13
	Classification	Amount	Classification	Amount	Notional Amount
<b>Governmental Activities</b>					
Pay-fixed interest rate swaps:					
\$3M Hybrid Swap:					
Cash Flow Hedge Portion	Deferred Inflow	\$ 133,772	Debt	\$ 133,772	\$ 3,000,000
Non-hedge Portion	Investment Earnings	148,286	Debt	(709,834)	
Total \$3M Hybrid Swap		<u>\$ 282,058</u>		<u>\$ (576,062)</u>	
\$4M Hybrid Swap:					
Cash Flow Hedge Portion	Deferred Inflow	\$ 31,175	Debt	\$ 31,175	\$ 1,930,000
Non-hedge Portion	Investment Earnings	65,244	Debt	(279,188)	
Total \$4M Hybrid Swap		<u>\$ 96,419</u>		<u>\$ (248,013)</u>	
\$13M Swap:					
Cash Flow Hedge	Deferred Outflow	<u>\$ 1,146,808</u>	Debt	<u>\$ (1,740,945)</u>	\$ 13,000,000
\$14.435M Swap:					
Investment Derivative	Investment Earnings	<u>\$ 772,491</u>	Debt	<u>\$ (1,463,170)</u>	\$ 11,790,000
Total		<u>\$ 2,297,776</u>		<u>\$ (4,028,190)</u>	

Sevier County has amended its variable rate debt instruments, which were associated with the \$4M and \$3M swap agreements. As a result, the county has recognized a termination of the original hedging relationships and recognized new hedging relationships between the swap agreements and the amended debt instruments. Amounts deferred in previous years attributable to the original hedging relationships have been removed and investments earnings or losses recognized in the current year for the portion of the swaps' values that are not attributable to the current hedge relationship. Changes in the portion of the swaps' fair values that are attributable to the current hedging relationship are deferred since they meet the effectiveness criteria of Governmental Accounting Standards Board (GASB) Statement No. 53. Sevier County also recognized the termination of hedging accounting for its \$14.435M swap during the year since it did not meet effectiveness criteria of GASB Statement No. 53 for the current year. Consequently, amounts deferred in prior years for the \$14,435M swap have also been removed and investment earnings or loss recognized in the current year.

### **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, 2013, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.440 %
Variable payment from counterparty	% of LIBOR	<u>-1.008</u>
Net interest rate swap payments		3.432 %
Variable-rate bond coupon payments		<u>0.623</u>
		<u>4.055 %</u>

**Fair value.** As of June 30, 2013, the swap had a negative fair value of \$576,062. 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, 2013, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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, 2013, 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 if the bond rate increases 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, 2013, 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		
2014	\$ 0	\$ 18,690	\$ 102,958	\$	121,648
2015	0	18,690	102,958		121,648
2016	0	18,690	102,958		121,648
2017	0	18,690	102,958		121,648
2018	0	18,690	102,958		121,648
2019-2023	1,695,000	83,326	459,022		2,237,348
2024-2025	1,305,000	12,304	67,781		1,385,085
Total	\$ 3,000,000	\$ 189,080	\$ 1,041,593	\$	4,230,673

**\$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, 2013, 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>-0.189</u>
Net interest rate swap payments		4.051 %
Variable-rate bond coupon payments		<u>0.623</u>
Synthetic interest rate on bonds		<u><u>4.674 %</u></u>

**Fair value.** As of June 30, 2013, the swap had a negative fair value of \$248,013. 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, 2013, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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, 2013, 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 if 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, 2013, 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		
2014	\$ 235,000	\$ 12,024	\$ 78,184	\$	325,208
2015	245,000	10,560	68,664		324,224
2016	260,000	9,034	58,740		327,774
2017	275,000	7,414	48,207		330,621
2018	290,000	5,700	37,067		332,767
2019-2020	625,000	5,887	38,282		669,169
Total	\$ 1,930,000	\$ 50,619	\$ 329,144	\$	2,309,763

### **\$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, 2013, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.970 %
Variable payment from counterparty	% of LIBOR	<u>-1.065</u>
Net interest rate swap payments		2.905 %
Variable-rate bond coupon payments		<u>0.150</u>
Synthetic interest rate on bonds		<u><u>3.055 %</u></u>

**Fair value.** As of June 30, 2013, the swap had a negative fair value of \$1,740,945. 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, 2013, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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, 2013, 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 if the bond rate increases 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, 2013, 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		
2014	\$ 0	\$ 19,500	\$ 377,611	\$	397,111
2015	0	19,500	377,611		397,111
2016	0	19,500	377,611		397,111
2017	0	19,500	377,611		397,111
2018	0	19,500	377,611		397,111
2019-2023	8,150,000	80,175	1,552,562		9,782,737
2024-2025	4,850,000	11,025	213,495		5,074,520
Total	\$ 13,000,000	\$ 188,700	\$ 3,654,112	\$	16,842,812

**\$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, 2013, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.380 %
Variable payment from counterparty	% of LIBOR	<u>-1.008</u>
Net interest rate swap payments		3.372 %
Variable-rate bond coupon payments		<u>0.150</u>
		<u><u>3.522 %</u></u>

**Fair value.** As of June 30, 2013, the swap had a negative fair value of \$1,463,170. 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, 2013, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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, 2013, 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 if the bond rate increases 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, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2014	\$ 665,000	\$ 17,685	\$ 397,552	\$ 1,080,237
2015	700,000	16,688	375,128	1,091,816
2016	825,000	15,638	351,525	1,192,163
2017	1,850,000	14,400	323,706	2,188,106
2018	1,945,000	11,625	261,325	2,217,950
2019-2023	5,125,000	20,138	452,683	5,597,821
2024-2025	680,000	1,545	34,731	716,276
Total	\$ 11,790,000	\$ 97,719	\$ 2,196,650	\$ 14,084,369

### C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

#### Primary Government

##### Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Transfers Out	Balance 6-30-13
Capital Assets Not Depreciated:					
Land	\$ 5,000,222	\$ 1,271,704	\$ 0	\$ 0	\$ 6,271,926
Construction in Progress	4,366,611	4,993,048	0	(1,957,146)	7,402,513
Total Capital Assets Not Depreciated	\$ 9,366,833	\$ 6,264,752	\$ 0	\$ (1,957,146)	\$ 13,674,439

**Governmental Activities (Cont.):**

	Balance 7-1-12	Increases	Decreases	Transfers Out	Balance 6-30-13
Capital Assets Depreciated:					
Buildings and					
Improvements	\$ 53,855,611	\$ 960,656	\$ 0	\$ 0	\$ 54,816,267
Roads and Bridges	155,417,232	6,271,916	0	0	161,689,148
Other Capital Assets	14,342,394	1,178,135	(899,123)	0	14,621,406
Total Capital Assets					
Depreciated	\$ 223,615,237	\$ 8,410,707	\$ (899,123)	\$ 0	\$ 231,126,821
Less Accumulated					
Depreciation For:					
Buildings and					
Improvements	\$ 19,371,118	\$ 1,453,862	\$ 0	\$ 0	\$ 20,824,980
Roads and Bridges	80,300,539	7,993,111	0	0	88,293,650
Other Capital Assets	9,437,436	1,130,135	(843,053)	0	9,724,518
Total Accumulated					
Depreciation	\$ 109,109,093	\$ 10,577,108	\$ (843,053)	\$ 0	\$ 118,843,148
Total Capital Assets					
Depreciated, Net	\$ 114,506,144	\$ (2,166,401)	\$ (56,070)	\$ 0	\$ 112,283,673
Governmental Activities					
Capital Assets, Net	\$ 123,872,977	\$ 4,098,351	\$ (56,070)	\$ (1,957,146)	\$ 125,958,112

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	\$ 570,402
Finance	9,026
Administration of Justice	2,258
Public Safety	642,882
Public Health and Welfare	440,760
Social, Cultural, and Recreational Services	580,674
Agriculture and Natural Resources	9,466
Other Operations	74,638
Highways/Public Works	<u>8,247,002</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 10,577,108</u>

**Business-Type Activities:**

	Balance 7-1-12	Transfers In	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:					
Construction in Progress	\$ 692,462	\$ 1,957,146	\$ 0	\$ (1,904,914)	\$ 744,694
Total Capital Assets Not Depreciated	\$ 692,462	\$ 1,957,146	\$ 0	\$ (1,904,914)	\$ 744,694
Capital Assets Depreciated:					
Infrastructure	\$ 17,172,452	\$ 0	\$ 1,904,914	\$ 0	\$ 19,077,366
Other Capital Assets	18,750	0	20,445	0	39,195
Total Capital Assets Depreciated	\$ 17,191,202	\$ 0	\$ 1,925,359	\$ 0	\$ 19,116,561
Less Accumulated Depreciation For:					
Infrastructure	\$ 1,588,885	\$ 0	\$ 286,206	\$ 0	\$ 1,875,091
Other Capital Assets	18,281	0	810	0	19,091
Total Accumulated Depreciation	\$ 1,607,166	\$ 0	\$ 287,016	\$ 0	\$ 1,894,182
Total Capital Assets Depreciated, Net	\$ 15,584,036	\$ 0	\$ 1,638,343	\$ 0	\$ 17,222,379
Governmental Activities Capital Assets, Net	\$ 16,276,498	\$ 1,957,146	\$ 1,638,343	\$ (1,904,914)	\$ 17,967,073

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

Depreciation expense totaling \$287,016 was charged to the Public Utility Fund.

**Discretely Presented Sevier County School Department****Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 12,313,627	\$ 828,212	\$ 0	\$ 13,141,839
Construction in Progress	20,306,895	9,266,800	(3,812,880)	25,760,815
Total Capital Assets Not Depreciated	\$ 32,620,522	\$ 10,095,012	\$ (3,812,880)	\$ 38,902,654

**Governmental Activities (Cont.):**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 117,923,054	\$ 3,812,880	\$ 0	\$ 121,735,934
Infrastructure	5,957,420	15,500	0	5,972,920
Other Capital Assets	18,109,482	1,322,888	(529,354)	18,903,016
<b>Total Capital Assets</b>				
Depreciated	<u>\$ 141,989,956</u>	<u>\$ 5,151,268</u>	<u>\$ (529,354)</u>	<u>\$ 146,611,870</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 46,612,868	\$ 2,989,514	\$ 0	\$ 49,602,382
Infrastructure	4,376,878	190,549	0	4,567,427
Other Capital Assets	12,929,434	1,068,656	(508,119)	13,489,971
<b>Total Accumulated</b>				
Depreciation	<u>\$ 63,919,180</u>	<u>\$ 4,248,719</u>	<u>\$ (508,119)</u>	<u>\$ 67,659,780</u>
<b>Total Capital Assets</b>				
Depreciated, Net	<u>\$ 78,070,776</u>	<u>\$ 902,549</u>	<u>\$ (21,235)</u>	<u>\$ 78,952,090</u>
<b>Governmental Activities</b>				
Capital Assets, Net	<u>\$ 110,691,298</u>	<u>\$ 10,997,561</u>	<u>\$ (3,834,115)</u>	<u>\$ 117,854,744</u>

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

**Governmental Activities:**

Instruction	\$ 2,598,110
Support Services	1,567,932
Operation of Non-Instructional Services	<u>82,677</u>
<b>Total Depreciation Expense -</b>	
Governmental Activities	<u>\$ 4,248,719</u>

**D. Construction Commitments**

At June 30, 2013, the General Capital Projects Fund had uncompleted construction contracts of approximately \$164,383 for water line projects, \$98,086 for a new convenience center, and \$84,669 for an addition to the misdemeanor facility. Funding for these future expenditures is being provided by bonds issued by the primary government.

Additionally, the School Department's General Purpose School Fund had uncompleted construction contracts of \$1,402,856 for various renovations and construction projects. Funding has been provided for these future expenditures.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2013, 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	5,150
Highway/Public Works	Nonmajor governmental	103,777
General Debt Service	Nonmajor governmental	72,874
Internal Service	General	172,640
"	Highway/Public Works	<u>3,407</u>
 Total		 <u>\$ 444,474</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:**

The amount reflected as due to primary government from the discretely presented School Department on the government-wide Statement of Net Position totaling \$201,772 is for debt issued by the primary government, which is being retired by the School Department. Of that amount, \$60,639 is not expected to be received within one year.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amount:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Fund	\$ 131,000

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**

On December 12, 2008, Sevier County entered into a six-year lease-purchase agreement to finance the purchase of a geothermal plant for the School Department. 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 School Department's General Purpose School Fund.

Assets acquired through the capital lease are as follows:

Asset	Governmental Activities
Buildings and Improvements	\$ 708,829
Less: Accumulated Depreciations	<u>(69,407)</u>
Total	<u><u>\$ 639,422</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	Governmental Funds
2014	\$ 147,118
2015	<u>61,300</u>
Total Minimum Lease Payments	\$ 208,418
Less: Amount Representing Interest	<u>(6,646)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 201,772</u></u>

**G. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

Sevier County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to three years for notes, 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, notes, and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	.4 to 4.3 %	6-1-32	\$ 11,740,000	\$ 11,235,000
General Obligation Bonds - Refunding	.4 to 4.5	6-1-25	26,355,000	21,430,000
Other Loans - Fixed Rate - Refunding	3 to 5	6-1-25	19,775,000	11,130,000
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	44,830,000
Qualified School Construction Bonds	4.84	8-1-27	14,504,000	12,769,365
Energy Efficient Schools Initiative Loan	0	5-1-22	1,000,000	891,671
Capital Outlay Notes	0	9-1-16	600,000	600,000
Capital Lease	4.35	12-1-14	708,829	201,772

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, 2013, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rate as of 6-30-13	Other Fees on Variable Rate Debt
Series V-D-1 (Refunding)	\$ 6,150,000	\$ 2,690,000	Fixed	3 - 4%	0%
Series VII-A-4 (Refunding)(1)	6,900,000	4,930,000	Variable	.63	0.77
Series VII-B-1 (Refunding)(2)	42,495,000	39,900,000	Variable	.15	1.16
Series VII-B-1	21,450,000	21,350,000	Variable	.15	1.16
Series V-F-1 (Refunding)	13,625,000	<u>8,440,000</u>	Fixed	3.5 - 5	0
Total		<u>\$ 77,310,000</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, notes, and other loans outstanding as of June 30, 2013, 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 with the rates changing weekly or monthly. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2013. 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
2014	\$ 4,305,027	\$ 1,710,056	\$ 6,015,083
2015	4,395,027	1,634,656	6,029,683
2016	4,455,027	1,536,906	5,991,933
2017	2,235,027	1,434,781	3,669,808
2018	2,290,027	1,388,461	3,678,488
2019-2023	14,935,135	6,087,096	21,022,231
2024-2028	10,019,095	3,704,229	13,723,324
2029-2032	2,800,000	210,177	3,010,177
Total	\$ 45,434,365	\$ 17,706,362	\$ 63,140,727

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 0	\$ 0	\$ 0
2015	200,000	0	200,000
2016	200,000	0	200,000
2017	200,000	0	200,000
Total	\$ 600,000	\$ 0	\$ 600,000

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 2,254,996	\$ 620,309	\$ 748,461	\$ 3,623,766
2015	2,334,996	586,636	734,530	3,656,162
2016	2,469,996	551,623	720,115	3,741,734
2017	4,569,996	511,977	704,135	5,786,108
2018	4,764,996	428,300	676,150	5,869,446
2019-2023	23,351,691	1,133,378	2,825,534	27,310,603
2024-2028	21,585,000	275,130	1,640,658	23,500,788
2029-2032	16,870,000	64,875	501,700	17,436,575
Total	\$ 78,201,671	\$ 4,172,228	\$ 8,551,283	\$ 90,925,182

There is \$32,800,519 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,384, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary

Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness					Outstanding 6-30-13
<u>Capital Leases</u>					
<u>Payable through General Purpose School Fund</u>					
GeoThermal Equipment				\$	201,772

Also, during the year, based on budgetary appropriations, the School Department remitted \$5,300,945 to the primary government's General Debt Service Fund to be applied to the retirement of other debt issued for the benefit of the School Department.

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2012	\$ 45,574,392	\$ 0	\$ 80,916,667
Additions	9,950,000	600,000	0
Reductions	(10,090,027)	0	(2,714,996)
Balance, June 30, 2013	<u>\$ 45,434,365</u>	<u>\$ 600,000</u>	<u>\$ 78,201,671</u>
Balance Due Within One Year	<u>\$ 4,305,027</u>	<u>\$ 0</u>	<u>\$ 2,254,996</u>

Governmental Activities (Cont.):

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2012	\$ 0	\$ 1,222,110
Reclassification of School Debt	336,908	0
Additions	0	442,640
Reductions	(135,136)	(60,550)
	<hr/>	<hr/>
Balance, June 30, 2013	\$ 201,772	\$ 1,604,200
	<hr/>	<hr/>
Balance Due Within One Year	\$ 141,133	\$ 0
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 126,042,008
Less: Balance Due Within One Year	(6,701,156)
Add: Unamortized Premium on Debt	<u>492,300</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 119,833,152</u>

Other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Current Refunding

On November 5, 2012, Sevier County refunded general obligation bonds with a separate general obligation bond issue. The county issued \$6,410,000 of general obligation refunding bonds to provide resources for the current refunding of the old debt. As a result of the current refunding, total debt service payments over the next ten years will be reduced by \$305,083, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$497,001 was obtained.

**Discretely Presented Sevier County School Department**

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2012	\$ 336,908	\$ 12,884,278
Additions	0	4,629,314
Reductions	0	(1,424,799)
Reclassification of School Debt	(336,908)	0
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 16,088,793</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 16,088,793
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,088,793</u>

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

**H. On-Behalf Payments**

**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, 2013, 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, 2013, were \$274,499 and \$54,577, 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 \$125,000 for each employee and approximately \$6,682,323 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 \$718,457 for health coverage, \$156,168 for dental and vision coverage, and \$650,826 for workers' compensation coverage at June 30, 2013. 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
2011-2012	\$	576,500	\$ 5,165,034	\$ (5,278,954)	\$ 462,580
2012-2013		462,580	4,765,630	(5,127,738)	100,472

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2011-2012	\$ 4,980	\$ 57,651	\$ (58,603)	4,028
2012-2013	4,028	60,064	(59,362)	4,730

Employee Insurance - Workers' Compensation Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2011-2012	\$ 74,070	\$ 566,473	\$ (569,543)	71,000
2012-2013	71,000	600,852	(594,587)	77,265

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

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

**B. Accounting Changes**

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general. A prior-period adjustment of \$10,765 has been reflected on the governmental funds and the government-wide financial statements to reflect this reclassification.

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement

No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$1,237,873 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Sevier County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66, decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Subsequent Event**

Subsequent to June 30, 2013, the County Commission authorized the issuance of \$4.4 million in general obligation bonds to be used by the School Department for technology needed for state testing.

**D. Contingent Liabilities**

Sevier County is contingently liable for the Tennessee Department of Environment and Conservation's financial assurance requirements regarding landfill closure/postclosure care costs (\$1,975,587 at June 30, 2013). 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.E.

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

**E. 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.

Sevier County and the City of Gatlinburg jointly constructed a youth sports complex, Rocky Top Sports World. The Youth Sports Complex Advisory Board/Authority was created by an interlocal agreement between Sevier County and the City of Gatlinburg to oversee operations of the sports facility and to report to the Sevier County Commission and the City of Gatlinburg Commission. The board includes seven members, which include from the county: the county mayor, the director of schools and one member nominated by the County Commission and from the city: the city manager and three members nominated by the City Commission. Sevier County contributed \$2,000,000 during the year toward the construction. The county has also committed to making payments of \$1,000,000 per year toward the city's cost of construction for four years beginning June 1, 2016. Operations of the joint venture are split 70 percent (City of Gatlinburg) and 30 percent (Sevier County). The City of Gatlinburg maintains financial transactions relating to the joint venture, and complete financial statements may be obtained from the City of Gatlinburg.

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, 2013, 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 \$158,500 to the operations of the Economic Development Council for the 2012-13 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

**F. Retirement Commitments**

Information for this footnote for the year ended June 30, 2013, 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, 2012.

## **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) was \$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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://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.

## **G. 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, 2013, the county contributed \$60,550 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 294,000	\$ 151,000
Interest on the NOPEBO	27,000	22,124
Adjustment to the ARC	(28,000)	(23,484)
Annual OPEB cost	\$ 293,000	\$ 149,640
Amount of contribution	(58,000)	(2,550)
Increase/decrease in NOPEPO	\$ 235,000	\$ 147,090
Net OPEB obligation, 7-1-12	669,000	553,110
Net OPEB obligation, 6-30-13	\$ 904,000	\$ 700,200

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Self-insured	\$ 283,000	32.9 %	\$ 495,000
6-30-12	Self-insured	283,000	38.5	669,000
6-30-13	Self-insured	293,000	19.8	904,000
6-30-11	Medicare Supplement	139,642	1.5	407,663
6-30-12	Medicare Supplement	147,997	1.7	553,110
6-30-13	Medicare Supplement	149,640	1.7	700,200

### 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	7-1-12	7-1-11
Actuarial accrued liability (AAL)	\$ 2,518,000	\$ 1,317,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,518,000	\$ 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	12.6%	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, actuarial valuations of the self-insured plan and the Medicare Supplement 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). For the self-insured plan an annual healthcare cost trend rate of 8.5 percent was assumed for fiscal year 2013, reduced by decrements of .5 percent until an ultimate rate of five percent is reached. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.25 percent for fiscal year 2013. The trend will decrease to six percent in fiscal year 2014 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 July 1, 2007.

### **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, 2013, the School Department contributed \$1,411,449 for the Local Education Group Plan and \$13,350 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 4,329,000	\$ 332,000
Interest on the NOPEBO	468,496	46,875
Adjustment to the ARC	(497,300)	(49,757)
Annual OPEB cost	\$ 4,300,196	\$ 329,118
Amount of contribution	(1,411,449)	(13,350)
Increase/decrease in NOPEBO	\$ 2,888,747	\$ 315,768
Net OPEB obligation, 7-1-12	11,712,411	1,171,867
Net OPEB obligation, 6-30-13	\$ 14,601,158	\$ 1,487,635

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 3,799,735	34.8 %	\$ 8,680,000
6-30-12	Local Education Group	4,266,654	28.9	11,712,411
6-30-13	Local Education Group	4,300,196	32.8	14,601,158
6-30-11	Medicare Supplement	301,350	4	857,376
6-30-12	Medicare Supplement	325,891	3.5	1,171,867
6-30-13	Medicare Supplement	329,118	4.1	1,487,635

### 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)	\$ 80,019,707	N/A
UAAL as a % of covered payroll	44%	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 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.25 percent for fiscal year 2013. The trend will decrease to six percent in fiscal year 2014 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 July 1, 2007.

## **H. 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's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenue, Expenses and Changes in Net Position present increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which 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 position groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2013, has been calculated as follows:

	<u>2013</u>
Capital Assets	\$ 2,749,869
Accumulated Depreciation	<u>(1,625,720)</u>
Total	<u>\$ 1,124,149</u>

Restricted: This category includes net position 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 position as of June 30, 2013.

Unrestricted: This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of "restricted" or "invested in capital assets." Unrestricted net position 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, 2013, 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 40 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 leave in varying amounts based on years of employment and eight hours of sick leave monthly. Vacation leave may be accumulated up to 120 hours. There is no restriction on the amount of sick leave that may be accumulated. Employees may receive payment for unused vacation leave up to the 120-hour maximum upon termination or resignation. Accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees. The district's policies do not provide for an employee to be paid for unused sick leave in the event of termination. Accordingly, no liability is recorded for accumulated sick leave.

#### Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the district's policy is to apply restricted net position first.

#### Emergency Telephone Service Charges

The district records emergency telephone service charge revenue collected from telephone service providers net of vendor compensation. Vendor compensation was \$12,465 for the year ended June 30, 2013.

## Reclassifications

Certain reclassifications have been made to the financial statements for the year ended June 30, 2012, to conform to the presentation used in the financial statements for the year ended June 30, 2013.

### **B. Cash**

Cash and certificates of deposit represent 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, 2013, 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, 2013, was as follows:

	Balance			Balance
	7-1-12	Additions	Retirements	6-30-13
<u>Capital Assets Depreciated</u>				
Equipment	\$ 1,785,779	\$ 133,188	\$ 0	\$ 1,918,967
Furniture and Fixtures	78,570	2,078	0	80,648
Buildings and Improvements	697,861	0	0	697,861
Vehicles	49,438	0	0	49,438
Construction in Progress	0	2,955	0	2,955
Total Capital Assets Depreciated	<u>\$ 2,611,648</u>	<u>\$ 138,221</u>	<u>\$ 0</u>	<u>\$ 2,749,869</u>

	Balance 7-1-12	Additions	Retirements	Balance 6-30-13
<u>Accumulated Depreciation</u>				
Equipment	\$ (1,014,389)	\$ (189,318)	\$ 0	\$ (1,203,707)
Furniture and Fixtures	(70,034)	(1,745)	0	(71,779)
Buildings and Improvements	(281,884)	(18,912)	0	(300,796)
Vehicles	(49,438)	0	0	(49,438)
Total Accumulated Depreciation	<u>\$ (1,415,745)</u>	<u>\$ (209,975)</u>	<u>\$ 0</u>	<u>\$ (1,625,720)</u>
Total Capital Assets, Net	<u>\$ 1,195,903</u>	<u>\$ (71,754)</u>	<u>\$ 0</u>	<u>\$ 1,124,149</u>

#### **D. Retirement Commitments**

Information for this footnote for the year ended June 30, 2013, 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, 2012.

#### **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/PS](http://www.tn.gov/treasury/tcrs/PS).

## 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, 2012, 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, 2012, the district's annual pension cost of \$28,166 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, 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	\$ 28,166	100%	\$ 0
6-30-11	27,629	100	0
6-30-10	24,982	100	0

## Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 89.76 percent funded. The actuarial accrued liability for benefits was \$800,000, and the actuarial value of assets was \$720,000, resulting in UAAL of \$80,000. The covered payroll (annual payroll of active employees covered by the plan) was \$180,000, and the ratio of the UAAL to cover the payroll was 45.38 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.

**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 participates in the Tennessee Municipal League Risk Management Pool and pays annual premiums to the pool for general insurance coverage, destruction of property and workers' compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows the pool to make additional assessments or refund surplus revenue to the district. It is not possible to estimate the amount of such additional assessments or refunds.

**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 accounting and reporting policies of the Public Building Authority of Sevier County, Tennessee, included in the accompanying financial

statements conform to accounting principles generally accepted in the United States of America (GAAP) that are applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the authority are described below.

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 Position. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

### **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.

### **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, 2013.

### **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.

### **Recently Issued and Adopted Accounting Pronouncements**

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB Statement No. 62 does not have any impact on the district's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. The adoption of GASB Statement No. 63 does not have any impact on the district's financial statements.

## **Net Position**

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

Invested in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvements of those assets.

Restricted for debt service - Consists of net position with constraints placed on their use by revenue bond resolution.

Unrestricted – All other net position that does not meet the definition of “restricted” or invested in capital assets, net of related debt.

### **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 Raymond James Financial, Inc.’s local office in 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, 2013, is \$1,883,861. This includes all interest earned through the end of fiscal year 2013. At June 30, 2013, the accounts were invested in Montgomery County, Tennessee, General Obligation Industrial Park Bonds, Series 2008, and bank certificates of deposit, and a cash position with Raymond James Financial, Inc. All securities are held by Raymond James Financial, Inc., 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: 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 7-1-12	Balance 6-30-13
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, 2013, for all bond issues was \$651,590,000. 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, 2013, was \$1,187,697. 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, 2013, 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, 2013, 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 or letters of credit provided by the borrower or other securities such as mortgage notes and trust deeds to indemnify the Public Building Authority of Sevier County, Tennessee.

**I. Subsequent Events**

On August 22, 2013, the authority purchased 116 acres of land and land improvements to be completed for approximately \$7.56 million. The seller was paid \$5 million at closing, and the remaining amount was placed in an escrow account to be released to the seller as improvements are satisfactorily completed. This property acquisition was made at the request of the County Commission of Sevier County to facilitate the development of a future industrial park in the county near U.S. Interstate 40, Exit 407.

Also, the authority issued approximately a \$7.61 million capital outlay note, Series 2013, dated August 21, 2013, to provide funding for the land and land improvement acquisition discussed in the previous paragraph. This note reflects an annual interest rate of 2.5 percent and matures on July 14, 2014. The County Commission of Sevier County has adopted a resolution reflecting the commission's intention during its fiscal year ending June 30, 2015, for the county to issue its own general obligation debt or to use the county's debt reserves or a combination of these two alternatives to repay the authority's note at maturity in July 2014.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Sevier County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Sevier County School Department  
June 30, 2013

(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

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit F-2

Sevier County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Sevier Emergency Communications District  
June 30, 2013

(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	\$ 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

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit F-3

Sevier County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Sevier County School Department  
June 30, 2013

(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
"	7-1-12	0	2,518	2,518	0	19,989	12.60
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

**SEVIER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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 – This fund was used in prior years to account for revenues received for the benefit of the Office of District Attorney General. At the beginning of the year, this fund was reclassified as an agency fund.

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.

# Capital Projects Funds

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Education Capital Projects Fund – The Education Capital Projects 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, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
\$	0 \$	0 \$	0 \$	0 \$	0 \$
	37,619	45,365	150,099	484,327	37,314
	0	0	0	1,952	0
	0	0	377,500	0	0
	0	0	0	766,876	0
	0	0	0	(42,802)	0
	<u>37,619 \$</u>	<u>45,365 \$</u>	<u>527,599 \$</u>	<u>1,210,353 \$</u>	<u>37,314</u>

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable  
 Accrued Payroll  
 Payroll Deductions Payable  
 Due to Other Funds  
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
 Deferred Delinquent Property Taxes  
 Other Deferred/Unavailable Revenue  
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:  
 Restricted for General Government  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Capital Outlay  
 Committed:  
 Committed for Public Health and Welfare  
 Committed for Capital Projects  
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

	Special Revenue Funds (Cont.)			Capital Projects Fund		Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	General Capital Projects	Fund	
\$	0	2,150	2,150	0	0	2,150
Cash	304,513	0	1,059,237	8,050,928	0	9,110,165
Equity in Pooled Cash and Investments	0	0	1,952	0	0	1,952
Accounts Receivable	30,391	0	407,891	0	0	407,891
Due from Other Governments	0	0	766,876	0	0	766,876
Property Taxes Receivable	0	0	(42,802)	0	0	(42,802)
Allowance for Uncollectible Property Taxes						
Total Assets	\$ 334,904	\$ 2,150	\$ 2,195,304	\$ 8,050,928	\$ 0	\$ 10,246,232

ASSETS

Accounts Payable	228	0	69,291	152,284	0	221,575
Accrued Payroll	0	0	30,650	0	0	30,650
Payroll Deductions Payable	0	0	4,802	0	0	4,802
Due to Other Funds	0	2,150	2,150	179,651	0	181,801
Total Liabilities	\$ 228	\$ 2,150	\$ 106,893	\$ 331,935	\$ 0	\$ 438,828

LIABILITIES

Deferred Current Property Taxes	0	0	689,569	0	0	689,569
Deferred Delinquent Property Taxes	0	0	28,370	0	0	28,370
Other Deferred/Unavailable Revenue	0	0	177,500	0	0	177,500
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 895,439	\$ 0	\$ 0	\$ 895,439

DEFERRED INFLOWS OF RESOURCES

	FUND BALANCES				
Restricted:					
Restricted for General Government	0	0	37,619	0	37,619
Restricted for Administration of Justice	334,676	0	379,830	1,474,767	1,854,597
Restricted for Public Safety	0	0	37,314	0	37,314
Restricted for Public Health and Welfare	0	0	0	4,209,005	4,209,005
Restricted for Capital Outlay	0	0	492,414	1,733,924	2,226,338
Committed:					
Committed for Public Health and Welfare	0	0	245,795	0	245,795
Committed for Capital Projects	0	0	0	301,297	301,297
Total Fund Balances	\$ 334,676	\$ 0	\$ 1,192,972	\$ 7,718,993	\$ 8,911,965

FUND BALANCES

Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 334,904	\$ 2,150	\$ 2,195,304	\$ 8,050,928	\$ 0	\$ 10,246,232
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Exhibit G-2

Sevier County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 22,836	\$ 10,572	\$ 2,136,000	\$ 748,918	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	27,856	0
Charges for Current Services	0	0	22,750	0	0	0
Other Local Revenues	0	0	113,974	3,112	0	0
State of Tennessee	0	0	0	0	0	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 22,836	\$ 10,572	\$ 2,272,724	\$ 752,030	\$ 27,856	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 228	\$ 0	\$ 0	\$ 58,427	\$ 0	\$ 0
Finance	0	0	0	0	0	0
Administration of Justice	0	14,473	0	49,999	0	0
Public Safety	0	0	0	249,190	12,927	0
Public Health and Welfare	0	0	2,339,191	482,191	0	0
Social, Cultural, and Recreational Services	0	0	0	3,111	0	0
Agriculture and Natural Resources	0	0	0	2,500	0	0
Other Operations	0	0	0	106,519	0	0
Debt Service:						
Other Debt Service	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 228	\$ 14,473	\$ 2,339,191	\$ 951,937	\$ 12,927	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,608	\$ (3,901)	\$ (66,467)	\$ (199,907)	\$ 14,929	\$ 0
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Notes Issued	0	0	0	0	0	0
Premiums on Debt Issued	0	0	0	0	0	0
Insurance Recovery	0	0	5,791	0	0	0
Transfers In	0	0	131,000	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 136,791	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit G-2

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

	Special Revenue Funds						District Attorney General
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control		
Net Change in Fund Balances	\$ 22,608	\$ (3,901)	\$ 70,324	\$ (199,907)	\$ 14,929	\$ 0	0
Prior Period Adjustments	0	0	0	0	0	0	(10,765)
Fund Balance, July 1, 2012	15,011	49,055	175,471	692,321	22,385	10,765	10,765
Fund Balance, June 30, 2013	\$ 37,619	\$ 45,154	\$ 245,795	\$ 492,414	\$ 37,314	\$ 0	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Funds			Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional - Officers - Fees		General Capital Projects	Education Capital Projects	Total	
		Total	Total				
<b>Revenues</b>							
Local Taxes	0	0	2,918,326	0	0	0	2,918,326
Fines, Forfeitures, and Penalties	53,851	0	81,707	0	0	0	81,707
Charges for Current Services	0	27,058	49,808	0	0	0	49,808
Other Local Revenues	0	0	117,086	10,500	1,335	11,835	128,921
State of Tennessee	50,000	0	50,000	30,685	0	30,685	80,685
Federal Government	76,795	0	76,795	1,634,050	0	1,634,050	1,710,845
Other Governments and Citizens Groups	50,000	0	50,000	0	0	0	50,000
<b>Total Revenues</b>	<b>\$ 230,646</b>	<b>\$ 27,058</b>	<b>\$ 3,343,722</b>	<b>\$ 1,675,235</b>	<b>\$ 1,335</b>	<b>\$ 1,676,570</b>	<b>\$ 5,020,292</b>
<b>Expenditures</b>							
Current:							
General Government	0	0	58,655	0	0	0	58,655
Finance	0	225	225	0	0	0	225
Administration of Justice	115,217	26,833	206,522	0	0	0	206,522
Public Safety	0	0	262,117	0	0	0	262,117
Public Health and Welfare	46,598	0	2,867,980	0	0	0	2,867,980
Social, Cultural, and Recreational Services	0	0	3,111	0	0	0	3,111
Agriculture and Natural Resources	0	0	2,500	0	0	0	2,500
Other Operations	0	0	106,519	0	0	0	106,519
Debt Service:							
Other Debt Service	0	0	0	46,560	0	46,560	46,560
Capital Projects	0	0	0	6,049,368	0	6,049,368	6,049,368
Capital Projects - Donated	0	0	0	600,000	2,308,512	2,908,512	2,908,512
<b>Total Expenditures</b>	<b>\$ 161,815</b>	<b>\$ 27,058</b>	<b>\$ 3,507,629</b>	<b>\$ 6,695,928</b>	<b>\$ 2,308,512</b>	<b>\$ 9,004,440</b>	<b>\$ 12,512,069</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 68,831	0	(163,907)	(5,020,693)	(2,307,177)	(7,327,870)	(7,491,777)
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	0	0	0	3,540,000	0	3,540,000	3,540,000
Notes Issued	0	0	0	600,000	0	600,000	600,000
Premiums on Debt Issued	0	0	0	82,985	0	82,985	82,985
Insurance Recovery	0	0	5,791	0	0	0	5,791
Transfers In	0	0	131,000	0	0	0	131,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 136,791</b>	<b>\$ 4,222,985</b>	<b>\$ 0</b>	<b>\$ 4,222,985</b>	<b>\$ 4,359,776</b>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Funds			Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu- tional Officers - Fees	Total	General Capital Projects	Education Capital Projects	Total	
Net Change in Fund Balances	\$ 68,831	\$ 0	\$ (27,116)	\$ (797,708)	\$ (2,307,177)	\$ (3,104,885)	\$ (3,132,001)
Prior Period Adjustments	0	0	(10,765)	0	0	0	(10,765)
Fund Balance, July 1, 2012	265,845	0	1,230,853	8,516,701	2,307,177	10,823,878	12,054,731
Fund Balance, June 30, 2013	\$ 334,676	\$ 0	\$ 1,192,972	\$ 7,718,993	\$ 0	\$ 7,718,993	\$ 8,911,965

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 22,836	\$ 25,000	\$ 25,000	\$ (2,164)
Total Revenues	\$ 22,836	\$ 25,000	\$ 25,000	\$ (2,164)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 228	\$ 10,500	\$ 10,500	\$ 10,272
Total Expenditures	\$ 228	\$ 10,500	\$ 10,500	\$ 10,272
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,608	\$ 14,500	\$ 14,500	\$ 8,108
Net Change in Fund Balance	\$ 22,608	\$ 14,500	\$ 14,500	\$ 8,108
Fund Balance, July 1, 2012	15,011	9,015	9,015	5,996
Fund Balance, June 30, 2013	\$ 37,619	\$ 23,515	\$ 23,515	\$ 14,104

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,572	\$ 11,000	\$ 11,000	\$ (428)
Total Revenues	\$ 10,572	\$ 11,000	\$ 11,000	\$ (428)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 14,473	\$ 15,150	\$ 15,150	\$ 677
Total Expenditures	\$ 14,473	\$ 15,150	\$ 15,150	\$ 677
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,901)	\$ (4,150)	\$ (4,150)	\$ 249
Net Change in Fund Balance	\$ (3,901)	\$ (4,150)	\$ (4,150)	\$ 249
Fund Balance, July 1, 2012	49,055	48,146	48,146	909
Fund Balance, June 30, 2013	\$ 45,154	\$ 43,996	\$ 43,996	\$ 1,158

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,136,000	\$ 2,121,000	\$ 2,121,000	\$ 15,000
Charges for Current Services	22,750	22,750	22,750	0
Other Local Revenues	113,974	100,000	100,000	13,974
Total Revenues	<u>\$ 2,272,724</u>	<u>\$ 2,243,750</u>	<u>\$ 2,243,750</u>	<u>\$ 28,974</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,339,191	\$ 2,223,750	\$ 2,360,540	\$ 21,349
Total Expenditures	<u>\$ 2,339,191</u>	<u>\$ 2,223,750</u>	<u>\$ 2,360,540</u>	<u>\$ 21,349</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (66,467)</u>	<u>\$ 20,000</u>	<u>\$ (116,790)</u>	<u>\$ 50,323</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,791	\$ 0	\$ 5,790	\$ 1
Transfers In	131,000	0	131,000	0
Total Other Financing Sources	<u>\$ 136,791</u>	<u>\$ 0</u>	<u>\$ 136,790</u>	<u>\$ 1</u>
Net Change in Fund Balance	\$ 70,324	\$ 20,000	\$ 20,000	\$ 50,324
Fund Balance, July 1, 2012	<u>175,471</u>	<u>137,467</u>	<u>137,467</u>	<u>38,004</u>
Fund Balance, June 30, 2013	<u>\$ 245,795</u>	<u>\$ 157,467</u>	<u>\$ 157,467</u>	<u>\$ 88,328</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 748,918	\$ 757,500	\$ 757,500	\$ (8,582)
Other Local Revenues	3,112	0	3,111	1
Total Revenues	<u>\$ 752,030</u>	<u>\$ 757,500</u>	<u>\$ 760,611</u>	<u>\$ (8,581)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Geographical Information Systems	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Other General Administration	8,427	9,500	9,500	1,073
<u>Administration of Justice</u>				
Circuit Court	49,999	50,000	50,000	1
<u>Public Safety</u>				
Sheriff's Department	249,190	250,000	250,000	810
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	232,482	236,500	236,500	4,018
Sanitation Management	249,709	250,000	250,000	291
<u>Social, Cultural, and Recreational Services</u>				
Libraries	3,111	0	3,111	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	2,500	2,500	2,500	0
<u>Other Operations</u>				
Other Charges	14,520	17,000	17,000	2,480
Miscellaneous	91,999	92,000	92,000	1
Total Expenditures	<u>\$ 951,937</u>	<u>\$ 957,500</u>	<u>\$ 960,611</u>	<u>\$ 8,674</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (199,907)	\$ (200,000)	\$ (200,000)	\$ 93
Net Change in Fund Balance				
Fund Balance, July 1, 2012	\$ 692,321	207,529	207,529	484,792
Fund Balance, June 30, 2013	<u>\$ 492,414</u>	<u>\$ 7,529</u>	<u>\$ 7,529</u>	<u>\$ 484,885</u>

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 27,856	\$ 0	\$ 0	\$ 27,856
Federal Government	0	20,150	20,150	(20,150)
Total Revenues	<u>\$ 27,856</u>	<u>\$ 20,150</u>	<u>\$ 20,150</u>	<u>\$ 7,706</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 12,927	\$ 25,150	\$ 25,150	\$ 12,223
Total Expenditures	<u>\$ 12,927</u>	<u>\$ 25,150</u>	<u>\$ 25,150</u>	<u>\$ 12,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,929</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 19,929</u>
Net Change in Fund Balance	\$ 14,929	\$ (5,000)	\$ (5,000)	\$ 19,929
Fund Balance, July 1, 2012	<u>22,385</u>	<u>17,786</u>	<u>17,786</u>	<u>4,599</u>
Fund Balance, June 30, 2013	<u><u>\$ 37,314</u></u>	<u><u>\$ 12,786</u></u>	<u><u>\$ 12,786</u></u>	<u><u>\$ 24,528</u></u>

Exhibit G-8

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 53,851	\$ 55,100	\$ 55,100	\$ (1,249)
State of Tennessee	50,000	50,000	50,000	0
Federal Government	76,795	75,000	75,000	1,795
Other Governments and Citizens Groups	50,000	50,000	50,000	0
Total Revenues	<u>\$ 230,646</u>	<u>\$ 230,100</u>	<u>\$ 230,100</u>	<u>\$ 546</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 115,217	\$ 149,207	\$ 149,207	\$ 33,990
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	46,598	52,761	52,761	6,163
Total Expenditures	<u>\$ 161,815</u>	<u>\$ 201,968</u>	<u>\$ 201,968</u>	<u>\$ 40,153</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 68,831</u>	<u>\$ 28,132</u>	<u>\$ 28,132</u>	<u>\$ 40,699</u>
Net Change in Fund Balance	\$ 68,831	\$ 28,132	\$ 28,132	\$ 40,699
Fund Balance, July 1, 2012	<u>265,845</u>	<u>177,285</u>	<u>177,285</u>	<u>88,560</u>
Fund Balance, June 30, 2013	<u>\$ 334,676</u>	<u>\$ 205,417</u>	<u>\$ 205,417</u>	<u>\$ 129,259</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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## 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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,228,317	\$ 5,086,000	\$ 5,086,000	\$ 142,317
Other Local Revenues	1,032,982	1,400,000	1,400,000	(367,018)
Other Governments and Citizens Groups	5,300,945	4,447,360	4,447,360	853,585
Total Revenues	<u>\$ 11,562,244</u>	<u>\$ 10,933,360</u>	<u>\$ 10,933,360</u>	<u>\$ 628,884</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,250,000	\$ 5,640,000	\$ 5,640,000	\$ 390,000
Education	1,005,023	0	1,005,023	0
<u>Interest on Debt</u>				
General Government	3,755,307	4,316,340	4,065,506	310,199
Education	661,581	1,429,999	675,810	14,229
<u>Other Debt Service</u>				
General Government	203,416	157,636	226,173	22,757
Education	11,603	0	11,603	0
Total Expenditures	<u>\$ 10,886,930</u>	<u>\$ 11,543,975</u>	<u>\$ 11,624,115</u>	<u>\$ 737,185</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 675,314</u>	<u>\$ (610,615)</u>	<u>\$ (690,755)</u>	<u>\$ 1,366,069</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 6,410,000	0	\$ 6,410,000	0
Premiums on Debt Issued	252,865	0	252,865	0
Payments to Refunded Debt Escrow Agent	(6,582,725)	0	(6,582,725)	0
Total Other Financing Sources	<u>\$ 80,140</u>	<u>\$ 0</u>	<u>\$ 80,140</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 755,454	\$ (610,615)	\$ (610,615)	\$ 1,366,069
Fund Balance, July 1, 2012	<u>32,045,065</u>	<u>26,968,573</u>	<u>26,968,573</u>	<u>5,076,492</u>
Fund Balance, June 30, 2013	<u>\$ 32,800,519</u>	<u>\$ 26,357,958</u>	<u>\$ 26,357,958</u>	<u>\$ 6,442,561</u>

# Proprietary Funds

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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.

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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 Position  
Proprietary Funds  
June 30, 2013

	<u>Internal Service Funds</u>				
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation		Total Proprietary Funds
<u>ASSETS</u>					
Current Assets:					
Cash	\$ 693,834	\$ 160,898	\$ 677,044	\$	1,531,776
Accounts Receivable	95	0	0	\$	95
Due from Other Funds	125,000	0	51,047	\$	176,047
Total Assets	<u>\$ 818,929</u>	<u>\$ 160,898</u>	<u>\$ 728,091</u>	<u>\$</u>	<u>1,707,918</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ 100,472	\$ 4,730	\$ 77,265	\$	182,467
Total Liabilities	<u>\$ 100,472</u>	<u>\$ 4,730</u>	<u>\$ 77,265</u>	<u>\$</u>	<u>182,467</u>
<u>NET POSITION</u>					
Unrestricted	<u>\$ 718,457</u>	<u>\$ 156,168</u>	<u>\$ 650,826</u>	<u>\$</u>	<u>1,525,451</u>
Total Net Position	<u>\$ 718,457</u>	<u>\$ 156,168</u>	<u>\$ 650,826</u>	<u>\$</u>	<u>1,525,451</u>

Exhibit I-2

Sevier County, Tennessee  
Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 6,089,251	\$ 201,069	\$ 715,401	\$ 7,005,721
Patient Charges	150,310	0	0	150,310
Total Operating Revenues	<u>\$ 6,239,561</u>	<u>\$ 201,069</u>	<u>\$ 715,401</u>	<u>\$ 7,156,031</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 443,240	\$ 6,142	\$ 0	\$ 449,382
Employee and Dependent Insurance	0	115,372	0	115,372
Life Insurance	141,966	0	0	141,966
Disability Insurance	26,765	0	0	26,765
Excess Risk Insurance	505,854	0	0	505,854
Medical Claims	3,687,716	60,064	600,852	4,348,632
Other Self-Insured Claims	1,077,914	0	0	1,077,914
Total Operating Expenses	<u>\$ 5,883,455</u>	<u>\$ 181,578</u>	<u>\$ 600,852</u>	<u>\$ 6,665,885</u>
Operating Income (Loss)	<u>\$ 356,106</u>	<u>\$ 19,491</u>	<u>\$ 114,549</u>	<u>\$ 490,146</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 2,507	\$ 402	\$ 767	\$ 3,676
Contributions and Gifts	5,000	0	0	5,000
Total Nonoperating Revenues (Expenses)	<u>\$ 7,507</u>	<u>\$ 402</u>	<u>\$ 767</u>	<u>\$ 8,676</u>
Change in Net Position	\$ 363,613	\$ 19,893	\$ 115,316	\$ 498,822
Net Position, July 1, 2012	<u>354,844</u>	<u>136,275</u>	<u>535,510</u>	<u>1,026,629</u>
Net Position, June 30, 2013	<u>\$ 718,457</u>	<u>\$ 156,168</u>	<u>\$ 650,826</u>	<u>\$ 1,525,451</u>

Exhibit I-3

Sevier County, Tennessee  
Combining Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2013

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Employee Insurance - Health</u>	<u>Employee Insurance - Dental and Vision</u>	<u>Workers' Compensation</u>	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 6,214,009	\$ 201,069	\$ 664,354	\$ 7,079,432
Receipts for Patient Charges	150,310	0	0	150,310
Payments to Insurers	(674,585)	(115,372)	0	(789,957)
Payments for Claims	(5,127,738)	(59,362)	(594,587)	(5,781,687)
Payments for Administrative Costs	(443,240)	(6,142)	0	(449,382)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 118,756</u>	<u>\$ 20,193</u>	<u>\$ 69,767</u>	<u>\$ 208,716</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Contributions and Gifts	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 2,507	\$ 402	\$ 767	\$ 3,676
Net Cash Provided By (Used In) Investing Activities	<u>\$ 2,507</u>	<u>\$ 402</u>	<u>\$ 767</u>	<u>\$ 3,676</u>
Increase (Decrease) in Cash	\$ 126,263	\$ 20,595	\$ 70,534	\$ 217,392
Cash, July 1, 2012	567,571	140,303	606,510	1,314,384
Cash, June 30, 2013	<u>\$ 693,834</u>	<u>\$ 160,898</u>	<u>\$ 677,044</u>	<u>\$ 1,531,776</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ 356,106	\$ 19,491	\$ 114,549	\$ 490,146
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	124,758	0	(51,047)	73,711
Increase (Decrease) in Accounts Payable	(362,108)	702	6,265	(355,141)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 118,756</u>	<u>\$ 20,193</u>	<u>\$ 69,767</u>	<u>\$ 208,716</u>

# Fiduciary Funds

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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.

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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 grants and other restricted revenues 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.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit J-1

Sevier County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<b><u>ASSETS</u></b>						
Cash	\$ 0	\$ 2,802,487	\$ 0	\$ 0	\$ 2,802,487	
Equity in Pooled Cash and Investments	0	0	260,701	17,392	278,093	
Accounts Receivable	0	4,667	0	0	4,667	
Due from Other Governments	6,160,123	0	0	0	6,160,123	
Total Assets	<u>\$ 6,160,123</u>	<u>\$ 2,807,154</u>	<u>\$ 260,701</u>	<u>\$ 17,392</u>	<u>\$ 9,245,370</u>	
<b><u>LIABILITIES</u></b>						
Due to Other Taxing Units	\$ 6,160,123	\$ 0	\$ 0	\$ 0	\$ 6,160,123	
Due to Litigants, Heirs, and Others	0	2,807,154	0	17,392	2,824,546	
Due to Joint Ventures	0	0	260,701	0	260,701	
Total Liabilities	<u>\$ 6,160,123</u>	<u>\$ 2,807,154</u>	<u>\$ 260,701</u>	<u>\$ 17,392</u>	<u>\$ 9,245,370</u>	

## Exhibit J-2

Sevier County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 35,379,529	\$ 35,379,529	\$ 0
Due from Other Governments	5,805,367	6,160,123	5,805,367	6,160,123
Total Assets	\$ 5,805,367	\$ 41,539,652	\$ 41,184,896	\$ 6,160,123
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,805,367	\$ 41,539,652	\$ 41,184,896	\$ 6,160,123
Total Liabilities	\$ 5,805,367	\$ 41,539,652	\$ 41,184,896	\$ 6,160,123
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,985,457	\$ 21,827,657	\$ 22,010,627	\$ 2,802,487
Accounts Receivable	5,160	4,667	5,160	4,667
Total Assets	\$ 2,990,617	\$ 21,832,324	\$ 22,015,787	\$ 2,807,154
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,990,617	\$ 21,832,324	\$ 22,015,787	\$ 2,807,154
Total Liabilities	\$ 2,990,617	\$ 21,832,324	\$ 22,015,787	\$ 2,807,154
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 265,264	\$ 296,318	\$ 300,881	\$ 260,701
Total Assets	\$ 265,264	\$ 296,318	\$ 300,881	\$ 260,701
<u>Liabilities</u>				
Due to Joint Ventures	\$ 265,264	\$ 296,318	\$ 300,881	\$ 260,701
Total Liabilities	\$ 265,264	\$ 296,318	\$ 300,881	\$ 260,701

(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>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 43,090	\$ 25,698	\$ 17,392
Total Assets	<u>\$ 0</u>	<u>\$ 43,090</u>	<u>\$ 25,698</u>	<u>\$ 17,392</u>
<u>Liabilities</u>				
Due to Litigant, Heirs, and Others	\$ 0	\$ 43,090	\$ 25,698	\$ 17,392
Total Liabilities	<u>\$ 0</u>	<u>\$ 43,090</u>	<u>\$ 25,698</u>	<u>\$ 17,392</u>
 <u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,985,457	\$ 21,827,657	\$ 22,010,627	\$ 2,802,487
Equity in Pooled Cash and Investments	265,264	35,718,937	35,706,108	278,093
Accounts Receivable	5,160	4,667	5,160	4,667
Due from Other Governments	5,805,367	6,160,123	5,805,367	6,160,123
Total Assets	<u>\$ 9,061,248</u>	<u>\$ 63,711,384</u>	<u>\$ 63,527,262</u>	<u>\$ 9,245,370</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,805,367	\$ 41,539,652	\$ 41,184,896	\$ 6,160,123
Due to Litigants, Heirs, and Others	2,990,617	21,875,414	22,041,485	2,824,546
Due to Joint Ventures	265,264	296,318	300,881	260,701
Total Liabilities	<u>\$ 9,061,248</u>	<u>\$ 63,711,384</u>	<u>\$ 63,527,262</u>	<u>\$ 9,245,370</u>

# Sevier County School Department

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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 a Capital Projects Fund.

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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.

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, 2013

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:							
Instruction	\$ 77,990,709	\$ 216,162	\$ 5,123,544	\$ 3,611,666	\$	\$ (69,039,337)	
Support Services	44,349,073	35,167	1,098,444	0	0	(43,215,462)	
Operation of Non-Instructional Services	9,078,748	1,715,018	6,173,627	0	0	(1,190,103)	
Interest on Long-term Debt	11,983	0	0	0	0	(11,983)	
Other Debt Service	5,300,945	0	0	0	0	(5,300,945)	
Total Governmental Activities	\$ 136,731,458	\$ 1,966,347	\$ 12,395,615	\$ 3,611,666	\$	\$ (118,757,830)	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$	\$ 30,074,233	
Local Option Sales Taxes						44,556,839	
Other Local Taxes						289,792	
Hotel/Motel Tax						2,411,546	
Grants and Contributions Not Restricted to Specific Programs						43,032,042	
Unrestricted Investment Income						4,486	
Miscellaneous						140,627	
Total General Revenues					\$	\$ 120,509,565	
Change in Net Position					\$	\$ 1,751,735	
Net Position, July 1, 2012						120,228,722	
Net Position, June 30, 2013					\$	\$ 121,980,457	

Exhibit K-2

Sevier County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Sevier County School Department  
 June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,058	\$ 3,058
Equity in Pooled Cash and Investments	16,294,230	455,124	16,749,354
Accounts Receivable	300,666	0	300,666
Due from Other Governments	8,453,003	32,566	8,485,569
Property Taxes Receivable	32,017,057	0	32,017,057
Allowance for Uncollectible Property Taxes	(1,787,004)	0	(1,787,004)
Total Assets	<u>\$ 55,277,952</u>	<u>\$ 490,748</u>	<u>\$ 55,768,700</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 656,708	\$ 0	\$ 656,708
Contracts Payable	527,646	0	527,646
Retainage Payable	26,700	0	26,700
Other Notes Payable	1,749,000	0	1,749,000
Other Current Liabilities	3,602,874	0	3,602,874
Total Liabilities	<u>\$ 6,562,928</u>	<u>\$ 0</u>	<u>\$ 6,562,928</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 28,789,494	\$ 0	\$ 28,789,494
Deferred Delinquent Property Taxes	1,184,424	0	1,184,424
Other Deferred/Unavailable Revenue	4,819,926	0	4,819,926
Total Deferred Inflows of Resources	<u>\$ 34,793,844</u>	<u>\$ 0</u>	<u>\$ 34,793,844</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 129,665	\$ 490,748	\$ 620,413
Assigned:			
Assigned for Education	9,832,876	0	9,832,876
Unassigned	3,958,639	0	3,958,639
Total Fund Balances	<u>\$ 13,921,180</u>	<u>\$ 490,748</u>	<u>\$ 14,411,928</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 55,277,952</u>	<u>\$ 490,748</u>	<u>\$ 55,768,700</u>

Exhibit K-3

Sevier County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Discretely Presented Sevier County School Department  
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$ 14,411,928	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 13,141,839		
Add: construction in progress	25,760,815		
Add: buildings and improvements net of accumulated depreciation	72,133,552		
Add: infrastructure net of accumulated depreciation	1,405,493		
Add: other capital assets net of accumulated depreciation	<u>5,413,045</u>	117,854,744	
(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 on primary government debt	\$ (201,772)		
Less: other postemployment benefits liability	<u>(16,088,793)</u>	(16,290,565)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>6,004,350</u>
Net position of governmental activities (Exhibit A)			<u>\$ 121,980,457</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, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmen- tal Funds
<u>Revenues</u>			
Local Taxes	\$ 77,651,420	\$ 0	\$ 77,651,420
Licenses and Permits	132,199	0	132,199
Charges for Current Services	237,358	1,715,018	1,952,376
Other Local Revenues	612,168	4,491	616,659
State of Tennessee	40,742,250	70,685	40,812,935
Federal Government	227,805	13,166,534	13,394,339
Other Governments and Citizens Groups	1,348,475	2,308,512	3,656,987
Total Revenues	<u>\$ 120,951,675</u>	<u>\$ 17,265,240</u>	<u>\$ 138,216,915</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 67,996,430	\$ 6,810,727	\$ 74,807,157
Support Services	40,084,917	1,129,165	41,214,082
Operation of Non-Instructional Services	1,608,181	7,311,770	8,919,951
Capital Outlay	8,162,911	0	8,162,911
Debt Service:			
Principal on Debt	135,136	0	135,136
Interest on Debt	11,983	0	11,983
Other Debt Service	5,300,945	0	5,300,945
Capital Projects	0	2,308,512	2,308,512
Total Expenditures	<u>\$ 123,300,503</u>	<u>\$ 17,560,174</u>	<u>\$ 140,860,677</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,348,828)</u>	<u>\$ (294,934)</u>	<u>\$ (2,643,762)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 35,152	\$ 0	\$ 35,152
Total Other Financing Sources (Uses)	<u>\$ 35,152</u>	<u>\$ 0</u>	<u>\$ 35,152</u>
Net Change in Fund Balances	\$ (2,313,676)	\$ (294,934)	\$ (2,608,610)
Fund Balance, July 1, 2012	16,234,856	785,682	17,020,538
Fund Balance, June 30, 2013	<u>\$ 13,921,180</u>	<u>\$ 490,748</u>	<u>\$ 14,411,928</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, 2013

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)		\$ (2,608,610)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 11,433,400	
Less: current-year depreciation expense	<u>(4,248,719)</u>	7,184,681
(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		(21,235)
(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, 2013	\$ 6,004,350	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(5,738,072)</u>	266,278
(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 for primary government		135,136
(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>(3,204,515)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,751,735</u>

Exhibit K-6

Sevier County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Sevier County School Department  
June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,058	\$ 3,058
Equity in Pooled Cash and Investments	87,164	367,960	455,124
Due from Other Governments	3,307	29,259	32,566
Total Assets	<u>\$ 90,471</u>	<u>\$ 400,277</u>	<u>\$ 490,748</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 90,471	\$ 400,277	\$ 490,748
Total Fund Balances	<u>\$ 90,471</u>	<u>\$ 400,277</u>	<u>\$ 490,748</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, 2013

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds	
	School Federal Projects			Central Cafeteria	Total	Other Capital Projects		
	School Federal Projects	Central Cafeteria	Total			Other Capital Projects		Total
<u>Revenues</u>								
Charges for Current Services	\$ 0	\$ 1,715,018	\$ 1,715,018	\$ 0	\$ 0	\$ 1,715,018		
Other Local Revenues	0	4,491	4,491	0	0	4,491		
State of Tennessee	0	70,685	70,685	0	0	70,685		
Federal Government	7,939,305	5,227,229	13,166,534	0	0	13,166,534		
Other Governments and Citizens Groups	0	0	0	2,308,512	0	2,308,512		
Total Revenues	\$ 7,939,305	\$ 7,017,423	\$ 14,956,728	\$ 2,308,512	\$ 2,308,512	\$ 17,265,240		
<u>Expenditures</u>								
Current:								
Instruction	\$ 6,810,727	\$ 0	\$ 6,810,727	\$ 0	\$ 0	\$ 6,810,727		
Support Services	1,129,165	0	1,129,165	0	0	1,129,165		
Operation of Non-Instructional Services	0	7,311,770	7,311,770	0	0	7,311,770		
Capital Projects	0	0	0	2,308,512	0	2,308,512		
Total Expenditures	\$ 7,939,892	\$ 7,311,770	\$ 15,251,662	\$ 2,308,512	\$ 2,308,512	\$ 17,560,174		
Excess (Deficiency) of Revenues Over Expenditures	\$ (587)	\$ (294,347)	\$ (294,934)	\$ 0	\$ 0	\$ (294,934)		
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ (587)	\$ (294,347)	\$ (294,934)	\$ 0	\$ 0	\$ (294,934)		
	91,058	694,624	785,682	0	0	785,682		
Fund Balance, June 30, 2013	\$ 90,471	\$ 400,277	\$ 490,748	\$ 0	\$ 0	\$ 490,748		

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 77,651,420	\$ 0	\$ 0	\$ 77,651,420	\$ 76,579,207	\$ 76,567,455	\$ 1,083,965
Licenses and Permits	132,199	0	0	132,199	150,000	135,000	(2,801)
Charges for Current Services	237,358	0	0	237,358	210,000	213,450	23,908
Other Local Revenues	612,168	0	0	612,168	1,227,355	650,022	(37,854)
State of Tennessee	40,742,250	0	0	40,742,250	40,119,626	40,675,155	67,095
Federal Government	227,805	0	0	227,805	0	211,679	16,126
Other Governments and Citizens Groups	1,348,475	0	0	1,348,475	63,175	1,358,349	(9,874)
Total Revenues	\$ 120,951,675	\$ 0	\$ 0	\$ 120,951,675	\$ 118,349,363	\$ 119,811,110	\$ 1,140,565

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 56,081,387	\$ (90,720)	\$ 1,641,641	\$ 57,632,308	\$ 56,553,313	\$ 59,451,422	\$ 1,819,114
Alternative Instruction Program	668,012	0	0	668,012	773,828	736,230	68,218
Special Education Program	8,395,651	(703)	0	8,394,948	8,545,724	8,545,724	150,776
Vocational Education Program	2,713,664	0	0	2,713,664	2,846,829	2,846,829	133,165
Student Body Education Program	3,834	0	0	3,834	5,000	18,956	15,122
Adult Education Program	133,882	(1,240)	0	132,642	206,470	207,480	74,838
<u>Support Services</u>							
Attendance	452,306	0	0	452,306	517,321	521,904	69,598
Health Services	1,485,275	0	0	1,485,275	1,495,184	1,667,184	181,909
Other Student Support	2,619,001	0	18,334	2,637,335	2,870,178	2,871,178	233,843
Regular Instruction Program	4,440,714	(2,922)	4,346	4,442,138	4,485,187	4,612,985	170,847
Alternative Instruction Program	32,119	0	0	32,119	45,880	33,120	1,001
Special Education Program	545,282	0	0	545,282	570,441	579,441	34,159
Vocational Education Program	90,950	0	0	90,950	100,777	101,777	10,827
Adult Programs	116,899	0	0	116,899	115,518	120,673	3,774
Other Programs	329,076	0	0	329,076	0	329,076	0
Board of Education	4,165,672	0	0	4,165,672	4,498,435	4,807,452	641,780

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 203,533	\$ 0	\$ 0	\$ 203,533	\$ 238,952	\$ 234,448	\$ 30,915
Office of the Principal	7,931,686	0	0	7,931,686	8,112,863	8,258,084	326,398
Fiscal Services	1,196,436	(20,250)	2,873	1,179,059	1,188,692	1,286,212	107,153
Operation of Plant	7,780,839	(575)	0	7,780,264	8,612,070	8,445,601	665,337
Maintenance of Plant	2,975,450	(6,369)	88,960	3,058,041	3,266,887	3,299,287	241,246
Transportation	5,719,679	(375,604)	929,394	6,273,469	5,625,104	6,395,443	121,974
<u>Operation of Non-Instructional Services</u>							
Food Service	979,491	0	0	979,491	996,381	1,029,489	49,998
Community Services	126,006	0	0	126,006	147,859	135,869	9,863
Early Childhood Education	502,684	0	0	502,684	501,442	502,835	151
<u>Capital Outlay</u>							
Regular Capital Outlay	8,162,911	(4,837,731)	1,441,874	4,767,054	6,767,000	10,986,682	6,219,628
<u>Principal on Debt</u>							
Education	135,136	0	0	135,136	2,925,023	135,136	0
<u>Interest on Debt</u>							
Education	11,983	0	0	11,983	2,387,526	23,587	11,604
<u>Other Debt Service</u>							
Education	5,300,945	0	0	5,300,945	0	5,300,945	0
Total Expenditures	\$ 123,300,503	\$ (5,336,114)	\$ 4,127,422	\$ 122,091,811	\$ 124,399,884	\$ 133,485,049	\$ 11,393,238
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,348,828)	\$ 5,336,114	\$ (4,127,422)	\$ (1,140,136)	\$ (6,050,521)	\$ (13,673,939)	\$ 12,533,803
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 35,152	\$ 0	\$ 0	\$ 35,152	\$ 0	\$ 0	\$ 35,152
Total Other Financing Sources	\$ 35,152	\$ 0	\$ 0	\$ 35,152	\$ 0	\$ 0	\$ 35,152

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (2,313,676)	\$ 5,336,114	\$ (4,127,422)	\$ (1,104,984)	\$ (6,050,521)	\$ (13,673,939)	\$ 12,568,955
Fund Balance, July 1, 2012	16,234,856	(5,336,114)	0	10,898,742	18,757,430	18,757,430	(7,858,688)
Fund Balance, June 30, 2013	\$ 13,921,180	\$ 0	\$ (4,127,422)	\$ 9,793,758	\$ 12,706,909	\$ 5,083,491	\$ 4,710,267

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 7,939,305	\$ 4,217,513	\$ 8,910,767	\$ (971,462)
Total Revenues	\$ 7,939,305	\$ 4,217,513	\$ 8,910,767	\$ (971,462)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,486,105	\$ 3,572,233	\$ 3,979,668	\$ 493,563
Special Education Program	3,161,867	0	3,386,680	224,813
Vocational Education Program	162,755	0	162,755	0
<u>Support Services</u>				
Health Services	20,352	19,151	20,851	499
Other Student Support	163,300	119,831	166,599	3,299
Regular Instruction Program	943,013	507,042	1,192,458	249,445
Vocational Education Program	2,500	0	2,500	0
<u>Capital Outlay</u>				
Regular Capital Outlay	0	90,314	90,314	90,314
Total Expenditures	\$ 7,939,892	\$ 4,308,571	\$ 9,001,825	\$ 1,061,933
Excess (Deficiency) of Revenues Over Expenditures	\$ (587)	\$ (91,058)	\$ (91,058)	\$ 90,471
Net Change in Fund Balance	\$ (587)	\$ (91,058)	\$ (91,058)	\$ 90,471
Fund Balance, July 1, 2012	91,058	91,058	91,058	0
Fund Balance, June 30, 2013	\$ 90,471	\$ 0	\$ 0	\$ 90,471

Exhibit K-10

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Sevier County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,715,018	\$ 0	\$ 1,715,018	\$ 1,932,640	\$ 1,719,893	\$ (4,875)
Other Local Revenues	4,491	0	4,491	3,600	9,059	(4,568)
State of Tennessee	70,685	0	70,685	68,072	70,685	0
Federal Government	5,227,229	0	5,227,229	5,280,284	5,686,119	(458,890)
Total Revenues	\$ 7,017,423	\$ 0	\$ 7,017,423	\$ 7,284,596	\$ 7,485,756	\$ (468,333)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 7,311,770	\$ 109,151	\$ 7,420,921	\$ 7,539,955	\$ 7,716,345	\$ 295,424
Total Expenditures	\$ 7,311,770	\$ 109,151	\$ 7,420,921	\$ 7,539,955	\$ 7,716,345	\$ 295,424
Excess (Deficiency) of Revenues Over Expenditures	\$ (294,347)	\$ (109,151)	\$ (403,498)	\$ (255,359)	\$ (230,589)	\$ (172,909)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (294,347)	\$ (109,151)	\$ (403,498)	\$ (255,359)	\$ (230,589)	\$ (172,909)
	694,624	0	694,624	313,309	694,624	0
Fund Balance, June 30, 2013	\$ 400,277	\$ (109,151)	\$ 291,126	\$ 57,950	\$ 464,035	\$ (172,909)

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

Sevier County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Debt Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTES PAYABLE</u>									
Payable through <u>General Debt Service Fund</u>									
Northview Academy Land	\$ 600,000	0 %	5-23-13	9-1-16	\$ 0 \$	600,000 \$	0 \$	0 \$	600,000
Total Payable through General Debt Service Fund					\$ 0 \$	600,000 \$	0 \$	0 \$	600,000
Total Notes Payable					\$ 0 \$	600,000 \$	0 \$	0 \$	600,000
<u>OTHER LOANS PAYABLE</u>									
Payable through <u>General Debt Service Fund</u>									
Public Building Authority, Series V-D-1 (Refunding)	6,150,000	3 to 4	08-27-08	6-1-16	\$ 3,545,000 \$	0 \$	0 \$	855,000 \$	2,690,000
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000 (1)	Variable	08-28-08	6-1-25	5,150,000	0	0	220,000	4,930,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000 (1)	Variable	11-20-08	6-1-32	40,625,000	0	0	725,000	39,900,000
Public Building Authority, Series VII-B-1	21,450,000	Variable	11-20-08	6-1-32	21,350,000	0	0	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	9,255,000	0	0	815,000	8,440,000
Energy Efficient Schools Initiative Loan, Series 2011	1,000,000	0	6-1-12	5-1-22	991,667	0	0	99,996	891,671
Total Payable through General Debt Service Fund					\$ 80,916,667 \$	0 \$	0 \$	2,714,996 \$	78,201,671
Total Other Loans Payable					\$ 80,916,667 \$	0 \$	0 \$	2,714,996 \$	78,201,671
<u>CAPITAL LEASES PAYABLE</u>									
Payable by <u>School Department through General Purpose School Fund</u>									
Geothermal Catlettsburg	708,829	4.35	12-12-08	12-1-14	\$ 336,908 \$	0 \$	0 \$	135,136 \$	201,772
Total Payable by School Department through General Purpose School Fund					\$ 336,908 \$	0 \$	0 \$	135,136 \$	201,772
Total Capital Leases Payable					\$ 336,908 \$	0 \$	0 \$	135,136 \$	201,772

(Continued)

Exhibit L-1

Sevier County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Debt Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<b>BONDS PAYABLE</b>									
Payable through General Debt Service Fund									
School Refunding Bonds, Series 2002	\$ 19,415,000	2 to 4.5 %	10-30-02	4-1-16	\$ 7,700,000	\$ 0	\$ 6,550,000	\$ 1,150,000	\$ 0
General Obligation Refunding Bonds, Series 2008	11,135,000	3 to 4.5	5-1-08	6-1-25	11,030,000	0	0	35,000	10,995,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	2,330,000	0	0	135,000	2,195,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-25	1,490,000	0	0	360,000	1,130,000
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	3,850,000	0	0	955,000	2,895,000
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	13,674,392	0	0	905,027	12,769,365
General Obligation Bonds, Series 2011	5,500,000	2.9	12-12-11	6-1-32	5,500,000	0	0	0	5,500,000
General Obligation Bonds, Series 2012	3,540,000	.4 to 2.4	11-5-12	4-1-32	0	3,540,000	0	0	3,540,000
General Obligation Refunding Bonds, Series 2012	6,410,000	.4 to 2	11-5-12	4-1-23	0	6,410,000	0	0	6,410,000
Total Payable through General Debt Service Fund					\$ 45,574,392	\$ 9,950,000	\$ 6,550,000	\$ 3,540,027	\$ 45,434,365
Total Bonds Payable					\$ 45,574,392	\$ 9,950,000	\$ 6,550,000	\$ 3,540,027	\$ 45,434,365

(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

Year Ending June 30	Capital Outlay Note		
	Principal	Interest	Total
2014	\$ 0	\$ 0	\$ 0
2015	200,000	0	200,000
2016	200,000	0	200,000
2017	200,000	0	200,000
<b>Total</b>	<b>\$ 600,000</b>	<b>\$ 0</b>	<b>\$ 600,000</b>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 2,254,996	\$ 620,309	\$ 748,461	\$ 3,623,766
2015	2,334,996	586,636	734,530	3,656,162
2016	2,469,996	551,623	720,115	3,741,734
2017	4,569,996	511,977	704,135	5,786,108
2018	4,764,996	428,300	676,150	5,869,446
2019	4,074,996	320,485	646,947	5,042,428
2020	5,219,996	253,161	616,352	6,089,509
2021	4,504,996	226,545	562,848	5,294,389
2022	4,681,703	187,033	521,473	5,390,209
2023	4,870,000	146,154	477,914	5,494,068
2024	5,830,000	105,657	431,013	6,366,670
2025	5,220,000	61,368	373,633	5,655,001
2026	3,315,000	41,108	317,898	3,674,006
2027	3,515,000	36,135	279,444	3,830,579
2028	3,705,000	30,862	238,670	3,974,532
2029	3,905,000	25,305	195,692	4,125,997
2030	4,105,000	19,448	150,394	4,274,842
2031	4,305,000	13,290	102,776	4,421,066
2032	4,555,000	6,832	52,838	4,614,670
<b>Total</b>	<b>\$ 78,201,671</b>	<b>\$ 4,172,228</b>	<b>\$ 8,551,283</b>	<b>\$ 90,925,182</b>

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2014	\$ 141,133	\$ 5,985	\$ 147,118
2015	60,639	661	61,300
<b>Total</b>	<b>\$ 201,772</b>	<b>\$ 6,646</b>	<b>\$ 208,418</b>

(Continued)

Exhibit L-2

Sevier County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 4,305,027	\$ 1,710,056	\$ 6,015,083
2015	4,395,027	1,634,656	6,029,683
2016	4,455,027	1,536,906	5,991,933
2017	2,235,027	1,434,781	3,669,808
2018	2,290,027	1,388,461	3,678,488
2019	3,245,027	1,340,182	4,585,209
2020	2,320,027	1,275,282	3,595,309
2021	3,025,027	1,228,052	4,253,079
2022	3,160,027	1,158,920	4,318,947
2023	3,185,027	1,084,660	4,269,687
2024	2,830,027	1,007,350	3,837,377
2025	3,305,027	934,019	4,239,046
2026	1,555,026	837,429	2,392,455
2027	1,654,015	820,379	2,474,394
2028	675,000	105,052	780,052
2029	700,000	86,552	786,552
2030	700,000	61,475	761,475
2031	700,000	41,350	741,350
2032	700,000	20,800	720,800
Total	\$ 45,434,365	\$ 17,706,362	\$ 63,140,727

Exhibit L-3

Sevier County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Operations	\$ 131,000
Total Transfers			\$ 131,000

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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 126,821 (4)	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA	99,215	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	135,988 (1)	100,000	"
Trustee	Section 8-24-102, TCA	88,206 (2)	3,690,000	"
Assessor of Property	Section 8-24-102, TCA	88,206 (2)	10,000	"
County Clerk	Section 8-24-102, TCA	88,206 (2)	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	88,206 (2)	50,000	"
General Sessions and Juvenile Courts Clerk	Section 8-24-102, TCA	88,206 (2)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	88,206 (2, 5)	50,000	"
Register of Deeds	Section 8-24-102, TCA	88,206 (2)	25,000	"
Sheriff	Section 8-24-102, TCA	99,184 (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 \$1,465.
- (3) Includes a law enforcement training supplement of \$600 and a workhouse supplement of \$1,169.
- (4) Includes longevity pay of \$2,000.
- (5) Does not include special commissioner fees of \$26,833.
- (6) Includes longevity pay of \$2,000.

Sevier County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 15,374,455	\$ 0	\$ 0	\$ 0	\$ 661,274	\$ 0	0
Trustee's Collections - Prior Year	799,758	0	0	0	34,393	0	0
Circuit/Clerk & Master Collections - Prior Years	627,018	0	0	0	28,501	0	0
Interest and Penalty	157,813	0	0	0	6,779	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	226,664	0	0	0	9,749	0	0
Payments in-Lieu-of Taxes - Other	96,718	0	0	0	4,160	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,960,565	0	0	2,136,000	0	0	0
Hotel/Motel Tax	2,451,436	0	0	0	0	0	0
Litigation Tax - General	320,310	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	10,572	0	0	0	0
Business Tax	2,257,286	0	0	0	0	0	0
Other County Local Option Taxes	0	22,836	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	91,873	0	0	0	3,952	0	0
Wholesale Beer Tax	381,947	0	0	0	0	0	0
Interstate Telecommunications Tax	6,077	0	0	0	0	0	0
Total Local Taxes	\$ 24,754,477	\$ 22,836	\$ 10,572	\$ 2,136,000	\$ 748,918	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 385,911	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Building Permits	31,550	0	0	0	0	0	0
Other Permits	127,156	0	0	0	0	0	0
Total Licenses and Permits	\$ 554,617	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 19,323	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	17,162	0	0	0	0	0	0
Drug Control Fines	22,811	0	0	0	0	0	23,254
Drug Court Fees	0	0	0	0	0	0	0
Jail Fees	16,913	0	0	0	0	0	0
DUI Treatment Fines	4,827	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Data Entry Fee - Circuit Court	6,145 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Courtroom Security Fee	191	0	0	0	0	0	0
Victims Assistance Assessments	12,620	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	69,329	0	0	0	0	0	0
Fines for Littering	150	0	0	0	0	0	0
Officers Costs	31,663	0	0	0	0	0	0
Game and Fish Fines	130	0	0	0	0	0	0
Drug Control Fines	3,443	0	0	0	0	0	3,443
Drug Court Fees	0	0	0	0	0	0	0
Jail Fees	65,658	0	0	0	0	0	0
DUI Treatment Fines	19,281	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	21,503	0	0	0	0	0	0
Courtroom Security Fee	25	0	0	0	0	0	0
Victims Assistance Assessments	14,125	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,154	0	0	0	0	0	0
Officers Costs	2,498	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,098	0	0	0	0	0	0
Data Entry Fee - Chancery Court	8,476	0	0	0	0	0	0
Courtroom Security Fee	38	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Fines	12,023	0	0	0	0	0	1,159
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	2,442	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 356,028	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,856
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	2,968,255 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Work Release Charges for Board	19,798	0	0	0	0	0	0
Health Department Collections	123,445	0	0	0	0	0	0
Other General Service Charges	5,416	0	0	22,750	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Copy Fees	\$ 24,176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library Fees	28,293	0	0	0	0	0	0
Greenbelt Late Application Fee	450	0	0	0	0	0	0
Telephone Commissions	73,243	0	0	0	0	0	0
Vending Machine Collections	26,629	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	95,542	0	0	0	0	0	0
Data Processing Fee - Sheriff	11,764	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	8,400	0	0	0	0	0	0
<u>Education Charges</u>							
TBI Criminal Background Fees	16,050	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	472	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,401,933	\$ 0	\$ 0	\$ 22,750	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	62,341	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Sale of Maps	5,192	0	0	0	0	0	0
Sale of Recycled Materials	1,800	0	0	96,749	0	0	0
Miscellaneous Refunds	34,373	0	0	0	3,112	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	15,544	0	0	17,225	0	0	0
Damages Recovered from Individuals	1,223	0	0	0	0	0	0
Contributions and Gifts	65,877	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	35,126	0	0	0	0	0	0
Total Other Local Revenues	\$ 221,476	\$ 0	\$ 0	\$ 113,974	\$ 3,112	\$ 0	\$ 0
<u>Fees Received from County Officials</u>							
Fees in-Lieu-of Salary	\$ 1,213,877	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
County Clerk	383,623	0	0	0	0	0	0
Circuit Court Clerk							

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
General Sessions Court Clerk	\$ 475,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	370,684	0	0	0	0	0	0
Juvenile Court Clerk	42,846	0	0	0	0	0	0
Register	1,087,698	0	0	0	0	0	0
Sheriff	49,983	0	0	0	0	0	0
Trustee	2,522,507	0	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 6,156,535</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	7,599	0	0	0	0	0	0
Aging Programs	13,102	0	0	0	0	0	0
On-Behalf Contributions for OPEB	7,605	0	0	0	0	0	0
Other General Government Grants	3,000	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	101,900	0	0	0	0	0	0
Other Public Safety Grants	25	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	409,399	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	69,000	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	228,379	0	0	0	0	0	0
Beer Tax	18,586	0	0	0	0	0	0
Alcoholic Beverage Tax	235,668	0	0	0	0	0	0
Mixed Drink Tax	5,281	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	593,074	0	0	0	0	0	0
Contracted Prisoner Boarding	1,686,978	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	15,164	0	0	0	0	0	0
Other State Grants	4,392	0	0	0	0	0	0
Other State Revenues	240,175	0	0	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 3,648,327</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

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

Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
Federal Government							
<u>Federal through State</u>							
Community Development	\$ 0	0	0	0	0	0	\$ 0
Homeland Security Grants	26,618	0	0	0	0	0	0
Other Federal through State	162,280	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Public Safety Partnership and Community Policing - COPS	143,008	0	0	0	0	0	0
Tax Credit Bond Rebate	703,154	0	0	0	0	0	0
Other Direct Federal Revenue	16,655	0	0	0	0	0	0
<u>Total Federal Government</u>	\$ 1,051,715	0	0	0	0	0	\$ 0
Other Governments and Citizens Groups							
<u>Other Governments</u>							
Paving and Maintenance	0	0	0	0	0	0	0
Contributions	491,560	0	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	\$ 491,560	0	0	0	0	0	\$ 0
<u>Total</u>	\$ 40,636,668	22,836	10,572	2,272,724	752,030	27,856	\$ 27,856

(Continued)

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

	Special Revenue Funds (Cont.)			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>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0 \$	0 \$	5,620,753 \$	4,628,936 \$	0 \$	0 \$	0 \$	26,285,418	
Trustee's Collections - Prior Year	0	0	292,388	240,806	0	0	0	1,367,345	
Circuit/Clerk & Master Collections - Prior Years	0	0	228,007	185,256	0	0	0	1,068,782	
Interest and Penalty	0	0	57,684	47,525	0	0	0	269,801	
Payments in-Lieu-of Taxes - T.V.A.	0	0	935	770	0	0	0	4,372	
Payments in-Lieu-of Taxes - Local Utilities	0	0	106,285	68,243	0	0	0	410,941	
Payments in-Lieu-of Taxes - Other	0	0	35,359	29,120	0	0	0	165,357	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	0	0	0	0	0	0	4,096,565	
Hotel/Motel Tax	0	0	0	0	0	0	0	2,451,436	
Litigation Tax - General	0	0	0	0	0	0	0	320,310	
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	10,572	
Business Tax	0	0	0	0	0	0	0	2,257,286	
Other County Local Option Taxes	0	0	0	0	0	0	0	22,836	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	0	33,588	27,661	0	0	0	157,074	
Wholesale Beer Tax	0	0	0	0	0	0	0	381,947	
Interstate Telecommunications Tax	0	0	0	0	0	0	0	6,077	
Total Local Taxes	\$ 0 \$	0 \$	6,374,999 \$	5,228,317 \$	0 \$	0 \$	0 \$	39,276,119	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	395,911	
<u>Permits</u>									
Building Permits	0	0	0	0	0	0	0	31,550	
Other Permits	0	0	0	0	0	0	0	127,156	
Total Licenses and Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	554,617	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	19,323	
Officers Costs	0	0	0	0	0	0	0	17,162	
Drug Control Fines	0	0	0	0	0	0	0	46,065	
Drug Court Fees	3,781	0	0	0	0	0	0	3,781	
Jail Fees	0	0	0	0	0	0	0	16,913	
DUI Treatment Fines	0	0	0	0	0	0	0	4,827	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Capital Projects	Education Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	6,145
Courtroom Security Fee	0	0	0	0	0	0	0	0	191
Victims Assistance Assessments	0	0	0	0	0	0	0	0	12,620
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	69,329
Fines for Littering	0	0	0	0	0	0	0	0	150
Officers Costs	0	0	0	0	0	0	0	0	31,663
Game and Fish Fines	0	0	0	0	0	0	0	0	130
Drug Control Fines	0	0	0	0	0	0	0	0	6,886
Drug Court Fees	5,772	0	0	0	0	0	0	0	5,772
-Jail Fees	0	0	0	0	0	0	0	0	65,658
DUI Treatment Fines	0	0	0	0	0	0	0	0	19,281
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	21,503
Courtroom Security Fee	0	0	0	0	0	0	0	0	25
Victims Assistance Assessments	0	0	0	0	0	0	0	0	14,125
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	1,154
Officers Costs	0	0	0	0	0	0	0	0	2,498
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	4,098
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	8,476
Courtroom Security Fee	0	0	0	0	0	0	0	0	38
<u>Other Courts - In-county</u>									
Drug Court Fees	44,298	0	0	0	0	0	0	0	44,298
<u>Judicial District Drug Program</u>									
Fines	0	0	0	0	0	0	0	0	13,182
<u>Other Fines, Forfeitures, and Penalties</u>									
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	2,442
Total Fines, Forfeitures, and Penalties	53,851	0	0	0	0	0	0	0	437,735
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	0	0	0	0	0	0	0	0	2,968,255
Work Release Charges for Board	0	0	0	0	0	0	0	0	19,798
Health Department Collections	0	0	0	0	0	0	0	0	123,445
Other General Service Charges	0	0	0	0	0	0	0	0	28,166

(Continued)

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

	Special Revenue Funds (Cont.)			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>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	24,176
Library Fees	0	0	0	0	0	0	0	28,293
Greenbelt Late Application Fee	0	0	0	0	0	0	0	450
Telephone Commissions	0	0	0	0	0	0	0	73,243
Vending Machine Collections	0	0	0	0	0	0	0	26,629
Constitutional Officers' Fees and Commissions	0	225	0	0	0	0	0	225
Special Commissioner Fees/Special Master Fees	0	26,833	0	0	0	0	0	26,833
Data Processing Fee - Register	0	0	0	0	0	0	0	95,542
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	11,764
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	8,400
<u>Education Charges</u>								
TBI Criminal Background Fees	0	0	0	0	0	0	0	16,050
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	0	0	0	0	0	472
Total Charges for Current Services	0 \$	27,058 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,451,741
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0 \$	0 \$	0 \$	1,032,982 \$	0 \$	1,335 \$	0 \$	1,034,317
Lease/Rentals	0	0	0	0	0	0	0	62,341
Sale of Materials and Supplies	0	0	225	0	0	0	0	225
Sale of Maps	0	0	0	0	0	0	0	5,192
Sale of Recycled Materials	0	0	0	0	0	0	0	98,549
Miscellaneous Refunds	0	0	8,172	0	10,500	0	0	56,157
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	58,698	0	0	0	0	91,467
Damages Recovered from Individuals	0	0	32,488	0	0	0	0	33,711
Contributions and Gifts	0	0	0	0	0	0	0	65,877
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	35,126
Total Other Local Revenues	0 \$	0 \$	99,583 \$	1,032,982 \$	10,500 \$	1,335 \$	0 \$	1,482,962
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of-Salary</u>								
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,213,877
Circuit Court Clerk	0	0	0	0	0	0	0	393,623

(Continued)

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

	Special Revenue Funds (Cont.)			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>Fees Received from County Officials (Cont.)</u>								
<u>Fees in-Lieu-of Salary (Cont.)</u>								
General Sessions Court Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	475,317
Clerk and Master	0	0	0	0	0	0	0	370,684
Juvenile Court Clerk	0	0	0	0	0	0	0	42,846
Register	0	0	0	0	0	0	0	1,087,698
Sheriff	0	0	0	0	0	0	0	49,983
Trustee	0	0	0	0	0	0	0	2,522,507
<b>Total Fees Received from County Officials</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>6,156,535</b>
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Child Restraint Program	0	0	0	0	0	0	0	7,599
Aging Programs	0	0	0	0	0	0	0	13,102
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	7,605
Other General Government Grants	0	0	0	0	0	0	0	3,000
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	0	101,900
Other Public Safety Grants	0	0	0	0	0	0	0	25
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	0	0	0	0	0	0	0	409,399
<u>Public Works Grants</u>								
State Aid Program	0	0	399,560	0	0	0	0	399,560
Litter Program	0	0	0	0	0	0	0	69,000
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	228,379
Beer Tax	0	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	0	0	0	0	235,668
Mixed Drink Tax	0	0	0	0	0	0	0	5,281
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	593,074
Contracted Prisoner Boarding	0	0	0	0	0	0	0	1,686,978
Gasoline and Motor Fuel Tax	0	0	2,283,228	0	0	0	0	2,283,228
Petroleum Special Tax	0	0	64,859	0	0	0	0	64,859
Registrar's Salary Supplement	0	0	0	0	0	0	0	15,164
Other State Grants	50,000	0	103,777	0	30,685	0	0	188,854
Other State Revenues	0	0	0	0	0	0	0	240,175
<b>Total State of Tennessee</b>	<b>50,000 \$</b>	<b>0 \$</b>	<b>2,851,424 \$</b>	<b>0 \$</b>	<b>30,685 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>6,580,436</b>

(Continued)

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

	Special Revenue Funds (Cont.)				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>Federal Government</u>									
<u>Federal through State</u>									
Community Development	0	0	0	0	400,000	0	0	0	400,000
Homeland Security Grants	0	0	0	0	0	0	0	0	26,618
Other Federal through State	0	0	0	0	0	0	0	0	162,280
<u>Direct Federal Revenue</u>									
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	0	0	143,008
Tax Credit Bond Rebate	0	0	0	0	0	0	0	0	703,154
Other Direct Federal Revenue	76,795	0	0	0	1,234,050	0	0	0	1,327,500
<b>Total Federal Government</b>	<b>76,795</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,634,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,762,560</b>
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Paving and Maintenance	0	0	117,236	0	0	0	0	0	117,236
Contributions	50,000	0	0	5,300,945	0	0	0	0	5,842,505
<b>Total Other Governments and Citizens Groups</b>	<b>50,000</b>	<b>0</b>	<b>117,236</b>	<b>5,300,945</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,959,741</b>
<b>Total</b>	<b>230,646</b>	<b>27,058</b>	<b>9,443,242</b>	<b>11,562,244</b>	<b>1,675,235</b>	<b>1,335</b>	<b>0</b>	<b>0</b>	<b>66,662,446</b>

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, 2013

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 27,607,967	\$ 0	\$ 0	\$ 0	\$ 27,607,967
Trustee's Collections - Prior Year	1,361,962	0	0	0	1,361,962
Circuit/Clerk & Master Collections - Prior Years	1,125,783	0	0	0	1,125,783
Interest and Penalty	283,360	0	0	0	283,360
Payments in-Lieu-of Taxes - T.V.A.	4,591	0	0	0	4,591
Payments in-Lieu-of Taxes - Local Utilities	407,020	0	0	0	407,020
Payments in-Lieu-of Taxes - Other	173,677	0	0	0	173,677
<u>County Local Option Taxes</u>					
Local Option Sales Tax	43,985,722	0	0	0	43,985,722
Hotel/Motel Tax	2,411,546	0	0	0	2,411,546
Other County Local Option Taxes	117,500	0	0	0	117,500
<u>Statutory Local Taxes</u>					
Bank Excise Tax	164,976	0	0	0	164,976
Interstate Telecommunications Tax	7,316	0	0	0	7,316
Total Local Taxes	\$ 77,651,420	\$ 0	\$ 0	\$ 0	\$ 77,651,420
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 132,199	\$ 0	\$ 0	\$ 0	\$ 132,199
Total Licenses and Permits	\$ 132,199	\$ 0	\$ 0	\$ 0	\$ 132,199
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 8,105	\$ 0	\$ 0	\$ 0	\$ 8,105
Lunch Payments - Children	0	0	886,286	0	886,286
Lunch Payments - Adults	0	0	131,351	0	131,351
Income from Breakfast	0	0	498,903	0	498,903
A la carte Sales	0	0	198,478	0	198,478
Receipts from Individual Schools	229,253	0	0	0	229,253
Total Charges for Current Services	\$ 237,358	\$ 0	\$ 1,715,018	\$ 0	\$ 1,952,376
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,486	\$ 0	\$ 4,486
Lease/Rentals	11,697	0	0	0	11,697
Sale of Materials and Supplies	2,274	0	0	0	2,274
Refund of Telecommunication & Internet Fees (E-Rate)	31,272	0	0	0	31,272
Miscellaneous Refunds	68,542	0	5	0	68,547
<u>Nonrecurring Items</u>					
Sale of Equipment	58,878	0	0	0	58,878
Damages Recovered from Individuals	13,202	0	0	0	13,202
Contributions and Gifts	48,894	0	0	0	48,894
<u>Other Local Revenues</u>					
Other Local Revenues	377,409	0	0	0	377,409
Total Other Local Revenues	\$ 612,168	\$ 0	\$ 4,491	\$ 0	\$ 616,659
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 329,076	\$ 0	\$ 0	\$ 0	\$ 329,076
<u>State Education Funds</u>					
Basic Education Program	38,148,708	0	0	0	38,148,708
Early Childhood Education	426,477	0	0	0	426,477
School Food Service	0	0	70,685	0	70,685
Driver Education	33,938	0	0	0	33,938
Other State Education Funds	403,915	0	0	0	403,915

(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	Special Revenue Funds		Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Other Capital Projects		
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
Career Ladder Program	\$ 586,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 586,733
Career Ladder - Extended Contract	107,700	0	0	0	0	107,700
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	642,497	0	0	0	0	642,497
Other State Grants	63,206	0	0	0	0	63,206
Total State of Tennessee	\$ 40,742,250	\$ 0	\$ 70,685	\$ 0	\$ 0	\$ 40,812,935
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,289,106	\$ 0	\$ 0	\$ 3,289,106
USDA - Commodities	0	0	351,543	0	0	351,543
Breakfast	0	0	1,581,949	0	0	1,581,949
USDA - Other	0	0	4,631	0	0	4,631
Adult Education State Grant Program	130,672	0	0	0	0	130,672
Vocational Education - Basic Grants to States	0	212,023	0	0	0	212,023
Title I Grants to Local Education Agencies	0	3,097,047	0	0	0	3,097,047
Special Education - Grants to States	24,467	3,079,982	0	0	0	3,104,449
Special Education Preschool Grants	9,787	81,884	0	0	0	91,671
English Language Acquisition Grants	0	75,352	0	0	0	75,352
Rural Education	0	261,842	0	0	0	261,842
Eisenhower Professional Development State Grants	0	535,415	0	0	0	535,415
Race-to-the-Top - ARRA	0	595,760	0	0	0	595,760
Other Federal through State	62,879	0	0	0	0	62,879
Total Federal Government	\$ 227,805	\$ 7,939,305	\$ 5,227,229	\$ 0	\$ 0	\$ 13,394,339
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 1,303,154	\$ 0	\$ 0	\$ 2,308,512	\$ 0	\$ 3,611,666
Contracted Services	45,321	0	0	0	0	45,321
Total Other Governments and Citizens Groups	\$ 1,348,475	\$ 0	\$ 0	\$ 2,308,512	\$ 0	\$ 3,656,987
Total	\$ 120,951,675	\$ 7,939,305	\$ 7,017,423	\$ 2,308,512	\$ 0	\$ 138,216,915

## Exhibit L-7

Sevier County, Tennessee  
 Schedule of Detailed Expenditures -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	137,400	
Social Security		6,726	
State Retirement		7,207	
Employee and Dependent Insurance		317,785	
Employer Medicare		1,573	
Advertising		17	
Audit Services		38,867	
Dues and Memberships		11,842	
Legal Services		5,745	
Travel		4,614	
Other Contracted Services		3,807	
Office Supplies		1,726	
Total County Commission			\$ 537,309

Beer Board

Board and Committee Members Fees	\$	3,950	
Social Security		154	
State Retirement		242	
Employer Medicare		36	
Advertising		316	
Legal Services		504	
Total Beer Board			5,202

Other Boards and Committees

County Official/Administrative Officer	\$	47,741	
Assistant(s)		75,095	
Dispatchers/Radio Operators		362,072	
Longevity Pay		5,500	
Other Salaries and Wages		14,458	
Social Security		30,263	
State Retirement		43,060	
Employee and Dependent Insurance		83,545	
Unemployment Compensation		2,887	
Employer Medicare		7,078	
Communication		883	
Data Processing Services		1,147	
Gasoline		1,248	
Office Supplies		3,335	
Other Supplies and Materials		6,366	
Total Other Boards and Committees			684,678

County Mayor/Executive

County Official/Administrative Officer	\$	124,821	
Assistant(s)		75,549	
Accountants/Bookkeepers		160,879	
Secretary(ies)		31,224	
Clerical Personnel		42,455	
Longevity Pay		8,000	
Other Salaries and Wages		56,844	
Social Security		28,994	

(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 (Cont.)

State Retirement	\$	46,060	
Employee and Dependent Insurance		62,390	
Employer Medicare		6,970	
Communication		4,837	
Dues and Memberships		1,050	
Maintenance and Repair Services - Office Equipment		4,289	
Postal Charges		4,001	
Travel		12,552	
Gasoline		3,794	
Office Supplies		11,627	
Total County Mayor/Executive			\$ 686,336

Election Commission

County Official/Administrative Officer	\$	67,950	
Assistant(s)		7,244	
Supervisor/Director		44,284	
Deputy(ies)		109,193	
Clerical Personnel		24,975	
Longevity Pay		4,250	
Other Salaries and Wages		45,975	
Election Commission		22,332	
Election Workers		66,742	
Social Security		19,442	
State Retirement		22,201	
Employee and Dependent Insurance		37,380	
Employer Medicare		4,547	
Advertising		23,845	
Communication		29,867	
Dues and Memberships		4,375	
Maintenance and Repair Services - Office Equipment		2,122	
Postal Charges		29,402	
Travel		6,251	
Other Contracted Services		47,175	
Office Supplies		39,846	
Total Election Commission			659,398

Register of Deeds

County Official/Administrative Officer	\$	86,741	
Deputy(ies)		44,835	
Clerical Personnel		230,062	
Longevity Pay		8,965	
Social Security		21,702	
State Retirement		34,437	
Employee and Dependent Insurance		58,882	
Employer Medicare		5,075	
Dues and Memberships		906	
Maintenance and Repair Services - Office Equipment		3,196	
Postal Charges		1,491	
Travel		1,260	
Other Contracted Services		25,180	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Office Supplies	\$	5,829	
Other Supplies and Materials		4,000	
Total Register of Deeds			\$ 532,561

Planning

County Official/Administrative Officer	\$	53,511	
Assistant(s)		32,255	
Supervisor/Director		36,467	
Longevity Pay		3,750	
Other Salaries and Wages		51,880	
Board and Committee Members Fees		10,275	
Social Security		10,239	
State Retirement		16,837	
Employee and Dependent Insurance		34,920	
Employer Medicare		2,395	
Advertising		705	
Communication		5,475	
Dues and Memberships		410	
Legal Services		735	
Postal Charges		180	
Rentals		11,050	
Travel		5,722	
Office Supplies		12,363	
Refunds		100	
Total Planning			289,269

Building

County Official/Administrative Officer	\$	39,269	
Assistant(s)		30,805	
Secretary(ies)		24,197	
Longevity Pay		750	
Social Security		5,556	
State Retirement		8,827	
Employee and Dependent Insurance		20,208	
Employer Medicare		1,299	
Communication		2,833	
Dues and Memberships		851	
Legal Services		300	
Postal Charges		398	
Rentals		9,890	
Travel		6,733	
Other Contracted Services		2,105	
Gasoline		2,780	
Office Supplies		7,371	
Utilities		916	
Other Supplies and Materials		4,463	
Refunds		463	
Total Building			170,014

(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

Supervisor/Director	\$	33,886	
Longevity Pay		250	
Other Salaries and Wages		27,716	
Social Security		3,488	
State Retirement		4,781	
Employee and Dependent Insurance		14,668	
Employer Medicare		816	
Communication		1,583	
Maintenance and Repair Services - Office Equipment		5,641	
Postal Charges		46	
Travel		1,986	
Office Supplies		7,145	
Total Geographical Information Systems			\$ 102,006

County Buildings

County Official/Administrative Officer	\$	50,417	
Supervisor/Director		43,986	
Custodial Personnel		313,686	
Longevity Pay		8,750	
Social Security		24,331	
State Retirement		33,432	
Employee and Dependent Insurance		86,540	
Employer Medicare		5,690	
Communication		61,122	
Maintenance and Repair Services - Buildings		174,942	
Pest Control		2,610	
Electricity		488,381	
Gasoline		11,767	
Natural Gas		150,618	
Office Supplies		437	
Uniforms		1,775	
Water and Sewer		154,509	
Other Supplies and Materials		31,377	
Total County Buildings			1,644,370

Other Facilities

Communication	\$	910	
Maintenance and Repair Services - Buildings		1,825	
Other Contracted Services		8,240	
Electricity		107,500	
Natural Gas		49,685	
Water and Sewer		2,699	
Other Supplies and Materials		4,026	
Total Other Facilities			174,885

Other General Administration

Mechanic(s)	\$	174,515	
Longevity Pay		5,000	
Social Security		10,257	
State Retirement		15,340	

(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 (Cont.)

Employee and Dependent Insurance	\$	40,382	
Employer Medicare		2,399	
Communication		4,916	
Maintenance and Repair Services - Vehicles		97,559	
Travel		70	
Gasoline		3,693	
Lubricants		17,726	
Tires and Tubes		50,255	
Other Supplies and Materials		8,171	
Total Other General Administration			\$ 430,283

Preservation of Records

County Official/Administrative Officer	\$	40,128	
Assistant(s)		58,376	
Longevity Pay		1,500	
Social Security		5,610	
State Retirement		9,290	
Employee and Dependent Insurance		24,829	
Employer Medicare		1,312	
Communication		2,208	
Maintenance and Repair Services - Office Equipment		590	
Travel		401	
Other Contracted Services		36,423	
Office Supplies		3,566	
Other Supplies and Materials		4,742	
Total Preservation of Records			188,975

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	86,741	
Deputy(ies)		113,747	
Clerical Personnel		204,004	
Longevity Pay		15,715	
Other Salaries and Wages		240,298	
Board and Committee Members Fees		7,020	
Social Security		39,508	
State Retirement		60,303	
Employee and Dependent Insurance		122,065	
Employer Medicare		9,240	
Advertising		332	
Audit Services		69,089	
Communication		4,497	
Dues and Memberships		2,275	
Maintenance and Repair Services - Office Equipment		11,456	
Postal Charges		14,748	
Rentals		7,625	
Travel		1,919	
Other Contracted Services		66,201	
Gasoline		17,667	
Office Supplies		30,908	

(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.)

Utilities	\$	338	
Motor Vehicles		12,720	
Total Property Assessor's Office			\$ 1,138,416

County Trustee's Office

County Official/Administrative Officer	\$	86,741	
Deputy(ies)		44,835	
Clerical Personnel		187,975	
Longevity Pay		7,215	
Other Salaries and Wages		19,212	
Social Security		19,502	
State Retirement		32,150	
Employee and Dependent Insurance		62,565	
Unemployment Compensation		2,440	
Employer Medicare		4,561	
Audit Services		5,277	
Communication		2,144	
Dues and Memberships		906	
Maintenance and Repair Services - Office Equipment		1,405	
Postal Charges		40,016	
Travel		512	
Other Contracted Services		12,557	
Office Supplies		8,845	
Total County Trustee's Office			538,858

County Clerk's Office

County Official/Administrative Officer	\$	86,741	
Deputy(ies)		41,054	
Accountants/Bookkeepers		64,707	
Clerical Personnel		467,553	
Longevity Pay		14,215	
Social Security		37,445	
State Retirement		58,896	
Employee and Dependent Insurance		163,295	
Employer Medicare		8,757	
Communication		4,116	
Dues and Memberships		796	
Maintenance and Repair Services - Office Equipment		593	
Postal Charges		19,484	
Travel		1,709	
Other Contracted Services		112,785	
Office Supplies		21,705	
Total County Clerk's Office			1,103,851

Data Processing

County Official/Administrative Officer	\$	49,602	
Assistant(s)		74,548	
Longevity Pay		1,000	
Social Security		7,238	
State Retirement		11,626	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Employee and Dependent Insurance	\$	24,958	
Employer Medicare		1,693	
Communication		5,495	
Evaluation and Testing		288	
Postal Charges		10	
Travel		406	
Data Processing Supplies		30,708	
Gasoline		1,205	
In Service/Staff Development		870	
Total Data Processing			\$ 209,647

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	86,741	
Deputy(ies)		33,886	
Accountants/Bookkeepers		30,805	
Clerical Personnel		377,373	
Longevity Pay		10,715	
Other Salaries and Wages		2,613	
Jury and Witness Expense		47,193	
Social Security		32,038	
State Retirement		49,165	
Employee and Dependent Insurance		96,642	
Employer Medicare		7,493	
Communication		2,035	
Contracts with Other Public Agencies		699	
Dues and Memberships		976	
Maintenance and Repair Services - Office Equipment		10,505	
Postal Charges		8,226	
Travel		1,274	
Other Contracted Services		16,290	
Office Supplies		36,214	
Total Circuit Court			850,883

General Sessions Court

County Official/Administrative Officer	\$	86,741
Deputy(ies)		45,732
Accountants/Bookkeepers		30,805
Clerical Personnel		240,468
Longevity Pay		8,965
Other Salaries and Wages		59,205
Social Security		27,106
State Retirement		41,572
Employee and Dependent Insurance		95,264
Employer Medicare		6,339
Communication		2,219
Contracts with Other Public Agencies		8,782
Dues and Memberships		761
Maintenance and Repair Services - Office Equipment		2,296
Postal Charges		4,726

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Travel	\$	894	
Other Contracted Services		15,414	
Office Supplies		16,111	
Total General Sessions Court			\$ 693,400

General Sessions Judge

Judge(s)	\$	305,756	
Secretary(ies)		32,453	
Longevity Pay		4,500	
Other Salaries and Wages		43,939	
Social Security		18,236	
State Retirement		35,956	
Employee and Dependent Insurance		45,130	
Employer Medicare		5,425	
Communication		2,734	
Dues and Memberships		2,860	
Postal Charges		180	
Travel		4,910	
Other Contracted Services		6,981	
Office Supplies		4,454	
Total General Sessions Judge			513,514

Drug Court

Probation Officer(s)	\$	581	
Contributions		50,000	
Total Drug Court			50,581

Chancery Court

County Official/Administrative Officer	\$	86,741	
Deputy(ies)		29,503	
Clerical Personnel		117,436	
Longevity Pay		7,465	
Other Salaries and Wages		33,985	
Social Security		16,402	
State Retirement		25,568	
Employee and Dependent Insurance		38,022	
Employer Medicare		3,836	
Communication		720	
Dues and Memberships		546	
Maintenance and Repair Services - Office Equipment		9,159	
Postal Charges		5,833	
Office Supplies		8,021	
Total Chancery Court			383,237

Juvenile Court

Deputy(ies)	\$	33,886	
Clerical Personnel		56,283	
Longevity Pay		1,250	
Social Security		5,532	
State Retirement		8,493	

(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 (Cont.)

Employee and Dependent Insurance	\$	10,080	
Employer Medicare		1,294	
Postal Charges		1,452	
Other Contracted Services		3,225	
Office Supplies		7,324	
Total Juvenile Court			\$ 128,819

District Attorney General

Assistant(s)	\$	54,438	
Social Security		3,200	
State Retirement		2,665	
Employee and Dependent Insurance		6,500	
Employer Medicare		748	
Dues and Memberships		1,000	
Travel		318	
Office Supplies		225	
Total District Attorney General			69,094

Judicial Commissioners

County Official/Administrative Officer	\$	158,639	
Supervisor/Director		41,497	
Longevity Pay		2,750	
Other Salaries and Wages		239	
Social Security		12,073	
State Retirement		14,441	
Employee and Dependent Insurance		40,415	
Employer Medicare		2,824	
Communication		2,035	
Dues and Memberships		750	
Travel		5,077	
Office Supplies		8,671	
In Service/Staff Development		540	
Total Judicial Commissioners			289,951

Victims Assistance Programs

Supervisor/Director	\$	38,513	
Longevity Pay		750	
Social Security		2,402	
State Retirement		3,648	
Employee and Dependent Insurance		5,152	
Employer Medicare		562	
Communication		1,308	
Postal Charges		180	
Office Supplies		558	
Total Victims Assistance Programs			53,073

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	96,584	
Assistant(s)		59,203	

(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.)

Deputy(ies)	\$	2,208,816	
Investigator(s)		323,507	
Lieutenant(s)		98,446	
Sergeant(s)		272,470	
Accountants/Bookkeepers		37,617	
Dispatchers/Radio Operators		317,590	
Guards		157,456	
Secretary(ies)		116,044	
Longevity Pay		57,750	
Other Salaries and Wages		50,801	
In-Service Training		51,188	
Social Security		225,472	
State Retirement		335,674	
Employee and Dependent Insurance		684,990	
Unemployment Compensation		1,703	
Employer Medicare		52,731	
Other Fringe Benefits		52,987	
Communication		38,626	
Contracts with Other Public Agencies		8,295	
Data Processing Services		33,744	
Dues and Memberships		2,500	
Maintenance and Repair Services - Equipment		44,564	
Maintenance and Repair Services - Office Equipment		14,221	
Maintenance and Repair Services - Vehicles		10,356	
Postal Charges		24	
Rentals		288	
Transportation - Other than Students		443	
Travel		8,505	
Gasoline		381,743	
Water and Sewer		189	
Other Supplies and Materials		95,074	
In Service/Staff Development		23,468	
Other Charges		100	
Total Sheriff's Department			\$ 5,863,169

Drug Enforcement

Longevity Pay	\$	3,000	
Other Salaries and Wages		142,622	
Social Security		8,637	
State Retirement		13,528	
Employee and Dependent Insurance		19,979	
Employer Medicare		2,020	
Other Supplies and Materials		25,190	
Total Drug Enforcement			214,976

Jail

Assistant(s)	\$	60,415	
Supervisor/Director		30,751	
Guards		1,973,512	
Cafeteria Personnel		109,775	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Longevity Pay	\$	23,250	
Other Salaries and Wages		26,852	
In-Service Training		17,100	
Social Security		130,351	
State Retirement		187,537	
Employee and Dependent Insurance		464,159	
Employer Medicare		30,485	
Other Fringe Benefits		19,417	
Communication		12,941	
Contracts with Other Public Agencies		9,398	
Data Processing Services		9,588	
Legal Services		1,206	
Maintenance and Repair Services - Buildings		45,346	
Maintenance and Repair Services - Equipment		30,672	
Maintenance and Repair Services - Office Equipment		6,368	
Medical and Dental Services		1,216,039	
Postal Charges		3,556	
Rentals		4,774	
Transportation - Other than Students		8,612	
Food Supplies		383,026	
Office Supplies		37,435	
Other Supplies and Materials		224,593	
In Service/Staff Development		2,455	
Total Jail			\$ 5,069,613

Juvenile Services

Supervisor/Director	\$	52,454	
Youth Service Officer(s)		156,168	
Secretary(ies)		28,365	
Longevity Pay		5,750	
Social Security		13,792	
State Retirement		22,550	
Employee and Dependent Insurance		49,915	
Employer Medicare		3,226	
Communication		2,286	
Dues and Memberships		529	
Postal Charges		1,028	
Travel		1,383	
Other Contracted Services		3,969	
Office Supplies		7,198	
Total Juvenile Services			348,613

Fire Prevention and Control

Contributions	\$	839,000	
Other Capital Outlay		50,000	
Total Fire Prevention and Control			889,000

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	\$	47,050	
Longevity Pay		250	
Other Salaries and Wages		35,259	
Social Security		4,720	
State Retirement		7,161	
Employee and Dependent Insurance		13,257	
Employer Medicare		1,104	
Communication		4,900	
Dues and Memberships		1,000	
Legal Services		400	
Postal Charges		42	
Travel		4,647	
Gasoline		5,839	
Office Supplies		5,352	
Other Supplies and Materials		4,824	
Other Equipment		334	
Other Capital Outlay		24,874	
Total Other Emergency Management			161,013

County Coroner/Medical Examiner

Other Salaries and Wages	\$	8,728	
Social Security		541	
Employer Medicare		127	
Communication		525	
Postal Charges		12	
Travel		642	
Other Contracted Services		86,612	
Office Supplies		834	
Total County Coroner/Medical Examiner			98,021

Other Public Safety

County Official/Administrative Officer	\$	47,759	
Sergeant(s)		102,606	
Medical Personnel		11,941	
Guards		260,341	
Secretary(ies)		25,773	
Longevity Pay		6,250	
In-Service Training		2,476	
Social Security		27,235	
State Retirement		39,589	
Employee and Dependent Insurance		87,080	
Employer Medicare		6,369	
Other Fringe Benefits		3,705	
Communication		6,969	
Data Processing Services		3,250	
Dues and Memberships		620	

(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.)

Maintenance and Repair Services - Buildings	\$	1,556	
Maintenance and Repair Services - Equipment		3,145	
Maintenance and Repair Services - Office Equipment		2,833	
Medical and Dental Services		14,497	
Postal Charges		58	
Rentals		597	
Travel		381	
Other Contracted Services		1,544	
Gasoline		1,418	
Office Supplies		5,899	
Other Supplies and Materials		4,745	
In Service/Staff Development		3,054	
Total Other Public Safety			\$ 671,690

Public Health and Welfare

Local Health Center

Communication	\$	13,917	
Maintenance and Repair Services - Buildings		13,348	
Maintenance and Repair Services - Office Equipment		4,066	
Medical and Dental Services		23,875	
Pest Control		582	
Postal Charges		2,255	
Electricity		2,243	
Office Supplies		26,159	
Water and Sewer		76	
Other Supplies and Materials		4,705	
Other Charges		2,876	
Office Equipment		4,839	
Total Local Health Center			98,941

Rabies and Animal Control

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

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	64,929	
Assistant(s)		52,167	
Medical Personnel		1,948,601	
Clerical Personnel		149,998	
Longevity Pay		37,000	
Other Salaries and Wages		308,940	
Social Security		150,927	
State Retirement		209,999	
Employee and Dependent Insurance		364,310	
Employer Medicare		35,297	
Communication		21,991	
Contributions		100,000	
Legal Services		162	
Licenses		4,205	
Maintenance and Repair Services - Equipment		4,750	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Maintenance and Repair Services - Office Equipment	\$	9,267	
Maintenance and Repair Services - Vehicles		654	
Postal Charges		12,707	
Travel		2,714	
Tuition		1,938	
Other Contracted Services		23,853	
Custodial Supplies		5,548	
Drugs and Medical Supplies		107,636	
Gasoline		131,458	
Office Supplies		12,528	
Uniforms		25,013	
Utilities		35,711	
Other Supplies and Materials		36,639	
Refunds		21,281	
Total Ambulance/Emergency Medical Services			\$ 3,880,223

Maternal and Child Health Services

Medical Personnel	\$	70,141	
Clerical Personnel		319,209	
Longevity Pay		5,250	
Social Security		22,289	
State Retirement		32,804	
Employee and Dependent Insurance		97,405	
Employer Medicare		5,213	
Transportation - Other than Students		6,769	
Travel		91	
Total Maternal and Child Health Services			559,171

Other Local Health Services

Contributions	\$	110,604	
Other Charges		20,400	
Total Other Local Health Services			131,004

Appropriation to State

Communication	\$	73	
Contributions		69,175	
Rentals		15,332	
Electricity		878	
Natural Gas		619	
Water and Sewer		161	
Total Appropriation to State			86,238

Other Local Welfare Services

Contributions	\$	14,787	
Pauper Burials		9,850	
Total Other Local Welfare Services			24,637

Other Public Health and Welfare

Supervisor/Director	\$	51,538	
Secretary(ies)		30,622	

(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.)

Longevity Pay	\$	3,500	
Other Salaries and Wages		105,972	
Social Security		11,397	
State Retirement		17,803	
Employee and Dependent Insurance		30,512	
Employer Medicare		2,665	
Communication		3,990	
Dues and Memberships		400	
Maintenance and Repair Services - Office Equipment		341	
Rentals		11,754	
Travel		18,380	
Other Contracted Services		2,593	
Office Supplies		13,794	
Utilities		235	
Refunds		1,000	
Total Other Public Health and Welfare			\$ 306,496

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	38,206	
Assistant(s)		28,005	
Supervisor/Director		20,913	
Dispatchers/Radio Operators		19,128	
Secretary(ies)		26,537	
Cafeteria Personnel		12,358	
Maintenance Personnel		18,870	
Longevity Pay		1,250	
Social Security		9,056	
State Retirement		13,192	
Employee and Dependent Insurance		51,318	
Employer Medicare		2,118	
Advertising		10,104	
Communication		5,388	
Maintenance and Repair Services - Buildings		12,236	
Travel		804	
Other Contracted Services		8,964	
Office Supplies		1,444	
Other Supplies and Materials		10,506	
In Service/Staff Development		3,703	
Other Charges		8,074	
Motor Vehicles		48,200	
Total Senior Citizens Assistance			350,374

Libraries

County Official/Administrative Officer	\$	54,897
Assistant(s)		254,208
Principals		32
Supervisor/Director		183,652
Accountants/Bookkeepers		24,399
Custodial Personnel		24,660

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Longevity Pay	\$	7,250	
Other Salaries and Wages		82,537	
Social Security		37,080	
State Retirement		50,102	
Employee and Dependent Insurance		123,190	
Employer Medicare		8,672	
Communication		27,335	
Dues and Memberships		1,821	
Janitorial Services		20,014	
Maintenance and Repair Services - Equipment		51,099	
Postal Charges		2,956	
Printing, Stationery, and Forms		1,151	
Rentals		300	
Travel		8,240	
Tuition		5,712	
Maintenance and Repair Services - Records		450	
Other Contracted Services		38,780	
Data Processing Supplies		9,262	
Duplicating Supplies		1,540	
Electricity		52,977	
Equipment and Machinery Parts		30,405	
Instructional Supplies and Materials		11,287	
Library Books/Media		26,729	
Office Supplies		32,293	
Periodicals		5,801	
Utilities		5,667	
Water and Sewer		5,392	
Other Supplies and Materials		1,224	
Refunds		30	
Administration Equipment		21,686	
Total Libraries			\$ 1,212,830

Parks and Fair Boards

Maintenance Personnel	\$	13,100	
Social Security		812	
Employer Medicare		190	
Contributions		74,350	
Total Parks and Fair Boards			88,452

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	51,650	
Longevity Pay		1,250	
Other Salaries and Wages		118,429	
Social Security		24,678	
State Retirement		4,914	
Employee and Dependent Insurance		9,902	
Employer Medicare		697	
Communication		5,755	
Contributions		2,000	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Postal Charges	\$	1,500	
Travel		3,255	
Other Supplies and Materials		6,083	
Total Agriculture Extension Service			\$ 230,113

Forest Service

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

Soil Conservation

Clerical Personnel	\$	28,336	
Longevity Pay		750	
Social Security		1,466	
State Retirement		2,702	
Employee and Dependent Insurance		9,902	
Employer Medicare		343	
Total Soil Conservation			43,499

Storm Water Management

County Official/Administrative Officer	\$	45,102	
Secretary(ies)		27,776	
Longevity Pay		1,750	
Other Salaries and Wages		36,038	
Social Security		6,445	
State Retirement		10,281	
Employee and Dependent Insurance		20,208	
Employer Medicare		1,507	
Communication		2,525	
Legal Services		888	
Maintenance and Repair Services - Office Equipment		191	
Postal Charges		37	
Travel		6,763	
Office Supplies		8,167	
Total Storm Water Management			167,678

Other Operations

Tourism

County Official/Administrative Officer	\$	44,816	
Longevity Pay		250	
Social Security		2,496	
State Retirement		4,187	
Employee and Dependent Insurance		9,902	
Employer Medicare		584	
Contracts with Private Agencies		952,802	
Contributions		115,000	
Dues and Memberships		2,595	
Legal Services		650	
Travel		3,388	
Other Contracted Services		800	
Office Supplies		1,679	
Other Supplies and Materials		2,392	
Total Tourism			1,141,541

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	36,301	
Secretary(ies)		37,612	
Longevity Pay		2,250	
Social Security		4,384	
State Retirement		7,076	
Employee and Dependent Insurance		15,055	
Employer Medicare		1,025	
Communication		5,078	
Contributions		6,000	
Dues and Memberships		55	
Postal Charges		740	
Travel		658	
Other Contracted Services		1,475	
Gasoline		1,084	
Office Supplies		2,576	
Other Supplies and Materials		105	
Total Veterans' Services	\$		121,474

Contributions to Other Agencies

Contributions	\$	169,991	
Total Contributions to Other Agencies			169,991

Employee Benefits

State Retirement	\$	2,550	
Employee and Dependent Insurance		549,408	
Communication		2,082	
Legal Services		1,538	
Postal Charges		281	
Other Contracted Services		49,294	
Office Supplies		1,362	
Workers' Compensation Insurance		388,296	
Total Employee Benefits			994,811

Miscellaneous

On-Behalf Payments to OPEB	\$	7,605	
Other Fringe Benefits		8,343	
Advertising		5,120	
Communication		125	
Contributions		198,500	
Legal Services		3,343	
Legal Notices, Recording, and Court Costs		1,237	
Maintenance and Repair Services - Office Equipment		25,631	
Postal Charges		6,856	
Other Contracted Services		9,641	
Other Supplies and Materials		18,777	
Building and Contents Insurance		73,394	
Liability Insurance		440,399	
Premiums on Corporate Surety Bonds		1,866	
Refunds		1,000	
Trustee's Commission		596,456	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Vehicle and Equipment Insurance	\$	57,644	
Other Charges		6,797	
Other Debt Service		703,154	
Total Miscellaneous			\$ 2,165,888

Highways

Litter and Trash Collection

Deputy(ies)	\$	133,543	
Longevity Pay		2,750	
In-Service Training		1,500	
Social Security		7,783	
State Retirement		11,578	
Employee and Dependent Insurance		26,725	
Employer Medicare		1,820	
Communication		1,773	
Other Contracted Services		18,077	
Other Supplies and Materials		5,898	
Total Litter and Trash Collection			211,447

Other Charges

Contracts with Private Agencies	\$	3,291	
Other Contracted Services		17,716	
Right-of-Way		29	
Total Other Charges			21,036

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$	7,018	
Legal Services		80,350	
Other Contracted Services		133,475	
Other Charges		3,000	
Building Purchases		2,091,412	
Other Capital Outlay		309,740	
Total Other General Government Projects			2,624,995

Total General Fund \$ 40,255,544

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Trustee's Commission	\$	228	
Total County Buildings			\$ 228

Total Courthouse and Jail Maintenance Fund 228

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	14,367	
Trustee's Commission		106	
Total Other Administration of Justice			\$ 14,473

Total Law Library Fund 14,473

(Continued)

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,054	
Laborers		751,659	
Longevity Pay		15,750	
Social Security		48,325	
State Retirement		64,627	
Employee and Dependent Insurance		163,153	
Employer Medicare		11,302	
Communication		3,560	
Contracts with Government Agencies		902,461	
Maintenance and Repair Services - Buildings		1,447	
Maintenance and Repair Services - Equipment		5,110	
Maintenance and Repair Services - Vehicles		56,724	
Rentals		18,795	
Other Contracted Services		3,001	
Electricity		18,637	
Gasoline		117,012	
Natural Gas		1,854	
Tires and Tubes		28,246	
Uniforms		7,018	
Water and Sewer		956	
Other Supplies and Materials		34,508	
Trustee's Commission		22,088	
Other Charges		17,904	
Total Sanitation Management			\$ 2,339,191

Total Solid Waste/Sanitation Fund \$ 2,339,191

Special Purpose Fund

General Government

Geographical Information Systems

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

Other General Administration

Maintenance Equipment	\$	8,427	
Total Other General Administration			8,427

Administration of Justice

Circuit Court

Office Equipment	\$	49,999	
Total Circuit Court			49,999

Public Safety

Sheriff's Department

Motor Vehicles	\$	221,839	
Other Equipment		27,351	
Total Sheriff's Department			249,190

(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	\$	210,592	
Other Equipment		<u>21,890</u>	
Total Ambulance/Emergency Medical Services	\$		232,482

Sanitation Management

Motor Vehicles	\$	200,000	
Solid Waste Equipment		<u>49,709</u>	
Total Sanitation Management			249,709

Social, Cultural, and Recreational Services

Libraries

Administration Equipment	\$	<u>3,111</u>	
Total Libraries			3,111

Agriculture and Natural Resources

Agriculture Extension Service

Office Equipment	\$	<u>2,500</u>	
Total Agriculture Extension Service			2,500

Other Operations

Other Charges

Trustee's Commission	\$	<u>14,520</u>	
Total Other Charges			14,520

Miscellaneous

Motor Vehicles	\$	<u>91,999</u>	
Total Miscellaneous			<u>91,999</u>

Total Special Purpose Fund \$ 951,937

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$	12,500	
Trustee's Commission		<u>427</u>	
Total Sheriff's Department	\$		<u>12,927</u>

Total Drug Control Fund 12,927

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$	53,551	
Advertising		757	
Communication		3,892	
Consultants		150	
Data Processing Services		335	
Dues and Memberships		50	
Licenses		2,169	
Maintenance and Repair Services - Office Equipment		1,190	

(Continued)

Exhibit L-7

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

Other Special Revenue Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Postal Charges	\$	32	
Printing, Stationery, and Forms		652	
Rentals		16,000	
Travel		10,107	
Drug Treatment		1,062	
Electricity		1,565	
Office Supplies		21,441	
Utilities		855	
Water and Sewer		951	
Trustee's Commission		418	
In Service/Staff Development		40	
Total Drug Court			\$ 115,217

Public Health and Welfare

Alcohol and Drug Programs

Supervisor/Director	\$	46,598	
Total Alcohol and Drug Programs			46,598

Total Other Special Revenue Fund \$ 161,815

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	225	
Total County Clerk's Office			\$ 225

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	26,833	
Total Chancery Court			26,833

Total Constitutional Officers - Fees Fund 27,058

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	99,215	
Accountants/Bookkeepers		51,318	
Secretary(ies)		40,746	
Social Security		10,909	
State Retirement		17,927	
Employee and Dependent Insurance		15,645	
Employer Medicare		2,551	
Data Processing Services		4,090	
Dues and Memberships		3,952	
Legal Services		425	
Legal Notices, Recording, and Court Costs		9,563	
Maintenance and Repair Services - Office Equipment		798	
Postal Charges		951	
Printing, Stationery, and Forms		2,004	

(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.)

Travel	\$	4,063	
Office Supplies		3,082	
Other Charges		488	
Total Administration			\$ 267,727

Highway and Bridge Maintenance

Foremen	\$	403,617	
Equipment Operators		352,980	
Equipment Operators - Light		246,074	
Truck Drivers		345,944	
Laborers		311,387	
Social Security		98,541	
State Retirement		149,001	
Employee and Dependent Insurance		327,793	
Employer Medicare		23,046	
Rentals		2,811	
Other Contracted Services		675,968	
Asphalt		3,836,760	
Concrete		87,116	
Crushed Stone		43,548	
Fertilizer, Lime, and Seed		10,491	
General Construction Materials		15,474	
Other Road Supplies		593	
Pipe - Metal		98,670	
Road Signs		16,946	
Salt		30,126	
Small Tools		1,399	
Wood Products		2,712	
Other Supplies and Materials		1,811	
Other Charges		6,049	
Total Highway and Bridge Maintenance			7,088,857

Operation and Maintenance of Equipment

Foremen	\$	124,552	
Mechanic(s)		105,620	
Laborers		95,474	
Social Security		19,852	
State Retirement		26,982	
Employee and Dependent Insurance		52,406	
Employer Medicare		4,643	
Maintenance and Repair Services - Equipment		32,936	
Towing Services		750	
Other Contracted Services		65	
Diesel Fuel		200,134	
Electricity		10,174	
Equipment and Machinery Parts		214,533	
Garage Supplies		88,840	
Gasoline		122,172	
Lubricants		46,046	
Natural Gas		1,950	

(Continued)

## Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Office Supplies	\$	1,277	
Propane Gas		2,381	
Small Tools		11,246	
Tires and Tubes		57,013	
Water and Sewer		944	
Other Supplies and Materials		136	
Other Charges		912	
Total Operation and Maintenance of Equipment			\$ 1,221,038

Quarry Operations

Foremen	\$	65,259	
Equipment Operators		42,949	
Laborers		21,410	
Social Security		7,463	
State Retirement		12,326	
Employee and Dependent Insurance		31,659	
Employer Medicare		1,746	
Explosive and Drilling Services		31,333	
Maintenance and Repair Services - Equipment		22,850	
Permits		4,618	
Electricity		12,093	
Equipment and Machinery Parts		17,751	
Other Supplies and Materials		6,642	
Other Charges		7,651	
Total Quarry Operations			285,750

Other Charges

Communication	\$	17,025	
Boiler Insurance		157	
Liability Insurance		66,137	
Trustee's Commission		146,663	
Vehicle and Equipment Insurance		74,818	
Total Other Charges			304,800

Employee Benefits

Employee and Dependent Insurance	\$	16,360	
Medical and Dental Services		2,975	
Workers' Compensation Insurance		88,530	
Total Employee Benefits			107,865

Capital Outlay

Bridge Construction	\$	2,730	
Building Improvements		5,200	
Furniture and Fixtures		1,437	
Highway Equipment		314,309	
Motor Vehicles		50,450	
State Aid Projects		454,663	
Total Capital Outlay			828,789

Total Highway/Public Works Fund \$ 10,104,826

(Continued)

Exhibit L-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 2,635,000	
Principal on Other Loans	2,615,000	
Total General Government		\$ 5,250,000

Education

Principal on Bonds	\$ 905,027	
Principal on Other Loans	99,996	
Total Education		1,005,023

Interest on Debt

General Government

Interest on Bonds	\$ 1,116,839	
Interest on Other Loans	2,638,468	
Total General Government		3,755,307

Education

Interest on Bonds	\$ 661,581	
Total Education		661,581

Other Debt Service

General Government

Fiscal Agent Charges	\$ 10,814	
Trustee's Commission	112,462	
Underwriter's Discount	17,233	
Other Debt Issuance Charges	62,907	
Total General Government		203,416

Education

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

Total General Debt Service Fund \$ 10,886,930

General Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$ 9,517	
Other Debt Issuance Charges	37,043	
Total General Government		\$ 46,560

Capital Projects

General Administration Projects

Advertising	\$ 48	
Architects	7,602	
Legal Services	150	
Other Contracted Services	49,284	
Other Supplies and Materials	20,648	
Building Improvements	568,620	
Total General Administration Projects		646,352

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Administration of Justice Projects

Advertising	\$	52	
Architects		95,706	
Other Supplies and Materials		5,900	
Total Administration of Justice Projects			\$ 101,658

Public Health and Welfare Projects

Architects	\$	34,243	
Evaluation and Testing		2,265	
Other Contracted Services		32,233	
Other Supplies and Materials		66,320	
Building Improvements		70,164	
Other Construction		990,131	
Total Public Health and Welfare Projects			1,195,356

Social, Cultural, and Recreation Projects

Other Capital Outlay	\$	2,000,000	
Total Social, Cultural, and Recreation Projects			2,000,000

Public Utility Projects

Handling Charges and Administrative Costs	\$	29,500	
Contracts with Government Agencies		41,417	
Engineering Services		217,645	
Evaluation and Testing		27	
Legal Services		1,084	
Legal Notices, Recording, and Court Costs		1,565	
Other Contracted Services		1,054	
Other Supplies and Materials		21,063	
Right-of-Way		600	
Other Construction		1,602,540	
Total Public Utility Projects			1,916,495

Other General Government Projects

Evaluation and Testing	\$	2,265	
Other Contracted Services		30,730	
Total Other General Government Projects			32,995

Highway and Street Capital Projects

Engineering Services	\$	152,284	
Legal Services		4,228	
Total Highway and Street Capital Projects			156,512

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$	600,000	
Total Capital Projects Donated to School Department			600,000

Total General Capital Projects Fund \$ 6,695,928

(Continued)

Exhibit L-7

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 2,308,512	
Total Capital Projects Donated to School Department		\$ 2,308,512
Total Education Capital Projects Fund		\$ 2,308,512
Total Governmental Funds - Primary Government		\$ 73,759,369

Sevier County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	38,457,142	
Career Ladder Program		312,130	
Career Ladder Extended Contracts		97,160	
Homebound Teachers		88,130	
Educational Assistants		1,327,589	
Other Salaries and Wages		296,130	
Certified Substitute Teachers		50,413	
Non-certified Substitute Teachers		509,410	
Social Security		2,380,943	
State Retirement		3,516,563	
Life Insurance		16,720	
Medical Insurance		5,088,046	
Dental Insurance		93,254	
Employer Medicare		568,737	
Other Fringe Benefits		150,944	
Maintenance and Repair Services - Equipment		44,575	
Tuition		99,570	
Other Contracted Services		505,116	
Instructional Supplies and Materials		1,167,590	
Textbooks		260,752	
Fee Waivers		43,119	
Other Charges		172,401	
Regular Instruction Equipment		834,953	
Total Regular Instruction Program	\$		56,081,387

Alternative Instruction Program

Teachers	\$	382,212	
Career Ladder Program		3,500	
Clerical Personnel		59,973	
Educational Assistants		61,437	
Certified Substitute Teachers		688	
Non-certified Substitute Teachers		605	
Social Security		29,068	
State Retirement		43,520	
Life Insurance		240	
Medical Insurance		69,125	
Dental Insurance		1,876	
Employer Medicare		7,126	
Other Fringe Benefits		1,878	
Instructional Supplies and Materials		6,764	
Total Alternative Instruction Program			668,012

Special Education Program

Teachers	\$	4,604,231	
Career Ladder Program		41,945	
Educational Assistants		373,331	
Speech Pathologist		723,296	
Other Salaries and Wages		120,782	
Certified Substitute Teachers		6,462	

(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 (Cont.)

Non-certified Substitute Teachers	\$	112,448	
Social Security		490,974	
State Retirement		729,592	
Life Insurance		5,442	
Medical Insurance		872,628	
Dental Insurance		28,322	
Employer Medicare		115,474	
Other Fringe Benefits		33,835	
Contracts with Private Agencies		2,090	
Tuition		7,500	
Other Contracted Services		53,845	
Instructional Supplies and Materials		52,911	
Other Supplies and Materials		1,447	
Special Education Equipment		19,096	
Total Special Education Program			\$ 8,395,651

Vocational Education Program

Teachers	\$	1,982,862	
Career Ladder Program		22,000	
Certified Substitute Teachers		3,520	
Non-certified Substitute Teachers		25,492	
Social Security		120,277	
State Retirement		178,032	
Life Insurance		800	
Medical Insurance		258,095	
Dental Insurance		5,152	
Employer Medicare		28,149	
Other Fringe Benefits		7,989	
Maintenance and Repair Services - Equipment		11,560	
Other Contracted Services		2,000	
Instructional Supplies and Materials		63,895	
Other Supplies and Materials		841	
Fee Waivers		3,000	
Total Vocational Education Program			2,713,664

Student Body Education Program

Other Charges	\$	3,834	
Total Student Body Education Program			3,834

Adult Education Program

Teachers	\$	102,852
Social Security		5,369
State Retirement		7,240
Life Insurance		40
Medical Insurance		11,394
Dental Insurance		196
Employer Medicare		1,461
Other Fringe Benefits		217
Other Contracted Services		2,365

(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.)

Adult Education Program (Cont.)

Instructional Supplies and Materials	\$	2,613	
Other Charges		65	
Other Equipment		70	
Total Adult Education Program			\$ 133,882

Support Services

Attendance

Supervisor/Director	\$	85,828	
Career Ladder Program		5,000	
Social Workers		171,600	
Clerical Personnel		52,404	
Other Salaries and Wages		36,669	
Social Security		16,428	
State Retirement		26,028	
Life Insurance		100	
Medical Insurance		49,533	
Dental Insurance		840	
Employer Medicare		4,724	
Other Fringe Benefits		1,137	
Travel		1,842	
Other Supplies and Materials		173	
Total Attendance			452,306

Health Services

Medical Personnel	\$	1,062,281	
Other Salaries and Wages		102,798	
Social Security		67,220	
State Retirement		70,520	
Life Insurance		210	
Medical Insurance		74,419	
Dental Insurance		1,624	
Employer Medicare		16,363	
Other Fringe Benefits		1,983	
Maintenance and Repair Services - Equipment		7,541	
Travel		7,566	
Other Contracted Services		19,100	
Drugs and Medical Supplies		14,240	
Other Supplies and Materials		38,902	
Health Equipment		508	
Total Health Services			1,485,275

Other Student Support

Career Ladder Program	\$	17,000	
Guidance Personnel		1,558,379	
Psychological Personnel		374,146	
Clerical Personnel		43,608	
Social Security		114,157	
State Retirement		169,913	
Life Insurance		710	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Medical Insurance	\$	219,459	
Dental Insurance		4,550	
Employer Medicare		27,883	
Other Fringe Benefits		7,572	
Evaluation and Testing		73,068	
Travel		4,571	
Other Supplies and Materials		3,985	
Total Other Student Support			\$ 2,619,001

Regular Instruction Program

Supervisor/Director	\$	744,856	
Career Ladder Program		35,000	
Librarians		1,241,656	
Materials Supervisor		85,828	
Education Media Personnel		327,913	
Instructional Computer Personnel		385,799	
Clerical Personnel		191,694	
Other Salaries and Wages		160,390	
Social Security		182,197	
State Retirement		274,605	
Life Insurance		1,250	
Medical Insurance		379,923	
Dental Insurance		7,854	
Employer Medicare		44,067	
Other Fringe Benefits		11,847	
Travel		106,200	
Other Contracted Services		10,119	
Library Books/Media		157,446	
Periodicals		2,619	
Other Supplies and Materials		26,968	
In Service/Staff Development		54,213	
Other Charges		2,829	
Other Equipment		5,441	
Total Regular Instruction Program			4,440,714

Alternative Instruction Program

Supervisor/Director	\$	31,660	
Employer Medicare		459	
Total Alternative Instruction Program			32,119

Special Education Program

Supervisor/Director	\$	137,948	
Career Ladder Program		4,500	
Clerical Personnel		51,042	
Other Salaries and Wages		227,124	
Social Security		21,003	
State Retirement		29,575	
Life Insurance		118	
Medical Insurance		29,479	

(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.)

Dental Insurance	\$	420	
Employer Medicare		6,027	
Other Fringe Benefits		1,353	
Travel		31,458	
Other Supplies and Materials		1,220	
In Service/Staff Development		4,015	
Total Special Education Program			\$ 545,282

Vocational Education Program

Supervisor/Director	\$	31,660	
Career Ladder Program		1,500	
Secretary(ies)		36,004	
Social Security		2,154	
State Retirement		3,345	
Life Insurance		20	
Medical Insurance		5,697	
Dental Insurance		280	
Employer Medicare		985	
Other Fringe Benefits		142	
Travel		5,073	
Other Supplies and Materials		2,109	
In Service/Staff Development		1,981	
Total Vocational Education Program			90,950

Adult Programs

Supervisor/Director	\$	80,122	
Social Security		4,918	
State Retirement		7,115	
Life Insurance		20	
Medical Insurance		5,510	
Dental Insurance		210	
Employer Medicare		1,150	
Other Fringe Benefits		321	
Travel		2,992	
Other Supplies and Materials		702	
In Service/Staff Development		810	
Other Charges		13,029	
Total Adult Programs			116,899

Other Programs

On-Behalf Payments to OPEB	\$	329,076	
Total Other Programs			329,076

Board of Education

Secretary to Board	\$	1,200	
Other Salaries and Wages		1,151,683	
Board and Committee Members Fees		24,000	
Social Security		71,753	
State Retirement		86,225	

(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 (Cont.)

Life Insurance	\$	304	
Medical Insurance		613,688	
Dental Insurance		1,358	
Unemployment Compensation		19,736	
Employer Medicare		16,902	
Other Fringe Benefits		1,562	
Audit Services		33,000	
Dues and Memberships		18,102	
Legal Services		110,958	
Travel		11,480	
Liability Insurance		119,022	
Trustee's Commission		1,271,351	
Workers' Compensation Insurance		543,758	
In Service/Staff Development		2,072	
Other Charges		67,518	
Total Board of Education	\$		4,165,672

Director of Schools

County Official/Administrative Officer	\$	134,988	
Career Ladder Extended Contracts		1,000	
Social Security		6,910	
State Retirement		12,076	
Life Insurance		20	
Medical Insurance		7,333	
Dental Insurance		640	
Employer Medicare		1,955	
Other Fringe Benefits		533	
Communication		20,991	
Dues and Memberships		436	
Postal Charges		9,900	
Travel		6,603	
Other Contracted Services		148	
Total Director of Schools			203,533

Office of the Principal

Principals	\$	2,068,958	
Career Ladder Program		67,500	
Assistant Principals		1,602,041	
Clerical Personnel		2,043,553	
Other Salaries and Wages		18,000	
Social Security		371,437	
State Retirement		559,614	
Life Insurance		2,444	
Medical Insurance		739,631	
Dental Insurance		15,078	
Employer Medicare		88,456	
Other Fringe Benefits		24,554	
Communication		219,765	
Maintenance and Repair Services - Equipment		325	

(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 (Cont.)

Other Contracted Services	\$	76,453	
Other Supplies and Materials		966	
In Service/Staff Development		2,600	
Other Charges		5,769	
Administration Equipment		24,542	
Total Office of the Principal			\$ 7,931,686

Fiscal Services

Supervisor/Director	\$	94,692	
Accountants/Bookkeepers		413,356	
Purchasing Personnel		94,692	
Secretary(ies)		113,488	
Social Security		42,214	
State Retirement		64,788	
Life Insurance		260	
Medical Insurance		76,438	
Dental Insurance		1,960	
Employer Medicare		10,025	
Other Fringe Benefits		2,490	
Data Processing Services		223,983	
Travel		4,613	
Other Contracted Services		13,104	
Office Supplies		11,852	
In Service/Staff Development		1,730	
Other Charges		1,524	
Administration Equipment		25,227	
Total Fiscal Services			1,196,436

Operation of Plant

Guards	\$	98,446	
Custodial Personnel		2,321,132	
Social Security		140,215	
State Retirement		210,849	
Life Insurance		1,836	
Medical Insurance		509,599	
Dental Insurance		6,944	
Employer Medicare		33,375	
Other Fringe Benefits		9,494	
Janitorial Services		454,634	
Rentals		1	
Other Contracted Services		80,528	
Custodial Supplies		286,320	
Electricity		2,516,099	
Fuel Oil		6,926	
Natural Gas		479,398	
Water and Sewer		263,479	
Other Supplies and Materials		6,481	
Boiler Insurance		22,026	
Building and Contents Insurance		298,080	
Plant Operation Equipment		34,977	
Total Operation of Plant			7,780,839

(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

Supervisor/Director	\$	139,739	
Secretary(ies)		35,796	
Maintenance Personnel		1,615,190	
Other Salaries and Wages		46,000	
Social Security		104,799	
State Retirement		142,663	
Life Insurance		866	
Medical Insurance		236,852	
Dental Insurance		2,674	
Employer Medicare		25,510	
Other Fringe Benefits		6,491	
Communication		8,413	
Laundry Service		19,737	
Maintenance and Repair Services - Buildings		62,136	
Maintenance and Repair Services - Equipment		37,578	
Maintenance and Repair Services - Vehicles		7,292	
Travel		3,335	
Other Contracted Services		95,147	
Equipment and Machinery Parts		11,335	
Other Supplies and Materials		285,203	
In Service/Staff Development		700	
Maintenance Equipment		87,994	
Total Maintenance of Plant			\$ 2,975,450

Transportation

Supervisor/Director	\$	63,273	
Mechanic(s)		397,529	
Bus Drivers		1,831,954	
Clerical Personnel		38,808	
Social Security		129,043	
State Retirement		200,369	
Life Insurance		1,844	
Medical Insurance		347,657	
Dental Insurance		6,776	
Employer Medicare		31,114	
Other Fringe Benefits		6,942	
Communication		6,339	
Laundry Service		10,205	
Travel		424	
Other Contracted Services		98,009	
Diesel Fuel		585,787	
Equipment and Machinery Parts		938	
Garage Supplies		34,243	
Gasoline		188,040	
Lubricants		30,267	
Tires and Tubes		82,993	
Vehicle Parts		341,973	
Vehicle and Equipment Insurance		207,155	
Other Charges		5,305	
Transportation Equipment		1,072,692	
Total Transportation			5,719,679

(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

Food Service

Social Security	\$	395	
State Retirement		251,689	
Medical Insurance		687,290	
Dental Insurance		13,398	
Employer Medicare		92	
Other Fringe Benefits		11,351	
Food Supplies		15,276	
Total Food Service			\$ 979,491

Community Services

Supervisor/Director	\$	54,340	
Other Salaries and Wages		40,933	
Social Security		5,761	
State Retirement		8,460	
Life Insurance		40	
Medical Insurance		11,395	
Dental Insurance		280	
Employer Medicare		1,347	
Other Fringe Benefits		377	
Travel		1,609	
Other Contracted Services		783	
Other Supplies and Materials		681	
Total Community Services			126,006

Early Childhood Education

Teachers	\$	265,626	
Educational Assistants		81,371	
Social Security		20,765	
State Retirement		31,236	
Life Insurance		210	
Medical Insurance		69,846	
Dental Insurance		1,414	
Employer Medicare		4,856	
Other Fringe Benefits		1,323	
Travel		9,447	
Instructional Supplies and Materials		8,135	
In Service/Staff Development		2,489	
Other Equipment		5,966	
Total Early Childhood Education			502,684

Capital Outlay

Regular Capital Outlay

Architects	\$	239,739	
Engineering Services		5,200	
Building Improvements		7,089,760	
Land		828,212	
Total Regular Capital Outlay			8,162,911

(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.)

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 135,136	
Total Education		\$ 135,136

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 11,983	
Total Education		11,983

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 5,300,945	
Total Education		<u>5,300,945</u>

Total General Purpose School Fund		\$ 123,300,503
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,993,756	
Educational Assistants	228,274	
Other Salaries and Wages	7,230	
Social Security	130,405	
State Retirement	195,478	
Life Insurance	1,126	
Medical Insurance	317,692	
Dental Insurance	6,664	
Unemployment Compensation	6,500	
Employer Medicare	30,819	
Other Fringe Benefits	8,593	
Instructional Supplies and Materials	55,841	
Regular Instruction Equipment	<u>503,727</u>	
Total Regular Instruction Program		\$ 3,486,105

Special Education Program

Educational Assistants	\$ 2,498,908	
Medical Insurance	651,937	
Instructional Supplies and Materials	5,033	
Special Education Equipment	<u>5,989</u>	
Total Special Education Program		3,161,867

Vocational Education Program

Educational Assistants	\$ 70,970	
Social Security	4,385	
State Retirement	6,400	
Employer Medicare	1,025	
Other Fringe Benefits	550	
Instructional Supplies and Materials	4,322	
Vocational Instruction Equipment	<u>75,103</u>	
Total Vocational Education Program		162,755

(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

Health Services

Other Salaries and Wages	\$	17,790	
Social Security		1,103	
State Retirement		1,201	
Employer Medicare		258	
Total Health Services			\$ 20,352

Other Student Support

Other Salaries and Wages	\$	63,163	
Social Security		3,854	
State Retirement		5,609	
Life Insurance		20	
Medical Insurance		5,697	
Dental Insurance		140	
Employer Medicare		901	
Other Fringe Benefits		253	
Travel		42,318	
Other Contracted Services		4,450	
Other Supplies and Materials		36,895	
Total Other Student Support			163,300

Regular Instruction Program

Secretary(ies)	\$	40,032	
Other Salaries and Wages		681,930	
Non-certified Substitute Teachers		8,470	
Social Security		7,440	
State Retirement		11,371	
Life Insurance		40	
Medical Insurance		18,815	
Dental Insurance		280	
Employer Medicare		1,740	
Other Fringe Benefits		486	
Consultants		30,000	
Travel		25,506	
Other Supplies and Materials		10,727	
In Service/Staff Development		103,269	
Other Equipment		2,907	
Total Regular Instruction Program			943,013

Vocational Education Program

In Service/Staff Development	\$	2,500	
Total Vocational Education Program			2,500

Total School Federal Projects Fund \$ 7,939,892

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,156	
Clerical Personnel		190,238	

(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	\$	2,907,778	
Social Security		182,041	
State Retirement		23,107	
Life Insurance		3,130	
Medical Insurance		30,000	
Employer Medicare		42,981	
Communication		10,170	
Maintenance and Repair Services - Equipment		54,715	
Transportation - Other than Students		21,921	
Travel		3,794	
Other Contracted Services		116,646	
Food Preparation Supplies		196,471	
Food Supplies		3,022,766	
USDA - Commodities		351,543	
Other Supplies and Materials		54,056	
In Service/Staff Development		6,701	
Food Service Equipment		35,556	
Total Food Service			\$ 7,311,770

Total Central Cafeteria Fund \$ 7,311,770

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	2,308,512	
Total Education Capital Projects			\$ 2,308,512

Total Other Capital Projects Fund 2,308,512

Total Governmental Funds - Sevier County School Department \$ 140,860,677

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, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 35,379,529
Total Cash Receipts	<u>\$ 35,379,529</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 35,025,734
Trustee's Commission	353,795
Total Cash Disbursements	<u>\$ 35,379,529</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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, 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, 2013, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements, and have issued our report thereon dated October 18, 2013. Our report includes a reference to other auditors who audited the financial statements of the Sevier County Emergency Communications District and the Sevier County Public Building Authority, as described in our report on Sevier County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sevier County'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 Sevier County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sevier County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-002, 2013-003, and 2013-004.

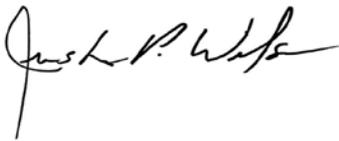
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sevier County's financial statements are free from 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: 2013-001.

### **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 result 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 Sevier County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 18, 2013

JPW/yu



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 Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Sevier County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sevier County's major federal programs for the year ended

June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Sevier County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide legal determination of Sevier County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Sevier County complied, in all material respects, with the types of compliance 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, 2013.

### **Report on Internal Control Over Compliance**

Management of Sevier County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sevier County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

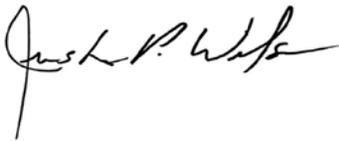
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2013, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements. We issued our report thereon dated October 18, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 18, 2013

JPW/yu

Sevier County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

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	\$ 351,543 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,581,949
National School Lunch Program	10.555	N/A	3,293,737 (3)
Total U.S. Department of Agriculture			<u>\$ 5,227,229</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	N/A	\$ 400,000
Total U.S. Department of Housing and Urban Development			<u>\$ 400,000</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 306,128
Total Bureau of Land Management, Department of the Interior			<u>\$ 306,128</u>
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	(2)	\$ 76,795
Public Safety Partnership and Community Policing Grants	16.710	(2)	143,008
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	2,480
Passed-through State Office of Criminal Justice Programs:			
Crime Victim Assistance	16.575	N/A	42,111
Total U.S. Department of Justice			<u>\$ 264,394</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	\$ 13,178
Alcohol Open Container Requirements	20.607	(2)	26,422
Total U.S. Department of Highway Administration			<u>\$ 39,600</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 130,672
Title I Grants to Local Educational Agencies	84.010	N/A	3,097,634
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,104,450
Special Education - Preschool Grants	84.173	N/A	91,671
Career and Technical Education - Basic Grants to States	84.048	N/A	212,023
Twenty-first Century Community Learning Centers	84.287	N/A	62,879
Rural Education	84.358	N/A	261,842
English Language Acquisition Grants	84.365	N/A	75,352
Improving Teacher Quality State Grants	84.367	N/A	535,415
State Fiscal State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	595,760
Total U.S. Department of Education			<u>\$ 8,167,698</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 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)	\$ 44,070
Total U.S. Department of Health and Human Services			<u>\$ 44,070</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-06913	\$ 36,500
Homeland Security Grant Program	97.067	34101-5679	26,618
Total U.S. Department of Homeland Security			<u>\$ 63,118</u>
Total Expenditures of Federal Awards			<u>\$ 14,512,237</u>
			<u>Contract Number</u>
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 69,000
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Aging Program - State Office on Aging	N/A	(2)	13,102
Health Department Program - State Department of Health	N/A	(2)	409,399
Driver's Education - State Department of Education	N/A	(2)	33,938
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	(2)	130,222
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	426,477
Rehabilitation Grant - State Department of Human Services	N/A	(2)	9,850
Total State Grants			<u>\$ 1,100,988</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 \$3,645,280.

Sevier County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*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, 2012, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.02	221	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>
12.03	222	Multiple employees operated from the same cash drawer

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**SEVIER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Sevier County is unmodified.
2. The audit of the financial statements of Sevier County disclosed significant deficiencies in internal control. None of these significant deficiencies was 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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Community Development Block Grants/State's Program (CFDA No. 14.228), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$435,367 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 2013-001

#### **THE OFFICE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS**

(Noncompliance Under *Government Auditing Standards*)

The County Mayor's Office did not require a depository holding county funds in a self-insurance account to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2013, deposits at this depository exceeded FDIC coverage and collateral securities by \$110,864. Section 5-8-201, *Tennessee Code Annotated (TCA)*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank.

#### RECOMMENDATION

The County Mayor's Office should require all depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

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#### FINDING 2013-002

#### **AMBULANCE SERVICE COLLECTIONS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS**

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

The Ambulance Service received monthly reports of collections from the county Trustee's Office. However, contrary to sound business practice, management has not reconciled the trustee reports with records of collections maintained by the Ambulance Service. This deficiency exists due to a lack of management oversight. Without monthly reconciliations, there are increased risks for potential misstatements and for errors to occur and remain undetected.

#### RECOMMENDATION

Ambulance Service management should prepare monthly reconciliations of its records with reports provided by the county Trustee's Office.

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FINDING 2013-003

**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.

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**OFFICE OF CLERK AND MASTER**

FINDING 2013-004

**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.

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## **BEST PRACTICE**

### **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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sevier County. Therefore, 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.

**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, 2013**

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