BLOUNT COUNTY CABLE TELEVISION AUTHORITY

Maryville, Tennessee

FINANCIAL STATEMENTS

For the Fiscal Years Ended
June 30, 2015 and 2014

BLOUNT COUNTY CABLE TELEVISION AUTHORITY
Maryville, Tennessee
June 30, 2015 and 2014

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BLOUNT COUNTY CABLE TELEVISION AUTHORITY
Maryville, Tennessee
For the Fiscal Years Ended June 30, 2015 and 2014

ROSTER OF MANAGEMENT AND AUTHORITY MEMBERS

Chairman	Vaughn Belcher
Vice-Chairman	Steven J. Greene
Secretary-Treasurer	Norman H. Newton

Authority Members:

Gary Farmer	William C. Cochran
Steve Samples	Thomas W. Taylor
Donald L. Larson	Lauren Kardatzke
	Kenneth Melton

Authority Attorney:

Norman H. Newton

Ingram Overholt & Bean, P.C.
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INDEPENDENT AUDITORS' REPORT

Members
Blount County Cable Television Authority
Maryville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Blount County Cable Television Authority, as of and for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statements which collectively comprise the Authority'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 opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of Blount County Cable Television Authority as of June 30, 2015 and 2014, and the respective changes in its net position and cash flows thereof for the years 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 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 Blount County Cable Television Authority's basic financial statements. The Roster of Management and Authority members on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Roster of Management and Authority Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of Blount County Cable Television Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blount County Cable Television Authority's control over financial reporting and compliance.

Ingram, Overholt & Bean, P C

Alcoa, Tennessee
October 30, 2015

BLOUNT COUNTY CABLE TELEVISION AUTHORITY

P. O. Box 4338
Maryville, Tennessee 37802

October 30, 2015

Our discussion and analysis of the Blount County Cable Television Authority's financial performance provides an overview of the Authority's activities for the years ended June 30, 2015 and 2014. Please read it in conjunction with Authority's financial statements as described in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the Authority as a whole and present a long-term view of the Authority's finances.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

One of the most important questions asked about the Authority's finances is "Is the Authority better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority 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.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

The operations of the Blount County Cable Television Authority (a joint venture between Blount County, City of Maryville, and City of Alcoa, Tennessee) are primarily funded as follows:

	2015	2014	2013
Franchise fees	100.0%	100.0%	100.0%
Interest income	0.0%	0.0%	0.0%
Total Funding	100.0%	100.0%	100.0%

Operational costs for the Authority were $1,002,278, $962,805, and $922,716 for the years ended June 30, 2015, 2014, and 2013, respectively. The neglible increase was chiefly the result of distributions to the joint venture governmental entities.

NET POSITION

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

	2015	2014	2013
Current assets	$ 253,990	$ 249,165	$ 240,123
Deferred Outflows of Resources	-	-	-
Current liabilities	235,531	230,723	221,641
Deferred Inflows of Resources	-	-	-
Net Position:			
Unrestricted	18,459	18,442	18,482
Total Net Position	$ 18,459	$ 18,442	$ 18,482
Total Revenues	$ 1,002,295	$ 962,765	$ 921,627
Total Expenses	1,002,278	962,805	922,716
Change in Net Position	$ 17	$ (40)	$ (1,089)

Net position of the Authority increased by .0009% during the current year. The unrestricted portion, the part of the position that can be used to finance day-to-day operations, increased by .0009%.

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 Authority has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	2015	2014	2013
Working Capital (the amount by which current assets exceed current liabilities)	$ 18,459	$ 18,442	$ 18,482
Current Ratio (compares current Assets to current liabilities – as an indicator of the ability to pay current obligations)	1.08%	1.08%	1.08
Days Cash and Investments (represents the number of days normal operations could continue with no revenue collections)	1.00	1.00	1.00

CAPITAL ASSETS

At the fiscal years ended June 30, 2015, 2014, and 2013, the Authority had no investment in capital assets.

DEBT

At the fiscal years ended June 30, 2015, 2014, and 2013, the Authority had no debt.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chairman of the Blount County Cable Television Authority, P.O. Box 4338, Maryville, TN 37802-4338.

Vaughn Belcher
Chairman of the Board

BLOUNT COUNTY CABLE TELEVISION AUTHORITY
Maryville, Tennessee
STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	Business-Type Activities	
ASSETS	2015	2014
CURRENT ASSETS:		
Cash in Bank – checking	$ 967	$ 2,393
Accounts receivable	253,023	246,772
Total Current Assets	253,990	249,165
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	9,041	9,058
Due to local governments	226,490	221,665
Total Current Liabilities	235,531	230,723
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION:		
Unrestricted	18,459	18,442
Total Net Position	$ 18,459	$ 18,442

See accompanying independent auditors' report and notes to the basic financial statements.

BLOUNT COUNTY CABLE TELEVISION AUTHORITY
Maryville, Tennessee
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGE IN NET POSITION
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES:		
Franchise fees	$ 1,002,290	$ 962,760
OPERATING EXPENSES:		
Professional fees	13,021	11,651
Directors' meetings	13,500	13,500
Distributions to:		
Blount County	669,266	637,719
City of Maryville	241,118	234,965
City of Alcoa	65,373	64,970
Total Operating Expenses	1,002,278	962,805
OPERATING INCOME (LOSS)	12	(45)
Non-Operating Income:		
Interest income	5	5
Change in Net Position	17	(40)
Net Position – Beginning of Year	18,442	18,482
Net Position – End of Year	$ 18,459	$ 18,442

See accompanying independent auditors' report and notes to the basic financial statements.

BLOUNT COUNTY CABLE TELEVISION AUTHORITY
Maryville, Tennessee
STATEMENTS OF CASH FLOWS
June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from franchise fees	$ 996,040	$ 953,060
Cash payments to other governments	(970,933)	(928,631)
Cash payments for goods and services	(26,538)	(25,092)
Net Cash Flows Used By Operating Activities	(1,431)	(663)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned	5	5
NET DECREASE IN CASH	(1,426)	(658)
Cash and Cash Equivalents at Beginning of Year	2,393	3,051
Cash and Cash Equivalents at End of Year	$ 967	$ 2,393
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	$ 12	$ (45)
Changes in Assets and Liabilities:		
Accounts receivable	(6,251)	(9,700)
Accounts payable	4,808	9,082
Net Cash Provided (Used) by Operating Activities	$ (1,431)	$ (663)

See accompanying independent auditors' report and notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Blount County Cable Television Authority complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. FINANCIAL REPORTING ENTITY

The Blount County Cable Television Authority was established by a joint venture agreement between the Cities of Alcoa and Maryville, Tennessee and Blount County, Tennessee, on February 13, 1980, pursuant to the provisions of Tennessee Code Annotated Section 7-59-101, et seq. The original joint venture agreement expired on February 13, 2005. On January 4, 2005 an amended agreement became effective and will remain in effect until termination by all parties.

The original purpose of The Authority was to regulate the operations of the cable television systems which serve the residents of the respective governmental entities that are parties to the agreement. The Authority was responsible for granting franchises and supervising the operation of cable television for the residents of the area under The Authority's control. On December 12, 1993, The Authority was certified by the Federal Communications Commission to regulate basic cable television service rates. In a prior year state-wide franchises were issued to Charter and Comcast which resulted in the Authority losing the ability to enforce its franchises with these entities, except for the collection of franchise fees.

The Authority consists of nine members - three from each participating governmental unit. The legislative body of each government elects three members to The Authority to serve a term of three years.

The Authority adopted by-laws to facilitate the orderly and expeditious conduct of business of The Authority. Officers are elected annually by a majority vote of The Authority members present. Officers serve for a term of one year and consist of the following:

Chairman - Responsible for executing all documents of The Authority and for representing The Authority at meetings to explain The Authority's policies.

Vice Chairman - Serves in the absence of the Chairman and assumes all responsibilities of the Chairman.

Secretary-Treasurer - Responsible for notices of meetings, minutes of all The Authority meetings, and acts as fiscal officer for finances.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position display information about the reporting Authority as a whole. The business type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

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 Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, the activities are presented using the economic resources measurement focus as defined below.

> The proprietary’s fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent), deferred outflows of resources, and deferred inflows of resources associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, a business-like activity (proprietary type) is 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, deferred outflows of resources, and liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the Authority. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments, if applicable, are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. At June 30, 2015 and 2014, the Authority had no investments.

Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable. Major receivable balances for the Authority activities include franchise fee income.

Net Position Classification

Net position is displayed as:

> Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

E. REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Operating Revenues/Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services in connection with the fund's ongoing operations.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. REVENUES AND EXPENSES (Continued)

Operating Revenues/Expenses (Continued)

The principal operating revenues of The Authority consist of franchise fees amounting to a certain percentage of a cable television company's revenue operating within the Authority's control.

Operating expenses include distribution to government joint-ventures and other charges. In the financial statements, expenses are classified by function for business-type activities by operating and non-operating.

The following describes the franchise agreements:

Cable Company	Franchise Fee Percentage	Payable
Charter Communications	4%	Quarterly
Comcast (KY-TN-VA)	5%	Quarterly
Comcast	5%	Quarterly

Non-operating Revenues/Expenses

Non-operating revenues/expenses are all revenues and expenses not meeting the definition of operating revenues/expenses above. The Authority's principal non-operating revenue is interest income.

F. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as an Authority, the entity is subject to various federal, state, and local laws and contractual regulations. An analysis of the entity's compliance with significant laws and regulations and demonstration of its stewardship over entity resources follows. The Blount County Cable Television Authority complies with all state and local laws and regulations pertaining to Authorities as prescribed in Tennessee Code Annotated Section 7-59-101, et seq.

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 expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Annual Budget

The Authority adopts a budget for the necessary costs of the operation of The Authority. Unencumbered appropriations lapse at year-end. The Authority is responsible for collecting all cable television franchise fees; and, after funding its budget, remits such fees collected annually to the parties to the agreement. Fees are prorated based on origin of cable television fee collections within the geographic location of the three participating governmental entities.

G. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) issued Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

In addition, the GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement specified the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Since this Statement closely correlates to Statement No.63, the Authority has elected to early implement the provisions of this Statement.

NOTE 2 – CASH

Cash and investments include bank balances that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

The carrying amount of the Authority's deposits at June 30, 2015 and 2014 is $967 and $2,393, respectively.

NOTE 3 - REVENUES

Revenue for the year ended June 30, 2015 and 2014 is comprised of the following:

	2015	2014
Comcast and Comcast (KY-TN-VA)....	$ 188,494	$ 175,607
Charter Communications	813,796	787,153
Interest earned	5	5
Total	$ 1,002,295	$ 962,765

(Continued)

NOTE 4 – RISK OF FINANCING ACTIVITES

It is the policy of the Authority not to purchase commercial insurance for the risks of losses to which it is exposed – directors' liability. Instead, the Authority believes it is more economical to manage its risks internally. There have been no unsettled or settled claims in the past three (3) fiscal years.

NOTE 5 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is October 30, 2015, which is the date on which the financial statements were issued.

Ingram Overholt & Bean, P.C.
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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*

Members
Blount County Cable Television Authority
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 business-type activities of the Blount County Cable Television Authority (The Authority) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Blount County Cable Television Authority's basic financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Blount County Cable Television Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 Authority'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 matter 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, P C
Alcoa, Tennessee
October 30, 2015