

**ANNUAL FINANCIAL REPORT**  
**SEVIER COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2018**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
SEVIER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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Director***

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State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Sevier County, Tennessee  
For the Year Ended June 30, 2018

## ***Scope***

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2018.

## ***Results***

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

Our audit resulted in no findings.

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# INTRODUCTORY SECTION

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# Sevier County Officials

## June 30, 2018

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### **Officials**

Larry Waters, County Mayor  
Jonas Smelcer, Road Superintendent  
Jack Parton, Director of Schools  
Greg Patterson, Trustee  
Thomas King, Assessor of Property  
Karen Cotter, County Clerk  
Rita Ellison, Circuit Court Clerk  
Connie Holt, General Sessions and Juvenile Courts Clerk  
Carolyn McMahan, Clerk and Master  
Cyndi Pickel, Register of Deeds  
Ronald Seals, Sheriff

### **Board of County Commissioners**

Larry Waters, County Mayor, Chairman  
Ronnie Allen  
Fred Atchley  
Gene Byrd  
Mike Chambers  
Ben Clabo  
Gary Cole  
Rod Cowan  
Mary Davis  
Bryan Delius  
Chuck Godfrey  
Greg Haggard  
Mike Hillard  
Warren Hurst

Phil King  
Michael Maddron  
David Norton  
Ray Ogle  
Frank Parton  
Harold Pitner  
Carroll Rauhuff  
Tommy Watts  
Keith Whaley  
Ronnie Whaley  
Randy Williams  
Kent Woods

### **Board of Education**

Charles Temple, Chairman  
Becky Marcum  
John McClure

Mike Oakley  
Mark Strange

### **Audit Committee**

Kent Woods, Chairman  
Ronnie Whaley  
Fred Atchley  
Gary Cole

Warren Hurst  
Ben Clabo  
David Norton



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Highway/Public Works Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Sevier County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

We draw attention to Note 1.D.9. to the financial statements, which describes restatements reducing the beginning Governmental Activities net position of the Primary Government by \$2,308,896, the Business Type Activities net position by \$26,696, and discretely presented Sevier County School Department net position by \$1,980,628, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county

and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of county and school changes in the total other postemployment benefits liability and related ratios on pages 114-124 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and statutory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

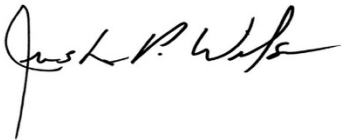
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statutory section 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 November 7, 2018, on our consideration of Sevier County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Sevier County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sevier County’s internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

Nashville, Tennessee

November 7, 2018

JPW/tg

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Sevier County, Tennessee  
Statement of Net Position  
June 30, 2018

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Sevier County School Department
<u>ASSETS</u>				
Cash	\$ 2,622,245	\$ 200	\$ 2,622,445	\$ 5,540
Equity in Pooled Cash and Investments	67,644,137	1,316,111	68,960,248	41,676,861
Accounts Receivable	2,368,588	158,836	2,527,424	605,936
Allowance for Uncollectibles	(525,499)	(9,667)	(535,166)	0
Due from Other Governments	3,876,434	0	3,876,434	11,911,959
Due from Primary Government	0	0	0	530
Due from Component Units	1,000,000	0	1,000,000	0
Property Taxes Receivable	34,507,434	0	34,507,434	35,638,825
Allowance for Uncollectible Property Taxes	(609,115)	0	(609,115)	(629,086)
Net Pension Asset - Agent Plan	6,294,576	50,123	6,344,699	5,532,311
Net Pension Asset - Teacher Legacy Plan	0	0	0	556,097
Net Pension Asset - Teacher Retirement Plan	0	0	0	286,655
Capital Assets				
Assets Not Depreciated:				
Land	6,339,092	0	6,339,092	17,699,789
Construction in Progress	1,389,198	139,163	1,528,361	16,109,085
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	36,862,223	0	36,862,223	84,784,135
Other Capital Assets	5,035,347	253,160	5,288,507	7,043,537
Infrastructure	55,537,680	16,988,613	72,526,293	4,587,751
Total Assets	\$ 222,342,340	\$ 18,896,539	\$ 241,238,879	\$ 225,809,925
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amount on Refunding	\$ 810,718	\$ 0	\$ 810,718	\$ 0
Pension Changes in Assumptions	1,283,096	10,217	1,293,313	5,862,709
Pension Changes in Experience	0	0	0	345,300
Pension Other Deferrals	0	0	0	1,023,281
Pension Changes in Investment Earnings	0	0	0	84,414
Pension Contributions After Measurement Date	1,543,153	12,344	1,555,497	7,142,477
OPEB Contributions After Measurement Date	122,228	785	123,013	1,457,810
Total Deferred Outflows of Resources	\$ 3,759,195	\$ 23,346	\$ 3,782,541	\$ 15,915,991

(Continued)

Exhibit A

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Sevier County School Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 369,590	\$ 4,463	\$ 374,053	\$ 52,226
Accrued Payroll	926,597	8,212	934,809	0
Accrued Interest Payable	124,180	0	124,180	0
Payroll Deductions Payable	118,587	1,113	119,700	0
Contracts Payable	173,698	0	173,698	0
Retainage Payable	6,693	0	6,693	0
Due to Primary Government	0	0	0	1,000,000
Due to Component Units	129	401	530	0
Derivative - Interest Rate Swap	1,813,464	0	1,813,464	0
Other Current Liabilities	892,332	0	892,332	5,686,195
Customer Deposits Payable	0	59,400	59,400	0
Noncurrent Liabilities:				
Due Within One Year	8,175,023	0	8,175,023	0
Due in More Than One Year	115,236,960	28,682	115,265,642	28,286,003
Total Liabilities	<u>\$ 127,837,253</u>	<u>\$ 102,271</u>	<u>\$ 127,939,524</u>	<u>\$ 35,024,424</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 33,154,321	\$ 0	\$ 33,154,321	\$ 34,241,349
Pension Changes in Experience	2,521,647	20,080	2,541,727	13,718,611
Pension Changes in Investment Earnings	34,358	274	34,632	45,622
Pension - Other Deferrals	0	0	0	17,563
OPEB Changes in Assumptions	165,061	402	165,463	1,379,967
Accumulated Increase in Fair Value of Hedging Derivatives	12,517	0	12,517	0
Total Deferred Inflows of Resources	<u>\$ 35,887,904</u>	<u>\$ 20,756</u>	<u>\$ 35,908,660</u>	<u>\$ 49,403,112</u>

(Continued)



Exhibit A

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Sevier County School Department
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 72,125,233	\$ 17,380,936	\$ 89,506,169	\$ 130,224,297
Restricted for:				
General Government	2,458,913	0	2,458,913	0
Administration of Justice	45,525	0	45,525	0
Public Safety	77,256	0	77,256	0
Highways	7,782,537	0	7,782,537	0
Education	0	0	0	1,291,437
Debt Service	29,309,949	0	29,309,949	0
Capital Outlay	675,086	0	675,086	9,190,630
Pensions	6,294,576	50,123	6,344,699	6,375,063
Unrestricted	(56,392,697)	1,365,799	(55,026,898)	10,216,953
Total Net Position	\$ 62,376,378	\$ 18,796,858	\$ 81,173,236	\$ 157,298,380

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

Exhibit B

Sevier County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								Component Unit Sevier County School Department
	Expenses	Program Revenues			Primary Government			Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			
Primary Government:									
Governmental Activities:									
General Government	\$ 14,566,949	\$ 2,458,523	\$ 48,981	\$ 639,725	\$ (11,419,720)	\$ 0	\$ (11,419,720)	\$ 0	
Finance	3,076,383	4,454,491	0	0	1,378,108	0	1,378,108	0	
Administration of Justice	3,506,325	2,015,968	294,077	0	(1,196,280)	0	(1,196,280)	0	
Public Safety	17,230,067	2,181,264	761,446	0	(14,287,357)	0	(14,287,357)	0	
Public Health and Welfare	11,217,410	3,241,620	1,172,142	854,451	(5,949,197)	0	(5,949,197)	0	
Social, Cultural, and Recreational Services	2,373,218	27,471	142,630	0	(2,203,117)	0	(2,203,117)	0	
Agriculture and Natural Resources	440,015	0	0	0	(440,015)	0	(440,015)	0	
Highways	13,679,549	240,088	3,111,363	1,727,400	(8,600,698)	0	(8,600,698)	0	
Education	9,709,150	1,024,854	0	0	(8,684,296)	0	(8,684,296)	0	
Interest on Long-term Debt	3,849,002	0	0	0	(3,849,002)	0	(3,849,002)	0	
<b>Total Primary Government</b>	<b>\$ 79,648,068</b>	<b>\$ 15,644,279</b>	<b>\$ 5,530,639</b>	<b>\$ 3,221,576</b>	<b>\$ (55,251,574)</b>	<b>\$ 0</b>	<b>\$ (55,251,574)</b>	<b>\$ 0</b>	
Business-type Activities:									
Public Utility Fund	\$ 1,870,309	\$ 1,800,597	\$ 0	\$ 0	\$ 0	\$ (69,712)	\$ (69,712)	\$ 0	
<b>Total Business-type Activities</b>	<b>\$ 1,870,309</b>	<b>\$ 1,800,597</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (69,712)</b>	<b>\$ (69,712)</b>	<b>\$ 0</b>	
<b>Total Primary Government</b>	<b>\$ 81,518,377</b>	<b>\$ 17,444,876</b>	<b>\$ 5,530,639</b>	<b>\$ 3,221,576</b>	<b>\$ (55,251,574)</b>	<b>\$ (69,712)</b>	<b>\$ (55,321,286)</b>	<b>\$ 0</b>	
Component Units:									
Sevier County School Department	\$ 154,537,765	\$ 1,600,192	\$ 11,799,269	\$ 9,430,691	\$ 0	\$ 0	\$ 0	\$ (131,707,613)	
<b>Total Component Units</b>	<b>\$ 154,537,765</b>	<b>\$ 1,600,192</b>	<b>\$ 11,799,269</b>	<b>\$ 9,430,691</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (131,707,613)</b>	

(Continued)

Exhibit B

Sevier County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Sevier County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 19,962,802	\$ 0	\$ 19,962,802	\$ 34,950,304
Property Taxes Levied for Special Purposes					1,109,216	0	1,109,216	0
Property Taxes Levied for Highways					6,842,706	0	6,842,706	0
Property Taxes Levied for Debt Service					5,915,780	0	5,915,780	0
Local Option Sales Taxes					5,531,919	0	5,531,919	57,713,688
Other Local Taxes					381,122	0	381,122	186,102
Hotel/Motel Tax					3,386,217	0	3,386,217	3,386,218
Business Tax					2,732,922	0	2,732,922	0
Mixed Drink Tax					664	0	664	672,986
Wholesale Beer Tax					433,585	0	433,585	0
Grants and Contributions Not Restricted to Specific Programs					9,508,526	0	9,508,526	49,203,373
Unrestricted Investment Income					1,624,608	0	1,624,608	10,804
Miscellaneous					271,434	0	271,434	128,737
<b>Total General Revenues</b>					<b>\$ 57,701,501</b>	<b>\$ 0</b>	<b>\$ 57,701,501</b>	<b>\$ 146,252,212</b>
Change in Fair Value of Investment Derivatives - Interest Rate Swap					\$ 874,557	\$ 0	\$ 874,557	\$ 0
Special Item - See Note I. D.8.					0	(352,440)	(352,440)	0
Transfers					(139,163)	139,163	0	0
Change in Net Position					\$ 3,185,321	\$ (282,989)	\$ 2,902,332	\$ 14,544,599
Net Position, July 1, 2017					61,499,953	19,106,543	80,606,496	144,734,409
Restatement - See Note I. D.9.					(2,308,896)	(26,696)	(2,335,592)	(1,980,628)
<b>Net Position, June 30, 2018</b>					<b>\$ 62,376,378</b>	<b>\$ 18,796,858</b>	<b>\$ 81,173,236</b>	<b>\$ 157,298,380</b>

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

Exhibit C-1

Sevier County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2018

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 375	\$ 0	\$ 0	\$ 0	\$ 2,750	\$ 3,125
Equity in Pooled Cash and Investments	27,215,939	6,992,017	29,175,010	2,966,508	1,294,663	67,644,137
Accounts Receivable	2,198,711	35,155	129,021	0	5,701	2,368,588
Allowance for Uncollectibles	(525,499)	0	0	0	0	(525,499)
Due from Other Governments	2,322,802	814,289	0	96,674	642,669	3,876,434
Due from Other Funds	2,750	0	0	0	0	2,750
Due from Component Units	0	0	0	1,000,000	0	1,000,000
Property Taxes Receivable	20,365,043	6,976,912	6,034,087	0	1,131,392	34,507,434
Allowance for Uncollectible Property Taxes	(359,477)	(123,155)	(106,512)	0	(19,971)	(609,115)
Total Assets	\$ 51,220,644	\$ 14,695,218	\$ 35,231,606	\$ 4,063,182	\$ 3,057,204	\$ 108,267,854
<u>LIABILITIES</u>						
Accounts Payable	\$ 92,191	\$ 106,891	\$ 0	\$ 0	\$ 139,500	\$ 338,582
Accrued Payroll	793,238	96,343	0	0	37,016	926,597
Payroll Deductions Payable	113,075	0	0	0	5,512	118,587
Contracts Payable	0	0	0	173,698	0	173,698
Retainage Payable	0	0	0	6,693	0	6,693
Due to Other Funds	0	6,115	0	0	2,750	8,865
Due to Component Units	129	0	0	0	0	129
Other Current Liabilities	197,696	0	0	0	0	197,696
Total Liabilities	\$ 1,196,329	\$ 209,349	\$ 0	\$ 180,391	\$ 184,778	\$ 1,770,847

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred Current Property Taxes	\$ 19,566,485	\$ 6,703,332	\$ 5,797,477	\$ 0	\$ 1,087,027	\$ 33,154,321
Deferred Delinquent Property Taxes	305,559	104,676	90,535	0	16,975	517,745
Other Deferred/Unavailable Revenue	1,479,172	229,278	0	0	300,000	2,008,450
<b>Total Deferred Inflows of Resources</b>	<b>\$ 21,351,216</b>	<b>\$ 7,037,286</b>	<b>\$ 5,888,012</b>	<b>\$ 0</b>	<b>\$ 1,404,002</b>	<b>\$ 35,680,516</b>
<b><u>FUND BALANCES</u></b>						
Restricted:						
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,389	\$ 80,389
Restricted for Administration of Justice	0	0	0	0	45,525	45,525
Restricted for Public Safety	16,337	0	0	0	60,919	77,256
Restricted for Public Health and Welfare	0	0	0	1,883,662	0	1,883,662
Restricted for Social, Cultural, and Recreational Services	0	0	0	1,000,000	0	1,000,000
Restricted for Other Operations	2,378,524	0	0	0	0	2,378,524
Restricted for Highways/Public Works	0	7,448,583	0	0	0	7,448,583
Restricted for Capital Outlay	0	0	0	851,060	658,111	1,509,171
Restricted for Debt Service	0	0	29,343,594	0	0	29,343,594
Committed:						
Committed for Administration of Justice	0	0	0	0	100,000	100,000
Committed for Public Health and Welfare	0	0	0	0	523,480	523,480
Committed for Capital Projects	0	0	0	148,069	0	148,069
Assigned:						
Assigned for General Government	990,380	0	0	0	0	990,380
Unassigned	25,287,858	0	0	0	0	25,287,858
<b>Total Fund Balances</b>	<b>\$ 28,673,099</b>	<b>\$ 7,448,583</b>	<b>\$ 29,343,594</b>	<b>\$ 3,882,791</b>	<b>\$ 1,468,424</b>	<b>\$ 70,816,491</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 51,220,644</b>	<b>\$ 14,695,218</b>	<b>\$ 35,231,606</b>	<b>\$ 4,063,182</b>	<b>\$ 3,057,204</b>	<b>\$ 108,267,854</b>

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

Exhibit C-2

Sevier County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 70,816,491
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 6,339,092	
Add: construction in progress	1,389,198	
Add: infrastructure net of accumulated depreciation	55,537,680	
Add: buildings and improvements net of accumulated depreciation	36,862,223	
Add: other capital assets net of accumulated depreciation	<u>5,035,347</u>	105,163,540
(2) Internal service funds are used by management to charge the cost of workers' compensation, employee health, dental, and vision benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,899,591
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (57,381,691)	
Less: bonds payable	(59,149,230)	
Add: deferred amount on refunding	810,718	
Less: unamortized premium on debt	(1,543,472)	
Less: OPEB Liability	(5,337,590)	
Less: accrued interest on bonds, notes, and other loans	(124,180)	
Less: fair value of investment-type derivative - interest rate swap	<u>(1,825,981)</u>	(124,551,426)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:		
Add: deferred outflows related to pensions	\$ 2,826,249	
Less: deferred inflows related to pensions	(2,556,005)	
Add: deferred outflows related to OPEB	122,228	
Less: deferred inflows related to OPEB	<u>(165,061)</u>	227,411
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		6,294,576
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,526,195</u>
Net position of governmental activities (Exhibit A)		<u>\$ 62,376,378</u>

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

Exhibit C-3

Sevier County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 30,562,313	\$ 7,070,445	\$ 6,112,739	\$ 0	\$ 3,772,068	\$ 47,517,565
Licenses and Permits	990,105	0	0	0	0	990,105
Fines, Forfeitures, and Penalties	381,844	0	0	0	151,216	533,060
Charges for Current Services	4,086,579	0	0	0	28,221	4,114,800
Other Local Revenues	319,397	83,082	1,610,293	0	120,451	2,133,223
Fees Received From County Officials	7,089,876	0	0	0	0	7,089,876
State of Tennessee	3,573,636	3,961,899	0	359,725	125,884	8,021,144
Federal Government	2,261,234	0	0	488,794	101,022	2,851,050
Other Governments and Citizens Groups	900,967	240,088	6,617,880	0	13,402	7,772,337
<b>Total Revenues</b>	<b>\$ 50,165,951</b>	<b>\$ 11,355,514</b>	<b>\$ 14,340,912</b>	<b>\$ 848,519</b>	<b>\$ 4,312,264</b>	<b>\$ 81,023,160</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 6,675,099	\$ 0	\$ 0	\$ 359,725	\$ 73,197	\$ 7,108,021
Finance	3,157,660	0	0	0	37,721	3,195,381
Administration of Justice	3,373,889	0	0	0	311,256	3,685,145
Public Safety	17,105,040	0	0	0	436,427	17,541,467
Public Health and Welfare	6,736,832	0	0	0	3,335,074	10,071,906
Social, Cultural, and Recreational Services	1,833,821	0	0	0	0	1,833,821
Agriculture and Natural Resources	445,362	0	0	0	0	445,362
Other Operations	4,897,865	0	0	0	53,792	4,951,657
Highways	332,835	9,455,788	0	0	0	9,788,623
Debt Service:						
Principal on Debt	0	0	8,115,023	0	0	8,115,023
Interest on Debt	0	0	3,856,961	0	0	3,856,961
Other Debt Service	0	0	225,370	145,693	0	371,063

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 2,091,076	\$ 0	\$ 0	\$ 10,801,952	\$ 0	\$ 12,893,028
Total Expenditures	\$ 46,649,479	\$ 9,455,788	\$ 12,197,354	\$ 11,307,370	\$ 4,247,467	\$ 83,857,458
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 3,516,472	\$ 1,899,726	\$ 2,143,558	\$ (10,458,851)	\$ 64,797	\$ (2,834,298)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 9,685,000	\$ 0	\$ 9,685,000
Refunding Debt Issued	0	0	4,135,000	0	0	4,135,000
Premiums on Debt Sold	0	0	376,342	235,693	0	612,035
Insurance Recovery	34,148	0	0	0	0	34,148
Transfers In	0	0	0	0	50,000	50,000
Transfers Out	(50,000)	0	0	0	0	(50,000)
Payments to Refunded Debt Escrow Agent	0	0	(4,441,924)	0	0	(4,441,924)
Total Other Financing Sources (Uses)	\$ (15,852)	\$ 0	\$ 69,418	\$ 9,920,693	\$ 50,000	\$ 10,024,259
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2017	\$ 3,500,620	\$ 1,899,726	\$ 2,212,976	\$ (538,158)	\$ 114,797	\$ 7,189,961
	25,172,479	5,548,857	27,130,618	4,420,949	1,353,627	63,626,530
<u>Fund Balance, June 30, 2018</u>						
	\$ 28,673,099	\$ 7,448,583	\$ 29,343,594	\$ 3,882,791	\$ 1,468,424	\$ 70,816,491

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



Exhibit C-4

Sevier County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 7,189,961
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 7,351,575	
Less: current-year depreciation expense	<u>(11,881,651)</u>	(4,530,076)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Add: assets donated and capitalized	\$ 815,100	
Less: assets donated to Business-type activities	(139,163)	
Less: book value of assets disposed	<u>(45,714)</u>	630,223
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 2,526,195	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(3,252,918)</u>	(726,723)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on other loans	\$ 4,764,996	
Add: principal payments on bonds	3,350,027	
Add: principal amount of bonds refunded	4,425,000	
Less: bond proceeds	(9,685,000)	
Less: refunding proceeds	(4,135,000)	
Less: change in premium on debt issuances	(440,107)	
Less: change in deferred amount on refunding debt	<u>(141,717)</u>	(1,861,801)

(Continued)

Exhibit C-4

Sevier County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities (Cont.)

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	(5,328)
Change in net OPEB liability (net of restatement)		(148,981)
Change in net pension asset		3,394,014
Change in deferred outflows related to pensions		(1,097,815)
Change in deferred inflows related to pensions		(624,565)
Change in deferred outflows related to OPEB (net of restatement)		5,545
Change in deferred inflows related to OPEB		<u>(165,061)</u>
	\$	1,357,809
 (6) Internal service funds are used by management to charge the cost of workers' compensation, employee health, dental, and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		 251,371
 (7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		
Change in fair value of all derivatives	\$	930,421
Change in deferred outflows related to derivatives		(51,399)
Change in deferred inflows related to derivatives		<u>(4,465)</u>
		<u>874,557</u>
 Change in net position of governmental activities (Exhibit B)	\$	<u><u>3,185,321</u></u>

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

Exhibit C-5

Sevier County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 30,562,313	\$ 0	\$ 0	\$ 30,562,313	\$ 27,258,084	\$ 28,787,324	\$ 1,774,989
Licenses and Permits	990,105	0	0	990,105	685,000	685,000	305,105
Fines, Forfeitures, and Penalties	381,844	0	0	381,844	403,075	403,075	(21,231)
Charges for Current Services	4,086,579	0	0	4,086,579	3,823,500	3,921,026	165,553
Other Local Revenues	319,397	0	0	319,397	298,105	489,364	(169,967)
Fees Received From County Officials	7,089,876	0	0	7,089,876	6,385,000	6,385,000	704,876
State of Tennessee	3,573,636	0	0	3,573,636	3,634,900	3,936,714	(363,078)
Federal Government	2,261,234	0	0	2,261,234	1,027,946	1,496,938	764,296
Other Governments and Citizens Groups	900,967	0	0	900,967	644,160	885,535	15,432
<b>Total Revenues</b>	<b>\$ 50,165,951</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,165,951</b>	<b>\$ 44,159,770</b>	<b>\$ 46,989,976</b>	<b>\$ 3,175,975</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 480,945	\$ 0	\$ 0	\$ 480,945	\$ 598,907	\$ 598,907	\$ 117,962
Beer Board	4,965	0	0	4,965	11,250	13,250	8,285
Other Boards and Committees	723,517	(100)	0	723,417	796,863	796,863	73,446
County Mayor/Executive	846,571	(450)	0	846,121	888,255	888,255	42,134
Election Commission	1,095,948	0	0	1,095,948	648,375	1,147,737	51,789
Register of Deeds	600,572	0	0	600,572	615,351	615,351	14,779
Planning	318,536	(76)	0	318,460	312,406	336,906	18,446
Building	188,799	(660)	0	188,139	195,803	197,668	9,529
Geographical Information Systems	135,760	0	0	135,760	136,238	136,238	478
County Buildings	1,307,527	(272)	0	1,307,255	1,211,609	1,336,609	29,354
Other Facilities	298,220	0	0	298,220	322,000	322,000	23,780
Other General Administration	487,228	(5,813)	380	481,795	489,691	494,791	12,996
Preservation of Records	186,511	0	0	186,511	215,857	215,857	29,346
<u>Finance</u>							
Property Assessor's Office	1,135,674	(1,623)	0	1,134,051	1,241,748	1,241,748	107,697
County Trustee's Office	642,227	0	0	642,227	648,756	648,756	6,529
County Clerk's Office	1,138,094	(150)	0	1,137,944	1,203,501	1,203,501	65,557

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Data Processing	\$ 241,665	\$ (112)	\$ 0	\$ 241,553	\$ 236,707	\$ 246,957	\$ 5,404
<u>Administration of Justice</u>							
Circuit Court	980,789	(283)	0	980,506	1,009,994	1,013,994	33,488
General Sessions Court	796,319	0	0	796,319	797,450	797,450	1,131
General Sessions Judge	540,355	(158)	0	540,197	588,779	588,779	48,582
Drug Court	0	0	0	0	50,000	0	0
Chancery Court	430,954	0	0	430,954	430,478	434,928	3,974
Juvenile Court	135,647	(37)	0	135,610	136,341	139,441	3,831
District Attorney General	149,503	0	0	149,503	173,761	179,511	30,008
Judicial Commissioners	276,074	0	0	276,074	308,035	313,035	36,961
Other Administration of Justice	0	0	0	0	187,590	187,590	187,590
Victim Assistance Programs	64,248	0	0	64,248	53,562	66,562	2,314
<u>Public Safety</u>							
Sheriff's Department	6,749,574	0	0	6,749,574	6,825,746	6,990,554	240,980
Drug Enforcement	310,180	0	0	310,180	286,524	316,499	6,319
Jail	6,766,692	(3,264)	0	6,763,428	6,542,393	6,979,393	215,965
Juvenile Services	371,205	(17)	0	371,188	394,116	394,116	22,928
Fire Prevention and Control	989,250	0	0	989,250	989,250	989,250	0
Civil Defense	4,000	0	0	4,000	4,000	4,000	0
Rescue Squad	51,750	0	0	51,750	51,750	51,750	0
Other Emergency Management	820,269	0	0	820,269	188,774	933,774	113,505
County Coroner/Medical Examiner	268,920	0	0	268,920	190,295	270,295	1,375
Other Public Safety	773,200	(598)	0	772,602	826,056	826,056	53,454
<u>Public Health and Welfare</u>							
Local Health Center	51,962	(619)	0	51,343	75,605	75,605	24,262
Rabies and Animal Control	120,000	0	0	120,000	160,500	160,500	40,500
Ambulance/Emergency Medical Services	4,841,488	(4,665)	0	4,836,823	4,514,489	4,874,971	38,148
Maternal and Child Health Services	874,399	0	0	874,399	994,230	994,230	119,831
Other Local Health Services	187,325	0	0	187,325	192,000	192,000	4,675

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Appropriation to State	\$ 86,401	\$ (600)	\$ 0	\$ 85,801	\$ 87,864	\$ 87,864	\$ 2,063
Other Local Welfare Services	256,780	0	0	256,780	29,500	263,550	6,770
Other Public Health and Welfare	318,477	0	0	318,477	329,037	329,037	10,560
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	405,099	(369)	0	404,730	409,070	418,070	13,340
Libraries	1,324,481	(6,879)	0	1,317,602	1,387,185	1,400,785	83,183
Parks and Fair Boards	104,241	0	0	104,241	104,765	104,765	524
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	257,525	0	0	257,525	257,040	261,990	4,465
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	45,712	0	0	45,712	49,585	49,585	3,873
Storm Water Management	141,125	0	0	141,125	185,676	185,676	44,551
<u>Other Operations</u>							
Tourism	1,402,150	0	0	1,402,150	1,455,000	1,455,000	52,850
Veterans' Services	128,014	(44)	0	127,970	130,185	130,185	2,215
Contributions to Other Agencies	256,300	0	0	256,300	280,441	280,441	24,141
Employee Benefits	608,593	0	0	608,593	619,926	719,926	111,333
Miscellaneous	2,502,808	(620)	0	2,502,188	2,249,980	2,499,980	(2,208)
<u>Highways</u>							
Litter and Trash Collection	301,123	0	0	301,123	295,731	315,491	14,368
Other Charges	31,712	0	0	31,712	28,250	32,250	538
<u>Capital Projects</u>							
Public Health and Welfare Projects	297,838	0	0	297,838	0	297,838	0
Other General Government Projects	1,793,238	(36,991)	0	1,756,247	1,379,500	1,832,000	75,753
Total Expenditures	\$ 46,649,479	\$ (64,400)	\$ 380	\$ 46,585,459	\$ 45,024,770	\$ 48,881,110	\$ 2,295,651
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 3,516,472	\$ 64,400	\$ (380)	\$ 3,580,492	\$ (865,000)	\$ (1,891,134)	\$ 5,471,626

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 34,148	\$ 0	\$ 0	\$ 34,148	\$ 0	\$ 29,692	\$ 4,456
Transfers Out	(50,000)	0	0	(50,000)	0	(50,000)	0
Total Other Financing Sources	\$ (15,852)	\$ 0	\$ 0	\$ (15,852)	\$ 0	\$ (20,308)	\$ 4,456
Net Change in Fund Balance	\$ 3,500,620	\$ 64,400	\$ (380)	\$ 3,564,640	\$ (865,000)	\$ (1,911,442)	\$ 5,476,082
Fund Balance, July 1, 2017	25,172,479	(64,400)	0	25,108,079	22,940,166	22,940,166	2,167,913
Fund Balance, June 30, 2018	\$ 28,673,099	\$ 0	\$ (380)	\$ 28,672,719	\$ 22,075,166	\$ 21,028,724	\$ 7,643,995

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

Exhibit C-6

Sevier County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,070,445	\$ 6,936,000	\$ 7,082,000	\$ (11,555)
Other Local Revenues	83,082	49,000	95,000	(11,918)
State of Tennessee	3,961,899	3,093,723	3,501,453	460,446
Other Governments and Citizens Groups	240,088	100,000	149,000	91,088
Total Revenues	<u>\$ 11,355,514</u>	<u>\$ 10,178,723</u>	<u>\$ 10,827,453</u>	<u>\$ 528,061</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 325,604	\$ 291,918	\$ 337,918	\$ 12,314
Highway and Bridge Maintenance	5,829,078	6,904,044	6,970,044	1,140,966
Operation and Maintenance of Equipment	1,171,406	1,305,619	1,304,169	132,763
Quarry Operations	184,539	260,258	264,303	79,764
Other Charges	356,560	391,000	391,000	34,440
Employee Benefits	132,210	108,580	148,580	16,370
Capital Outlay	1,456,391	917,304	1,913,352	456,961
Total Expenditures	<u>\$ 9,455,788</u>	<u>\$ 10,178,723</u>	<u>\$ 11,329,366</u>	<u>\$ 1,873,578</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,899,726</u>	<u>\$ 0</u>	<u>\$ (501,913)</u>	<u>\$ 2,401,639</u>
Net Change in Fund Balance	\$ 1,899,726	\$ 0	\$ (501,913)	\$ 2,401,639
Fund Balance, July 1, 2017	5,548,857	1,984,932	1,984,932	3,563,925
Fund Balance, June 30, 2018	<u>\$ 7,448,583</u>	<u>\$ 1,984,932</u>	<u>\$ 1,483,019</u>	<u>\$ 5,965,564</u>

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

Exhibit D-1

Sevier County, Tennessee  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 200	\$ 2,619,120
Equity in Pooled Cash and Investments	1,316,111	0
Accounts Receivable	158,836	0
Allowance for Uncollectibles	(9,667)	0
Due from Other Funds	0	6,115
Total Current Assets	<u>\$ 1,465,480</u>	<u>\$ 2,625,235</u>
Noncurrent Assets:		
Net Pension Asset	\$ 50,123	\$ 0
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	139,163	0
Assets Net of Accumulated Depreciation:		
Infrastructure	16,988,613	0
Other Capital Assets	253,160	0
Total Noncurrent Assets	<u>\$ 17,431,059</u>	<u>\$ 0</u>
Total Assets	<u>\$ 18,896,539</u>	<u>\$ 2,625,235</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Assumptions	\$ 10,217	\$ 0
Pension Contributions After Measurement Date	12,344	0
OPEB Contributions After Measurement Date	785	0
Total Deferred Outflows of Resources	<u>\$ 23,346</u>	<u>\$ 0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,919,885</u>	<u>\$ 2,625,235</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 4,463	\$ 31,008
Accrued Payroll	8,212	0
Payroll Deductions Payable	1,113	0
Due to Component Units	401	0
Other Current Liabilities	0	694,636
Customer Deposits Payable	59,400	0
Total Current Liabilities	<u>\$ 73,589</u>	<u>\$ 725,644</u>
NonCurrent Liabilities:		
OPEB Liability	\$ 28,682	\$ 0
NonCurrent Liabilities	<u>\$ 28,682</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 102,271</u>	<u>\$ 725,644</u>

(Continued)



Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 20,080	\$ 0
Pension Changes in Investment Earnings	274	0
OPEB Change in Assumptions	402	0
Total Deferred Inflows of Resources	<u>\$ 20,756</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 17,380,936	\$ 0
Restricted for Pensions	50,123	0
Unrestricted	<u>1,365,799</u>	<u>1,899,591</u>
Total Net Position	<u>\$ 18,796,858</u>	<u>\$ 1,899,591</u>

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

Exhibit D-2

Sevier County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2018

	Business-type Activities - Major <u>Enterprise Fund</u> Public Utility <u>Fund</u>	<u>Governmental Activities</u> Internal <u>Service Funds</u>
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 8,121,349
Patient Charges	0	194,818
Water Sales	1,687,334	0
Water Tap Sales	98,350	0
Service Charges	14,913	0
Total Operating Revenues	<u>\$ 1,800,597</u>	<u>\$ 8,316,167</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 641,639
Employee and Dependent Insurance	0	142,803
Disability and Life Insurance	0	124,793
Bank Charges	0	582
Excess Risk Insurance	0	618,437
Medical Claims	0	4,480,138
Other Self-Insured Claims	0	2,065,657
Supervisor/Director	64,729	0
Secretary(ies)	28,968	0
Longevity	4,500	0
Other Salaries and Wages	85,811	0
Social Security	10,896	0
Employee and Dependent Insurance	30,540	0
Employer Medicare	2,548	0
OPEB	1,603	0
Communication	5,049	0
Consultants	33,653	0
Contracts with Other Public Agencies	815,324	0
Dues and Memberships	725	0
Maintenance and Repair Services - Equipment	145,808	0
Postal Charges	8,800	0
Travel	1,867	0
Other Contracted Services	6,899	0
Electricity	32,874	0
Gasoline	5,234	0
Office Supplies	8,339	0
Pipe	64,893	0
Uniforms	2,082	0
Water and Sewer	204	0
Other Supplies and Materials	79,590	5,062
Liability Insurance	2,300	0
Refunds	1,599	0
Trustee's Commission	18,076	0
Vehicle and Equipment Insurance	1,200	0
Depreciation	406,198	0
Total Operating Expenses	<u>\$ 1,870,309</u>	<u>\$ 8,079,111</u>
Operating Income (Loss)	<u>\$ (69,712)</u>	<u>\$ 237,056</u>

(Continued)

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

	Business-type Activities - Major <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
	Public Utility Fund	
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 0	\$ 14,315
Total Nonoperating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 14,315</u>
Income (Loss) Before Special Items and Contributions	\$ (69,712)	\$ 251,371
Special Item - Abandoned Construction in Progress	(352,440)	0
Capital Contributions - Primary Government	<u>139,163</u>	<u>0</u>
Change in Net Position	\$ (282,989)	\$ 251,371
Net Position, July 1, 2017	19,106,543	1,648,220
Restatement of Beginning Net Position (OPEB)	<u>(26,696)</u>	<u>0</u>
Net Position, June 30, 2018	<u>\$ 18,796,858</u>	<u>\$ 1,899,591</u>

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

## Exhibit D-3

Sevier County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018

	Business-type Activities - Major <u>Enterprise Fund</u> Public Utility <u>Fund</u>	Governmental Activities <u>Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>		
Receipts for Self-Insurance Premiums	\$ 0	\$ 8,115,234
Receipts for Patient Charges	0	194,818
Receipts from Customers and Users	1,810,256	0
Payments to Insurers	0	(886,615)
Payments for Claims	0	(6,505,737)
Payments for Administrative Costs	0	(615,693)
Payments to Vendors	(1,253,145)	0
Payments to Employees	(240,594)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 316,517</u>	<u>\$ 302,007</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	\$ 0	\$ 14,315
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 14,315</u>
Increase (Decrease) in Cash	\$ 316,517	\$ 316,322
Cash, July 1, 2017	999,794	2,302,798
Cash, June 30, 2018	<u>\$ 1,316,311</u>	<u>\$ 2,619,120</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
to Net Cash Provided By (Used In) Operating Activities		
Operating Income (Loss)	\$ (69,712)	\$ 237,056
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	406,198	0
Changes in Net Pension Asset/Liability	(27,321)	0
Changes in Deferred Outflows for Pensions	8,123	0
Changes in Deferred Inflows for Pensions	5,170	0
Change in OPEB Liability	1,219	0
Changes in Deferred Outflows Related to OPEB	(18)	0
Changes in Deferred Inflows Related to OPEB	402	0
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(31,624)	(6,115)
Increase (Decrease) in Allowance for Uncollectibles	3,887	0
Increase (Decrease) in Accounts Payable	(18,750)	71,066
Increase (Decrease) in Accrued Payroll	1,303	0
Increase (Decrease) in Payroll Deductions	123	0
Increase (Decrease) in Due to Other Funds/Component Units	121	0
Increase (Decrease) in Customer Deposits Payable	37,396	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 316,517</u>	<u>\$ 302,007</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>		
Cash Per Net Position	\$ 200	\$ 2,619,120
Equity in Pooled Cash and Investments Per Net Position	<u>1,316,111</u>	<u>0</u>
Cash, June 30, 2018	<u>\$ 1,316,311</u>	<u>\$ 2,619,120</u>
<u>Schedule of Noncash Capital and Related Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 139,163	\$ 0

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

Exhibit E

Sevier County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,479,064
Equity in Pooled Cash and Investments	136,051
Accounts Receivable	5,756
Due from Other Governments	<u>7,979,003</u>
Total Assets	<u>\$ 13,599,874</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 556
Accrued Payroll	4,887
Payroll Deductions Payable	675
Due to Other Taxing Units	7,979,003
Due to Litigants, Heirs, and Others	5,520,543
Due to Joint Ventures	<u>94,210</u>
Total Liabilities	<u>\$ 13,599,874</u>

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

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

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**SEVIER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sevier County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Sevier County:

**A. Reporting Entity**

Sevier County is a public municipal corporation governed by an elected 25-member board. As required by GAAP, these financial statements present Sevier County (the primary government) and its component units. Although required by GAAP, the financial statements of the Sevier County Emergency Communications District, the Sevier County Public Building Authority, and the Sevier County Fair Association, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Discretely Presented Component Units** – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Sevier County School Department operates the public school system in the county, and the voters of Sevier County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Sevier County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sevier County, and the Sevier County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Sevier County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Sevier County Public Building Authority serves primarily as a financing mechanism to provide capital loans to local governments throughout the state. The authority also holds title to certain development properties within Sevier County. The authority is a public nonprofit organization whose board is appointed by the County Commission. The county is entitled to net earnings of the authority after provisions have been made for obligations and any reserves, which are determined by the board. The financial statements of the Sevier County Public Building Authority were not material to the component units' opinion unit and therefore have been omitted from the report.

The Sevier County Fair Association oversees the planning and operation of the annual Sevier County Fair, as well as, other events at the fairgrounds, and the Sevier County Commission appoints its governing body. The fair association is funded primarily through revenues collected for the use of the fairgrounds. Sevier County also makes annual contributions to the fair association. The financial statements of the Sevier County Fair Association were not material to the component units' opinion unit and therefore have been omitted from this report.

The Sevier County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Sevier County Emergency Communications District, the Sevier County Public Building Authority, and the Sevier County Fair Association can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Sevier County Emergency Communications District  
245 Bruce Street  
Sevierville, TN 37862

Sevier County Public Building Authority  
248 Bruce Street  
Sevierville, TN 37862

Sevier County Fair Association  
P.O. Box 6514  
Sevierville, TN 37864

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement



of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sevier County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Sevier County issues all debt for the discretely presented Sevier County School Department. Net debt proceeds totaling \$8,775,000 were contributed by the county to the School Department during the year ended June 30, 2018.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service funds are reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Sevier County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis

is placed on major funds within the governmental and proprietary categories. Sevier County reports four proprietary funds, an enterprise fund and three internal service funds.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Sevier County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Sevier County reports the following major governmental funds:

**General Fund** – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**General Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**General Capital Projects Fund** – This fund accounts for and reports the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Sevier County reports the following major proprietary fund:

**Public Utility Fund** – This fund is used to account for the operations of the county’s Water Department.

Additionally, Sevier County reports the following fund types:

**Internal Service Funds** – These funds, the Employee Insurance - Health, Employee Insurance - Dental and Vision, and Workers’ Compensation funds, are used to account for the county’s self-insured health, dental and vision, and workers’ compensation programs. Premiums charged to the various county funds and employee payroll deductions are placed in these funds for the payment of claims of county employees.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sevier County, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Sevier County School Department reports the following major governmental fund:

**General Purpose School Fund** – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Sevier County School Department reports the following fund type:

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has four proprietary funds, an enterprise fund and three internal service funds used to account for the employees' health insurance, dental and vision insurance, and workers' compensation programs. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the enterprise fund are water and tap sales. The principal operating revenues of the county's internal service funds are charges for services. Operating expenses for the internal service funds include administrative expenses and employee benefits. Operating expenses for the enterprise fund include salaries, benefits, depreciation, and other expenses of the Water Department.

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

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows, cash includes cash on hand, demand deposits, and cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sevier County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Sevier County and the School Department have adopted a policy of reporting U.S. Treasury

obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All Ambulance Service, Water Department, and property taxes receivables are shown with an allowance for uncollectibles. Ambulance and Water Department receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 0.91 percent of total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. The balance in the account Other Current Liabilities totaling \$892,332 in the governmental activities Statement of Net Position for the primary government represents the remaining balance in the retirement clearing account of \$197,696 and self-insurance claims of \$694,636. The amount of other current liabilities reflected in the discretely presented School Department's General Purpose Fund represents the remaining balance in the retirement and teachers' insurance clearing accounts.

**3. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 60
Other Capital Assets	5 - 10
Infrastructure	20 - 60

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future

period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for a deferred charge on refunding, pension changes in assumptions, pension changes in experience, pension changes in investment earnings, employer contributions made for pensions and OPEB after the measurement date, and other pension deferrals. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, other pension deferrals, OPEB changes in assumptions, the accumulated increase in fair value of hedging derivatives, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

**5. Compensated Absences**

Vacation leave benefits for Sevier County employees granted through the primary government and the discretely presented Sevier County School Department do not vest or accumulate and must be used within the year or lost. Therefore, no accrual or recording is required. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

**6. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over

the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Position and Fund Balance**

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2018, Sevier County had \$79,720,204 in outstanding debt for capital purposes for the discretely presented Sevier County School Department. The debt is a liability of Sevier County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sevier County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.



It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available except in the General Debt Service Fund. The General Debt Service Fund uses the least restrictive fund balance first. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the primary government's General Fund consists of amounts assigned for encumbrances (\$380) and fund balance appropriated for use in the 2018-2019 budget (\$990,000). Assigned fund balance in the School Departments General Purpose School Fund consists primarily of amounts for encumbrances (\$2,175,940) and fund balance appropriated for use in the 2018-2019 year budget (\$8,999,686).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. **Special Item**

In prior years, the Enterprise Fund had several water line projects classified as Construction in Progress on the Statement of Net Position. During the year, it was determined that these projects have been abandoned and will not be completed. Therefore, an expense classified as a special item totaling \$352,440 has been recognized in the Statement of Activities for the Business-type activities.

9. **Restatement**

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Sevier County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities, Business-Type Activities, and Discretely Presented Sevier County School Department totaling \$2,308,896, \$26,696, and \$1,980,628, respectively, have been recognized to account for the transitional requirements.

E. **Pension Plans**

**Primary Government**

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 Sevier County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Sevier County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement 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.

**Discretely Presented Sevier County School Department**

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 Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

**Discretely Presented Sevier County School Department**

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

**Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

**Discretely Presented Sevier County School Department**

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Beer Board, Other Boards and Committees, County Mayor, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2018, the Sevier County School Department reported significant encumbrances in the following fund:

<u>Fund</u>	<u>Amount</u>
General Purpose School	\$ 2,929,418

#### B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Miscellaneous major appropriations category (the legal level of control) of the General Fund by \$2,208, and in the Other Debt Service – General Government category (the legal level of control) of the General Debt Service Fund by \$5,444. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and available fund balance.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Sevier County and the Sevier County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

##### Deposits

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

##### Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the

State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2018.

**B. Derivative Instruments**

At June 30, 2018, Sevier County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$3M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	\$ 3,000,000	10-1-09	6-1-25	Pay 4.44% receive 63.4% of LIBOR
\$4M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	4,000,000	10-1-09	6-1-20	Pay 4.24% receive 70% of LIBOR
\$13M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	13,000,000	10-1-09	6-1-25	Pay 3.97% receive 67% of LIBOR
\$14.435M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	14,435,000	10-1-09	6-1-25	Pay 4.38% receive 63.4% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2018, classified by type, and the changes in fair value using a pay-fixed interest rate swap, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such derivative instruments for the year then ended, as reported in the 2018 financial statements, are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2018</u>		6-30-18
	Classification	Amount	Classification	Amount	Notional Amount
<b>Governmental Activities</b>					
Pay-fixed interest rate swaps:					
\$3M Hybrid Swap:					\$ 3,000,000
Cash Flow Hedge Portion	Deferred Outflow	\$ 51,399	Debt	\$ 0	
	Deferred Inflow	1,859		1,859	
Non-hedge Portion	Investment Earnings	77,325	Debt	(359,892)	
Total \$3M Hybrid Swap		<u>\$ 130,583</u>		<u>\$ (358,033)</u>	
\$4M Hybrid Swap:					\$ 625,000
Cash Flow Hedge Portion	Deferred Inflow	\$ 2,606	Debt	\$ 10,658	
Non-hedge Portion	Investment Earnings	30,744	Debt	(30,912)	
Total \$4M Hybrid Swap		<u>\$ 33,350</u>		<u>\$ (20,254)</u>	
\$13M Swap:					\$13,000,000
Investment Derivative	Investment Earnings	\$ 493,347	Debt	\$ (1,102,322)	
\$14.435M Swap:					\$ 5,805,000
Investment Derivative	Investment Earnings	\$ 273,141	Debt	\$ (332,855)	
Total		<u>\$ 930,421</u>		<u>\$ (1,813,464)</u>	

In a prior year, Sevier County amended its variable rate debt instruments associated with the \$4M and \$3M swap agreements. As a result, the county recognized a termination of the original hedging relationships and recognized new hedging relationships between the swap agreements and the amended debt instruments. Investment earnings or losses have been recognized for the portion of the swaps' values that are not attributable to the current hedge relationship. Changes in the portion of the swaps' fair values that are attributable to the current hedging relationship are deferred since they meet the effectiveness criteria of Governmental Accounting Standards Board Statement No. 53.

### **Derivative Swap Agreement Detail**

#### **\$3M Swap**

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series IV-H-3 Loan Agreement.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$3 million Series IV-H-3 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest

rate on the bonds to a synthetic fixed rate. The Series IV-H-3 bonds have since been refunded with a portion of the proceeds of the Series VII-A-4 bonds, and the interest rate swap is now associated with the Series VII-A-4 bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.44 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$3 million, and the original associated variable-rate bonds had a \$3 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-4 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement matures on June 1, 2025. As of June 30, 2018, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.440 %
Variable payment from counterparty	% of LIBOR	<u>-1.832</u>
Net interest rate swap payments		2.608 %
Variable-rate bond coupon payments		<u>1.953</u>
Synthetic interest rate on bonds		<u><u>4.561 %</u></u>

**Fair value.** As of June 30, 2018, the swap had a negative fair value of \$358,033. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2018, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "BBB+" by Standard and Poor's as of June 30, 2018, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A- by Moody's, Standard and Poor's, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the bond rate increases to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate



being below 63.4 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

**Swap payments and associated debt.** As of June 30, 2018, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	
	Principal	Interest	Rate Swap Payment	Total
2019	\$ 0	\$ 58,595	\$ 78,230	\$ 136,825
2020	0	58,595	78,230	136,825
2021	530,000	58,595	78,230	666,825
2022	565,000	48,243	64,410	677,653
2023	600,000	37,208	49,676	686,884
2024-2025	1,305,000	38,575	51,502	1,395,077
Total	\$ 3,000,000	\$ 299,811	\$ 400,278	\$ 3,700,089

### **\$4M Swap**

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series IV-E-4 Loan Agreement.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$4 million Series IV-E-4 variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate. The Series IV-E-4 bonds have since been refunded with a portion of the proceeds of the Series VII-A-4 bonds, and the interest rate swap is now associated with the Series VII-A-4 bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.24 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$4 million, and the original associated variable-rate bonds had a \$4 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-4 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement matures on June 1, 2020. As of June 30, 2018, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.240 %
Variable payment from counterparty	% of LIBOR	<u>-1.635</u>
Net interest rate swap payments		2.605 %
Variable-rate bond coupon payments		<u>1.953</u>
Synthetic interest rate on bonds		<u><u>4.558 %</u></u>

**Fair value.** As of June 30, 2018, the swap had a negative fair value of \$20,254. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2018, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "BBB+" by Standard and Poor's as of June 30, 2018, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A- by Moody's, Standard and Poor's, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the bond rate increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master

Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

**Swap payments and associated debt.** As of June 30, 2018, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2019	\$ 305,000	\$ 12,207	\$ 16,281	\$	333,488
2020	320,000	6,250	8,336		334,586
Total	\$ 625,000	\$ 18,457	\$ 24,617	\$	668,074

### **\$13M Swap**

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series V-A-1 Loan Agreement.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$27.5 million Series V-A-1 variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate. The Series V-A-1 bonds have since been refunded with a portion of the proceeds of the Series VII-B-1 bonds, and the interest rate swap is now associated with the Series VII-B-1 bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.97 percent and receives a variable payment computed as 67 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$13 million, and the original associated variable-rate bonds had a \$13 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-1 Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement matures on June 1, 2025. As of June 30, 2018, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.970 %
Variable payment from counterparty	% of LIBOR	<u>-1.936</u>
Net interest rate swap payments		2.034 %
Variable-rate bond coupon payments		<u>1.520</u>
		<u>3.554 %</u>

**Fair value.** As of June 30, 2018, the swap had a negative fair value of \$1,102,322. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2018, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated “BBB+” by Standard and Poor’s as of June 30, 2018, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A- by Moody’s, Standard and Poor’s, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the bond rate increases to above 67 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 67 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

**Swap payments and associated debt.** As of June 30, 2018, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2019	\$ 0	\$ 197,600	\$ 264,372	\$ 461,972
2020	1,850,000	197,600	264,372	2,311,972
2021	1,950,000	169,480	226,750	2,346,230
2022	2,100,000	139,840	187,094	2,426,934
2023	2,250,000	107,920	144,388	2,502,308
2024-2025	4,850,000	111,720	149,472	5,111,192
Total	\$ 13,000,000	\$ 924,160	\$ 1,236,448	\$ 15,160,608

#### **\$14.435M Swap**

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series IV-A-2 Loan Agreement.

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$14.435 million Series IV-A-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-A-2 bonds have since been refunded with a portion of the proceeds of the Series VII-B-1 bonds, and the interest rate swap is now associated with the Series VII-B-1 bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.38 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$14.435 million, and the original associated variable-rate bonds had a \$14.435 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-B-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement matures on June 1, 2025. As of June 30, 2018, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.380 %
Variable payment from counterparty	% of LIBOR	<u>-1.832</u>
Net interest rate swap payments		2.548 %
Variable-rate bond coupon payments		<u>1.520</u>
Synthetic interest rate on bonds		<u><u>4.068 %</u></u>

**Fair value.** As of June 30, 2018, the swap had a negative fair value of \$332,855. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2018, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated “BBB+” by Standard and Poor’s as of June 30, 2018, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A- by Moody’s, Standard and Poor’s, and Fitch, respectively.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the bond rate increases to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 63.4 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

**Swap payments and associated debt.** As of June 30, 2018, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2019	\$ 2,055,000	\$ 88,236	\$ 147,893	\$ 2,291,129
2020	2,170,000	57,000	95,538	2,322,538
2021	285,000	24,016	40,253	349,269
2022	300,000	19,684	32,992	352,676
2023	315,000	15,124	25,349	355,473
2024-2025	680,000	15,656	26,241	721,897
Total	\$ 5,805,000	\$ 219,716	\$ 368,266	\$ 6,392,982

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Transfers Out	Balance 6-30-18
Capital Assets Not Depreciated:					
Land	\$ 6,339,092	\$ 0	\$ 0	\$ 0	6,339,092
Construction in Progress	542,910	1,105,190	(119,739)	(139,163)	1,389,198
Total Capital Assets Not Depreciated	\$ 6,882,002	\$ 1,105,190	\$ (119,739)	\$ (139,163)	\$ 7,728,290
Capital Assets Depreciated:					
Buildings and Improvements	\$ 67,291,822	\$ 223,446	\$ 0	\$ 0	67,515,268
Roads and Bridges	181,834,778	4,851,092	0	0	186,685,870
Other Capital Assets	17,011,499	2,106,687	(1,108,400)	0	18,009,786
Total Capital Assets Depreciated	\$ 266,138,099	\$ 7,181,225	\$ (1,108,400)	\$ 0	\$ 272,210,924
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 28,567,631	\$ 2,085,414	\$ 0	\$ 0	30,653,045
Roads and Bridges	122,680,194	8,467,996	0	0	131,148,190
Other Capital Assets	12,708,883	1,328,242	(1,062,686)	0	12,974,439
Total Accumulated Depreciation	\$ 163,956,708	\$ 11,881,652	\$ (1,062,686)	\$ 0	\$ 174,775,674
Total Capital Assets Depreciated, Net	\$ 102,181,391	\$ (4,700,427)	\$ (45,714)	\$ 0	\$ 97,435,250
Governmental Activities Capital Assets, Net	\$ 109,063,393	\$ (3,595,237)	\$ (165,453)	\$ (139,163)	\$ 105,163,540

Transfers Out represent capital assets transferred to business-type activities (enterprise fund) from governmental activities during the year.

Depreciation expense was charged to functions of the primary government as follows:



**Governmental Activities:**

General Government	\$ 865,993
Finance	37,496
Administration of Justice	7,975
Public Safety	769,065
Public Health and Welfare	894,107
Social, Cultural, and Recreational Services	613,882
Agriculture and Natural Resources	9,466
Highways/Public Works	<u>8,683,668</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 11,881,652</u></u>

**Business-Type Activities:**

	Balance 7-1-17	Transfers In	Increase	* Decreases	Balance 6-30-18
Capital Assets Not Depreciated:					
Construction in Progress	\$ 1,251,093	\$ 139,163	\$ 0	\$ (1,251,093)	\$ 139,163
Total Capital Assets Not Depreciated	<u>\$ 1,251,093</u>	<u>\$ 139,163</u>	<u>\$ 0</u>	<u>\$ (1,251,093)</u>	<u>\$ 139,163</u>
Capital Assets Depreciated:					
Infrastructure	\$ 19,631,726	\$ 0	\$ 898,653	\$ 0	\$ 20,530,379
Other Capital Assets	381,443	0	0	0	381,443
Total Capital Assets Depreciated	<u>\$ 20,013,169</u>	<u>\$ 0</u>	<u>\$ 898,653</u>	<u>\$ 0</u>	<u>\$ 20,911,822</u>
Less Accumulated Depreciation For:					
Infrastructure	\$ 3,159,172	\$ 0	\$ 382,594	\$ 0	\$ 3,541,766
Other Capital Assets	104,679	0	23,604	0	128,283
Total Accumulated Depreciation	<u>\$ 3,263,851</u>	<u>\$ 0</u>	<u>\$ 406,198</u>	<u>\$ 0</u>	<u>\$ 3,670,049</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,749,318</u>	<u>\$ 0</u>	<u>\$ 492,455</u>	<u>\$ 0</u>	<u>\$ 17,241,773</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,000,411</u>	<u>\$ 139,163</u>	<u>\$ 492,455</u>	<u>\$ (1,251,093)</u>	<u>\$ 17,380,936</u>

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

\* Decreases include \$352,440 of abandoned waterline projects, see Note I.D.8.

Depreciation expense totaling \$406,198 was charged to the Public Utility Fund.

**Discretely Presented Sevier County School Department**

**Governmental Activities:**

	Balance			Balance
	7-1-17	Increases	Decreases	6-30-18
	<hr/>			
Capital Assets Not				
Depreciated:				
Land	\$ 17,576,936	\$ 195,484	\$ (72,631)	\$ 17,699,789
Construction in Progress	5,885,979	10,341,095	(117,989)	16,109,085
Total Capital Assets	<hr/>			
Not Depreciated	\$ 23,462,915	\$ 10,536,579	\$ (190,620)	\$ 33,808,874
	<hr/>			
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 151,498,752	\$ 117,989	\$ (76,245)	\$ 151,540,496
Infrastructure	11,254,165	0	0	11,254,165
Other Capital Assets	22,793,930	1,750,481	(2,262,476)	22,281,935
Total Capital Assets	<hr/>			
Depreciated	\$ 185,546,847	\$ 1,868,470	\$ (2,338,721)	\$ 185,076,596
	<hr/>			
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 63,375,951	\$ 3,438,063	\$ (57,653)	\$ 66,756,361
Infrastructure	6,196,127	470,287	0	6,666,414
Other Capital Assets	15,829,248	1,626,410	(2,217,260)	15,238,398
Total Accumulated	<hr/>			
Depreciation	\$ 85,401,326	\$ 5,534,760	\$ (2,274,913)	\$ 88,661,173
	<hr/>			
Total Capital Assets				
Depreciated, Net	\$ 100,145,521	\$ (3,666,290)	\$ (63,808)	\$ 96,415,423
	<hr/>			
Governmental Activities				
Capital Assets, Net	\$ 123,608,436	\$ 6,870,289	\$ (254,428)	\$ 130,224,297
	<hr/>			

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

**Governmental Activities:**

Instruction	\$ 3,045,210
Support Services	2,386,705
Operation of Non-instructional Services	<u>102,845</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,534,760</u>

**D. Construction Commitments**

At June 30, 2018, the General Capital Projects Fund had uncompleted construction contracts of approximately \$75,706 for waterline projects and \$25,410 for courthouse renovations. Funding has been provided for these future expenditures.

At June 30, 2018, the Sevier County School Department had uncompleted construction contracts of approximately \$2,483,475 for various projects, including \$753,477 for the construction of a new junior high school. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2018, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,750
Internal Service	Highway/Public Works	<u>6,115</u>
Total		<u>\$ 8,865</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

**Due to/from Primary Government and Component Unit:**

Receivable Fund	Payable Fund	Amount
Primary Government: General Capital Projects	Component Unit: School Department: General Purpose School	\$ 1,000,000
Component Unit: School Department: General Purpose School "	Primary Government: General Public Utility	\$ 129 401

The \$1,000,000 due to the primary government from the School Department represents the correction of an overpayment of bond proceeds contributed by the county to the School Department.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

**Primary Government**

Transfer Out	Transfer In Nonmajor Governmental Funds	Purpose
General Fund	\$ 50,000	Operations of Drug Court
Total	<u>\$ 50,000</u>	

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

**F. Operating Leases**

In fiscal year 2016-2017, Sevier County and the City of Sevierville entered into an agreement with East Tennessee State University (ETSU). The county and city own land and a building on Red Bank Road that ETSU will lease in order to house a college campus in the county. This lease is for a duration of five years with the option to renew for an additional five years. Neither the city nor the county will receive lease payments for use of the building. The Public Building Authority (PBA) of Sevier County issued debt in order to renovate the property for ETSU. The lease payments from ETSU will go directly to the PBA to pay off the debt used to finance the renovations. Once this debt has been

paid off, the remaining lease payments will continue to be paid to the PBA for maintenance and additional renovations in the future.

**G. Long-term Obligations**

**Primary Government**

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

Sevier County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds and other loans have been issued to refund other general obligation bonds and loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, and other loans outstanding were issued for original terms of up to 21 years for bonds, and up to 24 years for other loans. The county had no outstanding capital outlay notes at June 30, 2018. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	.4 to 4.0 %	6-30-38	\$ 39,755,000	\$ 35,240,000
General Obligation Bonds - Refunding	.4 to 5.0	6-1-25	20,215,000	15,665,000
Qualified School Construction Bonds	4.84	8-1-27	14,504,000	8,244,230
Other Loans - Variable Rate	Variable	6-1-32	21,450,000	21,350,000
Other Loans - Variable Rate - Refunding	Variable	6-1-32	49,395,000	35,640,000
Energy Efficient Schools Initiative Loan	0	5-1-22	1,000,000	391,691

Sevier County has entered into loan agreements with the Sevier County Public Building Authority (PBA). The loan agreements provide for the PBA to make funds available for loan to Sevier County on an as-needed basis to finance various capital projects for the county and the discretely presented School Department. In addition to interest, the county pays various other fees (trustee, letter of credit, debt remarketing, administrative, etc.) in connection

with these loans. The following table summarizes the loan agreements outstanding at June 30, 2018, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-18	Interest Type	Interest Rate as of 6-30-18	Other Fees on Variable Rate Debt
Series VII-A-4 (Refunding)(1)	\$ 6,900,000	\$ 3,625,000	Variable	1.88%	0.28%
Series VII-B-1 (Refunding)(2)	42,495,000	32,015,000	Variable	1.52	0.84
Series VII-B-1	21,450,000	<u>21,350,000</u>	Variable	1.52	0.84
Total		<u>\$ 56,990,000</u>			

(1) This issue refunded other issues for which outstanding interest rate swap agreements exist (Series IV-E-4 and Series IV-H-3).

(2) This issue refunded other issues for which outstanding interest rate swap agreements exist (Series IV-A-2 and Series V-A-1).

The annual requirements to amortize all general obligation bonds, and other loans outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables.

Estimated interest payments and estimated other fees are included for the loan agreements. The Series VII-A-4 and VII-B-1 carry variable interest rates with the rates changing weekly or monthly. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2018. Net interest rate swap payments, discussed in Note IV.B., are in addition to interest and other fee amounts reflected in the following tables.

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 2,839,996	\$ 879,298	\$ 458,416	\$ 4,177,710
2020	4,819,996	836,552	437,108	6,093,656
2021	3,844,996	763,656	399,252	5,007,904
2022	4,036,703	704,824	370,762	5,112,289
2023	4,245,000	642,826	340,788	5,228,614
2024-2028	20,725,000	2,167,030	1,182,580	24,074,610
2029-2033	16,870,000	657,400	363,300	17,890,700
Total	<u>\$ 57,381,691</u>	<u>\$ 6,651,586</u>	<u>\$ 3,552,206</u>	<u>\$ 67,585,483</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 5,335,027	\$ 2,109,642	\$ 7,444,669
2020	3,530,027	2,031,298	5,561,325
2021	4,565,027	1,940,923	6,505,950
2022	5,115,027	1,830,748	6,945,775
2023	5,135,027	1,713,548	6,848,575
2024-2028	17,644,095	6,371,229	24,015,324
2029-2033	10,715,000	1,943,649	12,658,649
2034-2038	7,110,000	610,400	7,720,400
Total	\$ 59,149,230	\$ 18,551,437	\$ 77,700,667

There is \$29,343,594 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$658, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums totaled \$1,314, based on the 2010 federal census.

During the year, based on budgetary appropriations, the School Department remitted \$6,617,880 to the primary government's General Debt Service Fund to be applied to the retirement of debt issued for the benefit of the School Department.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	* Other		
	Bonds	Other Loans	Postemployment Benefits
Balance, July 1, 2017	\$ 48,679,257	\$ 66,571,687	\$ 5,188,609
Additions	13,820,000	0	314,042
Reductions	(3,350,027)	(9,189,996)	(165,061)
Balance, June 30, 2018	\$ 59,149,230	\$ 57,381,691	\$ 5,337,590
Balance Due Within One Year	\$ 5,335,027	\$ 2,839,996	\$ 0

\* Restated to comply with GASB Statement No. 75. See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 121,868,511
Less: Balance Due Within One Year	(8,175,023)
Add: Unamortized Premium on Debt	<u>1,543,472</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 115,236,960</u>

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

Current Refunding

On June 29, 2018, Sevier County refunded an Other Loans Payable, PBA Series V-F-1, with a separate general obligation bond issue. The refunding bonds were issued in the amounts of \$4,135,000 to provide resources to redeem the existing debt. Because of the refunding, total debt service payments over the next seven years will be reduced by \$362,131, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$333,075 was obtained.

**Business Type Activities**

Changes in Long-term Obligations

Long-term obligations activity for the Business Type Activities for the year ended June 30, 2018, was as follows:

Business-Type Activities:

	* Other Postemployment Benefits
	<u>                    </u>
Balance, July 1, 2017	\$ 27,463
Additions	1,621
Reductions	<u>(402)</u>
Balance, June 30, 2018	<u>\$ 28,682</u>
Balance Due Within One Year	<u>\$ 0</u>

\* Restated to comply with GASB Statement No. 75. See Note I.D.9.



Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 28,682
Less: Balance Due Within One Year	0
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 28,682</u>

Other postemployment benefits will be paid from Public Utility Fund.

**Discretely Presented Sevier County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:

	* Other Postemployment Benefits	Teacher Legacy Plan - Net Pension Liability
	<hr/>	<hr/>
Balance, July 1, 2017	\$ 28,591,033	\$ 10,462,528
Additions	1,074,937	0
Reductions	(1,379,967)	(10,462,528)
	<hr/>	<hr/>
Balance, June 30, 2018	<u>\$ 28,286,003</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

\*Restated to comply with GASB Statement No. 75. See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 28,286,003
Less: Balance Due Within One Year	0
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 28,286,003</u>

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

## **H. Pledges of Receivables and Future Revenues**

### **Local Option Sales Tax Revenues Pledged**

In 2009, the citizens of Sevier County voted to increase the local option sales tax rate by .25 percent to pay for school debt payments. The county pledged the additional sales tax collections generated from this increase to repay bond issues to finance school construction projects. The bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds.

## **I. On-Behalf Payments**

### **Discretely Presented Sevier County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sevier County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2018, were \$328,116 and \$62,488, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## **V. OTHER INFORMATION**

### **A. Risk Management**

The county has chosen to establish three self-insurance funds for risks associated with the employees' health, dental, and vision plans for the primary government, and risks associated with workers' compensation claims for both the primary government and the School Department. The self-insurance funds are accounted for as internal service funds where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$150,000 for each employee and approximately \$6,550,000 for all claims in any plan year for health coverage. The county also retains the risk of loss to a limit of \$500,000 per occurrence and approximately \$1,654,697 for all claims in any plan year for workers' compensation coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All full-time employees of the primary government are eligible to participate in the health, dental, and vision programs. A premium charge is allocated to each fund that accounts for employees who are covered by the employee health insurance plan and/or the workers' compensation plan. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$998,289 for health coverage, \$122,266 for dental and vision coverage and

\$779,036 for workers' compensation coverage at June 30, 2018. Liabilities of these funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2016-2017	\$ 696,411	\$ 5,543,659	\$ (5,664,964)	575,106
2017-2018	575,106	6,144,821	(6,101,989)	617,938

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2016-2017	\$ 17,462	\$ 42,004	\$ (45,466)	14,000
2017-2018	14,000	54,876	(52,593)	16,283

Employee Insurance - Workers' Compensation Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2016-2017	\$ 84,625	\$ 542,931	\$ (562,084)	65,472
2017-2018	65,472	346,098	(351,155)	60,415

The discretely presented Sevier County School Department participates in the

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

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

## **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust

for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**C. Contingent Liabilities**

Sevier County is contingently liable for the Tennessee Department of Environment and Conservation's financial assurance requirements regarding landfill closure/postclosure care costs (\$1,716,744 June 30, 2018). The county would be obligated for this amount in the event of default on closure/postclosure care costs by Sevier Solid Waste, Inc., a joint venture discussed in Note V.D.

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

**D. Joint Ventures**

Sevier Solid Waste, Inc., is a nonprofit organization created under the laws of the State of Tennessee to develop and implement a comprehensive program for collecting, transporting, disposing, and recycling solid waste generated within Sevier County and the cities of Gatlinburg, Pigeon Forge, and Sevierville. The corporation was formed in 1988 pursuant to a mutual interlocal cooperation agreement between each of the governmental entities. It is governed by a board of directors, which consists of one representative from each governmental unit. Sevier County has control over budgeting and financing the joint venture only to the extent of representation by the one board member appointed and is responsible for funding a pro-rata share of any deficits from operations. The corporation receives financial support from each of these four government entities that created it. These contributors pay a pro-rata share based on their percentage of total waste brought to the disposal facility during the previous year.

Sevier Water Board, Inc., is a nonprofit organization created under the laws of the State of Tennessee that was designed to carry out future planning and implementing of certain water-related functions within Sevier County and the cities of Gatlinburg, Pigeon Forge, Sevierville, and Pittman Center. The corporation was formed in 1995 pursuant to a mutual interlocal cooperation agreement between each of the governmental entities. It is governed by a board of directors, which consists of one representative from each governmental unit. Sevier County has control over budgeting and financing the joint venture only to the extent of representation by the one board member appointed and is responsible for funding a pro-rata share of any deficits from operations.

Sevier County and the City of Sevierville jointly constructed a baseball stadium, which they leased to a minor league baseball club. The Stadium Advisory Committee was created by an interlocal agreement between Sevier County and the City of Sevierville to oversee operations of the stadium facility and to report to the Sevier County Commission and the City of Sevierville Board of Mayor and Aldermen. The committee includes seven members nominated jointly by the county and city mayors who are appointed to four-year terms by both legislative bodies. Operations of the joint venture are split 70 percent (City of Sevierville) and 30 percent (Sevier County). The City of Sevierville maintains financial transactions relating to the joint venture, and complete financial statements may be obtained from the City of Sevierville.

Sevier County and the City of Gatlinburg jointly constructed a youth sports complex, Rocky Top Sports World. The Youth Sports Complex Advisory Board/Authority was created by an interlocal agreement between Sevier County and the City of Gatlinburg to oversee operations of the sports facility and to report to the Sevier County Commission and the City of Gatlinburg Commission. The board includes seven members, which include from the county: the county mayor, the director of schools, and one member nominated by the county commission; and from the city: the city manager and three members nominated by the city commission. Sevier County contributed \$2,000,000 during the 2012-13 year and \$1,000,000 during the 2015-16 year, 2016-2017 year, and 2017-2018 year toward the construction. The county has also committed to making payments of \$1,000,000 for one more year toward the city's cost of construction. Operations of the joint venture are split 70 percent (City of Gatlinburg) and 30 percent (Sevier County). The City of Gatlinburg maintains financial transactions relating to the joint venture, and complete financial statements may be obtained from the City of Gatlinburg.

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Cocke, Grainger, and Jefferson counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Sevier County made no contributions to the DTF for the year ended June 30, 2018, and does not have any equity interest in this joint venture.

The Sevier County Economic Development Council is a joint venture operated by Sevier County, the cities of Sevierville, Pigeon Forge, Gatlinburg, and various local private enterprises. The board is comprised of 12 members, two of whom represent Sevier County. The purpose is to coordinate the governmental and private sector activities in attracting businesses and industries to the Sevier County area. Sevier County contributed \$172,600 to the operations of the Economic Development Council for the 2017-18 year.

Complete financial statements for Sevier Solid Waste, Inc., Sevier Water Board, Inc., Fourth Judicial District Drug Task Force, and Sevier County Economic Development Council can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Sevier Solid Waste, Inc.  
1855 Ridge Road  
Pigeon Forge, TN 37864

Sevier Water Board, Inc.  
227 Cedar Street  
Sevierville, TN 37862

District Attorney General  
Fourth Judicial District  
125 Court Avenue, Suite 301-E  
Sevierville, TN 37862

Sevier County Economic Development Council  
321 Court Avenue  
Sevierville, TN 37864

**E. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Sevier County and non-certified employees of the discretely presented Sevier County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 53.42 percent, the non-certified employees of the discretely presented School Department comprise 46.58 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, 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 publicly available financial report that can be obtained at [www.treasury.state.tn.us/tcrs](http://www.treasury.state.tn.us/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish 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 five 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 to vested members at age 55. 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 ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second 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 three 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.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	489
Inactive Employees Entitled to But Not Yet Receiving Benefits	714
Active Employees	1,359
Total	<u><u>2,562</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Sevier County elected to make employer contributions at a rate higher than the minimum rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contributions for Sevier County were \$2,882,330 based on a rate of seven percent of covered payroll. The minimum rate established by the Board of Trustees was 3.97 percent of covered



payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sevier County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (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 an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Sevier County's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) 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 the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69	% 31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Sevier County 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)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 121,073,255	\$ 126,691,868	\$ (5,618,613)
Changes for the Year:			
Service Cost	\$ 3,511,649	\$ 0	\$ 3,511,649
Interest	9,195,486	0	9,195,486
Differences Between Expected and Actual Experience	(2,311,389)	0	(2,311,389)
Changes in Assumptions	2,905,233	0	2,905,233
Contributions-Employer	0	3,226,703	(3,226,703)
Contributions-Employees	0	2,020,513	(2,020,513)
Net Investment Income	0	14,425,127	(14,425,127)
Benefit Payments, Including Refunds of Employee Contributions	(3,956,855)	(3,956,855)	0
Administrative Expense	0	(112,967)	112,967
Other Changes	0	0	0
Net Changes	\$ 9,344,124	\$ 15,602,521	\$ (6,258,397)
Balance, June 30, 2017	\$ 130,417,379	\$ 142,294,389	\$ (11,877,010)

### Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	53.42%	\$ 69,668,964	\$ 76,013,663	\$ (6,344,699)
School Department	46.58%	60,748,415	66,280,726	(5,532,311)
Total		\$ 130,417,379	\$ 142,294,389	\$ (11,877,010)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Sevier County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

Sevier County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 5,633,150	\$ (11,877,010)	\$ (26,431,239)

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

*Pension Expense or Negative Pension Expense.* For the year ended June 30, 2018, Sevier County recognized pension expense of \$(100,194).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, Sevier County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 4,758,006
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	64,830
Changes in Assumptions	2,421,027	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	2,882,330	N/A
Total	\$ 5,303,357	\$ 4,822,836

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 2,848,786	\$ 2,576,359
School Department	<u>2,454,571</u>	<u>2,246,477</u>
Total	<u>\$ 5,303,357</u>	<u>\$ 4,822,836</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (1,353,741)
2020	432,570
2021	(599,424)
2022	(980,192)
2023	98,974
Thereafter	0

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, 2018, Sevier County reported a payable of \$55,261 for the outstanding amount of contributions due to the pension plan at year end.

**Discretely Presented Sevier County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Sevier County and non-certified employees of the discretely presented Sevier County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the

TCRS. The primary government employees comprise 53.42 percent and the non-certified employees of the discretely presented School Department comprise 46.58 percent of the plan based on contribution data.

### **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Sevier County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in 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 publicly available financial report that can be obtained at [www.treasury.state.tn.us/tcrs](http://www.treasury.state.tn.us/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested 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 ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second 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 three 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. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were \$374,102, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2018, the School Department reported a liability (asset) of (\$286,655) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was 1.086498 percent. The proportion as of June 30, 2016, was .999536 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$128,425.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 10,046	\$ 21,559
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	15,425
Changes in Assumptions	25,184	0
Changes in Proportion of Net Pension Liability (Asset)	0	17,563
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	374,102	N/A
Total	<u>\$ 409,332</u>	<u>\$ 54,547</u>

The School Department's employer contributions of \$374,102, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (2,966)
2020	(2,966)
2021	(3,849)
2022	(7,817)
2023	(543)
Thereafter	(1,174)

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs 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.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	\$ 57,191	\$ (286,655)	\$ (538,873)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Sevier County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in 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 publicly available financial report that can be obtained at [www.treasury.state.tn.us/tcrs](http://www.treasury.state.tn.us/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five 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. A reduced early

retirement benefit is available to vested members at age 55. Members are vested 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 ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second 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 three 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 and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sevier County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$5,441,518, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2018, the School Department reported a liability (asset) of (\$556,097) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an

actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was 1.699648 percent. The proportion measured at June 30, 2016, was 1.674153 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$340,190.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 335,254	\$ 11,480,773
Changes in Assumptions	4,709,811	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	84,414	0
Changes in Proportion of Net Pension Liability (Asset)	1,023,281	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	<u>5,441,518</u>	<u>N/A</u>
Total	<u>\$ 11,594,278</u>	<u>\$ 11,480,773</u>

The School Department's employer contributions of \$5,441,518 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (3,645,392)
2020	2,043,578
2021	(1,099,374)
2022	(2,626,825)
2023	0
Thereafter	0

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	0.00	1
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs 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.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability    \$ 49,897,681    \$ (556,097)    \$ (42,259,468)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**2. Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$467,627 to this deferred compensation pension plan.

**F. Other Postemployment Benefits (OPEB)**

Sevier County and the discretely presented Sevier County School Department provide OPEB benefits to their retirees under various plans, These include OPEB provided through a self-insured plan for the primary government and through state administered public entity risk pools for both the primary government and the discretely presented School Department. For reporting purposes the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.



**OPEB Provided through Self-Insured Health Plan (Primary Government)**

*Plan Description.* Sevier County participates in a self-insured postemployment benefits plan administered by Humana for its retirees and their covered dependents. Eligible employees must be age 55 with 15 years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. The retiree’s spouse is eligible for coverage until age 65, as long as the retiree is eligible for coverage or has reached age 65.

*Benefits Provided.* The plan provides healthcare benefits to eligible retirees and their dependents. The benefit terms provide for retirees to pay between \$203 and \$405 per month for their health insurance coverage depending on the coverage they choose. The county pays the remainder of the cost for covered medical services.

Employees Covered by Benefit Terms

At the measurement date of July 1, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	601
Total	<u>614</u>

**Total OPEB Liability**

The plan’s total OPEB liability of \$3,701,000 was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2016.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.50%
Discount Rate	3.56%
Healthcare Cost Trend Rates	0% for FY17 (to reflect actual experience), increasing to 6.5% for FY18, decreasing .5% per year to an ultimate rate of 5%.
Retirees share of Benefit-related Cost	From \$203 to \$405 depending on coverage selected

The discount rate was based on the Fidelity Municipal GO AA 20-year yield curve rate as of June 30, 2017.

Mortality rates were based on RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 3,499,000
Changes for the Year:	
Service Cost	\$ 187,000
Interest	129,000
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	0
Benefit Payments	(114,000)
Net Changes	<u>\$ 202,000</u>
Balance June 30, 2018	<u>\$ 3,701,000</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the county recognized OPEB expense of \$362,000. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	
Net Difference Between Projected and Actual Investments	0	0
Benefit Payment Subsequent to the Measurement Date	<u>115,000</u>	<u>0</u>
Total	<u>\$ 115,000</u>	<u>\$ 0</u>

Amounts reported as deferred outflows of resources for benefit payments after the measurement date related to OPEB will be recognized in OPEB expense in the year ended June 30, 2019.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the county calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	\$ 4,015,000	\$ 3,701,000	\$ 3,412,000

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (1.00)%	Current Trend Rate 0.00%	1% Increase 1.00%
Total OPEB Liability	\$ 3,287,000	\$ 3,701,000	\$ 4,189,000

**OPEB Provided through State Administered Public Entity Risk Pools**

Post-65 retirees of Sevier County may join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. The School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Employees of the School Department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare.

The county and School Department’s total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2107 TCRS actuarial valuation; 3.44% to 8.2%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LEP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year and decreasing over a 33-year period to an ultimate trend rate of 3.53 percent with .18% added to approximate the effect of the excise tax TNMs- The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.56 percent, based on the daily rate of Fidelity’s 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System

(TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experiences. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

*Changes in Assumptions.* The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

#### **Closed Tennessee Plan – Medicare (Primary Government)**

*Plan Description.* Employees of Sevier County who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan -Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. However, the amounts reflected in this note disclosure pertain only to the Sevier County Primary Government. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the

retiree premiums. Sevier County provides a direct subsidy of between \$25 and \$50 for eligible retirees depending on years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	1,645
Total	<u><u>1,652</u></u>

In accordance with TCA 8-27-209, the state insurance committees established by TCA 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the county paid \$8,013 for OPEB benefits as they came due.

Changes in the Total OPEB Liability

Balance July 1, 2017	<u>\$ 1,717,072</u>
Changes for the Year:	
Service Cost	\$ 86,278
Interest	52,607
Changes in Benefit Terms	0
Difference between Expected and Actual Experience	0
Changes in Assumptions and Other Inputs	(187,235)
Benefit Payments	<u>(3,450)</u>
Net Changes	<u>\$ (51,800)</u>
Balance June 30, 2018	<u><u>\$ 1,665,272</u></u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the county recognized OPEB expense of \$117,113. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	165,463
Net Difference Between Projected and Benefits paid after the measurement date	<u>8,013</u>	<u>0</u>
Total	<u>\$ 8,013</u>	<u>\$ 165,463</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2019	\$ (21,772)
2020	(21,772)
2021	(21,772)
2022	(21,772)
2023	(21,772)
Thereafter	(56,603)

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the county calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.56%</u>	<u>3.56%</u>	<u>4.56%</u>
Total OPEB Liability	\$ 1,968,677	\$ 1,665,272	\$ 1,417,505

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations:

**Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)**

*Plan Description.* Employees of the Sevier County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The Sevier County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Retirees must retire from the Sevier County School System and have a minimum of ten years of service with the system in order to qualify for health insurance benefits. The School Department provides a direct subsidy ranging from \$211 to \$497 per month toward the cost of insurance for retirees based on years of service and insurance coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

**Employees Covered by Benefit Terms**

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:



	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	138
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	1,767
Total	<u><u>1,905</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$1,356,126 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Sevier County School Department 70.2763%</u>	<u>State of TN 29.7237%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 23,345,880	\$ 9,874,252	\$ 33,220,132
Changes for the Year:			
Service Cost	\$ 1,373,167	\$ 580,787	\$ 1,953,954
Interest	706,042	298,624	1,004,666
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(1,035,904)	(438,140)	(1,474,044)
Benefit Payments	(1,079,062)	(456,394)	(1,535,456)
Net Changes	<u>\$ (35,757)</u>	<u>\$ (15,123)</u>	<u>\$ (50,880)</u>
Balance June 30, 2018	<u>\$ 23,310,123</u>	<u>\$ 9,859,129</u>	<u>\$ 33,169,252</u>

The Sevier County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Sevier County School Department's

proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$832,801 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Sevier County School Department's proportionate share of the collective OPEB liability was 70.2763% and the State of Tennessee's share was 29.7237%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$2,801,807 which includes expenses funded by nonemployer contributing entities. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	925,701
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>1,356,126</u>	<u>0</u>
Total	<u>\$ 1,356,126</u>	<u>\$ 925,701</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>School Department</u>
2019	\$ (110,202)
2020	(110,202)
2021	(110,202)
2022	(110,202)
2023	(110,202)
Thereafter	(374,691)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 24,941,134	\$ 23,310,123	\$ 21,755,017
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

Healthcare Cost Trend Rate

	1% Decrease	Curent Rates	1% Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the  
Collective Total OPEB

Liability                                   \$ 20,771,087   \$ 23,310,123   \$ 26,313,011

**Closed Tennessee Plan – Medicare (Discretely Presented School Department)**

*Plan Description.* Employees of the Sevier County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The School Department’s total OPEB liability for the TNM Plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Benefits Provided.* The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Sevier County School Department provided a direct subsidy to retired noncertified employees of \$50 for eligible retirees with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with from 10 to 20 years of service. The School Department does not provide a direct subsidy to retired certified employees (teachers). The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service.

The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	177
Inactive Employees Entitled to But Not Yet Receiving Benefits	126
Active Employees	1,767
Total	<u><u>2,070</u></u>

In accordance with *TCA 8-27-209*, the state insurance committees established by *TCA 8-27-201*, *8-27-301* and *8-27-701* determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the School Department paid \$101,684 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Sevier County School Department 56.3393%</u>	<u>State of TN 43.6607%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 5,245,153	\$ 4,064,784	\$ 9,309,937
Changes for the Year:			
Service Cost	\$ 185,575	\$ 143,814	\$ 329,389
Interest	157,104	121,749	278,853
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(511,049)	(396,042)	(907,091)
Benefit Payments	(100,904)	(78,196)	(179,100)
Net Changes	\$ (269,273)	\$ (208,676)	\$ (477,949)
Balance June 30, 2018	\$ 4,975,880	\$ 3,856,108	\$ 8,831,988

The Sevier County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Sevier County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$221,558 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for School Department retirees.

During the year, the Sevier County School Department's proportionate share of the collective OPEB liability for the TNM plan was 56.3393 percent and the State of Tennessee's share was 43.6607 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$507,454, which includes expenses funded by nonemployer contributing entities.

At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	454,265
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>101,684</u>	<u>0</u>
Total	<u>\$ 101,684</u>	<u>\$ 454,265</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (56,783)
2020	(56,783)
2021	(56,783)
2022	(56,783)
2023	(56,783)
Thereafter	(170,350)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
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Proportionate Share of the Collective Total OPEB Liability	\$ 5,804,979	\$ 4,975,880	\$ 4,296,845
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*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations:

**G. Purchasing Laws**

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*, govern purchasing procedures for the Office of County Mayor. These statutes require all purchases exceeding \$10,000 (excluding emergency purchases) to be made on the basis of publicly advertised competitive bids.

Office of Road Superintendent

Chapter 133, Private Acts of 1969, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Sevier County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$25,000.



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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Sevier County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 3,022,637	\$ 3,246,116	\$ 3,328,622	\$ 3,511,649
Interest	7,814,520	8,172,691	8,613,091	9,195,486
Changes in Benefit Terms	0	0	0	0
Differences Between Actual and Expected Experience	(3,084,680)	(2,192,897)	(620,095)	(2,311,389)
Changes in Assumptions	0	0	0	2,905,233
Benefit Payments, Including Refunds of Employee Contributions	(3,049,729)	(3,350,941)	(3,521,901)	(3,956,855)
Net Change in Total Pension Liability	\$ 4,702,748	\$ 5,874,969	\$ 7,799,717	\$ 9,344,124
Total Pension Liability, Beginning	102,695,821	107,398,569	113,273,538	121,073,255
Total Pension Liability, Ending (a)	\$ 107,398,569	\$ 113,273,538	\$ 121,073,255	\$ 130,417,379
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 3,540,475	\$ 3,595,625	\$ 3,785,512	\$ 3,226,703
Contributions - Employee	1,927,724	1,891,110	1,998,862	2,020,513
Net Investment Income	16,292,190	3,588,942	3,242,578	14,425,127
Benefit Payments, Including Refunds of Employee Contributions	(3,049,729)	(3,350,941)	(3,521,901)	(3,956,855)
Administrative Expense	(50,907)	(67,022)	(101,968)	(112,967)
Other	0	0	13,303	0
Net Change in Plan Fiduciary Net Position	\$ 18,659,753	\$ 5,657,714	\$ 5,416,386	\$ 15,602,521
Plan Fiduciary Net Position, Beginning	96,958,015	115,617,768	121,275,482	126,691,868
Plan Fiduciary Net Position, Ending (b)	\$ 115,617,768	\$ 121,275,482	\$ 126,691,868	\$ 142,294,389
Net Pension Liability (Asset), Ending (a - b)	\$ (8,219,199)	\$ (8,001,944)	\$ (5,618,613)	\$ (11,877,010)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.65%	107.06%	104.64%	109.11%
Covered Payroll	\$ 37,874,771	\$ 37,806,451	\$ 39,805,584	\$ 40,333,745
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(21.70%)	(21.17%)	(14.12%)	(29.45%)

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-2

Sevier County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 3,540,475	\$ 3,595,625	\$ 3,785,512	\$ 1,597,216	\$ 1,634,209
Less Contributions in Relation to the Actuarially Determined Contribution	(3,540,475)	(3,595,625)	(3,785,512)	(3,226,703)	(2,882,330)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (1,629,487)	\$ (1,248,121)
Covered Payroll	\$ 37,874,771	\$ 37,806,451	\$ 39,805,584	\$ 40,333,745	\$ 41,163,962
Contributions as a Percentage of Covered Payroll	9.35%	9.51%	9.51%	8.00%	7.00%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-3

Sevier County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Pension Plan of TCRS  
Discretely Presented Sevier County School Department  
For the Fiscal Year Ended June 30

	2015	2016	2017	2018
Contractually Required Contribution	\$ 58,633	\$ 175,920	\$ 285,244	\$ 374,102
Less Contributions in Relation to the Contractually Required Contribution	(58,633)	(175,920)	(285,244)	(374,102)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Payroll	 \$ 1,465,835	 \$ 4,398,007	 \$ 7,131,093	 \$ 9,352,541
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Sevier County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Sevier County School Department  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 5,337,621	\$ 5,388,753	\$ 5,463,193	\$ 5,431,387	\$ 5,441,518
Less Contributions in Relation to the Contractually Required Contribution	(5,337,621)	(5,388,753)	(5,463,193)	(5,431,387)	(5,441,518)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 60,108,346	\$ 59,610,096	\$ 60,433,578	\$ 60,081,772	\$ 59,928,692
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

Note: ten years of data will be presented when available.

Exhibit F-5

Sevier County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Pension Plan of TCRS  
Discretely Presented Sevier County School Department  
For the Fiscal Year Ended June 30 \*

	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.705496%	0.999536%	1.086498%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (28,382)	\$ (104,055)	\$ (286,655)
Covered Payroll	\$ 1,465,835	\$ 4,398,007	\$ 7,131,093
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(4.02%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Sevier County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Sevier County School Department  
For the Fiscal Year Ended June 30 \*

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	1.531426%	1.592362%	1.674153%	1.699648%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (248,850)	\$ 652,286	\$ 10,462,528	\$ (556,097)
Covered Payroll	\$ 60,108,346	\$ 59,610,096	\$ 60,433,578	\$ 60,081,772
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41%)	1.09%	17.31%	(0.93%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-7

Sevier County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Sevier County Plan  
For the Fiscal Year Ended June 30 \*

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 187,000
Interest	129,000
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	0
Benefit Payments	<u>(114,000)</u>
Net Change in Total OPEB Liability	\$ 202,000
Total OPEB Liability, Beginning	<u>3,499,000</u>
 Total OPEB Liability, Ending	 <u><u>\$ 3,701,000</u></u>

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Covered Employee Payroll	\$ 20,552,000
Net OPEB Liability as a Percentage of Covered Employee Payroll	18.01%

Note 1: Ten years of data will be presented when available.

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



Exhibit F-8

Sevier County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare  
For the Fiscal Year Ended June 30 \*

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 86,278
Interest	52,607
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(187,235)
Benefit Payments	<u>(3,450)</u>
Net Change in Total OPEB Liability	\$ (51,800)
Total OPEB Liability, Beginning	<u>1,717,072</u>
 Total OPEB Liability, Ending	 <u>\$ 1,665,272</u>
 Covered Employee Payroll	 \$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-9

Sevier County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan  
Discretely Presented Sevier County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,953,954
Interest	1,004,666
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(1,474,044)
Benefit Payments	<u>(1,535,456)</u>
Net Change in Total OPEB Liability	\$ (50,880)
Total OPEB Liability, Beginning	<u>33,220,132</u>
 Total OPEB Liability, Ending	 <u>\$ 33,169,252</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 9,859,129
Employer Proportionate Share of the Total OPEB Liability	23,310,123
 Covered Employee Payroll	 \$ 86,232,636
Net OPEB Liability as a Percentage of Covered Employee Payroll	27.03%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note 1: Ten years of data will be presented when available.

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-10

Sevier County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare  
Discretely Presented Sevier County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 329,389
Interest	278,853
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(907,091)
Benefit Payments	<u>(179,100)</u>
Net Change in Total OPEB Liability	\$ (477,949)
Total OPEB Liability, Beginning	<u>9,309,937</u>
Total OPEB Liability, Ending	<u>\$ 8,831,988</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 3,856,108
Employer Proportionate Share of the Total OPEB Liability	4,975,880
Covered Employee Payroll	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**SEVIER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed with a 20 percent corridor to market
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.00%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

Special Purpose Fund – The Special Purpose Fund is used for the accumulation of resources for expenditures of nonrecurring departmental expenditures.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues received for the operation of the county's Drug Court.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Exhibit G-1

Sevier County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	80,389	21,243	353,927	690,039	60,919
Accounts Receivable	0	0	0	5,701	0
Due from Other Governments	0	0	600,000	0	0
Property Taxes Receivable	0	0	0	1,131,392	0
Allowance for Uncollectible Property Taxes	0	0	0	(19,971)	0
Total Assets	<u>\$ 80,389</u>	<u>\$ 21,243</u>	<u>\$ 953,927</u>	<u>\$ 1,807,161</u>	<u>\$ 60,919</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 92,059	\$ 45,048	\$ 0
Accrued Payroll	0	0	33,733	0	0
Payroll Deductions Payable	0	0	4,655	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 130,447</u>	<u>\$ 45,048</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 1,087,027	\$ 0
Deferred Delinquent Property Taxes	0	0	0	16,975	0
Other Deferred/Unavailable Revenue	0	0	300,000	0	0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 1,104,002</u>	<u>\$ 0</u>

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Capital Outlay

Committed:

Committed for Administration of Justice

Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Special Revenue Funds

	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
Restricted for General Government	\$ 80,389	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	0	21,243	0	0	0
Restricted for Public Safety	0	0	0	0	60,919
Restricted for Capital Outlay	0	0	0	658,111	0
Committed for Administration of Justice	0	0	0	0	0
Committed for Public Health and Welfare	0	0	523,480	0	0
Total Fund Balances	<u>\$ 80,389</u>	<u>\$ 21,243</u>	<u>\$ 523,480</u>	<u>\$ 658,111</u>	<u>\$ 60,919</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 80,389</u>	<u>\$ 21,243</u>	<u>\$ 953,927</u>	<u>\$ 1,807,161</u>	<u>\$ 60,919</u>

(Continued)



Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>		
	Other Special Revenue	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,750	\$ 2,750
Equity in Pooled Cash and Investments	88,146	0	1,294,663
Accounts Receivable	0	0	5,701
Due from Other Governments	42,669	0	642,669
Property Taxes Receivable	0	0	1,131,392
Allowance for Uncollectible Property Taxes	0	0	(19,971)
	<hr/>		
Total Assets	\$ 130,815	\$ 2,750	\$ 3,057,204
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,393	\$ 0	\$ 139,500
Accrued Payroll	3,283	0	37,016
Payroll Deductions Payable	857	0	5,512
Due to Other Funds	0	2,750	2,750
	<hr/>		
Total Liabilities	\$ 6,533	\$ 2,750	\$ 184,778
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 1,087,027
Deferred Delinquent Property Taxes	0	0	16,975
Other Deferred/Unavailable Revenue	0	0	300,000
	<hr/>		
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 1,404,002

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Capital Outlay

Committed:

Committed for Administration of Justice

Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Special Revenue Funds (Cont.)</u>			
<u>Other</u>	<u>Constitu -</u>	<u>Total</u>	
<u>Special</u>	<u>tional</u>	<u>Nonmajor</u>	
<u>Revenue</u>	<u>Officers -</u>	<u>Governmental</u>	
	<u>Fees</u>	<u>Funds</u>	
\$ 0	\$ 0	\$ 80,389	
24,282	0	45,525	
0	0	60,919	
0	0	658,111	
100,000	0	100,000	
0	0	523,480	
<u>\$ 124,282</u>	<u>\$ 0</u>	<u>\$ 1,468,424</u>	
<u>\$ 130,815</u>	<u>\$ 2,750</u>	<u>\$ 3,057,204</u>	

Exhibit G-2

Sevier County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2018

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Revenues</u>					
Local Taxes	\$ 7,324	\$ 10,597	\$ 2,608,000	\$ 1,146,147	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	70,221
Charges for Current Services	0	0	22,750	0	0
Other Local Revenues	0	0	86,765	33,686	0
State of Tennessee	0	0	55,884	0	0
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	13,402	0
Total Revenues	<u>\$ 7,324</u>	<u>\$ 10,597</u>	<u>\$ 2,773,399</u>	<u>\$ 1,193,235</u>	<u>\$ 70,221</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 10,062	\$ 0	\$ 0	\$ 63,135	\$ 0
Finance	0	0	0	36,924	0
Administration of Justice	0	15,459	0	0	0
Public Safety	0	0	0	340,000	96,186
Public Health and Welfare	0	0	2,720,686	614,388	0
Other Operations	0	0	0	53,792	0
Total Expenditures	<u>\$ 10,062</u>	<u>\$ 15,459</u>	<u>\$ 2,720,686</u>	<u>\$ 1,108,239</u>	<u>\$ 96,186</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,738)</u>	<u>\$ (4,862)</u>	<u>\$ 52,713</u>	<u>\$ 84,996</u>	<u>\$ (25,965)</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ (2,738)	\$ (4,862)	\$ 52,713	\$ 84,996	\$ (25,965)
Fund Balance, July 1, 2017	83,127	26,105	470,767	573,115	86,884
Fund Balance, June 30, 2018	\$ 80,389	\$ 21,243	\$ 523,480	\$ 658,111	\$ 60,919

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		
	Other Special Revenue	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 3,772,068
Fines, Forfeitures, and Penalties	80,995	0	151,216
Charges for Current Services	0	5,471	28,221
Other Local Revenues	0	0	120,451
State of Tennessee	70,000	0	125,884
Federal Government	101,022	0	101,022
Other Governments and Citizens Groups	0	0	13,402
Total Revenues	<u>\$ 252,017</u>	<u>\$ 5,471</u>	<u>\$ 4,312,264</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 0	\$ 73,197
Finance	0	797	37,721
Administration of Justice	291,364	4,433	311,256
Public Safety	0	241	436,427
Public Health and Welfare	0	0	3,335,074
Other Operations	0	0	53,792
Total Expenditures	<u>\$ 291,364</u>	<u>\$ 5,471</u>	<u>\$ 4,247,467</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,347)</u>	<u>\$ 0</u>	<u>\$ 64,797</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu - tional Officers - Fees	
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 50,000	\$ 0	\$ 50,000
Total Other Financing Sources (Uses)	\$ 50,000	\$ 0	\$ 50,000
Net Change in Fund Balances	\$ 10,653	\$ 0	\$ 114,797
Fund Balance, July 1, 2017	113,629	0	1,353,627
Fund Balance, June 30, 2018	\$ 124,282	\$ 0	\$ 1,468,424

Exhibit G-3

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,324	\$ 25,000	\$ 25,000	\$ (17,676)
Total Revenues	\$ 7,324	\$ 25,000	\$ 25,000	\$ (17,676)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 10,062	\$ 10,500	\$ 10,500	\$ 438
Total Expenditures	\$ 10,062	\$ 10,500	\$ 10,500	\$ 438
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,738)	\$ 14,500	\$ 14,500	\$ (17,238)
Net Change in Fund Balance	\$ (2,738)	\$ 14,500	\$ 14,500	\$ (17,238)
Fund Balance, July 1, 2017	83,127	98,860	98,860	(15,733)
Fund Balance, June 30, 2018	\$ 80,389	\$ 113,360	\$ 113,360	\$ (32,971)

Exhibit G-4

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,597	\$ 11,150	\$ 11,150	\$ (553)
Total Revenues	\$ 10,597	\$ 11,150	\$ 11,150	\$ (553)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 15,459	\$ 11,150	\$ 16,150	\$ 691
Total Expenditures	\$ 15,459	\$ 11,150	\$ 16,150	\$ 691
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,862)	\$ 0	\$ (5,000)	\$ 138
Net Change in Fund Balance	\$ (4,862)	\$ 0	\$ (5,000)	\$ 138
Fund Balance, July 1, 2017	26,105	32,119	32,119	(6,014)
Fund Balance, June 30, 2018	\$ 21,243	\$ 32,119	\$ 27,119	\$ (5,876)



Exhibit G-5

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,608,000	\$ 0	\$ 2,608,000	\$ 2,400,000	\$ 2,608,000	\$ 0
Charges for Current Services	22,750	0	22,750	25,000	25,000	(2,250)
Other Local Revenues	86,765	0	86,765	70,000	70,000	16,765
State of Tennessee	55,884	0	55,884	60,000	60,000	(4,116)
<b>Total Revenues</b>	<b>\$ 2,773,399</b>	<b>\$ 0</b>	<b>\$ 2,773,399</b>	<b>\$ 2,555,000</b>	<b>\$ 2,763,000</b>	<b>\$ 10,399</b>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 2,720,686	\$ (700)	\$ 2,719,986	\$ 2,531,413	\$ 2,739,413	\$ 19,427
<b>Total Expenditures</b>	<b>\$ 2,720,686</b>	<b>\$ (700)</b>	<b>\$ 2,719,986</b>	<b>\$ 2,531,413</b>	<b>\$ 2,739,413</b>	<b>\$ 19,427</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 52,713</b>	<b>\$ 700</b>	<b>\$ 53,413</b>	<b>\$ 23,587</b>	<b>\$ 23,587</b>	<b>\$ 29,826</b>
<b>Net Change in Fund Balance</b>	<b>\$ 52,713</b>	<b>\$ 700</b>	<b>\$ 53,413</b>	<b>\$ 23,587</b>	<b>\$ 23,587</b>	<b>\$ 29,826</b>
Fund Balance, July 1, 2017	470,767	(700)	470,067	200,374	200,374	269,693
<b>Fund Balance, June 30, 2018</b>	<b>\$ 523,480</b>	<b>\$ 0</b>	<b>\$ 523,480</b>	<b>\$ 223,961</b>	<b>\$ 223,961</b>	<b>\$ 299,519</b>

Exhibit G-6

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,146,147	\$ 0	\$ 1,146,147	\$ 1,057,000	\$ 1,057,000	\$ 89,147
Other Local Revenues	33,686	0	33,686	0	12,000	21,686
Other Governments and Citizens Groups	13,402	0	13,402	0	13,402	0
<b>Total Revenues</b>	<b>\$ 1,193,235</b>	<b>\$ 0</b>	<b>\$ 1,193,235</b>	<b>\$ 1,057,000</b>	<b>\$ 1,082,402</b>	<b>\$ 110,833</b>
<u>Expenditures</u>						
<u>General Government</u>						
Geographical Information Systems	\$ 50,000	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
County Buildings	3,721	0	3,721	5,000	68,000	64,279
Other General Administration	9,414	0	9,414	10,000	10,000	586
<u>Finance</u>						
Data Processing	36,924	(442)	36,482	40,000	40,000	3,518
<u>Public Safety</u>						
Sheriff's Department	310,000	0	310,000	310,000	310,000	0
Jail	30,000	0	30,000	30,000	30,000	0
<u>Public Health and Welfare</u>						
Rabies and Animal Control	60,000	0	60,000	60,000	60,000	0
Ambulance/Emergency Medical Services	335,986	0	335,986	324,000	336,000	14
Sanitation Management	218,402	0	218,402	180,000	218,402	0
<u>Other Operations</u>						
Other Charges	22,413	0	22,413	25,000	25,000	2,587
Miscellaneous	31,379	0	31,379	100,000	37,000	5,621
<b>Total Expenditures</b>	<b>\$ 1,108,239</b>	<b>\$ (442)</b>	<b>\$ 1,107,797</b>	<b>\$ 1,134,000</b>	<b>\$ 1,184,402</b>	<b>\$ 76,605</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 84,996</b>	<b>\$ 442</b>	<b>\$ 85,438</b>	<b>\$ (77,000)</b>	<b>\$ (102,000)</b>	<b>\$ 187,438</b>

(Continued)

Exhibit G-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 84,996	\$ 442	\$ 85,438	\$ (77,000)	\$ (102,000)	\$ 187,438
Fund Balance, July 1, 2017	573,115	(442)	572,673	580,135	580,135	(7,462)
Fund Balance, June 30, 2018	\$ 658,111	\$ 0	\$ 658,111	\$ 503,135	\$ 478,135	\$ 179,976

Exhibit G-7

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 70,221	\$ 51,000	\$ 51,000	\$ 19,221
Total Revenues	\$ 70,221	\$ 51,000	\$ 51,000	\$ 19,221
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 96,186	\$ 51,000	\$ 97,000	\$ 814
Total Expenditures	\$ 96,186	\$ 51,000	\$ 97,000	\$ 814
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,965)	\$ 0	\$ (46,000)	\$ 20,035
Net Change in Fund Balance	\$ (25,965)	\$ 0	\$ (46,000)	\$ 20,035
Fund Balance, July 1, 2017	86,884	104,724	104,724	(17,840)
Fund Balance, June 30, 2018	\$ 60,919	\$ 104,724	\$ 58,724	\$ 2,195

Exhibit G-8

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 80,995	\$ 50,740	\$ 60,740	\$ 20,255
State of Tennessee	70,000	70,000	70,000	0
Federal Government	101,022	60,000	60,000	41,022
Other Governments and Citizens Groups	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 252,017</u>	<u>\$ 230,740</u>	<u>\$ 240,740</u>	<u>\$ 11,277</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
General Sessions Court	\$ 0	\$ 1,400	\$ 1,400	\$ 1,400
Drug Court	291,364	227,550	303,050	11,686
Total Expenditures	<u>\$ 291,364</u>	<u>\$ 228,950</u>	<u>\$ 304,450</u>	<u>\$ 13,086</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,347)</u>	<u>\$ 1,790</u>	<u>\$ (63,710)</u>	<u>\$ 24,363</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	0	0	50,000
Total Other Financing Sources	<u>\$ 50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Net Change in Fund Balance	\$ 10,653	\$ 1,790	\$ (63,710)	\$ 74,363
Fund Balance, July 1, 2017	113,629	109,620	109,620	4,009
Fund Balance, June 30, 2018	<u>\$ 124,282</u>	<u>\$ 111,410</u>	<u>\$ 45,910</u>	<u>\$ 78,372</u>

# Major Governmental Fund

## General Debt Service Fund

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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Exhibit H

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,112,739	\$ 5,756,041	\$ 5,756,041	\$ 356,698
Other Local Revenues	1,610,293	800,000	800,000	810,293
Other Governments and Citizens Groups	6,617,880	6,707,903	6,707,903	(90,023)
Total Revenues	<u>\$ 14,340,912</u>	<u>\$ 13,263,944</u>	<u>\$ 13,263,944</u>	<u>\$ 1,076,968</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 7,110,000	\$ 7,110,000	\$ 7,110,000	\$ 0
Education	1,005,023	1,005,023	1,005,023	0
<u>Interest on Debt</u>				
General Government	3,153,807	4,293,413	4,293,413	1,139,606
Education	703,154	705,000	705,000	1,846
<u>Other Debt Service</u>				
General Government	213,767	138,905	208,323	(5,444)
Education	11,603	11,603	11,603	0
Total Expenditures	<u>\$ 12,197,354</u>	<u>\$ 13,263,944</u>	<u>\$ 13,333,362</u>	<u>\$ 1,136,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,143,558</u>	<u>\$ 0</u>	<u>\$ (69,418)</u>	<u>\$ 2,212,976</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,135,000	\$ 0	\$ 4,135,000	\$ 0
Premiums on Debt Sold	376,342	0	376,342	0
Payments to Refunded Debt Escrow Agent	(4,441,924)	0	(4,441,924)	0
Total Other Financing Sources	<u>\$ 69,418</u>	<u>\$ 0</u>	<u>\$ 69,418</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 2,212,976	\$ 0	\$ 0	\$ 2,212,976
Fund Balance, July 1, 2017	<u>27,130,618</u>	<u>26,121,380</u>	<u>26,121,380</u>	<u>1,009,238</u>
Fund Balance, June 30, 2018	<u>\$ 29,343,594</u>	<u>\$ 26,121,380</u>	<u>\$ 26,121,380</u>	<u>\$ 3,222,214</u>

# Proprietary Funds

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Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governments, on a cost-reimbursement basis.

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Employee Insurance - Health Fund – The Employee Insurance - Health Fund is used to account for the county’s self-insured health insurance program. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of medical claims of county employees.

Employee Insurance - Dental and Vision Fund – The Employee Insurance - Dental and Vision Fund is used to account for the county’s self-insured dental and vision insurance program. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of dental and vision claims of county employees.

Workers’ Compensation Fund – The Workers’ Compensation Fund is used to account for the county’s self-insured workers’ compensation program. Premiums charged to the various county funds are placed in this fund for the payment of claims.



Exhibit I-1

Sevier County, Tennessee  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2018

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 1,647,235	\$ 138,549	\$ 833,336	\$ 2,619,120
Due from Other Funds	0	0	6,115	6,115
Total Assets	<u>\$ 1,647,235</u>	<u>\$ 138,549</u>	<u>839,451</u>	<u>2,625,235</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 31,008	\$ 0	\$ 0	\$ 31,008
Other Current Liabilites	617,938	16,283	60,415	694,636
Total Liabilities	<u>\$ 648,946</u>	<u>\$ 16,283</u>	<u>60,415</u>	<u>725,644</u>
<u>NET POSITION</u>				
Unrestricted	<u>\$ 998,289</u>	<u>\$ 122,266</u>	<u>\$ 779,036</u>	<u>\$ 1,899,591</u>
Total Net Position	<u>\$ 998,289</u>	<u>\$ 122,266</u>	<u>\$ 779,036</u>	<u>\$ 1,899,591</u>

Exhibit I-2

Sevier County, Tennessee  
Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2018

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-insurance Premiums	\$ 7,467,600	\$ 193,236	\$ 460,513	\$ 8,121,349
Patient Charges	194,818	0	0	194,818
Total Operating Revenues	<u>\$ 7,662,418</u>	<u>\$ 193,236</u>	<u>\$ 460,513</u>	<u>\$ 8,316,167</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 637,701	\$ 3,938	\$ 0	\$ 641,639
Employee and Dependent Insurance	0	142,803	0	142,803
Disability and Life Insurance	124,793	0	0	124,793
Bank Charges	582	0	0	582
Other Supplies and Materials	5,062	0	0	5,062
Excess Risk Insurance	618,437	0	0	618,437
Medical Claims	4,079,164	54,876	346,098	4,480,138
Other Self-insured Claims	2,065,657	0	0	2,065,657
Total Operating Expenses	<u>\$ 7,531,396</u>	<u>\$ 201,617</u>	<u>\$ 346,098</u>	<u>\$ 8,079,111</u>
Operating Income (Loss)	<u>\$ 131,022</u>	<u>\$ (8,381)</u>	<u>\$ 114,415</u>	<u>\$ 237,056</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 3,377	\$ 255	\$ 10,683	\$ 14,315
Total Nonoperating Revenues (Expenses)	<u>\$ 3,377</u>	<u>\$ 255</u>	<u>\$ 10,683</u>	<u>\$ 14,315</u>
Change in Net Position	\$ 134,399	\$ (8,126)	\$ 125,098	\$ 251,371
Net Position, July 1, 2017	863,890	130,392	653,938	1,648,220
Net Position, June 30, 2018	<u>\$ 998,289</u>	<u>\$ 122,266</u>	<u>\$ 779,036</u>	<u>\$ 1,899,591</u>

Exhibit I-3

Sevier County, Tennessee  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2018

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Employee Insurance - Health</u>	<u>Employee Insurance - Dental and Vision</u>	<u>Workers' Compen- sation</u>	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 7,467,600	\$ 193,236	\$ 454,398	\$ 8,115,234
Receipts for Patient Charges	194,818	0	0	194,818
Payments to Insurers	(743,812)	(142,803)	0	(886,615)
Payments for Claims	(6,101,989)	(52,593)	(351,155)	(6,505,737)
Payments for Administrative Costs	(611,755)	(3,938)	0	(615,693)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 204,862</u>	<u>\$ (6,098)</u>	<u>\$ 103,243</u>	<u>\$ 302,007</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 3,377	\$ 255	\$ 10,683	\$ 14,315
Net Cash Provided By (Used In) Investing Activities	<u>\$ 3,377</u>	<u>\$ 255</u>	<u>\$ 10,683</u>	<u>\$ 14,315</u>
Increase (Decrease) in Cash	\$ 208,239	\$ (5,843)	\$ 113,926	\$ 316,322
Cash, July 1, 2017	1,438,996	144,392	719,410	2,302,798
Cash, June 30, 2018	<u>\$ 1,647,235</u>	<u>\$ 138,549</u>	<u>\$ 833,336</u>	<u>\$ 2,619,120</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ 131,022	\$ (8,381)	\$ 114,415	\$ 237,056
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Changes in Assets and Liabilities:				
Increase (Decrease) in Accounts Receivable	0	0	(6,115)	(6,115)
Increase (Decrease) in Accounts Payable	73,840	2,283	(5,057)	71,066
Net Cash Provided By (Used In) Operating Activities	<u>\$ 204,862</u>	<u>\$ (6,098)</u>	<u>\$ 103,243</u>	<u>\$ 302,007</u>

# Fiduciary Funds

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Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for grants and other restricted revenues for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

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

Exhibit J-1

Sevier County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2018

	Agency Funds				
	Cities - Sales Tax	Constitu - tional Officers - Agency	Judicial District Drug	District Attorney General	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 5,478,964	\$ 100	\$ 0	\$ 5,479,064
Equity in Pooled Cash and Investments	0	0	99,163	36,888	136,051
Accounts Receivable	0	5,756	0	0	5,756
Due from Other Governments	7,979,003	0	0	0	7,979,003
Total Assets	<u>\$ 7,979,003</u>	<u>\$ 5,484,720</u>	<u>\$ 99,263</u>	<u>\$ 36,888</u>	<u>\$ 13,599,874</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 556	\$ 0	\$ 556
Accrued Payroll	0	0	3,897	990	4,887
Payroll Deductions Payable	0	0	600	75	675
Due to Other Taxing Units	7,979,003	0	0	0	7,979,003
Due to Litigants, Heirs, and Others	0	5,484,720	0	35,823	5,520,543
Due to Joint Ventures	0	0	94,210	0	94,210
Total Liabilities	<u>\$ 7,979,003</u>	<u>\$ 5,484,720</u>	<u>\$ 99,263</u>	<u>\$ 36,888</u>	<u>\$ 13,599,874</u>

## Exhibit J-2

Sevier County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 49,353,268	\$ 49,353,268	\$ 0
Due from Other Governments	7,806,314	7,979,003	7,806,314	7,979,003
Total Assets	<u>\$ 7,806,314</u>	<u>\$ 57,332,271</u>	<u>\$ 57,159,582</u>	<u>\$ 7,979,003</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 7,806,314	\$ 57,332,271	\$ 57,159,582	\$ 7,979,003
Total Liabilities	<u>\$ 7,806,314</u>	<u>\$ 57,332,271</u>	<u>\$ 57,159,582</u>	<u>\$ 7,979,003</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,903,148	\$ 25,874,752	\$ 24,298,936	\$ 5,478,964
Accounts Receivable	46,227	5,756	46,227	5,756
Total Assets	<u>\$ 3,949,375</u>	<u>\$ 25,880,508</u>	<u>\$ 24,345,163</u>	<u>\$ 5,484,720</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,949,375	\$ 25,880,508	\$ 24,345,163	\$ 5,484,720
Total Liabilities	<u>\$ 3,949,375</u>	<u>\$ 25,880,508</u>	<u>\$ 24,345,163</u>	<u>\$ 5,484,720</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 100	\$ 0	\$ 0	\$ 100
Equity in Pooled Cash and Investments	165,307	106,635	172,779	99,163
Total Assets	<u>\$ 165,407</u>	<u>\$ 106,635</u>	<u>\$ 172,779</u>	<u>\$ 99,263</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 556	\$ 0	\$ 556
Accrued Payroll	0	3,897	0	3,897
Payroll Deductions Payable	0	600	0	600
Due to Joint Ventures	165,407	101,582	172,779	94,210
Total Liabilities	<u>\$ 165,407</u>	<u>\$ 106,635</u>	<u>\$ 172,779</u>	<u>\$ 99,263</u>

(Continued)

## Exhibit J-2

Sevier County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 55,671	\$ 33,683	\$ 52,466	\$ 36,888
Total Assets	\$ 55,671	\$ 33,683	\$ 52,466	\$ 36,888
<u>Liabilities</u>				
Accrued Payroll	\$ 0	\$ 990	\$ 0	\$ 990
Payroll Deductions Payable	0	75	0	75
Due to Litigant, Heirs, and Others	55,671	32,618	52,466	35,823
Total Liabilities	\$ 55,671	\$ 33,683	\$ 52,466	\$ 36,888
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,903,248	\$ 25,874,752	\$ 24,298,936	\$ 5,479,064
Equity in Pooled Cash and Investments	220,978	49,493,586	49,578,513	136,051
Accounts Receivable	46,227	5,756	46,227	5,756
Due from Other Governments	7,806,314	7,979,003	7,806,314	7,979,003
Total Assets	\$ 11,976,767	\$ 83,353,097	\$ 81,729,990	\$ 13,599,874
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 556	\$ 0	\$ 556
Accrued Payroll	0	4,887	0	4,887
Payroll Deductions Payable	0	675	0	675
Due to Other Taxing Units	7,806,314	57,332,271	57,159,582	7,979,003
Due to Litigants, Heirs, and Others	4,005,046	25,913,126	24,397,629	5,520,543
Due to Joint Ventures	165,407	101,582	172,779	94,210
Total Liabilities	\$ 11,976,767	\$ 83,353,097	\$ 81,729,990	\$ 13,599,874

# Sevier County School Department

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This section presents combining and individual fund financial statements for the Sevier County School Department, a discretely presented component unit. The School Department uses a General Fund and two Special Revenue Funds.

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General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.



Exhibit K-1

Sevier County, Tennessee  
Statement of Activities  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 95,774,121	\$ 203,156	\$ 4,891,898	\$ 9,430,691	\$ (81,248,376)
Support Services	49,938,622	34,503	493,880	0	(49,410,239)
Operation of Non-instructional Services	8,825,022	1,362,533	6,413,491	0	(1,048,998)
Total Governmental Activities	<u>\$ 154,537,765</u>	<u>\$ 1,600,192</u>	<u>\$ 11,799,269</u>	<u>\$ 9,430,691</u>	<u>\$ (131,707,613)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 34,950,304
Local Option Sales Taxes					57,713,688
Other Local Taxes					186,102
Hotel/Motel Tax					3,386,218
Mixed Drink Tax					672,986
Grants and Contributions Not Restricted to Specific Programs					49,203,373
Unrestricted Investment Income					10,804
Miscellaneous					128,737
Total General Revenues					<u>\$ 146,252,212</u>
Change in Net Position					\$ 14,544,599
Net Position, July 1, 2017					144,734,409
Restatement - See Note I.D.9.					<u>(1,980,628)</u>
Net Position, June 30, 2018					<u>\$ 157,298,380</u>

Exhibit K-2

Sevier County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Sevier County School Department  
June 30, 2018

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern- mental</u>	<u>Governmental</u>
	<u>School</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 5,540	\$ 5,540
Equity in Pooled Cash and Investments	40,403,915	1,272,946	41,676,861
Accounts Receivable	605,555	381	605,936
Due from Other Governments	11,911,959	0	11,911,959
Due from Primary Government	530	0	530
Property Taxes Receivable	35,638,825	0	35,638,825
Allowance for Uncollectible Property Taxes	(629,086)	0	(629,086)
Total Assets	<u>\$ 87,931,698</u>	<u>\$ 1,278,867</u>	<u>\$ 89,210,565</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 52,226	\$ 0	\$ 52,226
Due to Primary Government	1,000,000	0	1,000,000
Other Current Liabilities	5,686,195	0	5,686,195
Total Liabilities	<u>\$ 6,738,421</u>	<u>\$ 0</u>	<u>\$ 6,738,421</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 34,241,349	\$ 0	\$ 34,241,349
Deferred Delinquent Property Taxes	534,703	0	534,703
Other Deferred/Unavailable Revenue	5,921,509	0	5,921,509
Total Deferred Inflows of Resources	<u>\$ 40,697,561</u>	<u>\$ 0</u>	<u>\$ 40,697,561</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 12,570	\$ 1,278,867	\$ 1,291,437
Restricted for Capital Projects	9,190,630	0	9,190,630
Committed:			
Committed for Education	15,269	0	15,269
Assigned:			
Assigned for Education	11,331,415	0	11,331,415
Unassigned	19,945,832	0	19,945,832
Total Fund Balances	<u>\$ 40,495,716</u>	<u>\$ 1,278,867</u>	<u>\$ 41,774,583</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 87,931,698</u>	<u>\$ 1,278,867</u>	<u>\$ 89,210,565</u>

Exhibit K-3

Sevier County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Discretely Presented Sevier County School Department  
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$	41,774,583
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	17,699,789	
Add: construction in progress		16,109,085	
Add: buildings and improvements net of accumulated depreciation		84,784,135	
Add: infrastructure net of accumulated depreciation		4,587,751	
Add: other capital assets net of accumulated depreciation		<u>7,043,537</u>	130,224,297
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: Net OPEB liability			(28,286,003)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	14,458,181	
Less: deferred inflows of resources related to pensions		(13,781,796)	
Add: deferred outflows of resources related to OPEB		1,457,810	
Less: deferred inflows of resources related to OPEB		<u>(1,379,967)</u>	754,228
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	5,532,311	
Add: net pension assets of the teacher retirement plan		286,655	
Add: net pension assets of the teacher legacy plan		<u>556,097</u>	6,375,063
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>6,456,212</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>157,298,380</u></u>

Exhibit K-4

Sevier County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 97,889,188	\$ 0	\$ 97,889,188
Licenses and Permits	110,048	0	110,048
Charges for Current Services	211,991	1,362,533	1,574,524
Other Local Revenues	285,886	11,424	297,310
State of Tennessee	46,174,505	60,425	46,234,930
Federal Government	123,301	13,625,317	13,748,618
Other Governments and Citizens Groups	9,430,691	0	9,430,691
Total Revenues	<u>\$ 154,225,610</u>	<u>\$ 15,059,699</u>	<u>\$ 169,285,309</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 79,561,074	\$ 7,470,260	\$ 87,031,334
Support Services	49,322,183	737,086	50,059,269
Operation of Non-Instructional Services	2,572,741	6,291,183	8,863,924
Capital Outlay	14,562,425	0	14,562,425
Debt Service:			
Other Debt Service	6,617,880	0	6,617,880
Total Expenditures	<u>\$ 152,636,303</u>	<u>\$ 14,498,529</u>	<u>\$ 167,134,832</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,589,307</u>	<u>\$ 561,170</u>	<u>\$ 2,150,477</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 152,026	\$ 0	\$ 152,026
Total Other Financing Sources (Uses)	<u>\$ 152,026</u>	<u>\$ 0</u>	<u>\$ 152,026</u>
Net Change in Fund Balances	\$ 1,741,333	\$ 561,170	\$ 2,302,503
Fund Balance, July 1, 2017	<u>38,754,383</u>	<u>717,697</u>	<u>39,472,080</u>
Fund Balance, June 30, 2018	<u>\$ 40,495,716</u>	<u>\$ 1,278,867</u>	<u>\$ 41,774,583</u>

Exhibit K-5

Sevier County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit K-4)		\$ 2,302,503
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 12,287,060	
Less: current-year depreciation expense	<u>(5,534,760)</u>	6,752,300
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: net book value of disposed assets		(136,439)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 6,456,212	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(6,659,157)</u>	(202,945)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in OPEB liability (net of restatement)	\$ 305,030	
Change in net pension asset - agent plan	2,837,063	
Change in net pension asset - teacher retirement plan	182,600	
Change in net pension asset/liability - teacher legacy plan	11,018,625	
Change in deferred outflows related to pensions	(8,112,254)	
Change in deferred inflows related to pensions	700,238	
Change in deferred outflows related to OPEB (net of restatement)	277,845	
Change in deferred inflows related to OPEB	<u>(1,379,967)</u>	<u>5,829,180</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 14,544,599</u>

Exhibit K-6

Sevier County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Sevier County School Department  
June 30, 2018

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 5,540	\$ 5,540
Equity in Pooled Cash and Investments	89,993	1,182,953	1,272,946
Accounts Receivable	321	60	381
Total Assets	<u>\$ 90,314</u>	<u>\$ 1,188,553</u>	<u>\$ 1,278,867</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	<u>\$ 90,314</u>	<u>\$ 1,188,553</u>	<u>\$ 1,278,867</u>
Total Fund Balances	<u>\$ 90,314</u>	<u>\$ 1,188,553</u>	<u>\$ 1,278,867</u>

Exhibit K-7

Sevier County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,362,533	\$ 1,362,533
Other Local Revenues	0	11,424	11,424
State of Tennessee	0	60,425	60,425
Federal Government	8,208,213	5,417,104	13,625,317
Total Revenues	\$ 8,208,213	\$ 6,851,486	\$ 15,059,699
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,470,260	\$ 0	\$ 7,470,260
Support Services	737,086	0	737,086
Operation of Non-Instructional Services	867	6,290,316	6,291,183
Total Expenditures	\$ 8,208,213	\$ 6,290,316	\$ 14,498,529
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 561,170	\$ 561,170
Net Change in Fund Balances	\$ 0	\$ 561,170	\$ 561,170
Fund Balance, July 1, 2017	90,314	627,383	717,697
Fund Balance, June 30, 2018	\$ 90,314	\$ 1,188,553	\$ 1,278,867

Exhibit K-8

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Sevier County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 97,889,188	\$ 0	\$ 0	\$ 97,889,188	\$ 95,080,507	\$ 97,211,704	\$ 677,484
Licenses and Permits	110,048	0	0	110,048	115,000	115,000	(4,952)
Charges for Current Services	211,991	0	0	211,991	198,130	201,430	10,561
Other Local Revenues	285,886	0	0	285,886	128,700	255,353	30,533
State of Tennessee	46,174,505	0	0	46,174,505	45,481,593	46,383,733	(209,228)
Federal Government	123,301	0	0	123,301	0	114,038	9,263
Other Governments and Citizens Groups	9,430,691	0	0	9,430,691	654,988	9,655,692	(225,001)
<b>Total Revenues</b>	<b>\$ 154,225,610</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 154,225,610</b>	<b>\$ 141,658,918</b>	<b>\$ 153,936,950</b>	<b>\$ 288,660</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 65,236,083	\$ (166,940)	\$ 353,557	\$ 65,422,700	\$ 67,803,340	\$ 67,623,202	\$ 2,200,502
Alternative Instruction Program	1,018,718	0	0	1,018,718	1,089,584	1,103,120	84,402
Special Education Program	10,325,155	0	0	10,325,155	10,507,387	10,550,105	224,950
Career and Technical Education Program	2,976,284	0	0	2,976,284	3,156,431	3,093,377	117,093
Student Body Education Program	4,834	0	0	4,834	5,000	19,597	14,763
<b>Support Services</b>							
Attendance	485,501	0	0	485,501	509,035	523,225	37,724
Health Services	1,669,729	(1,103)	3,766	1,672,392	1,942,050	1,830,720	158,328
Other Student Support	3,352,228	(50,450)	0	3,301,778	3,486,670	3,531,378	229,600
Regular Instruction Program	3,932,221	(1,136)	6,079	3,937,164	4,431,434	4,276,205	339,041
Alternative Instruction Program	33,842	0	0	33,842	34,841	34,842	1,000
Special Education Program	595,705	0	0	595,705	685,916	682,236	86,531
Career and Technical Education Program	181,418	0	0	181,418	187,388	186,801	5,383
Technology	3,852,293	(138,572)	429	3,714,150	3,955,415	3,966,871	252,721
Other Programs	390,604	0	0	390,604	0	390,604	0
Board of Education	5,014,199	(688)	0	5,013,511	5,473,117	5,508,092	494,581
Director of Schools	235,882	0	0	235,882	256,550	256,550	20,668
Office of the Principal	9,792,784	0	0	9,792,784	9,839,069	10,064,025	271,241

(Continued)



Exhibit K-8

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Sevier County School Department  
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 1,295,743	\$ (35,708)	\$ 12,302	\$ 1,272,337	\$ 1,559,250	\$ 1,524,450	\$ 252,113
Operation of Plant	8,716,864	0	85,154	8,802,018	9,078,376	9,078,376	276,358
Maintenance of Plant	3,428,118	(46,937)	35,962	3,417,143	3,661,658	3,816,158	399,015
Transportation	6,345,052	(471,331)	43,223	5,916,944	5,884,217	6,647,435	730,491
<u>Operation of Non-Instructional Services</u>							
Food Service	1,550,830	0	0	1,550,830	1,623,052	1,623,080	72,250
Community Services	270,826	0	115	270,941	0	274,683	3,742
Early Childhood Education	751,085	0	1,332	752,417	565,856	758,550	6,133
<u>Capital Outlay</u>							
Regular Capital Outlay	14,562,425	(8,012,822)	2,387,499	8,937,102	5,862,766	29,822,805	20,885,703
<u>Principal on Debt</u>							
Education	0	0	0	0	4,480,023	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	2,226,035	0	0
<u>Other Debt Service</u>							
Education	6,617,880	0	0	6,617,880	0	6,617,881	1
Total Expenditures	\$ 152,636,303	\$ (8,925,687)	\$ 2,929,418	\$ 146,640,034	\$ 148,304,460	\$ 173,804,368	\$ 27,164,334
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 1,589,307	\$ 8,925,687	\$ (2,929,418)	\$ 7,585,576	\$ (6,645,542)	\$ (19,867,418)	\$ 27,452,994
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 152,026	\$ 0	\$ 0	\$ 152,026	\$ 0	\$ 19,717	\$ 132,309
Total Other Financing Sources	\$ 152,026	\$ 0	\$ 0	\$ 152,026	\$ 0	\$ 19,717	\$ 132,309
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ 1,741,333	\$ 8,925,687	\$ (2,929,418)	\$ 7,737,602	\$ (6,645,542)	\$ (19,847,701)	\$ 27,585,303
	38,754,383	(8,925,687)	0	29,828,696	38,363,112	38,363,112	(8,534,416)
Fund Balance, June 30, 2018							
	\$ 40,495,716	\$ 0	\$ (2,929,418)	\$ 37,566,298	\$ 31,717,570	\$ 18,515,411	\$ 19,050,887

Exhibit K-9

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Sevier County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 8,208,213	\$ 7,048,721	\$ 9,180,163	\$ (971,950)
Total Revenues	\$ 8,208,213	\$ 7,048,721	\$ 9,180,163	\$ (971,950)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 4,076,077	\$ 3,323,771	\$ 4,499,826	\$ 423,749
Special Education Program	3,233,331	3,079,431	3,436,811	203,480
Career and Technical Education Program	160,852	139,500	160,852	0
<u>Support Services</u>				
Health Services	5,592	0	26,965	21,373
Other Student Support	237,511	250,617	449,170	211,659
Regular Instruction Program	318,013	244,820	422,699	104,686
Special Education Program	168,726	4,582	174,294	5,568
Career and Technical Education Program	3,410	6,000	3,410	0
Board of Education	814	0	816	2
Transportation	3,020	0	4,448	1,428
<u>Operation of Non-Instructional Services</u>				
Food Service	867	0	872	5
Total Expenditures	\$ 8,208,213	\$ 7,048,721	\$ 9,180,163	\$ 971,950
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2017	90,314	90,314	90,314	0
Fund Balance, June 30, 2018	\$ 90,314	\$ 90,314	\$ 90,314	\$ 0

Exhibit K-10

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Sevier County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,362,533	\$ 1,317,400	\$ 1,351,400	\$ 11,133
Other Local Revenues	11,424	4,000	9,620	1,804
State of Tennessee	60,425	61,745	60,426	(1)
Federal Government	5,417,104	5,424,177	5,648,205	(231,101)
Total Revenues	<u>\$ 6,851,486</u>	<u>\$ 6,807,322</u>	<u>\$ 7,069,651</u>	<u>\$ (218,165)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 6,290,316	\$ 6,807,322	\$ 6,660,418	\$ 370,102
Total Expenditures	<u>\$ 6,290,316</u>	<u>\$ 6,807,322</u>	<u>\$ 6,660,418</u>	<u>\$ 370,102</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 561,170</u>	<u>\$ 0</u>	<u>\$ 409,233</u>	<u>\$ 151,937</u>
Net Change in Fund Balance	\$ 561,170	\$ 0	\$ 409,233	\$ 151,937
Fund Balance, July 1, 2017	627,383	627,383	627,383	0
Fund Balance, June 30, 2018	<u>\$ 1,188,553</u>	<u>\$ 627,383</u>	<u>\$ 1,036,616</u>	<u>\$ 151,937</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

Sevier County, Tennessee  
Schedule of Changes in Long-term Other Loans and Bonds  
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Bonds Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Public Building Authority, Series VII-A-4 (Refunding)	\$ 6,900,000	(1) Variable	08-28-08	6-1-25	\$ 3,915,000	\$ 0	\$ 0	\$ 290,000	\$ 3,625,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000	(1) Variable	11-20-08	6-1-32	34,340,000	0	0	2,325,000	32,015,000
Public Building Authority, Series VII-B-1	21,450,000	Variable	11-20-08	6-1-32	21,350,000	0	0	0	21,350,000
Public Building Authority, Series V-F-1 (Refunding)	13,625,000	3.5 to 5	11-25-08	6-1-25	6,475,000	0	4,425,000	2,050,000	0
Energy Efficient Schools Initiative Loan, Series 2011	1,000,000	0	6-1-12	5-1-22	491,687	0	0	99,996	391,691
Total Payable through General Debt Service Fund					<u>\$ 66,571,687</u>	<u>0</u>	<u>4,425,000</u>	<u>4,764,996</u>	<u>\$ 57,381,691</u>
Total Other Loans Payable					<u>\$ 66,571,687</u>	<u>0</u>	<u>4,425,000</u>	<u>4,764,996</u>	<u>\$ 57,381,691</u>
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding Bonds, Series 2008	\$ 11,135,000	3 to 4.5 %	5-1-08	6-1-18	\$ 740,000	\$ 0	\$ 0	\$ 740,000	\$ 0
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-18	170,000	0	0	170,000	0
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	9,149,257	0	0	905,027	8,244,230
General Obligation Bonds, Series 2011	5,500,000	2.9	12-12-11	6-1-32	5,350,000	0	0	75,000	5,275,000
General Obligation Bonds, Series 2012	3,540,000	.4 to 2.4	11-5-12	4-1-32	3,125,000	0	0	100,000	3,025,000
General Obligation Refunding Bonds, Series 2012	6,410,000	.4 to 2	11-5-12	4-1-23	2,525,000	0	0	300,000	2,225,000
General Obligation Bonds, Series 2013	6,800,000	2.53	10-15-13	6-1-32	3,985,000	0	0	960,000	3,025,000
General Obligation Refunding Bonds, Series 2015	9,670,000	2 to 4	9-15-15	6-1-25	9,405,000	0	0	100,000	9,305,000
General Obligation Bonds, Series 2016	9,750,000	2 to 2.5	8-19-16	6-1-37	9,750,000	0	0	0	9,750,000
General Obligation Bonds, Series 2017	4,480,000	2.25 to 4	5-25-17	6-30-37	4,480,000	0	0	0	4,480,000
General Obligation Refunding Bonds, Series 2018A	4,135,000	5.0	6-29-18	6-30-24	0	4,135,000	0	0	4,135,000
General Obligation Bonds, Series 2018B	9,685,000	3 to 4	6-29-18	6-30-38	0	9,685,000	0	0	9,685,000
Total Payable through General Debt Service Fund					<u>\$ 48,679,257</u>	<u>\$ 13,820,000</u>	<u>\$ 0</u>	<u>\$ 3,350,027</u>	<u>\$ 59,149,230</u>
Total Bonds Payable					<u>\$ 48,679,257</u>	<u>13,820,000</u>	<u>0</u>	<u>3,350,027</u>	<u>\$ 59,149,230</u>

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

Exhibit L-2

Sevier County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 2,839,996	\$ 879,298	\$ 458,416	\$ 4,177,710
2020	4,819,996	836,552	437,108	6,093,656
2021	3,844,996	763,656	399,252	5,007,904
2022	4,036,703	704,824	370,762	5,112,289
2023	4,245,000	642,826	340,788	5,228,614
2024	5,160,000	576,142	308,490	6,044,632
2025	5,030,000	495,424	268,702	5,794,126
2026	3,315,000	416,556	230,202	3,961,758
2027	3,515,000	366,168	202,356	4,083,524
2028	3,705,000	312,740	172,830	4,190,570
2029	3,905,000	256,424	141,708	4,303,132
2030	4,105,000	197,068	108,906	4,410,974
2031	4,305,000	134,672	74,424	4,514,096
2032	4,555,000	69,236	38,262	4,662,498
Total	<u>\$ 57,381,691</u>	<u>\$ 6,651,586</u>	<u>\$ 3,552,206</u>	<u>\$ 67,585,483</u>

(Continued)

Exhibit L-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 5,335,027	\$ 2,109,642	\$ 7,444,669
2020	3,530,027	2,031,298	5,561,325
2021	4,565,027	1,940,923	6,505,950
2022	5,115,027	1,830,748	6,945,775
2023	5,135,027	1,713,548	6,848,575
2024	4,725,027	1,593,485	6,318,512
2025	4,590,027	1,480,872	6,070,899
2026	3,015,027	1,386,267	4,401,294
2027	3,134,014	1,332,241	4,466,255
2028	2,180,000	578,364	2,758,364
2029	2,225,000	515,388	2,740,388
2030	2,280,000	455,612	2,735,612
2031	2,345,000	391,850	2,736,850
2032	2,380,000	324,387	2,704,387
2033	1,485,000	256,412	1,741,412
2034	1,525,000	214,363	1,739,363
2035	1,575,000	170,050	1,745,050
2036	1,620,000	124,250	1,744,250
2037	1,665,000	76,362	1,741,362
2038	725,000	25,375	750,375
Total	\$ 59,149,230	\$ 18,551,437	\$ 77,700,667

Exhibit L-3

Sevier County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Other Special Revenue	Operations of Drug Court	<u>\$ 50,000</u>
Total Transfers			<u><u>\$ 50,000</u></u>



Exhibit L-4

Sevier County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 143,901 (1)	\$ 100,000	Cincinnati Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	113,721 (2)	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	154,954 (3, 4)	100,000	"
Trustee:	Section 8-24-102, <i>TCA</i>	99,781 (2, 5)	5,410,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	99,481 (5, 6)	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	99,781 (2, 5)	100,000	"
Circuit Court Clerk	Section 8-24-102, <i>TCA</i>	99,781 (2, 5, 7)	100,000	"
General Sessions and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	99,781 (2, 5)	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	98,781 (5, 8)	100,000	"
Register of Deeds:	Section 8-24-102, <i>TCA</i>	99,781 (2, 5)	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	111,683 (9)	100,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty			400,000	Local Government Insurance Pool

- (1) Includes longevity pay of \$3,250.
- (2) Includes salary supplement for County Officials Certificate Training Program (COCTP) certification of \$1,000.
- (3) Includes a chief executive officer training supplement of \$1,000.
- (4) Includes longevity pay of \$2,000.
- (5) Includes supplemental pay of \$1,040.
- (6) Includes salary supplement for County Officials Certificate Training Program (COCTP) certification of \$700.
- (7) Does not include special commissioner fees of \$3,020.
- (8) Does not include special commissioner fees of \$1,413.
- (9) Includes a law enforcement training supplement of \$600, salary supplement of \$2,250, and a workhouse supplement of \$1,318.

Exhibit L-5

Sevier County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 19,271,265	\$ 0	\$ 0	\$ 0	\$ 1,070,681
Trustee's Collections - Prior Year	438,980	0	0	0	24,369
Circuit Clerk/Clerk and Master Collections - Prior Years	270,813	0	0	0	15,185
Interest and Penalty	97,698	0	0	0	5,424
Payments in-Lieu-of Taxes - T.V.A.	2,602	0	0	0	145
Payments in-Lieu-of Taxes - Local Utilities	313,340	0	0	0	17,408
Payments in-Lieu-of Taxes - Other	126,492	0	0	0	7,027
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,923,919	0	0	2,608,000	0
Hotel/Motel Tax	3,386,217	0	0	0	0
Litigation Tax - General	363,201	0	0	0	0
Litigation Tax - Special Purpose	0	0	10,597	0	0
Business Tax	2,827,193	0	0	0	0
Mixed Drink Tax	664	0	0	0	0
Other County Local Option Taxes	0	7,324	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	106,344	0	0	0	5,908
Wholesale Beer Tax	433,585	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 30,562,313</b>	<b>\$ 7,324</b>	<b>\$ 10,597</b>	<b>\$ 2,608,000</b>	<b>\$ 1,146,147</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 490,639	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>					
Beer Permits	7,552	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	\$ 94,125	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	397,789	0	0	0	0
Total Licenses and Permits	<u>\$ 990,105</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 11,440	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	19,100	0	0	0	0
Drug Control Fines	10,780	0	0	0	0
Drug Court Fees	0	0	0	0	0
Jail Fees	16,031	0	0	0	0
DUI Treatment Fines	7,120	0	0	0	0
Data Entry Fee - Circuit Court	8,166	0	0	0	0
Courtroom Security Fee	437	0	0	0	0
Victims Assistance Assessments	14,967	0	0	0	0
<u>General Sessions Court</u>					
Fines	29,102	0	0	0	0
Fines for Littering	456	0	0	0	0
Officers Costs	40,946	0	0	0	0
Game and Fish Fines	195	0	0	0	0
Drug Control Fines	16,614	0	0	0	0
Drug Court Fees	0	0	0	0	0
Jail Fees	76,424	0	0	0	0
DUI Treatment Fines	15,107	0	0	0	0
Data Entry Fee - General Sessions Court	29,016	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 16,767	\$ 0	\$ 0	\$ 0	0
Victims Assistance Assessments	40,547	0	0	0	0
<u>Juvenile Court</u>					
Fines	2,578	0	0	0	0
Officers Costs	1,191	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,628	0	0	0	0
Data Entry Fee - Chancery Court	10,501	0	0	0	0
Courtroom Security Fee	25	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	100	0	0	0	0
Drug Court Fees	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	11,606	0	0	0	0
Total Fines, Forfeitures, and Penalties	<u>\$ 381,844</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 3,613,515	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	20,067	0	0	0	0
Health Department Collections	202,210	0	0	0	0
Other General Service Charges	3,624	0	0	22,750	0
<u>Fees</u>					
Copy Fees	20,198	0	0	0	0
Library Fees	27,471	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 4,923	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	597	0	0	0	0
Tourism Fees	69,522	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	96,562	0	0	0	0
Data Processing Fee - Sheriff	6,495	0	0	0	0
Sexual Offender Registration Fee - Sheriff	7,300	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	25	0	0	0	0
<u>Education Charges</u>					
TBI Criminal Background Fee	14,070	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 4,086,579</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 22,750</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	55,001	0	0	0	0
Sale of Maps	10,945	0	0	0	0
Sale of Recycled Materials	5,213	0	0	86,765	0
E-Rate Funding	14,935	0	0	0	0
Miscellaneous Refunds	1,895	0	0	0	21,686
<u>Nonrecurring Items</u>					
Sale of Equipment	176,359	0	0	0	12,000
Damages Recovered from Individuals	789	0	0	0	0
Contributions and Gifts	25,926	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 28,334	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 319,397	\$ 0	\$ 0	\$ 86,765	\$ 33,686
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 308,485	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	1,002,674	0	0	0	0
Circuit Court Clerk	543,144	0	0	0	0
General Sessions Court Clerk	582,216	0	0	0	0
Clerk and Master	261,361	0	0	0	0
Juvenile Court Clerk	24,196	0	0	0	0
Register	1,138,995	0	0	0	0
Sheriff	85,498	0	0	0	0
Trustee	3,143,307	0	0	0	0
Total Fees Received From County Officials	\$ 7,089,876	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	17,418	0	0	0	0
Solid Waste Grants	0	0	0	55,884	0
Other General Government Grants	12,048	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	60,600	0	0	0	0
Other Public Safety Grants	19,572	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>State of Tennessee (Cont.)</u>					
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	\$ 567,045	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	68,096	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	331,677	0	0	0	0
Beer Tax	17,839	0	0	0	0
Vehicle Certificate of Title Fees	84,413	0	0	0	0
Alcoholic Beverage Tax	157,859	0	0	0	0
State Revenue Sharing - T.V.A.	599,787	0	0	0	0
State Revenue Sharing - Telecommunications	131,495	0	0	0	0
Contracted Prisoner Boarding	1,439,069	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	14,000	0	0	0	0
Other State Revenues	33,054	0	0	0	0
Total State of Tennessee	\$ 3,573,636	\$ 0	\$ 0	\$ 55,884	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	16,398	0	0	0	0
Medicaid	166,181	0	0	0	0
Other Federal through State	1,205,696	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Public Safety Partnership and Community Policing - COPS	\$ 195,744	\$ 0	\$ 0	\$ 0	\$ 0
Tax Credit Bond Rebate	655,691	0	0	0	0
Other Direct Federal Revenue	21,524	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 2,261,234</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 46,868	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0
Contributions	639,065	0	0	0	13,402
Contracted Services	3,777	0	0	0	0
<u>Other</u>					
Other	211,257	0	0	0	0
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 900,967</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 13,402</b>
<b>Total</b>	<b>\$ 50,165,951</b>	<b>\$ 7,324</b>	<b>\$ 10,597</b>	<b>\$ 2,773,399</b>	<b>\$ 1,193,235</b>

(Continued)



Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 6,602,263	\$ 5,710,096
Trustee's Collections - Prior Year	0	0	0	150,485	130,089
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	0	96,177	80,990
Interest and Penalty	0	0	0	33,513	28,962
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	891	771
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	107,348	92,842
Payments in-Lieu-of Taxes - Other	0	0	0	43,335	37,479
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0
Business Tax	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0
Other County Local Option Taxes	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	36,433	31,510
Wholesale Beer Tax	0	0	0	0	0
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 7,070,445	\$ 6,112,739
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	0	0	0	0	0
Drug Control Fines	13,277	0	0	0	0
Drug Court Fees	0	5,874	0	0	0
Jail Fees	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0
Victims Assistance Assessments	0	0	0	0	0
<u>General Sessions Court</u>					
Fines	0	0	0	0	0
Fines for Littering	0	0	0	0	0
Officers Costs	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	0	10,903	0	0	0
Jail Fees	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	0
Victims Assistance Assessments	0	0	0	0	0
<u>Juvenile Court</u>					
Fines	0	0	0	0	0
Officers Costs	0	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	0	0	0	0	0
Drug Court Fees	0	64,218	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	56,944	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 70,221	\$ 80,995	\$ 0	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	0	0	0	0	0
Health Department Collections	0	0	0	0	0
Other General Service Charges	0	0	0	0	0
<u>Fees</u>					
Copy Fees	0	0	0	0	0
Library Fees	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	0	0	0	0	0
Tourism Fees	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	1,038	0	0
Special Commissioner Fees/Special Master Fees	0	0	4,433	0	0
Data Processing Fee - Register	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	0
<u>Education Charges</u>					
TBI Criminal Background Fee	0	0	0	0	0
Total Charges for Current Services	\$ 0	\$ 0	\$ 5,471	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,610,293
Lease/Rentals	0	0	0	0	0
Sale of Maps	0	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0
E-Rate Funding	0	0	0	0	0
Miscellaneous Refunds	0	0	0	37	0
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	76,196	0
Damages Recovered from Individuals	0	0	0	6,849	0
Contributions and Gifts	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 83,082	\$ 1,610,293
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	0	0	0	0	0
Circuit Court Clerk	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0
Clerk and Master	0	0	0	0	0
Juvenile Court Clerk	0	0	0	0	0
Register	0	0	0	0	0
Sheriff	0	0	0	0	0
Trustee	0	0	0	0	0
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	0	0	0	0	0
Solid Waste Grants	0	0	0	0	0
Other General Government Grants	0	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	0
Other Public Safety Grants	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>					
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	912,300	0
Litter Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	0
Beer Tax	0	0	0	0	0
Vehicle Certificate of Title Fees	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0
State Revenue Sharing - Telecommunications	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,984,740	0
Petroleum Special Tax	0	0	0	64,859	0
Registrar's Salary Supplement	0	0	0	0	0
Other State Grants	0	70,000	0	0	0
Other State Revenues	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 70,000	\$ 0	\$ 3,961,899	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	0	0	0	0	0
Medicaid	0	0	0	0	0
Other Federal through State	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Public Safety Partnership and Community Policing - COPS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tax Credit Bond Rebate	0	0	0	0	0
Other Direct Federal Revenue	0	101,022	0	0	0
Total Federal Government	<u>\$ 0</u>	<u>\$ 101,022</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	240,088	0
Contributions	0	0	0	0	6,617,880
Contracted Services	0	0	0	0	0
<u>Other</u>					
Other	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 240,088</u>	<u>\$ 6,617,880</u>
Total	<u>\$ 70,221</u>	<u>\$ 252,017</u>	<u>\$ 5,471</u>	<u>\$ 11,355,514</u>	<u>\$ 14,340,912</u>

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 32,654,305
Trustee's Collections - Prior Year	0	743,923
Circuit Clerk/Clerk and Master Collections - Prior Years	0	463,165
Interest and Penalty	0	165,597
Payments in-Lieu-of Taxes - T.V.A.	0	4,409
Payments in-Lieu-of Taxes - Local Utilities	0	530,938
Payments in-Lieu-of Taxes - Other	0	214,333
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	5,531,919
Hotel/Motel Tax	0	3,386,217
Litigation Tax - General	0	363,201
Litigation Tax - Special Purpose	0	10,597
Business Tax	0	2,827,193
Mixed Drink Tax	0	664
Other County Local Option Taxes	0	7,324
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	180,195
Wholesale Beer Tax	0	433,585
Total Local Taxes	<u>\$ 0</u>	<u>\$ 47,517,565</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 490,639
<u>Permits</u>		
Beer Permits	0	7,552

(Continued)



Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits (Cont.)</u>		
Building Permits	\$ 0	\$ 94,125
Other Permits	0	397,789
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 990,105</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 11,440
Officers Costs	0	19,100
Drug Control Fines	0	24,057
Drug Court Fees	0	5,874
Jail Fees	0	16,031
DUI Treatment Fines	0	7,120
Data Entry Fee - Circuit Court	0	8,166
Courtroom Security Fee	0	437
Victims Assistance Assessments	0	14,967
<u>General Sessions Court</u>		
Fines	0	29,102
Fines for Littering	0	456
Officers Costs	0	40,946
Game and Fish Fines	0	195
Drug Control Fines	0	16,614
Drug Court Fees	0	10,903
Jail Fees	0	76,424
DUI Treatment Fines	0	15,107
Data Entry Fee - General Sessions Court	0	29,016

(Continued)

Exhibit L-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>General Sessions Court (Cont.)</u>		
Courtroom Security Fee	\$ 0	\$ 16,767
Victims Assistance Assessments	0	40,547
<u>Juvenile Court</u>		
Fines	0	2,578
Officers Costs	0	1,191
<u>Chancery Court</u>		
Officers Costs	0	2,628
Data Entry Fee - Chancery Court	0	10,501
Courtroom Security Fee	0	25
<u>Other Courts - In-county</u>		
Fines	0	100
Drug Court Fees	0	64,218
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	68,550
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 533,060</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 3,613,515
Work Release Charges for Board	0	20,067
Health Department Collections	0	202,210
Other General Service Charges	0	26,374
<u>Fees</u>		
Copy Fees	0	20,198
Library Fees	0	27,471

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Telephone Commissions	\$ 0	\$ 4,923
Vending Machine Collections	0	597
Tourism Fees	0	69,522
Constitutional Officers' Fees and Commissions	0	1,038
Special Commissioner Fees/Special Master Fees	0	4,433
Data Processing Fee - Register	0	96,562
Data Processing Fee - Sheriff	0	6,495
Sexual Offender Registration Fee - Sheriff	0	7,300
Vehicle Insurance Coverage and Reinstatement Fees	0	25
<u>Education Charges</u>		
TBI Criminal Background Fee	0	14,070
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 4,114,800</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 1,610,293
Lease/Rentals	0	55,001
Sale of Maps	0	10,945
Sale of Recycled Materials	0	91,978
E-Rate Funding	0	14,935
Miscellaneous Refunds	0	23,618
<u>Nonrecurring Items</u>		
Sale of Equipment	0	264,555
Damages Recovered from Individuals	0	7,638
Contributions and Gifts	0	25,926

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Other Local Revenues (Cont.)</u>		
<u>Other Local Revenues</u>		
Other Local Revenues	\$ 0	\$ 28,334
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 2,133,223</u>
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
County Clerk	\$ 0	\$ 308,485
<u>Fees In-Lieu-of Salary</u>		
County Clerk	0	1,002,674
Circuit Court Clerk	0	543,144
General Sessions Court Clerk	0	582,216
Clerk and Master	0	261,361
Juvenile Court Clerk	0	24,196
Register	0	1,138,995
Sheriff	0	85,498
Trustee	0	3,143,307
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 7,089,876</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 4,500
Aging Programs	0	17,418
Solid Waste Grants	0	55,884
Other General Government Grants	0	12,048
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	60,600
Other Public Safety Grants	0	19,572

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	\$ 0	\$ 567,045
<u>Public Works Grants</u>		
State Aid Program	0	912,300
Litter Program	0	68,096
<u>Other State Revenues</u>		
Income Tax	0	331,677
Beer Tax	0	17,839
Vehicle Certificate of Title Fees	0	84,413
Alcoholic Beverage Tax	0	157,859
State Revenue Sharing - T.V.A.	0	599,787
State Revenue Sharing - Telecommunications	0	131,495
Contracted Prisoner Boarding	0	1,439,069
Gasoline and Motor Fuel Tax	0	2,984,740
Petroleum Special Tax	0	64,859
Registrar's Salary Supplement	0	15,164
Other State Grants	359,725	443,725
Other State Revenues	0	33,054
Total State of Tennessee	<u>\$ 359,725</u>	<u>\$ 8,021,144</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 488,794	\$ 488,794
Homeland Security Grants	0	16,398
Medicaid	0	166,181
Other Federal through State	0	1,205,696

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Federal Government (Cont.)</u>		
<u>Direct Federal Revenue</u>		
Public Safety Partnership and Community Policing - COPS	\$ 0	\$ 195,744
Tax Credit Bond Rebate	0	655,691
Other Direct Federal Revenue	0	122,546
Total Federal Government	<u>\$ 488,794</u>	<u>\$ 2,851,050</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 46,868
Paving and Maintenance	0	240,088
Contributions	0	7,270,347
Contracted Services	0	3,777
<u>Other</u>		
Other	0	211,257
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 7,772,337</u>
Total	<u>\$ 848,519</u>	<u>\$ 81,023,160</u>

Exhibit L-6

Sevier County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 33,725,166	\$ 0	\$ 0		\$ 33,725,166
Trustee's Collections - Prior Year	768,518	0	0		768,518
Circuit Clerk/Clerk and Master Collections - Prior Years	488,475	0	0		488,475
Interest and Penalty	171,090	0	0		171,090
Payments in-Lieu-of Taxes - T.V.A.	4,554	0	0		4,554
Payments in-Lieu-of Taxes - Local Utilities	548,347	0	0		548,347
Payments in-Lieu-of Taxes - Other	224,044	0	0		224,044
<u>County Local Option Taxes</u>					
Local Option Sales Tax	57,713,688	0	0		57,713,688
Hotel/Motel Tax	3,386,218	0	0		3,386,218
Mixed Drink Tax	672,986	0	0		672,986
<u>Statutory Local Taxes</u>					
Bank Excise Tax	186,102	0	0		186,102
Total Local Taxes	<u>\$ 97,889,188</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 97,889,188</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 110,048	\$ 0	\$ 0		\$ 110,048
Total Licenses and Permits	<u>\$ 110,048</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 110,048</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 953,423		\$ 953,423
Lunch Payments - Adults	0	0	124,123		124,123

(Continued)

Exhibit L-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 156,268	\$	156,268
A la Carte Sales	0	0	128,719		128,719
Receipts from Individual Schools	211,991	0	0		211,991
<b>Total Charges for Current Services</b>	<b>\$ 211,991</b>	<b>\$ 0</b>	<b>\$ 1,362,533</b>	<b>\$</b>	<b>1,574,524</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 10,804	\$	10,804
Lease/Rentals	19,290	0	0		19,290
Sale of Materials and Supplies	6,378	0	0		6,378
E-Rate Funding	19,729	0	0		19,729
Miscellaneous Refunds	30,608	0	620		31,228
<u>Nonrecurring Items</u>					
Sale of Equipment	33,535	0	0		33,535
Sale of Property	49,873	0	0		49,873
Damages Recovered from Individuals	11,538	0	0		11,538
Contributions and Gifts	103,288	0	0		103,288
<u>Other Local Revenues</u>					
Other Local Revenues	11,647	0	0		11,647
<b>Total Other Local Revenues</b>	<b>\$ 285,886</b>	<b>\$ 0</b>	<b>\$ 11,424</b>	<b>\$</b>	<b>297,310</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 390,604	\$ 0	\$ 0	\$	390,604

(Continued)



Exhibit L-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 43,680,763	\$ 0	\$ 0	\$ 43,680,763	
Early Childhood Education	579,228	0	0	579,228	
School Food Service	0	0	60,425	60,425	
Energy Efficient School Initiative	78,958	0	0	78,958	
Driver Education	42,773	0	0	42,773	
Other State Education Funds	356,734	0	0	356,734	
Career Ladder Program	366,476	0	0	366,476	
Vocational Equipment	24,971	0	0	24,971	
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	649,770	0	0	649,770	
Other State Grants	1,665	0	0	1,665	
Other State Revenues	2,563	0	0	2,563	
Total State of Tennessee	<u>\$ 46,174,505</u>	<u>\$ 0</u>	<u>\$ 60,425</u>	<u>\$ 46,234,930</u>	
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,602,375	\$ 3,602,375	
USDA - Commodities	0	0	375,446	375,446	
Breakfast	0	0	1,341,189	1,341,189	
USDA - Other	0	0	68,094	68,094	
USDA Food Service Equipment Grant	0	0	30,000	30,000	
Vocational Education - Basic Grants to States	0	205,047	0	205,047	
Title I Grants to Local Education Agencies	0	3,870,912	0	3,870,912	
Special Education - Grants to States	31,650	3,318,425	0	3,350,075	

(Continued)

Exhibit L-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Special Education Preschool Grants	\$ 7,387	\$ 83,631	\$ 0	\$ 91,018
English Language Acquisition Grants	0	100,840	0	100,840
Rural Education	0	18,927	0	18,927
Eisenhower Professional Development State Grants	0	426,320	0	426,320
Other Federal through State	84,264	184,111	0	268,375
Total Federal Government	<u>\$ 123,301</u>	<u>\$ 8,208,213</u>	<u>\$ 5,417,104</u>	<u>\$ 13,748,618</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 9,430,691	\$ 0	\$ 0	\$ 9,430,691
Total Other Governments and Citizens Groups	<u>\$ 9,430,691</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,430,691</u>
Total	<u>\$ 154,225,610</u>	<u>\$ 8,208,213</u>	<u>\$ 6,851,486</u>	<u>\$ 169,285,309</u>

Exhibit L-7

Sevier County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	141,360	
Social Security		6,510	
Pensions		6,028	
Employee and Dependent Insurance		240,270	
Employer Medicare		1,522	
Advertising		574	
Audit Services		45,379	
Dues and Memberships		13,127	
Legal Services		5,218	
Travel		11,676	
Other Contracted Services		4,130	
Office Supplies		5,151	
Total County Commission			\$ 480,945

Beer Board

Board and Committee Members Fees	\$	1,600	
Social Security		70	
Pensions		63	
Employee and Dependent Insurance		1,682	
Employer Medicare		16	
Advertising		384	
Legal Services		1,150	
Total Beer Board			4,965

Other Boards and Committees

County Official/Administrative Officer	\$	32,190	
Assistant(s)		91,687	
Dispatchers/Radio Operators		388,985	
Longevity Pay		7,000	
Other Salaries and Wages		14,318	
Social Security		31,553	
Pensions		34,236	
Employee and Dependent Insurance		100,655	
Employer Medicare		7,379	
Communication		750	
Data Processing Services		699	
Travel		689	
Gasoline		363	
Office Supplies		3,197	
Other Supplies and Materials		9,816	
Total Other Boards and Committees			723,517

County Mayor/Executive

County Official/Administrative Officer	\$	140,651	
Assistant(s)		71,570	
Accountants/Bookkeepers		191,439	
Secretary(ies)		28,044	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Clerical Personnel	\$	44,265	
Longevity Pay		9,750	
Other Salaries and Wages		128,504	
Social Security		35,101	
Pensions		40,749	
Employee and Dependent Insurance		99,580	
Employer Medicare		8,389	
Advertising		187	
Communication		3,683	
Dues and Memberships		6,786	
Legal Services		51	
Maintenance and Repair Services - Office Equipment		5,704	
Postal Charges		4,474	
Travel		12,098	
Gasoline		2,202	
Office Supplies		13,344	
Total County Mayor/Executive	\$		846,571

Election Commission

County Official/Administrative Officer	\$	78,021	
Deputy(ies)		152,994	
Clerical Personnel		28,225	
Longevity Pay		4,500	
Election Commission		24,925	
Election Workers		46,310	
Social Security		17,396	
Pensions		18,462	
Employee and Dependent Insurance		35,760	
Unemployment Compensation		88	
Employer Medicare		4,068	
Advertising		14,410	
Communication		10,505	
Dues and Memberships		4,975	
Maintenance and Repair Services - Office Equipment		158	
Postal Charges		8,116	
Travel		8,052	
Other Contracted Services		43,320	
Electricity		5,425	
Natural Gas		2,021	
Office Supplies		32,658	
Water and Sewer		782	
Liability Insurance		10,415	
Other Equipment		544,362	
Total Election Commission			1,095,948

Register of Deeds

County Official/Administrative Officer	\$	97,741	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Deputy(ies)	\$	50,470	
Accountants/Bookkeepers		18,506	
Clerical Personnel		231,899	
Longevity Pay		11,040	
Social Security		23,583	
Pensions		28,676	
Employee and Dependent Insurance		89,760	
Employer Medicare		5,515	
Communication		664	
Dues and Memberships		1,047	
Maintenance and Repair Services - Office Equipment		3,685	
Postal Charges		1,387	
Travel		4,410	
Other Contracted Services		12,052	
Office Supplies		14,137	
Other Supplies and Materials		6,000	
Total Register of Deeds			\$ 600,572

Planning

County Official/Administrative Officer	\$	60,236	
Assistant(s)		31,267	
Supervisor/Director		39,011	
Longevity Pay		3,250	
Other Salaries and Wages		57,043	
Board and Committee Members Fees		15,525	
Social Security		10,864	
Pensions		13,593	
Employee and Dependent Insurance		64,033	
Employer Medicare		2,541	
Advertising		882	
Communication		2,936	
Dues and Memberships		357	
Postal Charges		140	
Travel		628	
Electricity		3,868	
Office Supplies		12,056	
Water and Sewer		306	
Total Planning			318,536

Building

County Official/Administrative Officer	\$	51,055	
Assistant(s)		35,247	
Secretary(ies)		30,711	
Longevity Pay		1,250	
Social Security		6,647	
Pensions		8,278	
Employee and Dependent Insurance		30,900	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Employer Medicare	\$	1,555	
Communication		2,409	
Dues and Memberships		1,361	
Postal Charges		564	
Other Contracted Services		667	
Electricity		2,449	
Gasoline		5,484	
Office Supplies		4,364	
Water and Sewer		194	
Other Supplies and Materials		4,595	
Refunds		1,069	
Total Building			\$ 188,799

Geographical Information Systems

Supervisor/Director	\$	45,472	
Longevity Pay		1,450	
Other Salaries and Wages		31,199	
Social Security		4,172	
Pensions		5,469	
Employee and Dependent Insurance		24,240	
Employer Medicare		976	
Communication		1,392	
Maintenance and Repair Services - Office Equipment		4,733	
Postal Charges		100	
Travel		7,802	
Electricity		2,449	
Office Supplies		6,112	
Water and Sewer		194	
Total Geographical Information Systems			135,760

County Buildings

County Official/Administrative Officer	\$	52,980	
Supervisor/Director		40,184	
Custodial Personnel		346,938	
Longevity Pay		9,000	
Social Security		25,581	
Pensions		29,666	
Employee and Dependent Insurance		115,065	
Employer Medicare		5,983	
Communication		95,538	
Maintenance and Repair Services - Buildings		315,147	
Maintenance and Repair Services - Vehicles		240	
Pest Control		3,700	
Travel		1,742	
Electricity		179,839	
Gasoline		6,100	
Natural Gas		41,689	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	808	
Uniforms		4,436	
Water and Sewer		10,750	
Other Supplies and Materials		22,141	
Total County Buildings			\$ 1,307,527

Other Facilities

Communication	\$	2,015	
Other Contracted Services		1,500	
Electricity		196,587	
Natural Gas		91,184	
Water and Sewer		5,434	
Other Supplies and Materials		1,500	
Total Other Facilities			298,220

Other General Administration

Mechanic(s)	\$	200,409	
Longevity Pay		6,500	
Social Security		11,498	
Pensions		13,389	
Employee and Dependent Insurance		61,080	
Employer Medicare		2,689	
Communication		6,401	
Maintenance and Repair Services - Vehicles		104,577	
Electricity		5,368	
Gasoline		2,070	
Lubricants		14,858	
Natural Gas		2,675	
Tires and Tubes		48,552	
Water and Sewer		215	
Other Supplies and Materials		6,947	
Total Other General Administration			487,228

Preservation of Records

County Official/Administrative Officer	\$	46,506	
Assistant(s)		54,225	
Longevity Pay		2,750	
Social Security		5,719	
Pensions		6,658	
Employee and Dependent Insurance		27,992	
Employer Medicare		1,337	
Communication		1,440	
Maintenance and Repair Services - Office Equipment		279	
Other Contracted Services		31,108	
Electricity		4,605	
Office Supplies		1,549	
Other Supplies and Materials		2,343	
Total Preservation of Records			186,511

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	97,741	
Deputy(ies)		124,641	
Clerical Personnel		172,938	
Longevity Pay		14,240	
Other Salaries and Wages		282,241	
Board and Committee Members Fees		5,010	
Social Security		40,681	
Pensions		46,514	
Employee and Dependent Insurance		141,772	
Unemployment Compensation		1,400	
Employer Medicare		9,514	
Advertising		216	
Audit Services		63,693	
Communication		4,989	
Dues and Memberships		2,565	
Legal Services		1,320	
Maintenance and Repair Services - Office Equipment		8,325	
Maintenance and Repair Services - Vehicles		261	
Postal Charges		14,654	
Travel		2,087	
Other Contracted Services		69,081	
Electricity		2,321	
Gasoline		10,710	
Office Supplies		18,577	
Water and Sewer		183	
Total Property Assessor's Office			\$ 1,135,674

County Trustee's Office

County Official/Administrative Officer	\$	97,741	
Deputy(ies)		39,341	
Accountants/Bookkeepers		45,819	
Clerical Personnel		207,119	
Longevity Pay		8,040	
Social Security		23,040	
Pensions		27,431	
Employee and Dependent Insurance		75,240	
Employer Medicare		5,389	
Advertising		65	
Audit Services		8,186	
Communication		3,386	
Dues and Memberships		1,247	
Legal Services		75	
Maintenance and Repair Services - Office Equipment		2,320	
Postal Charges		51,150	
Travel		4,545	
Other Contracted Services		16,610	
Office Supplies		25,483	
Total County Trustee's Office			642,227

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	97,741	
Deputy(ies)		46,216	
Accountants/Bookkeepers		39,878	
Clerical Personnel		540,291	
Longevity Pay		17,040	
Social Security		40,688	
Pensions		51,598	
Employee and Dependent Insurance		194,970	
Employer Medicare		9,516	
Communication		8,623	
Dues and Memberships		1,937	
Maintenance and Repair Services - Office Equipment		1,411	
Postal Charges		26,806	
Travel		3,178	
Other Contracted Services		813	
Data Processing Supplies		25,264	
Office Supplies		32,124	
Total County Clerk's Office			\$ 1,138,094

Data Processing

County Official/Administrative Officer	\$	58,276	
Assistant(s)		82,344	
Longevity Pay		2,500	
Social Security		8,007	
Pensions		10,018	
Employee and Dependent Insurance		35,040	
Employer Medicare		1,873	
Communication		4,046	
Postal Charges		17	
Travel		618	
Data Processing Supplies		38,270	
Gasoline		656	
Total Data Processing			241,665

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	97,741	
Deputy(ies)		38,255	
Accountants/Bookkeepers		34,714	
Clerical Personnel		465,065	
Longevity Pay		10,040	
Other Salaries and Wages		1,586	
Jury and Witness Expense		39,503	
Social Security		37,686	
Pensions		42,247	
Employee and Dependent Insurance		135,295	
Employer Medicare		8,814	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$	2,187	
Contracts with Other Public Agencies		683	
Dues and Memberships		1,207	
Legal Services		500	
Maintenance and Repair Services - Office Equipment		8,545	
Postal Charges		8,654	
Travel		1,845	
Other Contracted Services		18,448	
Office Supplies		27,774	
Total Circuit Court			\$ 980,789

General Sessions Court

County Official/Administrative Officer	\$	97,741	
Deputy(ies)		51,479	
Accountants/Bookkeepers		34,659	
Clerical Personnel		300,031	
Longevity Pay		12,040	
Other Salaries and Wages		53,787	
Social Security		31,837	
Pensions		38,482	
Employee and Dependent Insurance		105,420	
Employer Medicare		7,446	
Communication		2,808	
Contracts with Other Public Agencies		11,173	
Dues and Memberships		837	
Maintenance and Repair Services - Office Equipment		994	
Postal Charges		3,760	
Travel		786	
Other Contracted Services		17,197	
Office Supplies		25,842	
Total General Sessions Court			796,319

General Sessions Judge

Judge(s)	\$	334,584	
Secretary(ies)		36,404	
Longevity Pay		2,250	
Other Salaries and Wages		45,838	
Social Security		20,679	
Pensions		28,116	
Employee and Dependent Insurance		39,960	
Employer Medicare		5,934	
Communication		2,074	
Dues and Memberships		4,874	
Postal Charges		11	
Travel		7,714	
Other Contracted Services		5,797	
Library Books/Media		110	
Office Supplies		6,010	
Total General Sessions Judge			540,355

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	97,741	
Deputy(ies)		34,041	
Clerical Personnel		149,928	
Longevity Pay		7,790	
Other Salaries and Wages		21,615	
Social Security		18,853	
Pensions		21,778	
Employee and Dependent Insurance		46,500	
Employer Medicare		4,409	
Communication		1,593	
Dues and Memberships		662	
Legal Services		750	
Maintenance and Repair Services - Office Equipment		10,167	
Postal Charges		3,906	
Office Supplies		10,058	
Refunds		1,163	
Total Chancery Court			\$ 430,954

Juvenile Court

Deputy(ies)	\$	35,937	
Clerical Personnel		61,103	
Longevity Pay		1,250	
Social Security		5,853	
Pensions		5,928	
Employee and Dependent Insurance		12,340	
Employer Medicare		1,369	
Postal Charges		2,330	
Travel		200	
Other Contracted Services		2,909	
Office Supplies		6,428	
Total Juvenile Court			135,647

District Attorney General

Assistant(s)	\$	53,595	
Supervisor/Director		54,597	
Social Security		6,208	
Pensions		6,586	
Employee and Dependent Insurance		23,580	
Employer Medicare		1,452	
Dues and Memberships		1,309	
Travel		1,174	
Office Supplies		1,002	
Total District Attorney General			149,503

Judicial Commissioners

County Official/Administrative Officer	\$	141,532	
Supervisor/Director		49,048	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Longevity Pay	\$	1,750	
Social Security		11,390	
Pensions		9,700	
Employee and Dependent Insurance		48,530	
Employer Medicare		2,664	
Communication		569	
Dues and Memberships		675	
Office Supplies		8,816	
In Service/Staff Development		1,400	
Total Judicial Commissioners			\$ 276,074

Victim Assistance Programs

Clerical Personnel	\$	38,640	
Social Security		2,048	
Pensions		2,705	
Employee and Dependent Insurance		17,935	
Employer Medicare		479	
Communication		1,629	
Printing, Stationery, and Forms		48	
Travel		378	
Office Supplies		386	
Total Victim Assistance Programs			64,248

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	108,833	
Assistant(s)		62,940	
Deputy(ies)		2,495,520	
Investigator(s)		605,999	
Lieutenant(s)		38,206	
Sergeant(s)		272,024	
Accountants/Bookkeepers		28,235	
Dispatchers/Radio Operators		340,201	
Guards		231,848	
Secretary(ies)		153,186	
Longevity Pay		63,500	
Other Salaries and Wages		71,980	
In-service Training		57,600	
Social Security		264,695	
Pensions		292,193	
Employee and Dependent Insurance		838,021	
Employer Medicare		61,904	
Other Fringe Benefits		55,891	
Communication		63,739	
Contracts with Other Public Agencies		12,082	
Data Processing Services		31,431	
Dues and Memberships		3,625	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Licenses	\$	349	
Maintenance and Repair Services - Equipment		47,559	
Rentals		730	
Transportation - Other than Students		812	
Travel		13,810	
Electricity		25,406	
Gasoline		301,070	
Law Enforcement Supplies		14,524	
Natural Gas		5,454	
Water and Sewer		6,683	
Other Supplies and Materials		61,494	
Liability Insurance		6,500	
In Service/Staff Development		27,262	
Motor Vehicles		52,516	
Other Capital Outlay		31,752	
Total Sheriff's Department			\$ 6,749,574

Drug Enforcement

Investigator(s)	\$	1,844	
Lieutenant(s)		62,478	
Longevity Pay		3,500	
Other Salaries and Wages		144,939	
Social Security		12,231	
Pensions		14,998	
Employee and Dependent Insurance		41,899	
Employer Medicare		2,860	
Other Fringe Benefits		1,500	
Other Supplies and Materials		23,931	
Total Drug Enforcement			310,180

Jail

Assistant(s)	\$	67,506	
Supervisor/Director		37,036	
Dispatchers/Radio Operators		312	
Guards		2,511,130	
Cafeteria Personnel		144,774	
Longevity Pay		28,500	
Other Salaries and Wages		18,563	
In-service Training		17,700	
Social Security		164,375	
Pensions		163,927	
Employee and Dependent Insurance		587,647	
Unemployment Compensation		4,973	
Employer Medicare		38,442	
Other Fringe Benefits		33,000	
Advertising		50	
Communication		4,084	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Contracts with Other Public Agencies	\$	14,510	
Contracts with Private Agencies		26,918	
Data Processing Services		6,104	
Licenses		48	
Maintenance and Repair Services - Buildings		65,196	
Maintenance and Repair Services - Equipment		40,606	
Maintenance and Repair Services - Office Equipment		15,824	
Medical and Dental Services		1,643,748	
Postal Charges		2,228	
Rentals		3,579	
Transportation - Other than Students		11,620	
Electricity		140,867	
Food Supplies		499,689	
Natural Gas		82,580	
Office Supplies		24,657	
Water and Sewer		110,515	
Other Supplies and Materials		252,760	
In Service/Staff Development		3,224	
Total Jail			\$ 6,766,692

Juvenile Services

Supervisor/Director	\$	59,046	
Youth Service Officer(s)		156,641	
Secretary(ies)		31,930	
Longevity Pay		6,250	
Social Security		14,069	
Pensions		16,661	
Employee and Dependent Insurance		63,208	
Employer Medicare		3,290	
Communication		2,073	
Dues and Memberships		675	
Postal Charges		884	
Travel		3,742	
Other Contracted Services		4,924	
Office Supplies		7,812	
Total Juvenile Services			371,205

Fire Prevention and Control

Contributions	\$	939,250	
Other Capital Outlay		50,000	
Total Fire Prevention and Control			989,250

Civil Defense

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 51,750	
Total Rescue Squad		\$ 51,750

Other Emergency Management

County Official/Administrative Officer Assistant(s)	\$ 57,683	
Longevity Pay	10,474	
Other Salaries and Wages	500	
Social Security	21,470	
Pensions	5,245	
Employee and Dependent Insurance	4,921	
Employer Medicare	12,802	
Communication	1,227	
Dues and Memberships	2,961	
Postal Charges	945	
Travel	1	
Electricity	5,593	
Gasoline	256	
Office Supplies	3,437	
Other Supplies and Materials	4,529	
In Service/Staff Development	6,270	
Other Capital Outlay	1,610	
Total Other Emergency Management	<u>680,345</u>	820,269

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 9,175	
Social Security	569	
Employer Medicare	133	
Communication	204	
Postal Charges	98	
Other Contracted Services	258,090	
Office Supplies	651	
Total County Coroner/Medical Examiner	<u>268,920</u>	268,920

Other Public Safety

County Official/Administrative Officer Assistant(s)	\$ 53,761	
Sergeant(s)	45,515	
Medical Personnel	107,262	
Guards	12,300	
Secretary(ies)	254,695	
Longevity Pay	31,039	
In-service Training	4,250	
Social Security	4,051	
Pensions	29,634	
Employee and Dependent Insurance	28,802	
Employer Medicare	101,797	
	6,930	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Other Fringe Benefits	\$	4,334	
Communication		5,558	
Contracts with Private Agencies		10,083	
Data Processing Services		4,000	
Dues and Memberships		465	
Legal Services		125	
Maintenance and Repair Services - Buildings		4,758	
Maintenance and Repair Services - Equipment		1,778	
Maintenance and Repair Services - Office Equipment		3,479	
Medical and Dental Services		18,542	
Postal Charges		100	
Rentals		2,653	
Travel		2,631	
Other Contracted Services		594	
Electricity		14,846	
Gasoline		1,411	
Natural Gas		2,613	
Office Supplies		4,705	
Water and Sewer		2,605	
Other Supplies and Materials		4,367	
In Service/Staff Development		3,517	
Total Other Public Safety			\$ 773,200

Public Health and Welfare

Local Health Center

Advertising	\$	384	
Communication		13,059	
Maintenance and Repair Services - Buildings		13,000	
Maintenance and Repair Services - Office Equipment		686	
Medical and Dental Services		2,172	
Pest Control		676	
Postal Charges		317	
Transportation - Other than Students		77	
Office Supplies		2,010	
Other Supplies and Materials		5,433	
Other Charges		13,306	
Office Equipment		842	
Total Local Health Center			51,962

Rabies and Animal Control

Contributions	\$	120,000	
Total Rabies and Animal Control			120,000

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	65,976	
Assistant(s)		79,859	
Medical Personnel		2,141,471	

(Continued)



Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Clerical Personnel	\$	135,152	
Longevity Pay		38,250	
Other Salaries and Wages		542,106	
Social Security		175,009	
Pensions		164,925	
Employee and Dependent Insurance		499,208	
Employer Medicare		40,930	
Advertising		54	
Communication		60,703	
Contracts with Private Agencies		204,737	
Contributions		100,000	
Licenses		5,035	
Maintenance and Repair Services - Buildings		3,653	
Maintenance and Repair Services - Equipment		11,761	
Maintenance and Repair Services - Office Equipment		3,727	
Maintenance and Repair Services - Vehicles		2,671	
Postal Charges		3,134	
Travel		2,610	
Tuition		3,128	
Other Contracted Services		124,178	
Custodial Supplies		7,084	
Drugs and Medical Supplies		151,202	
Gasoline		111,026	
Office Supplies		12,571	
Uniforms		28,523	
Utilities		41,035	
Other Supplies and Materials		42,142	
Refunds		25,250	
Other Equipment		14,378	
Total Ambulance/Emergency Medical Services			\$ 4,841,488

Maternal and Child Health Services

Medical Personnel	\$	52,706	
Clerical Personnel		544,744	
Longevity Pay		7,750	
Social Security		34,087	
Pensions		40,295	
Employee and Dependent Insurance		173,872	
Employer Medicare		7,972	
Transportation - Other than Students		10,979	
Travel		286	
Other Supplies and Materials		350	
Other Charges		1,358	
Total Maternal and Child Health Services			874,399

Other Local Health Services

Contributions	\$	149,958	
Other Charges		37,367	
Total Other Local Health Services			187,325

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$	84,658	
Other Supplies and Materials		1,743	
Total Appropriation to State			\$ 86,401

Other Local Welfare Services

Other Salaries and Wages	\$	57,558	
Social Security		3,569	
Employer Medicare		835	
Contributions		15,492	
Pauper Burials		9,419	
Other Contracted Services		167,875	
Other Charges		2,032	
Total Other Local Welfare Services			256,780

Other Public Health and Welfare

Supervisor/Director	\$	58,015	
Secretary(ies)		24,545	
Longevity Pay		3,500	
Other Salaries and Wages		121,995	
Social Security		12,299	
Pensions		14,564	
Employee and Dependent Insurance		36,720	
Employer Medicare		2,876	
Communication		4,052	
Legal Services		175	
Postal Charges		1,350	
Travel		21,161	
Other Contracted Services		4,370	
Electricity		3,868	
Office Supplies		4,781	
Water and Sewer		306	
Refunds		3,900	
Total Other Public Health and Welfare			318,477

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	43,007	
Assistant(s)		11,421	
Supervisor/Director		36,410	
Dispatchers/Radio Operators		20,900	
Secretary(ies)		44,277	
Cafeteria Personnel		21,456	
Maintenance Personnel		23,940	
Longevity Pay		2,000	
Social Security		11,386	
Pensions		12,547	
Employee and Dependent Insurance		55,975	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Employer Medicare	\$	2,663	
Advertising		9,356	
Communication		5,234	
Legal Services		250	
Maintenance and Repair Services - Buildings		15,143	
Travel		25	
Other Contracted Services		7,581	
Electricity		42,268	
Natural Gas		8,810	
Office Supplies		2,182	
Water and Sewer		9,885	
Other Supplies and Materials		18,383	
Total Senior Citizens Assistance	\$		405,099

Libraries

County Official/Administrative Officer	\$	62,828
Assistant(s)		291,928
Supervisor/Director		235,191
Accountants/Bookkeepers		31,059
Custodial Personnel		29,040
Longevity Pay		10,750
Other Salaries and Wages		100,206
Social Security		44,705
Pensions		45,334
Employee and Dependent Insurance		148,672
Unemployment Compensation		28
Employer Medicare		10,455
Advertising		254
Communication		16,896
Dues and Memberships		2,804
Janitorial Services		9,782
Maintenance and Repair Services - Equipment		21,241
Postal Charges		1,186
Printing, Stationery, and Forms		650
Travel		13,747
Tuition		1,291
Other Contracted Services		52,728
Data Processing Supplies		840
Duplicating Supplies		2,181
Electricity		58,202
Equipment and Machinery Parts		25,940
Instructional Supplies and Materials		13,821
Library Books/Media		47,749
Office Supplies		26,594
Periodicals		3,442
Utilities		3,239
Water and Sewer		10,301

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Other Supplies and Materials	\$	1,367	
Refunds		30	
Total Libraries			\$ 1,324,481

Parks and Fair Boards

Maintenance Personnel	\$	13,693	
Social Security		849	
Employer Medicare		199	
Contributions		89,500	
Total Parks and Fair Boards			104,241

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	59,594	
Longevity Pay		1,750	
Other Salaries and Wages		134,616	
Social Security		23,337	
Pensions		4,294	
Employee and Dependent Insurance		12,000	
Employer Medicare		823	
Communication		6,851	
Contributions		2,500	
Postal Charges		1,500	
Travel		2,946	
Electricity		3,347	
Water and Sewer		1,260	
Other Supplies and Materials		2,707	
Total Agricultural Extension Service			257,525

Forest Service

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

Soil Conservation

Clerical Personnel	\$	30,512	
Longevity Pay		1,000	
Social Security		1,660	
Pensions		1,952	
Employee and Dependent Insurance		10,200	
Employer Medicare		388	
Total Soil Conservation			45,712

Storm Water Management

County Official/Administrative Officer	\$	51,819	
Secretary(ies)		3,011	
Longevity Pay		1,500	
Other Salaries and Wages		41,043	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management (Cont.)

Social Security	\$	5,885	
Pensions		6,605	
Employee and Dependent Insurance		12,600	
Employer Medicare		1,376	
Communication		1,265	
Contracts with Government Agencies		667	
Travel		7,697	
Electricity		3,094	
Office Supplies		4,319	
Water and Sewer		244	
Total Storm Water Management			\$ 141,125

Other Operations

Tourism

County Official/Administrative Officer	\$	45,928	
Longevity Pay		500	
Social Security		2,809	
Pensions		3,250	
Employee and Dependent Insurance		6,180	
Employer Medicare		657	
Advertising		25,243	
Contracts with Private Agencies		1,003,347	
Contributions		297,600	
Dues and Memberships		2,560	
Legal Services		175	
Postal Charges		152	
Travel		3,538	
Other Contracted Services		8,250	
Office Supplies		520	
Other Supplies and Materials		1,441	
Total Tourism			1,402,150

Veterans' Services

Supervisor/Director	\$	36,835	
Secretary(ies)		39,143	
Longevity Pay		1,750	
Social Security		4,375	
Pensions		5,441	
Employee and Dependent Insurance		18,420	
Employer Medicare		1,023	
Communication		6,471	
Contributions		7,500	
Dues and Memberships		30	
Postal Charges		147	
Travel		2,386	
Other Contracted Services		1,326	
Gasoline		750	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Office Supplies	\$	1,105	
Other Supplies and Materials		1,312	
Total Veterans' Services			\$ 128,014

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	40,000	
Contributions		216,300	
Total Contributions to Other Agencies			256,300

Employee Benefits

Social Security	\$	6,623	
Pensions		1,950	
Employee and Dependent Insurance		294,205	
Communication		4,223	
Maintenance and Repair Services - Office Equipment		1,391	
Other Contracted Services		133	
Office Supplies		12,622	
Workers' Compensation Insurance		287,446	
Total Employee Benefits			608,593

Miscellaneous

Advertising	\$	3,780	
Contributions		303,500	
Legal Services		9,866	
Legal Notices, Recording, and Court Costs		29	
Maintenance and Repair Services - Office Equipment		4,560	
Other Contracted Services		23,949	
Other Supplies and Materials		19,358	
Building and Contents Insurance		99,437	
Excess Risk Insurance		9,654	
Liability Insurance		539,265	
Trustee's Commission		742,001	
Vehicle and Equipment Insurance		91,116	
Other Charges		602	
Other Debt Service		655,691	
Total Miscellaneous			2,502,808

Highways

Litter and Trash Collection

Deputy(ies)	\$	190,894	
Longevity Pay		4,500	
In-service Training		2,400	
Social Security		11,648	
Pensions		13,678	
Employee and Dependent Insurance		44,422	
Employer Medicare		2,724	
Communication		1,632	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Other Contracted Services	\$	20,760	
Electricity		1,681	
Water and Sewer		318	
Other Supplies and Materials		6,466	
Total Litter and Trash Collection			\$ 301,123

Other Charges

Contracts with Private Agencies	\$	4,858	
Other Contracted Services		26,854	
Total Other Charges			31,712

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$	297,838	
Total Public Health and Welfare Projects			297,838

Other General Government Projects

Contracts with Private Agencies	\$	86,194	
Other Charges		4,500	
Other Capital Outlay		1,702,544	
Total Other General Government Projects			1,793,238

Total General Fund \$ 46,649,479

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	9,987	
Trustee's Commission		75	
Total County Buildings			\$ 10,062

Total Courthouse and Jail Maintenance Fund 10,062

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	15,352	
Trustee's Commission		107	
Total Other Administration of Justice			\$ 15,459

Total Law Library Fund 15,459

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	50,716	
Laborers		803,355	

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Longevity Pay	\$	17,500	
Social Security		51,075	
Pensions		55,362	
Employee and Dependent Insurance		200,872	
Employer Medicare		11,945	
Advertising		54	
Communication		8,968	
Contracts with Government Agencies		1,102,557	
Contributions		55,884	
Maintenance and Repair Services - Buildings		5,175	
Maintenance and Repair Services - Equipment		21,215	
Maintenance and Repair Services - Vehicles		68,326	
Rentals		12,000	
Other Contracted Services		7,300	
Electricity		28,762	
Gasoline		103,732	
Natural Gas		6,595	
Tires and Tubes		37,782	
Uniforms		6,370	
Water and Sewer		883	
Other Supplies and Materials		24,726	
Trustee's Commission		868	
Other Charges		29,370	
Solid Waste Equipment		9,294	
Total Sanitation Management			\$ 2,720,686

Total Solid Waste/Sanitation Fund \$ 2,720,686

Special Purpose Fund

General Government

Geographical Information Systems

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

County Buildings

Maintenance and Repair Services - Buildings	\$	3,721	
Total County Buildings			3,721

Other General Administration

Maintenance Equipment	\$	9,414	
Total Other General Administration			9,414

Finance

Data Processing

Data Processing Equipment	\$	4,175	
Other Capital Outlay		32,749	
Total Data Processing			36,924

(Continued)



Exhibit L-7

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

Special Purpose Fund (Cont.)

Public Safety

Sheriff's Department

Motor Vehicles	\$ 225,000	
Other Equipment	85,000	
Total Sheriff's Department		\$ 310,000

Jail

Other Capital Outlay	\$ 30,000	
Total Jail		30,000

Public Health and Welfare

Rabies and Animal Control

Contributions	\$ 60,000	
Total Rabies and Animal Control		60,000

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 290,938	
Other Equipment	45,048	
Total Ambulance/Emergency Medical Services		335,986

Sanitation Management

Motor Vehicles	\$ 218,402	
Total Sanitation Management		218,402

Other Operations

Other Charges

Trustee's Commission	\$ 22,413	
Total Other Charges		22,413

Miscellaneous

Motor Vehicles	\$ 31,379	
Total Miscellaneous		31,379

Total Special Purpose Fund \$ 1,108,239

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 15,296	
Other Supplies and Materials	21,319	
Trustee's Commission	619	
Motor Vehicles	58,952	
Total Sheriff's Department		\$ 96,186

Total Drug Control Fund 96,186

(Continued)

Exhibit L-7

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

Other Special Revenue Fund

Administration of Justice

Drug Court

County Official/Administrative Officer	\$	49,250	
Supervisor/Director		16,875	
Probation Officer(s)		5,633	
Social Workers		7,042	
Other Salaries and Wages		57,029	
Social Security		4,435	
Pensions		5,516	
Employee and Dependent Insurance		18,420	
Employer Medicare		1,037	
Advertising		2,483	
Communication		6,308	
Dues and Memberships		290	
Evaluation and Testing		150	
Janitorial Services		80	
Licenses		1,010	
Maintenance and Repair Services - Buildings		773	
Maintenance and Repair Services - Equipment		64	
Maintenance and Repair Services - Office Equipment		1,450	
Medical and Dental Services		1,232	
Pest Control		730	
Postal Charges		96	
Rentals		42,000	
Travel		13,387	
Drug Treatment		2,450	
Electricity		5,102	
Gasoline		3,138	
Office Supplies		23,105	
Propane Gas		4,660	
Utilities		1,628	
Liability Insurance		9,605	
Trustee's Commission		698	
Vehicle and Equipment Insurance		4,601	
In Service/Staff Development		360	
Other Capital Outlay		727	
Total Drug Court			\$ 291,364

Total Other Special Revenue Fund \$ 291,364

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	797	
Total County Clerk's Office			\$ 797

Administration of Justice

Circuit Court

Special Commissioner Fees/Special Master Fees	\$	3,020	
Total Circuit Court			3,020

(Continued)

Exhibit L-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,413	
Total Chancery Court		\$ 1,413

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 241	
Total Sheriff's Department		<u>241</u>

Total Constitutional Officers - Fees Fund		\$ 5,471
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 113,721	
Accountants/Bookkeepers	58,661	
Secretary(ies)	20,762	
Social Security	11,432	
Pensions	13,759	
Employee and Dependent Insurance	21,060	
Employer Medicare	2,674	
Data Processing Services	9,435	
Dues and Memberships	5,299	
Legal Services	42,250	
Legal Notices, Recording, and Court Costs	6,678	
Postal Charges	968	
Printing, Stationery, and Forms	1,566	
Travel	6,692	
Office Supplies	5,037	
Other Charges	5,610	
Total Administration		\$ 325,604

Highway and Bridge Maintenance

Foremen	\$ 431,577
Equipment Operators	412,875
Equipment Operators - Light	194,882
Truck Drivers	428,700
Laborers	220,735
Social Security	96,160
Pensions	111,965
Employee and Dependent Insurance	377,898
Employer Medicare	22,489
Rentals	2,312
Other Contracted Services	452,918
Asphalt	2,878,394
Concrete	32,303
Crushed Stone	17,036
Fertilizer, Lime, and Seed	1,746

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

General Construction Materials	\$	9,749	
Other Road Materials		164	
Pipe - Metal		46,882	
Road Signs		21,453	
Salt		62,778	
Small Tools		2,169	
Wood Products		2,208	
Other Supplies and Materials		772	
Other Charges		913	
Total Highway and Bridge Maintenance			\$ 5,829,078

Operation and Maintenance of Equipment

Foremen	\$	144,033	
Mechanic(s)		147,148	
Laborers		66,827	
Social Security		21,057	
Pensions		24,358	
Employee and Dependent Insurance		61,320	
Employer Medicare		4,925	
Maintenance and Repair Services - Equipment		40,419	
Rentals		255	
Towing Services		1,100	
Other Contracted Services		120	
Diesel Fuel		113,241	
Electricity		11,787	
Equipment and Machinery Parts		287,371	
Garage Supplies		75,182	
Gasoline		86,282	
Lubricants		28,230	
Natural Gas		2,587	
Office Supplies		835	
Propane Gas		1,559	
Small Tools		7,865	
Tires and Tubes		42,150	
Water and Sewer		2,036	
Other Supplies and Materials		479	
Other Charges		240	
Total Operation and Maintenance of Equipment			1,171,406

Quarry Operations

Foremen	\$	36,277	
Equipment Operators		30,659	
Laborers		25,039	
Social Security		5,124	
Pensions		6,372	
Employee and Dependent Insurance		22,815	
Employer Medicare		1,198	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Engineering Services	\$	275	
Explosive and Drilling Services		35,670	
Permits		5,247	
Electricity		14,244	
Equipment and Machinery Parts		540	
Other Charges		1,079	
Total Quarry Operations			\$ 184,539

Other Charges

Communication	\$	14,581	
Liability Insurance		96,134	
Trustee's Commission		168,232	
Vehicle and Equipment Insurance		77,613	
Total Other Charges			356,560

Employee Benefits

Employee and Dependent Insurance	\$	38,580	
Medical and Dental Services		2,887	
Workers' Compensation Insurance		90,743	
Total Employee Benefits			132,210

Capital Outlay

Highway Equipment	\$	534,931	
Motor Vehicles		43,500	
State Aid Projects		877,960	
Total Capital Outlay			1,456,391

Total Highway/Public Works Fund \$ 9,455,788

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,445,000	
Principal on Other Loans		4,665,000	
Total General Government			\$ 7,110,000

Education

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

Interest on Debt

General Government

Interest on Bonds	\$	990,138	
Interest on Other Loans		2,163,669	
Total General Government			3,153,807

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 703,154	
Total Education		\$ 703,154

Other Debt Service

General Government

Fiscal Agent Charges	\$ 9,969	
Trustee's Commission	134,380	
Underwriter's Discount	11,702	
Other Debt Issuance Charges	57,716	
Total General Government		213,767

Education

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

Total General Debt Service Fund \$ 12,197,354

General Capital Projects Fund

General Government

Development

Other Contracted Services	\$ 359,725	
Total Development		\$ 359,725

Other Debt Service

Education

Underwriter's Discount	\$ 57,521	
Other Debt Issuance Charges	88,172	
Total Education		145,693

Capital Projects

General Administration Projects

Architects	\$ 7,270	
Other Contracted Services	12,862	
Other Construction	984,855	
Total General Administration Projects		1,004,987

Public Utility Projects

Advertising	\$ 249	
Consultants	22,000	
Other Contracted Services	999,716	
Total Public Utility Projects		1,021,965

Education Capital Projects

Contributions	\$ 8,775,000	
Total Education Capital Projects		8,775,000

Total General Capital Projects Fund 11,307,370

Total Governmental Funds - Primary Government \$ 83,857,458

Exhibit L-8

Sevier County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 44,612,103	
Career Ladder Program	212,525	
Career Ladder Extended Contracts	40,000	
Homebound Teachers	69,022	
Educational Assistants	1,469,162	
Other Salaries and Wages	174,648	
Certified Substitute Teachers	95,720	
Non-certified Substitute Teachers	749,680	
Social Security	2,741,983	
Pensions	4,107,067	
Life Insurance	21,180	
Medical Insurance	6,732,425	
Dental Insurance	108,068	
Employer Medicare	652,019	
Other Fringe Benefits	154,253	
Tuition	110,162	
Other Contracted Services	410,000	
Instructional Supplies and Materials	1,498,969	
Textbooks - Bound	442,677	
Fee Waivers	42,648	
Other Charges	285,708	
Regular Instruction Equipment	506,064	
Total Regular Instruction Program		\$ 65,236,083

Alternative Instruction Program

Teachers	\$ 628,738	
Career Ladder Program	3,000	
Clerical Personnel	40,896	
Educational Assistants	72,730	
Non-certified Substitute Teachers	400	
Social Security	40,824	
Pensions	60,952	
Life Insurance	372	
Medical Insurance	132,766	
Dental Insurance	2,181	
Employer Medicare	10,245	
Other Fringe Benefits	2,709	
Tuition	7,619	
Instructional Supplies and Materials	15,286	
Total Alternative Instruction Program		1,018,718

Special Education Program

Teachers	\$ 5,533,593
Career Ladder Program	26,600
Educational Assistants	631,071
Speech Pathologist	544,881

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	101,919	
Certified Substitute Teachers		5,920	
Non-certified Substitute Teachers		182,080	
Social Security		540,746	
Pensions		742,868	
Life Insurance		6,561	
Medical Insurance		1,135,621	
Dental Insurance		31,419	
Employer Medicare		129,866	
Other Fringe Benefits		47,782	
Maintenance and Repair Services - Equipment		814	
Tuition		30,935	
Other Contracted Services		492,286	
Instructional Supplies and Materials		132,815	
Other Supplies and Materials		1,193	
Special Education Equipment		6,185	
Total Special Education Program			\$ 10,325,155

Career and Technical Education Program

Teachers	\$	2,140,671	
Career Ladder Program		8,000	
Certified Substitute Teachers		7,500	
Non-certified Substitute Teachers		35,860	
Social Security		130,366	
Pensions		194,810	
Life Insurance		981	
Medical Insurance		292,484	
Dental Insurance		4,735	
Employer Medicare		30,555	
Other Fringe Benefits		7,143	
Maintenance and Repair Services - Equipment		9,819	
Other Contracted Services		635	
Instructional Supplies and Materials		78,233	
Other Supplies and Materials		3,027	
Fee Waivers		3,000	
Other Charges		645	
Vocational Instruction Equipment		27,820	
Total Career and Technical Education Program			2,976,284

Student Body Education Program

Other Charges	\$	4,834	
Total Student Body Education Program			4,834

Support Services

Attendance

Supervisor/Director	\$	114,076	
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(Continued)



Exhibit L-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	3,500	
Social Workers		160,230	
Clerical Personnel		58,920	
Other Salaries and Wages		41,277	
Social Security		20,085	
Pensions		29,304	
Life Insurance		115	
Medical Insurance		48,304	
Dental Insurance		700	
Employer Medicare		5,303	
Other Fringe Benefits		838	
Travel		1,163	
Other Supplies and Materials		1,686	
Total Attendance			\$ 485,501

Health Services

Supervisor/Director	\$	82,554	
Medical Personnel		1,204,829	
Other Salaries and Wages		33,084	
Social Security		74,055	
Pensions		97,060	
Life Insurance		184	
Medical Insurance		67,358	
Dental Insurance		1,120	
Employer Medicare		18,656	
Other Fringe Benefits		1,340	
Maintenance and Repair Services - Equipment		16,151	
Travel		6,365	
Other Contracted Services		22,423	
Drugs and Medical Supplies		13,461	
Other Supplies and Materials		24,572	
In Service/Staff Development		6,517	
Total Health Services			1,669,729

Other Student Support

Career Ladder Program	\$	9,480	
Guidance Personnel		1,902,512	
Psychological Personnel		461,628	
Clerical Personnel		52,872	
Social Security		135,135	
Pensions		206,452	
Life Insurance		943	
Medical Insurance		306,840	
Dental Insurance		5,460	
Employer Medicare		33,588	
Other Fringe Benefits		7,111	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Other Student Support (Cont.)

Evaluation and Testing	\$	176,378	
Travel		2,408	
Other Supplies and Materials		4,721	
Other Equipment		46,700	
Total Other Student Support			\$ 3,352,228

Regular Instruction Program

Supervisor/Director	\$	669,599	
Career Ladder Program		16,750	
Librarians		1,283,824	
Materials Supervisor		94,210	
Education Media Personnel		371,222	
Clerical Personnel		200,672	
Other Salaries and Wages		108,336	
Social Security		156,460	
Pensions		224,660	
Life Insurance		1,302	
Medical Insurance		369,602	
Dental Insurance		6,621	
Employer Medicare		38,442	
Other Fringe Benefits		9,480	
Travel		60,928	
Other Contracted Services		14,508	
Library Books/Media		160,248	
Periodicals		1,911	
Other Supplies and Materials		30,562	
In Service/Staff Development		107,339	
Other Charges		1,983	
Other Equipment		3,562	
Total Regular Instruction Program			3,932,221

Alternative Instruction Program

Supervisor/Director	\$	33,358	
Employer Medicare		484	
Total Alternative Instruction Program			33,842

Special Education Program

Supervisor/Director	\$	230,124	
Career Ladder Program		7,000	
Clerical Personnel		60,570	
Other Salaries and Wages		143,299	
Social Security		22,610	
Pensions		32,991	
Life Insurance		115	
Medical Insurance		29,728	
Dental Insurance		560	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	6,283	
Other Fringe Benefits		838	
Travel		27,770	
Other Contracted Services		16,433	
Other Supplies and Materials		6,275	
In Service/Staff Development		11,109	
Total Special Education Program			\$ 595,705

Career and Technical Education Program

Supervisor/Director	\$	91,828	
Career Ladder Program		2,000	
Secretary(ies)		40,467	
Social Security		7,942	
Pensions		11,352	
Life Insurance		46	
Medical Insurance		16,067	
Dental Insurance		280	
Employer Medicare		1,857	
Other Fringe Benefits		335	
Travel		1,870	
Other Supplies and Materials		93	
In Service/Staff Development		6,852	
Other Charges		429	
Total Career and Technical Education Program			181,418

Technology

Supervisor/Director	\$	185,190	
Career Ladder Program		5,000	
Instructional Computer Personnel		790,141	
Other Salaries and Wages		273,176	
Social Security		76,219	
Pensions		108,268	
Life Insurance		446	
Medical Insurance		153,900	
Dental Insurance		2,324	
Employer Medicare		17,387	
Other Fringe Benefits		3,250	
Maintenance and Repair Services - Equipment		74,632	
Internet Connectivity		301,083	
Travel		4,331	
Other Contracted Services		118,339	
Cabling		10,842	
Software		143,656	
Other Supplies and Materials		9,772	
In Service/Staff Development		11,717	
Other Equipment		1,562,620	
Total Technology			3,852,293

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 390,604	
Total Other Programs		\$ 390,604

Board of Education

Secretary to Board	\$ 1,200	
Other Salaries and Wages	1,511,540	
Board and Committee Members Fees	27,000	
Social Security	71,194	
Pensions	94,809	
Life Insurance	396	
Medical Insurance	781,052	
Dental Insurance	980	
Unemployment Compensation	513	
Employer Medicare	22,159	
Other Fringe Benefits	1,826	
Audit Services	38,300	
Dues and Memberships	16,120	
Legal Services	119,516	
Travel	14,880	
Liability Insurance	166,874	
Trustee's Commission	1,561,668	
Workers' Compensation Insurance	432,510	
In Service/Staff Development	9,310	
Other Charges	142,352	
Total Board of Education		5,014,199

Director of Schools

County Official/Administrative Officer	\$ 151,954	
Career Ladder Program	1,000	
Social Security	8,071	
Pensions	13,828	
Life Insurance	23	
Medical Insurance	9,176	
Dental Insurance	740	
Employer Medicare	2,201	
Other Fringe Benefits	168	
Communication	34,710	
Postal Charges	11,975	
Other Contracted Services	87	
In Service/Staff Development	1,949	
Total Director of Schools		235,882

Office of the Principal

Principals	\$ 2,546,963	
Career Ladder Program	47,520	
Assistant Principals	2,503,372	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Office of the Principal (Cont.)

Clerical Personnel	\$	2,387,118	
Other Salaries and Wages		20,360	
Social Security		437,940	
Pensions		622,760	
Life Insurance		3,095	
Medical Insurance		1,014,579	
Dental Insurance		16,235	
Employer Medicare		103,718	
Other Fringe Benefits		22,539	
Communication		65,129	
Other Contracted Services		456	
Other Charges		1,000	
Total Office of the Principal			\$ 9,792,784

Fiscal Services

Supervisor/Director	\$	110,076	
Accountants/Bookkeepers		481,986	
Purchasing Personnel		33,358	
Secretary(ies)		115,932	
Other Salaries and Wages		98,150	
Social Security		47,856	
Pensions		62,542	
Life Insurance		299	
Medical Insurance		102,410	
Dental Insurance		1,960	
Employer Medicare		11,676	
Other Fringe Benefits		2,178	
Data Processing Services		158,845	
Travel		90	
Other Contracted Services		8,875	
Office Supplies		13,991	
In Service/Staff Development		8,829	
Other Charges		533	
Administration Equipment		36,157	
Total Fiscal Services			1,295,743

Operation of Plant

Guards	\$	86,306	
Custodial Personnel		2,563,452	
Social Security		154,243	
Pensions		179,224	
Life Insurance		2,237	
Medical Insurance		615,256	
Dental Insurance		7,400	
Employer Medicare		36,477	
Other Fringe Benefits		16,295	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Operation of Plant (Cont.)

Janitorial Services	\$	636,642	
Other Contracted Services		53,864	
Custodial Supplies		185,419	
Electricity		2,905,942	
Natural Gas		427,993	
Water and Sewer		340,172	
Other Supplies and Materials		3,562	
Building and Contents Insurance		454,210	
Plant Operation Equipment		48,170	
Total Operation of Plant			\$ 8,716,864

Maintenance of Plant

Supervisor/Director	\$	140,675	
Secretary(ies)		73,308	
Maintenance Personnel		1,706,591	
Social Security		114,042	
Pensions		127,180	
Life Insurance		1,010	
Medical Insurance		279,997	
Dental Insurance		2,576	
Employer Medicare		27,101	
Other Fringe Benefits		7,353	
Communication		17,891	
Laundry Service		22,596	
Maintenance and Repair Services - Buildings		88,020	
Maintenance and Repair Services - Equipment		54,233	
Maintenance and Repair Services - Vehicles		23,454	
Travel		37	
Other Contracted Services		131,215	
Equipment and Machinery Parts		36,160	
Other Supplies and Materials		466,499	
In Service/Staff Development		4,277	
Maintenance Equipment		103,903	
Total Maintenance of Plant			3,428,118

Transportation

Supervisor/Director	\$	71,225	
Mechanic(s)		411,314	
Bus Drivers		2,208,210	
Clerical Personnel		43,668	
Social Security		153,157	
Pensions		185,843	
Life Insurance		1,946	
Medical Insurance		478,094	
Dental Insurance		6,567	
Employer Medicare		37,252	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Fringe Benefits	\$	14,171	
Communication		10,860	
Laundry Service		11,213	
Travel		382	
Other Contracted Services		158,728	
Diesel Fuel		318,678	
Garage Supplies		43,658	
Gasoline		154,477	
Lubricants		50,833	
Natural Gas		1,667	
Tires and Tubes		98,252	
Vehicle Parts		337,393	
Vehicle and Equipment Insurance		230,901	
Other Charges		4,410	
Transportation Equipment		1,312,153	
Total Transportation	\$		6,345,052

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	10,994	
Cafeteria Personnel		450,000	
Social Security		672	
Pensions		185,491	
Life Insurance		5	
Medical Insurance		849,038	
Dental Insurance		13,454	
Employer Medicare		157	
Other Fringe Benefits		24,422	
Food Supplies		16,597	
Total Food Service			1,550,830

Community Services

Other Salaries and Wages	\$	206,886	
Social Security		12,330	
Pensions		17,943	
Life Insurance		23	
Medical Insurance		6,366	
Dental Insurance		140	
Employer Medicare		2,884	
Other Fringe Benefits		168	
Travel		3,778	
Other Contracted Services		215	
Instructional Supplies and Materials		8,820	
In Service/Staff Development		272	
Other Charges		11,001	
Total Community Services			270,826

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	412,213	
Educational Assistants		114,168	
Social Security		32,071	
Pensions		44,968	
Life Insurance		345	
Medical Insurance		91,116	
Dental Insurance		1,540	
Employer Medicare		7,500	
Other Fringe Benefits		2,512	
Instructional Supplies and Materials		22,392	
In Service/Staff Development		22,260	
Total Early Childhood Education			\$ 751,085

Capital Outlay

Regular Capital Outlay

Architects	\$	283,188	
Engineering Services		55,924	
Other Charges		120,138	
Building Improvements		13,908,404	
Land		194,771	
Total Regular Capital Outlay			14,562,425

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	6,617,880	
Total Education			6,617,880

Total General Purpose School Fund

\$ 152,636,303

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	2,283,806	
Educational Assistants		188,744	
Other Salaries and Wages		9,940	
Non-certified Substitute Teachers		3,960	
Social Security		145,156	
Pensions		219,003	
Life Insurance		1,304	
Medical Insurance		362,495	
Dental Insurance		5,768	
Unemployment Compensation		6,025	
Employer Medicare		34,282	
Other Fringe Benefits		9,497	
Instructional Supplies and Materials		484,301	
Other Charges		2,817	
Regular Instruction Equipment		318,979	
Total Regular Instruction Program			\$ 4,076,077

(Continued)



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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	856	
Educational Assistants		2,475,896	
Speech Pathologist		4,325	
Social Security		213	
Pensions		311	
Medical Insurance		751,680	
Employer Medicare		50	
Total Special Education Program			\$ 3,233,331

Career and Technical Education Program

Instructional Supplies and Materials	\$	9,693	
Vocational Instruction Equipment		151,159	
Total Career and Technical Education Program			160,852

Support Services

Health Services

Medical Personnel	\$	2,800	
Other Salaries and Wages		2,100	
Social Security		304	
Pensions		317	
Employer Medicare		71	
Total Health Services			5,592

Other Student Support

Guidance Personnel	\$	26,878	
Other Salaries and Wages		82,518	
Social Security		6,517	
Pensions		9,902	
Life Insurance		58	
Medical Insurance		12,458	
Dental Insurance		70	
Employer Medicare		1,524	
Other Fringe Benefits		419	
Travel		27,095	
Other Supplies and Materials		50,236	
In Service/Staff Development		15,286	
Other Equipment		4,550	
Total Other Student Support			237,511

Regular Instruction Program

Supervisor/Director	\$	95,893	
Secretary(ies)		45,020	
Other Salaries and Wages		11,761	
Non-certified Substitute Teachers		21,280	
Social Security		9,963	
Pensions		12,904	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	46	
Medical Insurance		26,173	
Dental Insurance		280	
Employer Medicare		2,330	
Other Fringe Benefits		335	
Consultants		30,000	
Travel		4,601	
Food Supplies		321	
Other Supplies and Materials		10,123	
In Service/Staff Development		45,221	
Other Charges		683	
Other Equipment		1,079	
Total Regular Instruction Program			\$ 318,013

Special Education Program

Other Supplies and Materials	\$	9,776	
In Service/Staff Development		158,950	
Total Special Education Program			168,726

Career and Technical Education Program

Travel	\$	1,410	
In Service/Staff Development		2,000	
Total Career and Technical Education Program			3,410

Board of Education

Criminal Investigation of Applicants - TBI	\$	814	
Total Board of Education			814

Transportation

Bus Drivers	\$	930	
Social Security		58	
Pensions		58	
Employer Medicare		13	
Diesel Fuel		1,961	
Total Transportation			3,020

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	867	
Total Food Service			867

Total School Federal Projects Fund \$ 8,208,213

(Continued)

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,790	
Clerical Personnel		202,498	
Cafeteria Personnel		2,334,186	
Social Security		170,630	
Pensions		18,605	
Life Insurance		3,353	
Medical Insurance		42,000	
Employer Medicare		41,015	
Communication		11,536	
Maintenance and Repair Services - Equipment		54,818	
Transportation - Other than Students		35,617	
Travel		2,714	
Other Contracted Services		98,159	
Food Preparation Supplies		178,536	
Food Supplies		2,604,979	
USDA - Commodities		375,446	
Other Supplies and Materials		18,272	
In Service/Staff Development		4,011	
Food Service Equipment		45,151	
Total Food Service			\$ 6,290,316

Total Central Cafeteria Fund \$ 6,290,316

Total Governmental Funds - Sevier County School Department \$ 167,134,832

Exhibit L-9

Sevier County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2018

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 49,225,496
Other Statutory Local Taxes	<u>127,772</u>
Total Cash Receipts	<u>\$ 49,353,268</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 48,859,735
Trustee's Commission	<u>493,533</u>
Total Cash Disbursements	<u>\$ 49,353,268</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

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## STATUTORY SECTION

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This part of Sevier County's annual financial report presents detailed information required by state statute for the Sevier County Public Utility Fund. This information is presented solely for the purposes of statutory compliance and additional analysis and is not a required part of the financial statements. This information is unaudited. It has not been subjected to any auditing procedures.

	Table(s)	Page(s)
Demographic and Economic Information:		

These schedules offer water rates and water loss reports required by state statute to help the reader understand how well the utility is performing.

	1-2	238-239
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Source: Sevier County Public Utility Management.

Table 1

Sevier County, Tennessee  
Schedule of Utility Rates  
Sevier County Water Department  
June 30, 2018

<u>Utility Rates in Effect</u>	<u>Residential</u>	
<u>Residential Rates</u>		
First 1,500 gallons	\$ 26.00	minimum charge
Over 1,500 gallons	11.50	per 1,000 gallons
<u>Commercial Rates</u>		
Base Rate	\$ 35.00	minimum charge
Each 1,000 gallons of usage	14.00	per 1,000 gallons
Number of Customers	1,875	

Table 2

Sevier County, Tennessee  
 Schedule of Unaccounted for Water  
 Sevier County Board of Public Utilities  
 For the Year Ended June 30, 2018

### AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
 American Water Works Association  
 Copyright © 2014, All Rights Reserved.

? Click to access definition  
+ Click to add a comment

Water Audit Report for: **Sevier County Water**  
 Reporting Year: **2018** / 7/2017 - 6/2018

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

---

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

----- Enter grading in column 'E' and 'J' ----->

**WATER SUPPLIED**

Volume from own sources:	+	?	n/a	0.000	MG/Yr
Water imported:	+	?	10	162.870	MG/Yr
Water exported:	+	?	n/a	0.000	MG/Yr

**WATER SUPPLIED:** 162.870 MG/Yr

Master Meter and Supply Error Adjustments

+	?		Pcnt:	Value:	
+	?	n/a	1.25%	1.25%	MG/Yr
+	?	n/a	1.25%	1.25%	MG/Yr
+	?	n/a	1.25%	1.25%	MG/Yr

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+	?	9	89.082	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	8	3.500	MG/Yr
Unbilled unmetered:	+	?	?	2.036	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:** 94.618 MG/Yr

Click here: ?  
for help using option buttons below

Pcnt: 1.25% Value: 1.25% MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt: 0.25% Value: 0.25% MG/Yr

0.25% 0.25% MG/Yr

0.25% 0.25% MG/Yr

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**WATER LOSSES (Water Supplied - Authorized Consumption)** 68.252 MG/Yr

**Apparent Losses**

Unauthorized consumption:	+	?	?	0.407	MG/Yr
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Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+	?	10	0.232	MG/Yr
Systematic data handling errors:	+	?	?	0.223	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** 0.862 MG/Yr

Pcnt: 0.25% Value: 0.25% MG/Yr

0.25% 0.25% MG/Yr

0.25% 0.25% MG/Yr

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**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: 67.390 MG/Yr

**WATER LOSSES:** 68.252 MG/Yr

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**NON-REVENUE WATER**

NON-REVENUE WATER: 73.788 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+	?	8	100.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	8	1,875	
Service connection density:	?	?	?	19	conn./mile main

Are customer meters typically located at the curbside or property line? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: 8 85.0 psi

---

**COST DATA**

Total annual cost of operating water system:	+	?	10	\$1,828,726	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	10	\$12.21	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	10	\$5,195.00	\$/Million gallons U

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**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 91 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption

2: Systematic data handling errors

3: Unbilled metered

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements, and have issued our report thereon dated November 7, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

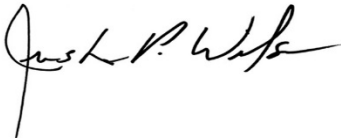
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sevier County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Sevier County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

Nashville, Tennessee

November 7, 2018

JPW/tg



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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

We have audited Sevier County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sevier County's major federal programs for the year ended June 30, 2018. Sevier County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Sevier County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sevier County's compliance.

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

In our opinion, Sevier County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

Management of Sevier County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sevier County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sevier County's internal control over compliance.

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

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

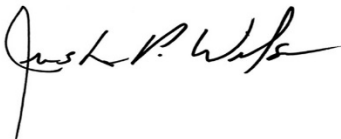
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements. We issued our report thereon dated November 7, 2018, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

Nashville, Tennessee

November 7, 2018

JPW/tg

Sevier County, Tennessee, and the Sevier County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2018

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 1,341,189
National School Lunch Program	10.555	N/A	3,633,309 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	30,000
Fresh Fruit and Vegetable Program	10.582	N/A	37,160
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	375,446 (5)
Passed-through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-18-55602	172,774
Total U.S. Department of Agriculture			<u>\$ 5,589,878</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	\$ 488,794
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(3)	365,657
Total U.S. Department of Housing and Urban Development			<u>\$ 854,451</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 336,169
Total U.S. Department of the Interior			<u>\$ 336,169</u>
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 101,022
Public Safety Partnership and Community Policing Grants	16.710	N/A	195,744
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	6,474
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	(3)	123,055
Total U.S. Department of Justice			<u>\$ 426,295</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Safety Cluster: (4)			
State and Community Highway Safety	20.600	(6)	\$ 32,334
National Priority Safety Programs	20.616	Z-17-THS389	2,223
Total U.S. Department of Transportation			<u>\$ 34,557</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 3,870,912
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	3,350,075
Special Education - Preschool Grants	84.173	N/A	91,018
Career and Technical Education - Basic Grants to States	84.048	N/A	205,047
Twenty-first Century Community Learning Centers	84.287	N/A	74,272
Rural Education	84.358	N/A	18,927
English Language Acquisition Grants	84.365	N/A	100,840
Improving Teacher Quality State Grants	84.367	N/A	426,320
Student Support and Academic Enrichment Program	84.424	N/A	69,536
Total U.S. Department of Education			<u>\$ 8,206,947</u>

(Continued)

Sevier County, Tennessee, and the Sevier County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through State Department of Election:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 266,000
Total U.S. Election Assistance Commission			<u>\$ 266,000</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency, Inc.:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 51,286
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-18-55602	1,814
Family Planning - Services	93.217	GG-18-55602	20,325
Medicaid Cluster:			
Medical Assistance Program	93.778	GG-18-55602	63,691
HIV Prevention Activities - Health Department Based	93.940	GG-18-55602	2,701
Maternal and Child Health Services Block Grant to the States	93.994	GG-18-55602	63,336
Passed-through State Department of Human Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(3)	114,574
Total U.S. Department of Health and Human Services			<u>\$ 317,727</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4293-DR-TN	\$ 9,992
Emergency Management Performance Grants	97.042	(3)	40,500
Homeland Security Grant Program	97.067	(7)	16,398
Total U.S. Department of Homeland Security			<u>\$ 66,890</u>
Total Expenditures of Federal Grants			<u>\$ 16,098,914</u>
State Grants			
Juvenile Justice - State Commission on Children and Youth	N/A	<u>Contract Number</u>	\$ 4,500
Aging Program - State Office on Aging	N/A	(3)	17,418
Litter Program - State Department of Transportation	N/A	(3)	68,096
Health Department Program - State Department of Health	N/A	(3)	567,045
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	(3)	70,000
Law Enforcement Training - State Department of Safety	N/A	(3)	60,600
Fast Track Economic Development Program - State Department of Economic and Community Development	N/A	(3)	359,725
Court Security Grant Program - State Administrative Office of the Courts	N/A	(3)	19,572
Help America Vote Act - State Department of Election	N/A	(3)	14,000
Library Grant-Training Opportunities for the Public (TOP) -TN Secretary of State	N/A	(3)	410
Library STEM Grant - TN Secretary of State	N/A	(3)	3,246
Library Technology Training Grant - State Secretary of State	N/A	(3)	8,392
Public Assistance Grants - State Department of Military	N/A	(3)	1,665
Family Resource Center - State Department of Education	N/A	(3)	29,612
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Early Childhood Education - State Department of Education	N/A	(3)	579,228
Driver's Education - State Department of Education	N/A	(3)	42,773
Lottery for Education - State Department of Education	N/A	(3)	140,388
Vocational Equipment Grant - State Department of Education	N/A	(3)	24,971
Safe Schools Act - State Department of Education	N/A	(3)	42,570
Total State Grants			<u>\$ 2,154,211</u>

(Continued)

Sevier County, Tennessee, and the Sevier County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Sevier County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$5,349,944; Highway Safety Cluster total \$34,557; Special Education Cluster total \$3,441,093.
- (5) Total for CFDA No 10.555 is \$4,008,755.
- (6) Z-17-THS064: \$11,300; Z-18-THS278: \$21,034
- (7) EMW-2015-SS-00023: \$4,509; EMW-2016-SS-00032: \$3,640; EMW-2017-SS-00093: \$8,249



Sevier County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2018

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Sevier County, Tennessee, for the year ended June 30, 2018.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICE OF COUNTY MAYOR**

2017	238	2017-001	The Office of County Mayor did not require a depository to adequately collateralize funds.	N/A	Corrected
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***Prior-year Federal Awards Findings***

There were no prior-year federal award findings to report.

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**SEVIER COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2018**

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

**Financial Statements:**

1. Our report on the financial statements of Sevier County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NO**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA Number: 84.010 Title 1 Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

There were no findings relating to the financial statements of Sevier County, Tennessee, as a result of our examination for the year ended June 30, 2018.

### **PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings and recommendations, as a result of our audit of federal awards of Sevier County, Tennessee, for the year ended June 30, 2018.

**Sevier County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2018**

The audit of Sevier County did not report any findings and recommendations. Therefore, no management responses are required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sevier County.

### **SEVIER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Sevier County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sevier County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.