

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

**FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
June 30, 2015

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

**SECTION ONE**

**INTRODUCTORY SECTION**

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2015

**City of Maryville Representatives**

Dallas Monroe

Andy White

**Blount County Representatives**

Nelson Russell

Mike Lewis, Chairperson

**City of Alcoa Representatives**

Clint Abbott

Frank Cameron

**At-Large Representative**

Lilli Brown

**STAFF:**

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

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

SECTION TWO

FINANCIAL SECTION



Joe S. Ingram, CPA (1948 - 2011)  
Lonas D. Overholt, CPA  
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865-984-1040  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4–6) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's basic financial statements. The introductory section (page 1), budgetary comparison information (pages 37-41), capital assets used in governmental activities (page 42), changes in capital assets by function (page 43), and the insurance schedule (page 44) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The capital assets used in governmental activities (page 42), budgetary comparison information (pages 37-41), and changes in capital assets by function (page 43) 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section (page 1) and insurance schedule (page 44) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 27, 2016, on our consideration of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's internal control over financial reporting and compliance.

*Ingram, Overholt & Bean, PC*

Alcoa, Tennessee  
January 27, 2016



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www.parksrec.com

January 27, 2016

Our discussion and analysis of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County’s financial performance provides an overview of the Commission’s activities for the year ended June 30, 2015.

## USING THIS ANNUAL REPORT

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

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

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

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

## FINANCIAL HIGHLIGHTS

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

	<u>2015</u>	<u>2014</u>
Governmental appropriations – from Maryville, Alcoa and Blount County, Tennessee	65%	65%
Concessions	4%	4%
Pool admissions	6%	6%
Recreational programs	19%	19%
Facility rental	3%	3%
Other	3%	3%
Total funding	<u>100%</u>	<u>100%</u>

Operational costs for the Commission were \$2,653,559 and \$2,598,295 for the fiscal years ended June 30, 2015 and 2014 respectively.

## NET POSITION

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

	<u>2015</u>	<u>2014</u>
Current Assets	\$ 1,161,613	\$ 1,234,074
Capital Assets, net	<u>407,203</u>	<u>345,434</u>
Total Assets	<u>1,568,816</u>	<u>1,579,508</u>
Deferred Outflows of Resources	<u>102,178</u>	<u>-</u>
Current Liabilities	177,090	190,925
Long-term Liabilities	<u>105,854</u>	<u>58,920</u>
Total Liabilities	<u>282,944</u>	<u>249,845</u>
Deferred Inflows of Resources	<u>243,775</u>	<u>11,250</u>
Net Positions:		
Investment in capital assets	407,203	345,434
Unrestricted	151,521	337,797
Restricted	<u>585,551</u>	<u>635,182</u>
Total Net Position	<u>\$ 1,144,275</u>	<u>\$ 1,318,413</u>

Net position of the Commission decreased 13.2% during the current year. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, decreased by 55.1%.

### Changes in Net Position

	<u>2015</u>	<u>2014</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 801,616	\$ 844,442
Operating grants	58,618	22,111
General Revenues:		
Government appropriations	1,810,312	1,761,170
Investing earnings	2,289	3,605
Miscellaneous	<u>74,470</u>	<u>70,951</u>
Total Revenues	<u>2,747,305</u>	<u>2,702,279</u>
Expenses:		
General and Administration	1,487,049	1,520,946
Concessions	87,710	77,188
Pools	197,831	213,477
Recreational programs	<u>853,656</u>	<u>847,751</u>
	<u>2,626,246</u>	<u>2,659,362</u>
Change in Net Position	121,059	42,917
Net Position – Beginning of Year, restated	<u>1,023,216</u>	<u>1,275,496</u>
<b>Net Position – End of Year</b>	<b><u>\$ 1,144,275</u></b>	<b><u>\$ 1,318,413</u></b>

## FINANCIAL RATIOS

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

	<u>2015</u>	<u>2014</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 984,523	\$ 1,031,899
Current Ratio (compares current assets to current liabilities – as an indicator of the ability to pay current obligations)	6.6	6.10
Days Cash on Hand (represents the number of days normal operations could continue with no revenue collections)	160	165

## CAPITAL ASSETS

At the fiscal year ended June 30, 2015, the Commission had \$ 407,203 invested in capital assets as outlined below (a 17.8% increase from the prior year):

Depreciable:	<u>2015</u>	<u>2014</u>
Equipment:		
Administration	\$ 383,668	\$ 340,822
Concession equipment	50,039	30,325
Pool equipment	93,555	72,445
Senior citizens center	99,418	99,277
Maintenance	508,682	473,256
Everett Center	98,750	96,873
Louisville Point Park	24,686	20,688
Martin Luther King Center	<u>39,035</u>	<u>39,035</u>
Total Capital Assets	1,297,833	1,172,721
Accumulated Depreciation	<u>(890,630)</u>	<u>(827,287)</u>
Net Capital Assets	<u>\$ 407,203</u>	<u>\$ 345,434</u>

## DEBT

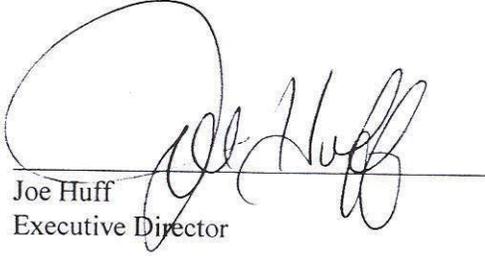
At the fiscal year end, the Commission had no debts payable. However, the Commission has a commitment to Blount County, Tennessee for administrative office building amounting to \$576,036 due 2027. During the next year, the Commission plans to continue equipment replacement. During the current year, several equipment items were purchased.

## BUDGETS

There were no budget amendments made this year.

## CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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



Joe Huff  
Executive Director

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

June 30, 2015

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**STATEMENT OF NET POSITION**  
June 30, 2015

	<u>Governmental Activities</u>
<b>Assets:</b>	
<b>Current Assets:</b>	
Cash in bank.....	\$ 909,066
Certificates of Deposit .....	212,055
Inventory .....	29,170
Receivables .....	<u>11,322</u>
Total Current Assets .....	1,161,613
Depreciable Capital Assets, net of depreciation .....	<u>407,203</u>
Total Assets .....	1,568,816
Deferred Outflows of Resources – Pension Deferrals .....	<u>102,178</u>
Total Assets and Deferred Outflows of Resources .....	<u>1,670,994</u>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts payable.....	64,893
Accrued payroll.....	97,467
Accrued expenses .....	<u>14,730</u>
Total Current Liabilities .....	<u>177,090</u>
<b>Long-term Liabilities:</b>	
Compensated absences .....	53,252
Net Pension Liability .....	<u>52,602</u>
	<u>105,854</u>
Deferred Inflows of Resources – Pension Deferrals .....	<u>243,775</u>
Total Liabilities and Deferred Inflows of Resources .....	<u>526,719</u>
<b>Net Position:</b>	
Investment in capital assets .....	407,203
Unrestricted.....	151,521
Restricted for:	
Capital outlay .....	379,969
Equipment replacement .....	186,241
Memorial trees .....	7,774
Leon Berrong Scholarship Fund.....	6,298
Tennis Scholarships .....	3,269
Randall Cobb Football Fund.....	<u>2,000</u>
Total Net Position.....	<u>\$ 1,144,275</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**STATEMENT OF ACTIVITIES**  
June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes <u>Net Position</u> Governmental <u>Activities</u>
		Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	
Function/ Programs				
Governmental Activities:				
General and Administrative	\$ 1,487,049	\$ 68,168	\$ 1,810,312	\$ 391,431
Concessions	87,710	97,338	-	9,628
Pool Admissions	197,831	161,431	-	(36,400)
Recreational Programs	<u>853,656</u>	<u>474,679</u>	<u>58,618</u>	<u>(320,359)</u>
Totals	<u>\$ 2,626,246</u>	<u>\$ 801,616</u>	<u>\$ 1,868,930</u>	<u>44,300</u>
General Revenues:				
Interest earned				2,289
Miscellaneous				<u>74,470</u>
Total General Revenues				<u>76,759</u>
Change in Net Position				121,059
Net Position – Beginning – restated				
Pension GASB 68 (Note 1J)				<u>1,023,216</u>
Net Position – Ending				<u>\$ 1,144,275</u>

See accompanying independent auditors' report and notes.

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

**FUND FINANCIAL STATEMENTS**

June 30, 2015

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**GOVERNMENTAL FUNDS**

**STATEMENT OF ASSETS, DEFERRED OUTFLOWS OF RESOURCES,  
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

June 30, 2015

<u>ASSETS</u>	<u>General</u>	<u>Equipment Replacement Fund</u>	<u>Everett Equipment Replacement Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Cash in bank.....	\$ 435,493	\$ 50,650	\$ 42,954	\$ 379,969	\$ 909,066
Certificates of Deposit .....	119,418	92,637	-	-	212,055
Inventory .....	29,170	-	-	-	29,170
Receivables .....	<u>11,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,322</u>
Total Assets.....	<u>595,403</u>	<u>143,287</u>	<u>42,954</u>	<u>379,969</u>	<u>1,161,613</u>
Deferred Outflows of Resources .....	-	-	-	-	-
Total Assets and Deferred Outflows of Resources .....	<u>\$ 595,403</u>	<u>\$ 143,287</u>	<u>\$ 42,954</u>	<u>\$ 379,969</u>	<u>\$ 1,161,613</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable.....	\$ 64,893	\$ -	\$ -	\$ -	\$ 64,893
Accrued payroll .....	97,467	-	-	-	97,467
Accrued expenses .....	<u>14,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,730</u>
Total Liabilities.....	<u>177,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,090</u>
Deferred Inflows of Resources .....	-	-	-	-	-
Fund Balance:					
Unassigned.....	<u>369,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,802</u>
Unspendable .....	<u>29,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,170</u>
Restricted for:					
Equipment replacement and Capital Outlay.....	-	143,287	42,954	379,969	566,210
Memorial trees.....	7,774	-	-	-	7,774
Leon Berrong Scholarship Fund	6,298	-	-	-	6,298
Tennis Scholarships.....	3,269	-	-	-	3,269
Randall Cobb Football .....	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total Restricted Fund Balance .....	<u>19,341</u>	<u>143,287</u>	<u>42,954</u>	<u>379,969</u>	<u>585,551</u>
Total Fund Balance.....	<u>418,313</u>	<u>143,287</u>	<u>42,954</u>	<u>379,969</u>	<u>984,523</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance .....	<u>\$ 595,403</u>	<u>\$ 143,287</u>	<u>\$ 42,954</u>	<u>\$ 379,969</u>	<u>\$ 1,161,613</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2015

Fund balances – total governmental funds	\$	984,523
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		407,203
Compensated absences are not due and payable in the current period, and, therefore, are not reported in the governmental funds		(53,252)
Other long-term assets are not available to pay for current period expenditures, and therefore are deferred outflows of resources: Pension Deferrals		102,178
Other long-term liabilities are not due and payable in the current period and therefore are deferred inflows of resources: Pension Deferrals		(243,775)
The Pension Plan is funded in excess of its actuarially determined pension obligation. Net Pension asset is not available in the current period and therefore is not reportable in the governmental funds		<u>(52,602)</u>
Net position of governmental activities	\$	<u>1,144,275</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa and Blount County  
Maryville, Tennessee  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**  
**GOVERNMENT FUNDS**  
For the Fiscal Year ended June 30, 2015

	<u>General</u>	Equipment Replacement <u>Fund</u>	Everett Equipment Replacement <u>Fund</u>	Capital Outlay <u>Fund</u>	<u>Total</u>
Revenues:					
Government appropriations	\$ 1,810,312	\$ -	\$ -	\$ -	\$ 1,810,312
Concessions	97,338	-	-	-	97,338
Pool Admissions	161,431	-	-	-	161,431
Program Revenue	474,679	-	-	-	474,679
Facility rental	68,168	-	-	-	68,168
Other revenues	64,071	10,399	-	-	74,470
Grant – Office on Aging	58,618	-	-	-	58,618
Interest	-	700	134	1,455	2,289
Total Revenues	<u>2,734,617</u>	<u>11,099</u>	<u>134</u>	<u>1,455</u>	<u>2,747,305</u>
Expenditures:					
Concessions	87,710	-	-	-	87,710
Pools	197,831	-	-	-	197,831
Program expenditures	853,656	-	-	-	853,656
Maintenance	716,042	-	-	-	716,042
Administrative	798,320	-	-	-	798,320
Capital Outlay	-	41,874	607	98,641	141,122
Total Expenditures	<u>2,653,559</u>	<u>41,874</u>	<u>607</u>	<u>98,641</u>	<u>2,794,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>81,058</u>	<u>(30,775)</u>	<u>(473)</u>	<u>(97,186)</u>	<u>(47,376)</u>
Other Financing Sources (Uses):					
Operating transfers	<u>(80,000)</u>	<u>25,000</u>	<u>5,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	1,058	(5,775)	4,527	(47,186)	(47,376)
Fund Balance – July 1 <sup>st</sup>	<u>417,255</u>	<u>149,062</u>	<u>38,427</u>	<u>427,155</u>	<u>1,031,899</u>
Fund Balance – June 30 <sup>th</sup>	<u>\$ 418,313</u>	<u>\$ 143,287</u>	<u>\$ 42,954</u>	<u>\$ 379,969</u>	<u>\$ 984,523</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Net change in fund balances – total governmental funds	\$ (47,376)
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. (Current additions \$125,112 less depreciation \$63,343).</p>	61,769
<p>Expenses related to compensated absences are recorded in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (Liability 6/30/13 \$58,920 less liability 6/30/14 \$53,252).</p>	5,668
<p>Changes in net pension obligation (asset) are reported on the Statement of Activities</p>	<u>100,998</u>
Changes in net position of governmental activities	<u>\$ 121,059</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
COMPARED TO BUDGET

For the Fiscal Year Ended June 30, 2015

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
<b>APPROPRIATIONS:</b>				
City of Maryville .....	\$ 673,515	\$ 673,515	\$ 673,515	\$ -
City of Alcoa.....	483,212	483,212	483,212	-
Blount County.....	653,585	653,585	653,585	-
Total Appropriations.....	1,810,312	1,810,312	1,810,312	-
<b>CONCESSIONS:</b>				
Everett Park.....	11,000	11,000	8,399	(2,601)
Everett Football Field .....	18,700	18,700	18,621	(79)
Everett Recreation Center.....	7,500	7,500	6,599	(901)
Sandy Springs Park.....	9,500	9,500	7,565	(1,935)
John Sevier Pool .....	16,500	16,500	11,645	(4,855)
Springbrook Pool.....	49,500	49,500	43,719	(5,781)
Vending.....	1,200	1,200	790	(410)
Total Concessions .....	113,900	113,900	97,338	(16,562)
<b>POOL ADMISSIONS:</b>				
John Sevier Pool .....	61,625	61,625	52,741	(8,884)
Springbrook Pool.....	123,400	123,400	108,690	(14,710)
Total Pool Admissions.....	185,025	185,025	161,431	(23,594)
<b>RECREATIONAL PROGRAM INCOME:</b>				
Swim Team.....	19,000	19,000	17,518	(1,482)
Learn to Swim.....	12,500	12,500	13,965	1,465
Adult Softball.....	68,600	68,600	52,921	(15,679)
Smoky Mountain Classic.....	41,900	41,900	55,085	13,185
Tennis.....	7,925	7,925	23,632	15,707
Therapeutics.....	2,025	2,025	1,689	(336)
Recreation programs .....	18,925	18,925	19,969	1,044
Adult Basketball .....	9,350	9,350	5,124	(4,226)
Youth Basketball .....	42,125	42,125	40,357	(1,768)
Adult Volleyball .....	8,500	8,500	9,500	1,000
Soccer Camp.....	1,300	1,300	1,839	539
Youth Performing Arts .....	3,350	3,350	3,372	22
Volleyball Camp.....	3,125	3,125	3,407	282
Environmental Camp.....	2,200	2,200	1,618	(582)
Spring Arts & Craft Show .....	2,375	2,375	2,475	100
Youth Softball Camp .....	1,875	1,875	-	(1,875)
Youth Softball.....	5,500	5,500	2,337	(3,163)
Flag Football.....	6,600	6,600	10,173	3,573

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
COMPARED TO BUDGET (Continued)  
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>RECREATIONAL PROGRAM INCOME</b>				
<b>(CONTINUED):</b>				
Spring Open.....	3,700	3,700	-	(3,700)
Track and Field Camp.....	-	-	1,764	1,764
Basketball Camp.....	4,800	4,800	6,332	1,532
Youth Football Camp.....	5,400	5,400	4,222	(1,178)
Christmas Basketball Tournament.....	4,750	4,750	6,526	1,776
Youth Football.....	25,150	25,150	24,297	(853)
Youth Soccer.....	79,175	79,175	77,993	(1,182)
Day Camp.....	11,850	11,850	13,083	1,233
Yoga.....	6,350	6,350	6,559	209
Road races/sprints.....	26,200	26,200	24,745	(1,455)
Special Events.....	17,000	17,000	23,246	6,246
Fishing Derby.....	2,175	2,175	2,703	528
Halloween Fun.....	2,450	2,450	700	(1,750)
Dog Obedience.....	1,260	1,260	-	(1,260)
Hometown Christmas.....	1,800	1,800	839	(961)
Preschool Programs.....	22,325	22,325	16,689	(5,636)
Total Recreational Program Income.....	<u>471,560</u>	<u>471,560</u>	<u>474,679</u>	<u>3,119</u>
<b>FACILITY RENTAL:</b>				
Springbrook Gym rental.....	11,500	11,500	25,060	13,560
Martin Luther King Center rental.....	8,000	8,000	9,095	1,095
Pavilion rental.....	19,000	19,000	19,288	288
Everett Gym rental.....	14,000	14,000	14,725	725
Total Facility Rental.....	<u>52,500</u>	<u>52,500</u>	<u>68,168</u>	<u>15,668</u>
<b>OTHER REVENUES:</b>				
Miscellaneous.....	3,000	3,000	3,516	516
Utility reimbursements.....	30,000	30,000	32,445	2,445
Marketing.....	10,000	10,000	13,000	3,000
Scholarships.....	-	-	6,454	6,454
Randall Cobb Football Camp.....	-	-	4,581	4,581
Memorial trees.....	3,850	3,850	4,075	225
Total Other Revenues.....	<u>46,850</u>	<u>46,850</u>	<u>64,071</u>	<u>17,221</u>
GRANT REVENUE.....	<u>51,808</u>	<u>51,808</u>	<u>58,618</u>	<u>6,810</u>
<b>TOTAL REVENUES.....</b>	<u><b>2,731,955</b></u>	<u><b>2,731,955</b></u>	<u><b>2,734,617</b></u>	<u><b>2,662</b></u>
<b>EXPENDITURES:</b>				
<b>RECREATIONAL PROGRAMS</b>				
Day Camp.....	9,500	9,500	10,024	(524)
Swim Team.....	9,250	9,250	9,007	243
Adult Softball.....	68,600	68,600	44,684	23,916

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
COMPARED TO BUDGET (Continued)  
For the Fiscal Year Ended June 30, 2015

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
<b>EXPENDITURES (CONTINUED):</b>				
<b>RECREATIONAL PROGRAMS (CONTINUED)</b>				
Smoky Mountain Classic .....	31,200	31,200	30,225	975
Tennis .....	6,100	6,100	11,745	(5,645)
Youth Softball Camp .....	1,350	1,350	-	1,350
Youth Softball .....	3,700	3,700	350	3,350
Youth Football Camp .....	7,700	7,700	4,714	2,986
Recreation Programs .....	10,675	10,675	13,907	(3,232)
Road Races .....	17,975	17,975	17,339	636
Youth Performing Arts .....	2,425	2,425	2,057	368
Volleyball Camp .....	2,675	2,675	2,275	400
Environmental Camp .....	1,775	1,775	1,582	193
Arts and Craft Show .....	1,600	1,600	1,207	393
Christmas Basketball Tournament .....	3,000	3,000	4,013	(1,013)
Everett Senior Center .....	167,850	167,850	168,140	(290)
Soccer Camp .....	950	950	1,078	(128)
Basketball Camp .....	3,500	3,500	4,982	(1,482)
Youth Baseball .....	3,600	3,600	1,200	2,400
Adult Basketball .....	8,050	8,050	4,163	3,887
Adult Volleyball .....	4,075	4,075	3,693	382
Youth Football .....	28,350	28,350	35,303	(6,953)
Spring Open .....	1,325	1,325	-	1,325
Learn to swim .....	7,050	7,050	7,999	(949)
Therapeutics .....	2,725	2,725	2,871	(146)
Youth Basketball .....	24,675	24,675	24,312	363
Youth Soccer .....	22,725	22,725	20,272	2,453
Special Events .....	15,000	15,000	23,325	(8,325)
Camp Officials .....	-	-	5,794	(5,794)
Downtown Christmas .....	1,775	1,775	1,548	227
Yoga .....	4,450	4,450	5,016	(566)
Fishing Derby .....	1,325	1,325	1,159	166
Halloween Fun .....	1,775	1,775	779	996
Dog Obedience .....	875	875	-	875
Preschool Program .....	15,405	15,405	11,913	3,492
Miscellaneous – trees, scholarships, etc. ....	3,550	3,550	17,175	(13,625)
Total Recreational Programs .....	496,555	496,555	493,851	2,704
<b>POOLS</b>				
John Sevier Pool .....	74,550	74,550	63,530	11,020
Alcoa Springbrook Pool .....	128,675	128,675	134,301	(5,626)
Total Pool Admissions .....	203,225	203,225	197,831	5,394

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -

COMPARED TO BUDGET (Continued)

For the Fiscal Year Ended June 30, 2015

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
<b>EXPENDITURES (Continued)</b>				
<b>CONCESSIONS</b>				
Vending.....	200	200	-	200
Everett Park Concessions.....	10,950	10,950	11,184	(234)
Sandy Springs Park Concessions.....	9,700	9,700	10,337	(637)
Everett Football Field Concessions.....	11,425	11,425	9,875	1,550
Everett Recreation Center Concessions.....	5,125	5,125	6,247	(1,122)
John Sevier Pool Concessions.....	14,075	14,075	13,978	97
Alcoa Springbrook Pool Concessions.....	35,750	35,750	36,089	(339)
Total Concessions.....	87,225	87,225	87,710	(485)
<b>OTHER EXPENDITURES:</b>				
Springbrook Recreation Center.....	107,150	107,150	111,557	(4,407)
Louisville Point Park.....	15,500	15,500	13,662	1,838
Everett Recreation Center.....	138,050	138,050	134,307	3,743
Parks' Maintenance.....	747,140	747,140	716,042	31,098
Administration.....	761,810	761,810	745,744	16,066
Marketing.....	11,800	11,800	14,576	(2,776)
Martin Luther King Center.....	92,500	92,500	100,279	(7,779)
Debt Commitment.....	38,000	38,000	38,000	-
Total Other Expenditures.....	1,911,950	1,911,950	1,874,167	37,783
Total Expenditures.....	2,698,955	2,698,955	2,653,559	45,396
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES.....</b>	<b>33,000</b>	<b>33,000</b>	<b>81,058</b>	<b>48,058</b>
<b>Other Sources (Uses):</b>				
Transfers to:				
Equipment Replacement Fund.....	(10,000)	(10,000)	(25,000)	(15,000)
Everett Equipment Replacement Fund....	(3,000)	(3,000)	(5,000)	(2,000)
Capital Outlay Fund.....	(20,000)	(20,000)	(50,000)	(30,000)
Total Other Sources (Uses).....	(33,000)	(33,000)	(80,000)	(47,000)
<b>Excess (Deficiency) of Revenues Over</b>				
Expenditures and Other Sources (Uses).....	-	-	1,058	1,058
Fund Balance - July 1, 2014.....	417,255	417,255	417,255	-
Fund Balance - June 30, 2015.....	\$ 417,255	\$ 417,255	\$ 418,313	\$ 1,058

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 1 – GENERAL INFORMATION:**

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

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

**A. REPORTING ENTITY**

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

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements*

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

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

*Fund Financial Statements*

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

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Capital Project Funds*

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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

**Major and Nonmajor Funds**

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

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

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

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

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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

**Basis of Accounting**

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

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

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

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

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

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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

**Cash and Cash Equivalents**

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

**Interfund Receivables and Payables**

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

**Capital Assets**

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

*Government-wide Statements*

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

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

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

*Fund Financial Statements*

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

**Inventory**

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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

**Equity Classifications**

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

*Fund Statements*

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

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

**Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

**E. REVENUES, EXPENDITURES, AND EXPENSES (Continued)**

**Expenditures/Expenses (Continued)**

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

**Interfund Transfers**

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

**F. BUDGETARY ACCOUNTING**

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

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

**G. FUND BALANCES**

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

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

**G. FUND BALANCES (Continued)**

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

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

**H. USE OF ESTIMATES**

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

**I. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Commission's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan (within the City of Maryville TCRS Plan). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**J. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT**

In June 2012 the Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the fiscal year beginning July 1, 2014. This statement revises existing standards for measuring and reporting pension liabilities for pensions provided by the Commission to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position. The Commission implemented this standard effective July 1, 2014.

The Commission’s Net Position at that date was restated to reflect the effects of this pronouncement as follows:

Net position, June 30, 2014	\$ 1,318,413
Recognition of Pension liability	<u>(295,197)</u>
Restated Net Position, July 1, 2014	<u>\$ 1,023,216</u>

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

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

**A. FUND ACCOUNTING REQUIREMENTS**

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

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

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

**C. FUND EQUITY RESTRICTIONS**

**Deficit Prohibition**

State of Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The Commission complied with this statute in all material respects for the year ended June 30, 2015.

(Continued)

**RECREATION AND PARKS COMMISSION**  
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June 30, 2015

**NOTE 4 – CASH:**

Total cash with a carrying value of \$1,121,121 at June 30, 2015, is summarized as follows:

Type	<u>Amount</u>
Petty cash – office, pools, concessions .....	\$ 834
Local financial institutions:	
Checking accounts (Varies) .....	419,018
Savings accounts (approximately .351%).....	479,711
Certificate of Deposit -	
(.625% maturing 11/27/15).....	40,705
(.501% maturing 04/16/16).....	78,714
(.501% maturing 04/16/16).....	52,118
(.10% maturing 04/23/16).....	40,519
(.50% maturing 09/29/15).....	9,502
Total Cash and Investments .....	<u>\$ 1,121,121</u>

As of June 30, 2015, total cash on deposit in four financial institutions includes deposits insured up to \$250,000 by either the Federal Deposit Insurance Corporation, the Mutual Guaranty Corporation, or by the Tennessee Bank Collateral Pool.

**NOTE 5 – LEASES:**

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

**NOTE 6 – VACATION AND SICK LEAVE:**

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

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
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**NOTE 6 – VACATION AND SICK LEAVE (Continued)**

An employee may “carry over” into the next calendar year any unused, accrued vacation leave subject to approval. The “carry over” and unused accrued vacation is subject to a maximum of 15, 20, or 30 days, depending on years of service.

The Commission accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. The liability as of June 30, 2015 is \$53,252.

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

**General Information about the Pension Plan**

*Plan Description*

Employees of the Commission are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/ters](http://www.treasury.tn.gov/ters).

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLA’s) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

(Continued)

**RECREATION AND PARKS COMMISSION**  
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**NOTE 7 – EMPLOYEES’ RETIREMENT PLAN (Continued):**

**General Information about the Pension Plan (Continued)**

*Employees Covered by Benefit Terms*

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	13
Active employees	19
	42
	42

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Commission makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the Commission were \$102,178 based on a rate of 11.26% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Commission’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

The Commission’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions*

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

(Continued)

**RECREATION AND PARKS COMMISSION**  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – EMPLOYEES’ RETIREMENT PLAN (Continued):**

**Net Pension Liability (Asset) (Continued)**

*Discount rate:*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Commission will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a) – (b)</u>
<b>Balance at June 30, 2013</b>	<b>\$ 3,245,527</b>	<b>\$ 2,854,166</b>	<b>\$ 391,361</b>
<b>Changes for the year:</b>			
Service cost	71,625	-	71,625
Interest	244,052	-	244,052
Differences between expected and actual experience	(43,300)	-	(43,300)
Contributions – employer	-	96,437	(96,437)
Contributions – employees	-	41,798	(41,798)
Net investment income	-	473,814	(473,814)
Benefit payments, including refunds of employee contributions	(126,242)	(126,242)	-
Administrative expense	-	(913)	913
<b>Net Changes</b>	<b>146,135</b>	<b>484,894</b>	<b>(338,759)</b>
<b>Balance at June 30, 2014</b>	<b>\$ 3,391,662</b>	<b>\$ 3,339,060</b>	<b>\$ 52,602</b>

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

**Changes in the Net Pension Liability (Asset)**

*Sensitivity of the net pension liability (asset) to changes in the discount rate:*

The following presents the net pension liability (asset) of the Commission calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
The Commission’s net pension liability (asset)	\$ 537,667	\$ 52,553	\$ (349,247)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense:*

For the year ended June 30, 2015, the Commission’s recognized pension income of \$1,180.

*Deferred outflows of resources and deferred inflows of resources:*

For the year ended June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 36,083
Net difference between projected and actual earnings on pension plan investments	-	207,692
Contributions subsequent to the measurement date of June 30, 2014	<u>102,178</u>	<u>-</u>
Total	<u>\$ 102,178</u>	<u>\$ 243,775</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

(Continued)

**RECREATION AND PARKS COMMISSION**  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Deferred outflows of resources and deferred inflows of resources (Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2016	\$	(59,083)
2017		(59,083)
2018		(59,083)
2019		(59,083)
2020		(7,443)
Thereafter		-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Payable to the Pension Plan**

At June 30, 2015, The Commission reported a payable of \$3,385 for outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**NOTE 8 – RISK FINANCING ACTIVITIES:**

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
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Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**NOTE 9 – COMMITMENTS:**

During the fiscal year ended June 30, 1998, Blount County, Tennessee, borrowed \$275,000 to finance the construction of an administrative office building for the Commission. In 2008, an additional \$275,000 from Blount County, Tennessee financed an extension to the office building. In exchange, the Commission will make annual payments to Blount County in amounts ranging from \$38,000 to \$57,536 (through June 2027, including interest at 5.00%) as follows:

Year ending <u>June 30,</u>		Year ending <u>June 30,</u>		Year ending <u>June 30,</u>	
2016	\$ 38,000	2021	\$ 48,000	2026	\$ 57,500
2017	43,000	2022	48,000	2027	<u>57,536</u>
2018	43,000	2023	50,000		
2019	43,000	2024	50,000		<u>115,036</u>
2020	<u>48,000</u>	2025	<u>50,000</u>		
	<u>\$ 215,000</u>		<u>\$ 246,000</u>		<u>\$ 576,036</u>

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

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Commitment to Blount County	\$ 614,036	\$ -	\$ 38,000	\$ 576,036
Compensated Absences	<u>58,920</u>	<u>-</u>	<u>5,668</u>	<u>53,252</u>
	<u>\$ 672,956</u>	<u>\$ -</u>	<u>\$ 43,668</u>	<u>\$ 629,288</u>

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**NOTE 10 – CAPITAL ASSETS:**

A summary of capital assets and depreciation is as follows:

	<u>Balance</u> <u>7/1/14</u>	<u>Current</u> <u>Additions</u>	<u>Current</u> <u>Retirements/</u> <u>Reclassifications</u>	<u>Balance</u> <u>6/30/15</u>
<u>Depreciable Capital Assets:</u>				
Equipment:				
Administration	\$ 340,822	\$ 43,071	\$ (225)	\$ 383,668
Concessions Equipment	30,325	19,814	(100)	50,039
Pool Equipment	72,445	21,110	-	93,555
Senior Citizens Center	99,277	141	-	99,418
Maintenance	473,256	35,753	(327)	508,682
Everett Center	96,873	1,877	-	98,750
Louisville Point Park	20,688	3,998	-	24,686
Martin Luther King Center	<u>39,035</u>	<u>-</u>	<u>-</u>	<u>39,035</u>
Total Capital Assets	1,172,721	125,764	(652)	1,297,833
Less Accumulated Depreciation	<u>(827,287)</u>	<u>(63,995)</u>	<u>(652)</u>	<u>(890,630)</u>
Net Capital Assets	<u>\$ 345,434</u>	<u>\$ 61,769</u>	<u>\$ -</u>	<u>\$ 407,203</u>
<u>Accumulated Depreciation:</u>				
Equipment:				
Administration	\$ 276,553	\$ 11,133	\$ (225)	\$ 287,461
Concessions Equipment	18,657	2,769	(100)	21,326
Pool Equipment	28,435	8,338	-	36,773
Senior Citizens Center	76,403	2,155	-	78,558
Maintenance	349,607	33,201	(327)	382,481
Everett Center	47,442	3,897	-	51,339
Louisville Point Park	207	923	-	1,130
Martin Luther King Center	<u>29,983</u>	<u>1,579</u>	<u>-</u>	<u>31,562</u>
	<u>\$ 827,287</u>	<u>\$ 63,995</u>	<u>\$ (652)</u>	<u>\$ 890,630</u>

**NOTE 11 – SUBSEQUENT EVENTS:**

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is January 27, 2016 is the date on which the financial statements were issued.

**RECREATION AND PARKS COMMISSION**  
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**REQUIRED SUPPLEMENTAL SCHEDULES**

June 30, 2015

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS BASED ON PARTICIPATION IN THE**  
**PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
Last Fiscal Year Ended June 30,

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 71,625
Interest	244,052
Changes in benefit terms	-
Differences between actual & expected experience	(43,300)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(126,242)</u>
<b>Net change in total pension liability</b>	146,135
<b>Total pension liability-beginning</b>	<u>3,245,527</u>
<b>Total pension liability-ending (a)</b>	<u>\$ 3,391,662</u>
<b>Plan fiduciary net position</b>	
Contributions – employer	\$ 96,437
Contributions – employee	41,798
Net investment income	473,814
Benefit payments, including refunds of employee contributions	(126,242)
Administrative expense	<u>(913)</u>
<b>Net change in plan fiduciary net position</b>	484,894
<b>Plan fiduciary net position – beginning</b>	<u>2,854,166</u>
<b>Plan fiduciary net position – ending (b)</b>	<u>\$ 3,339,060</u>
<b>Net Pension Liability (asset)-ending (a) – (b)</b>	<u>\$ 52,602</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	98.4%
<b>Covered-employee payroll</b>	\$ 836,443
<b>Net Pension liability (asset) as a percentage of covered-employee payroll</b>	6.2%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will add to this schedule in future fiscal years until 10 years of information is available.

**RECREATION AND PARKS COMMISSION**  
of  
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**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE  
PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
Last Fiscal Year Ended June 30,

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 96,437	\$ 102,178
Contributions in relation to the actuarially determined contribution	<u>96,437</u>	<u>102,178</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 835,671	\$ 836,443
Contributions as a percentage covered – employee payroll	11.5%	12.2%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**RECREATION AND PARKS COMMISSION**  
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NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
PRESENTED ON PAGES 34-35  
Last Fiscal Year Ended June 30, 2015

*Valuation date:*

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	2 year
Asset valuation	10-year smoothed with a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

**RECREATION AND PARKS COMMISSION**  
of  
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Maryville, Tennessee

SECTION THREE

SUPPLEMENTAL SCHEDULES

June 30, 2015

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Sale of equipment .....	\$ 10,399	\$ 10,399	\$ 10,399	\$ -
Interest on investments .....	<u>700</u>	<u>700</u>	<u>700</u>	<u>-</u>
Total Revenues.....	11,099	11,099	11,099	-
EXPENDITURES:				
Capital outlay .....	<u>41,874</u>	<u>41,874</u>	<u>41,874</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER				
EXPENDITURES .....	(30,775)	(30,775)	(30,775)	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund.....	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE .....	(5,775)	(5,775)	(5,775)	-
FUND BALANCE – JULY 1, 2014	<u>149,062</u>	<u>149,062</u>	<u>149,062</u>	<u>-</u>
FUND BALANCE – JUNE 30, 2015 .....	<u>\$ 143,287</u>	<u>\$ 143,287</u>	<u>\$ 143,287</u>	<u>\$</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
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Maryville, Tennessee  
**EVERETT EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
REVENUES:				
Interest on investments.....	\$ 134	\$ 134	\$ 134	\$ -
EXPENDITURES – Capital Outlay.....	<u>607</u>	<u>607</u>	<u>607</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES .....	(473)	(473)	(473)	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund.....	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>	<u>2,000</u>
NET CHANGE IN FUND BALANCE .....	2,527	2,527	4,527	2,000
FUND BALANCE – JULY 1, 2014 .....	<u>38,427</u>	<u>38,427</u>	<u>38,427</u>	<u>-</u>
FUND BALANCE – JUNE 30, 2015 .....	<u>\$ 40,954</u>	<u>\$ 40,954</u>	<u>\$ 42,954</u>	<u>\$ 2,000</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
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Maryville, Tennessee  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES:				
Interest on investments.....	\$ 1,453	\$ 1,453	\$ 1,455	\$ -
EXPENDITURES:				
Capital Outlay.....	<u>98,641</u>	<u>98,641</u>	<u>98,641</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES .....	(97,186)	(97,186)	(97,186)	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund.....	<u>20,000</u>	<u>20,000</u>	<u>50,000</u>	<u>30,000</u>
NET CHANGE IN FUND BALANCE .....	(77,186)	(77,186)	(47,186)	30,000
FUND BALANCE – JULY 1, 2014 .....	<u>427,155</u>	<u>427,155</u>	<u>427,155</u>	<u>-</u>
FUND BALANCE – JUNE 30, 2015 .....	<u>\$ 349,969</u>	<u>\$ 349,969</u>	<u>\$ 379,969</u>	<u>\$ 30,000</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND – SCHEDULE OF EXPENDITURES –  
COMPARED TO BUDGET  
June 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b>RECREATIONAL PROGRAMS:</b>				
Personnel expenses.....	\$ 137,150	\$ 137,150	\$ 128,491	\$ 8,659
Small equipment.....	6,575	6,575	3,114	3,461
Repairs and maintenance.....	20,625	20,625	13,954	6,671
Travel.....	500	500	93	407
Supplies/Miscellaneous.....	<u>175,655</u>	<u>175,655</u>	<u>180,059</u>	<u>(4,404)</u>
Subtotal .....	<u>340,505</u>	<u>340,505</u>	<u>325,711</u>	<u>14,794</u>
<b>POOLS:</b>				
Personnel expenses.....	112,350	112,350	108,263	4,087
Repair and Maintenance.....	13,000	13,000	12,486	514
Chemicals and supplies.....	30,900	30,900	28,043	2,857
Utilities and telephone.....	<u>46,975</u>	<u>46,975</u>	<u>49,039</u>	<u>(2,064)</u>
Subtotal .....	<u>203,225</u>	<u>203,225</u>	<u>197,831</u>	<u>5,394</u>
<b>POOLS &amp; PARKS CONCESSIONS:</b>				
Supplies.....	45,075	45,075	49,302	(4,227)
Personnel expenses.....	40,100	40,100	35,594	4,506
Small equipment/repairs.....	<u>2,050</u>	<u>2,050</u>	<u>2,814</u>	<u>(764)</u>
Subtotal .....	<u>87,225</u>	<u>87,225</u>	<u>87,710</u>	<u>(485)</u>
<b>OTHER EXPENDITURES:</b>				
Springbrook Recreation Center:				
Personnel expenses.....	79,225	79,225	83,670	(4,445)
Supplies.....	725	725	353	372
Repair and maintenance .....	3,000	3,000	6,242	(3,242)
Conferences and training.....	300	300	385	(85)
Utilities and telephone.....	<u>23,900</u>	<u>23,900</u>	<u>20,907</u>	<u>2,993</u>
Subtotal .....	<u>107,150</u>	<u>107,150</u>	<u>111,557</u>	<u>(4,407)</u>
Everett Adult Center:				
Personnel expenses.....	129,625	129,625	128,549	1,076
Repairs/maintenance/equipment.....	2,850	2,850	5,338	(2,488)
Conference and training .....	650	650	211	439
Utilities .....	23,000	23,000	21,527	1,473
Postage.....	250	250	16	234
Printing/Programs.....	10,625	10,625	11,595	(970)
Office Supplies .....	<u>850</u>	<u>850</u>	<u>904</u>	<u>(54)</u>
Subtotal .....	<u>167,850</u>	<u>167,850</u>	<u>168,140</u>	<u>(290)</u>
Everett Recreation Center:				
Personnel expenses.....	94,200	94,200	93,675	525
Supplies.....	2,150	2,150	794	1,356
Repair and maintenance .....	6,000	6,000	5,125	875

See accompanying independent auditors' report and notes.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND – SCHEDULE OF EXPENDITURES –  
COMPARED TO BUDGET (Continued)  
June 30, 2015

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>OTHER EXPENDITURES (Continued):</b>				
Everett Recreation Center (Continued):				
Conferences and training .....	1,000	1,000	770	230
Utilities and telephone .....	34,700	34,700	33,943	757
Subtotal .....	<u>138,050</u>	<u>138,050</u>	<u>134,307</u>	<u>3,743</u>
Martin Luther King Center:				
Personnel expenses .....	75,050	75,050	80,491	(5,441)
Supplies .....	4,250	4,250	2,617	1,633
Repair and maintenance .....	3,000	3,000	4,574	(1,574)
Conferences and training .....	400	400	90	310
Utilities and telephone .....	9,800	9,800	12,507	(2,707)
Subtotal .....	<u>92,500</u>	<u>92,500</u>	<u>100,279</u>	<u>(7,779)</u>
Louisville Point Park:				
Personnel expenses .....	500	500	-	500
Supplies .....	1,000	1,000	2,162	(1,162)
Utilities and phone .....	14,000	14,000	11,500	2,500
Subtotal .....	<u>15,500</u>	<u>15,500</u>	<u>13,662</u>	<u>1,838</u>
Maintenance:				
Personnel expenses .....	528,865	528,865	490,805	38,060
Supplies .....	20,000	20,000	28,141	(8,141)
Small equipment .....	2,975	2,975	3,364	(389)
Repair and maintenance .....	74,350	74,350	82,650	(8,300)
Conferences and training .....	1,200	1,200	749	451
Utilities and telephone .....	91,050	91,050	84,133	6,917
Rent .....	8,400	8,400	8,400	-
Contract service .....	20,300	20,300	17,800	2,500
Subtotal .....	<u>747,140</u>	<u>747,140</u>	<u>716,042</u>	<u>31,098</u>
Administration:				
Personnel services .....	589,610	589,610	591,117	(1,507)
Insurance .....	92,700	92,700	90,326	2,374
Supplies .....	15,000	15,000	15,209	(209)
Utilities and telephone .....	14,000	14,000	14,282	(282)
Postage .....	5,000	5,000	5,574	(574)
Dues and publications .....	3,600	3,600	2,436	1,164
Conferences and training .....	8,000	8,000	7,619	381
Contract services .....	23,900	23,900	20,311	3,589
Equipment maintenance .....	10,000	10,000	13,446	(3,446)
Debt Commitment .....	38,000	38,000	38,000	-
Subtotal .....	<u>799,810</u>	<u>799,810</u>	<u>798,320</u>	<u>1,490</u>
Total Other Expenditures .....	<u>2,068,000</u>	<u>2,068,000</u>	<u>2,042,307</u>	<u>25,693</u>
Total Recreational Programs .....	<u>\$ 2,698,955</u>	<u>\$ 2,698,955</u>	<u>\$ 2,653,559</u>	<u>\$ 45,396</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**CAPTIAL ASSETS USED IN GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF GENERAL CAPITAL ASSETS**  
June 30, 2015

Depreciable Capital Assets:	
Equipment .....	<u>\$ 407,203</u>
 Investment in Capital Assets .....	 <u>\$ 407,203</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
For the Fiscal Year Ended June 30, 2015

	Capital Assets			Accumulated Depreciation				Net Book Value	
	Balance <u>7/1/14</u>	Current Additions	Current Retirements/ Reclassifications	Balance <u>6/30/15</u>	Balance <u>7/01/14</u>	Current Additions	Current Retirements		Balance <u>6/30/15</u>
Equipment:									
Administration/General.....	\$ 340,822	\$ 43,071	\$ (225)	\$ 383,668	\$ 276,553	\$ 11,133	\$ (225)	\$ 287,461	\$ 96,207
Concessions Equipment .....	30,325	19,814	(100)	50,039	18,657	2,769	(100)	21,326	28,713
Pool Equipment.....	72,445	21,110	-	93,555	28,435	8,338	-	36,773	56,782
Senior Citizens Center.....	99,277	141	-	99,418	76,403	2,155	-	78,558	20,860
Maintenance .....	473,256	35,753	(327)	508,682	349,607	33,201	(327)	382,481	126,201
Everett Center .....	96,873	1,877	-	98,750	47,442	3,897	-	51,339	47,411
Louisville Point Park.....	20,688	3,998	-	24,686	207	923	-	1,130	23,556
Martin Luther King Center....	<u>39,035</u>	<u>-</u>	<u>-</u>	<u>39,035</u>	<u>29,983</u>	<u>1,579</u>	<u>-</u>	<u>31,562</u>	<u>7,473</u>
Totals .....	<u>\$ 1,172,721</u>	<u>\$ 125,764</u>	<u>\$ (652)</u>	<u>\$ 1,297,833</u>	<u>\$ 827,287</u>	<u>\$ 63,995</u>	<u>\$ (652)</u>	<u>\$ 890,630</u>	<u>\$ 407,203</u>

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

Equipment Replacement Fund.....	\$ 30,843
Capital Outlay Fund .....	81,096
Everett Equipment Replacement Fund.....	607
Repair and Maintenance .....	<u>13,218</u>
Total .....	<u>\$ 125,764</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**SCHEDULE OF INSURANCE IN FORCE**  
June 30, 2015

<u>Insurance Company/Agency</u>	<u>Policy Number</u>	<u>Period</u>	<u>Description</u>
TML Risk Management Pool	TMP-0699	7-12-14 to 7-12-15	<p>\$50,000 Contents coverage at 80% co-insurance – Everett Rec. Center, 318 So. Everett High Road</p> <p>\$80,000 Contents coverage at 80% co-insurance – Bldgs. On Birchfield St., (Senior Citizens Center)</p> <p>\$85,000 Contents coverage at 80% co-insurance -Bldg. at 316 Everett High Rd.</p> <p>\$50,000 Contents coverage at 80% co-insurance - Bldg. at 614 Evan Cir.</p> <p>\$5,000 Contents coverage at 80% co-insurance – Bldg. on Dalton St.</p> <p>\$40,000 Contents coverage at 80% co-insurance – MLK Bldg. At 209 E. Franklin Street</p>
The Ohio Casualty Insurance Company/Crum & Blazer Insurance, Inc.	91383710	10-25-14 to 10-25-15	\$10,000 Surety Bond, Recreation and Parks Dir., Superintendent of Recreation, Accounting Technician, Assistant Director of Athletics and Secretary. Senior Citizens: Dir., Assistant Dir., and Clerk
Tennessee Municipal League Pool	TML-362	12-31-14 to 12-31-15	\$600,000 Public Officials Personal Liability; \$250,000 General Liability - Bodily Injury, Property Damage, Automobile
Tennessee Municipal League Pool	WC-0347	7-1-13 to 7-1-16	Statutory Workmen's Compensation

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

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

June 30, 2015



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January 27, 2016

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 27, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ingram, Overholt & Bean, PC*