



**ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2014.

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Sevier County management. The detailed finding and recommendation are included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICE OF CLERK AND MASTER

- “ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Sevier County Officials

June 30, 2014

Officials

Larry Waters, County Mayor
Jonas Smelcer, Road Superintendent
Jack Parton, Director of Schools
Jettie Clabo, Trustee
Johnny King, Assessor of Property
Karen Cotter, County Clerk
Rita Ellison, Circuit Court Clerk
Connie Holt, General Sessions and Juvenile Courts Clerk
Carolyn McMahan, Clerk and Master
Sherry Robertson-Huskey, Register of Deeds
Ronald Seals, Sheriff

Board of County Commissioners

Larry Waters, County Mayor, Chairman
Ronnie Allen
Fred Atchley
Gene Byrd
Ben Clabo
Gary Cole
Marty Loveday
Bryan Delius
Judy Godfrey
Mike Hillard
Warren Hurst
Jim Keener
Phil King
Randy Williams

David Norton
Bill Oakes
Ray Ogle
Frank Parton
Harold Pitner
Tony Proffitt
Carroll Rauhuff
Michael Maddron
Tommy Watts
Tim Hurst
Ronnie Whaley
Kent Woods

Board of Education

Becky Barnes, Chairman
John McClure
Mike Oakley

Mark Strange
Charles Temple

Audit Committee

Kent Woods, Chairman
Ronnie Whaley
Fred Atchley
Gary Cole

Warren Hurst
Ben Clabo
David Norton

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sevier County Public Building Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sevier County Public Building Authority, is based solely on the report of the other auditors. We were unable to determine Sevier County Public Building Authority's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because

the Sevier County Emergency Communications District and the Sevier County Fair Association, component units requiring discrete presentation, were not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Sevier County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. 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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 93-95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

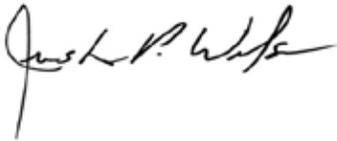
in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014, on our consideration of Sevier County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sevier County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 7, 2014

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Sevier County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Public Building Authority	
<u>ASSETS</u>						
Cash	\$ 1,516,591	\$ 200	\$ 1,516,791	\$ 10,404	\$ 47,237	
Equity in Pooled Cash and Investments	63,943,079	544,393	64,487,472	15,900,726	0	
Investments	0	0	0	0	1,901,325	
Accounts Receivable	3,700,845	60,316	3,761,161	476,782	0	
Allowance for Uncollectibles	(1,181,247)	(3,942)	(1,185,189)	0	0	
Due from Other Governments	2,265,548	0	2,265,548	9,184,958	0	
Internal Balances	140	(140)	0	0	0	
Due from Component Units	60,639	0	60,639	0	0	
Property Taxes Receivable	30,229,966	0	30,229,966	31,750,970	0	
Allowance for Uncollectible Property Taxes	(1,301,243)	0	(1,301,243)	(1,366,714)	0	
Other Restricted Assets	0	0	0	0	248,703	
Capital Assets						
Assets Not Depreciated:						
Land	6,271,926	0	6,271,926	16,742,489	8,962,904	
Construction in Progress	3,754,387	1,026,921	4,781,308	47,851	0	
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	38,205,141	0	38,205,141	93,577,639	0	
Other Capital Assets	5,074,741	191,875	5,266,616	6,178,592	0	
Infrastructure	69,928,769	16,884,320	86,813,089	5,658,866	0	
Total Assets	\$ 222,469,282	\$ 18,703,943	\$ 241,173,225	\$ 178,162,563	\$ 11,160,169	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 1,789,712	\$ 0	\$ 1,789,712	\$ 0	\$ 0	
Deferred Charge on Refunding	384,015	0	384,015	0	0	
Total Deferred Outflows of Resources	\$ 2,173,727	\$ 0	\$ 2,173,727	\$ 0	\$ 0	

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Public Building Authority	
Accounts Payable	\$ 1,389,531	\$ 57,030	\$ 1,446,561	\$ 43,184	\$ 277	
Accrued Payroll	782,056	6,385	788,441	151	0	
Accrued Interest Payable	162,541	0	162,541	0	170,964	
Payroll Deductions Payable	136,325	1,067	137,392	0	0	
Contracts Payable	767,638	0	767,638	299,373	0	
Retainage Payable	35,772	0	35,772	49,636	0	
Derivative - Interest Rate Swap	3,837,789	0	3,837,789	0	0	
Due to Primary Government	0	0	0	60,639	0	
Payable from Restricted Assets - Conduit Debt	0	0	0	0	248,703	
Other Notes Payable	0	0	0	982,000	7,610,000	
Other Current Liabilities	0	0	0	3,755,673	519,958	
Noncurrent Liabilities:						
Due Within One Year	7,920,662	0	7,920,662	0	0	
Due in More Than One Year (net of unamortized premium on debt)	118,965,236	0	118,965,236	18,222,573	0	
Total Liabilities	\$ 133,997,550	\$ 64,482	\$ 134,062,032	\$ 23,413,229	\$ 8,549,902	

DEFERRED INFLOWS OF RESOURCES

Accumulated Increase in Fair Value of Hedging Derivatives	\$ 94,145	\$ 0	\$ 94,145	\$ 0	\$ 0
Deferred Current Property Taxes	27,629,174	0	27,629,174	29,019,321	0
Total Deferred Inflows of Resources	\$ 27,723,319	\$ 0	\$ 27,723,319	\$ 29,019,321	\$ 0

(Continued)

Exhibit A

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

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Sevier County School Department	Public Building Authority	
	\$ 83,720,538	\$ 18,103,116	\$ 101,823,654	\$ 122,205,437	\$ 1,181,940	
Net Investment in Capital Assets Restricted for:						
General Government	52,387	0	52,387	0	0	0
Administration of Justice	325,314	0	325,314	0	0	0
Public Safety	86,749	0	86,749	0	0	0
Other Operations	3,376,175	0	3,376,175	0	0	0
Highways	5,417,607	0	5,417,607	0	0	0
Education	0	0	0	345,960	0	0
Debt Service	32,290,187	0	32,290,187	0	0	0
Capital Outlay	318,177	0	318,177	888,764	0	0
Unrestricted	(62,664,994)	536,345	(62,128,649)	2,289,852	1,428,327	
Total Net Position	\$ 62,922,140	\$ 18,639,461	\$ 81,561,601	\$ 125,730,013	\$ 2,610,267	

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Sevier County School Department	Public Building Authority	
Primary Government:										
Governmental Activities:										
General Government	\$ 11,434,056	\$ 1,784,746	\$ 19,854	\$ 59,850	\$ (9,569,606)	\$ 0	\$ (9,569,606)	\$ 0	\$ 0	\$ 0
Finance	3,116,562	3,810,885	0	0	694,323	0	694,323	0	0	0
Administration of Justice	4,965,943	1,895,264	158,601	27,282	(2,884,796)	0	(2,884,796)	0	0	0
Public Safety	13,781,759	2,533,811	495,924	19,966	(10,732,058)	0	(10,732,058)	0	0	0
Public Health and Welfare	9,298,906	3,453,652	596,315	0	(5,248,939)	0	(5,248,939)	0	0	0
Social, Cultural, and Recreational Services	2,345,404	46,140	119,032	21,000	(2,159,232)	0	(2,159,232)	0	0	0
Agriculture and Natural Resources	473,331	0	0	54,090	(419,241)	0	(419,241)	0	0	0
Highways	12,762,797	317,251	2,430,380	0	(10,015,166)	0	(10,015,166)	0	0	0
Education	6,044,781	1,502,818	0	0	(4,541,963)	0	(4,541,963)	0	0	0
Interest on Long-term Debt	4,089,311	0	0	0	(4,089,311)	0	(4,089,311)	0	0	0
Total Primary Government	\$ 68,312,850	\$ 15,344,567	\$ 3,820,106	\$ 182,188	\$ (48,965,989)	\$ 0	\$ (48,965,989)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Public Utility Fund	\$ 1,551,847	\$ 645,598	\$ 0	\$ 0	\$ 0	\$ (906,249)	\$ (906,249)	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 1,551,847	\$ 645,598	\$ 0	\$ 0	\$ 0	\$ (906,249)	\$ (906,249)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 69,864,697	\$ 15,990,165	\$ 3,820,106	\$ 182,188	\$ (48,965,989)	\$ (906,249)	\$ (49,872,238)	\$ 0	\$ 0	\$ 0
Component Units:										
Sevier County School Department	\$ 143,986,401	\$ 1,752,971	\$ 11,953,373	\$ 10,930,400	\$ 0	\$ 0	\$ 0	\$ (119,349,657)	\$ 0	\$ 0
Public Building Authority	42,315	38,220	0	0	0	0	0	0	(4,095)	(4,095)
Total Component Units	\$ 144,028,716	\$ 1,791,191	\$ 11,953,373	\$ 10,930,400	\$ 0	\$ 0	\$ 0	\$ (119,349,657)	\$ (4,095)	\$ (4,095)

(Continued)

Exhibit B

Sevier County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	Total	County School Department	Public Building Authority
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes		\$ 17,033,255	\$	0	\$	17,033,255	\$	30,586,498	\$	0
Property Taxes Levied for Special Purposes		734,164		0		734,164		0		0
Property Taxes Levied for Highways		6,225,943		0		6,225,943		0		0
Property Taxes Levied for Debt Service		5,124,803		0		5,124,803		0		0
Local Option Sales Taxes		4,197,571		0		4,197,571		46,031,686		0
Other Local Taxes		387,679		0		387,679		177,653		0
Hotel/Motel Tax		2,473,585		0		2,473,585		2,489,542		0
Business Tax		2,461,938		0		2,461,938		0		0
Mixed Drink Tax		0		0		0		535,636		0
Wholesale Beer Tax		390,094		0		390,094		0		0
Grants and Contributions Not Restricted to Specific Programs		6,493,746		0		6,493,746		43,154,093		0
Unrestricted Investment Income		1,006,780		0		1,006,780		2,597		17,519
Miscellaneous		115,677		0		115,677		59,470		0
Gain or (Loss) on Disposals		0		0		0		62,038		0
Total General Revenues		\$ 46,645,235	\$	0	\$	46,645,235	\$	123,099,213	\$	17,519
Change in Fair Value of Derivatives - Interest Rate Swap		\$ 309,970	\$	0	\$	309,970	\$	0	\$	0
Transfers		(1,186,820)		1,186,820		0		0		0
Change in Net Position		\$ (3,197,604)	\$	280,571	\$	(2,917,033)	\$	3,749,556	\$	13,424
Net Position, July 1, 2013		66,119,744		18,358,890		84,478,634		121,980,457		2,596,843
Net Position, June 30, 2014		\$ 62,922,140	\$	18,639,461	\$	81,561,601	\$	125,730,013	\$	2,610,267

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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Other Governmental Funds		
<u>ASSETS</u>							
Cash	375 \$	0 \$	0 \$	0 \$	2,138 \$	2,513	
Equity in Pooled Cash and Investments	17,556,288	5,136,128	32,333,640	8,072,805	844,218	63,943,079	
Accounts Receivable	3,655,172	1,712	43,961	0	0	3,700,845	
Allowance for Uncollectibles	(1,181,247)	0	0	0	0	(1,181,247)	
Due from Other Governments	1,340,853	460,931	21,099	0	442,665	2,265,548	
Due from Other Funds	177,189	0	0	0	0	177,189	
Property Taxes Receivable	17,681,678	6,464,269	5,323,516	0	760,503	30,229,966	
Allowance for Uncollectible Property Taxes	(761,105)	(278,253)	(229,149)	0	(32,736)	(1,301,243)	
Total Assets	\$ 38,469,203 \$	\$ 11,784,787 \$	\$ 37,493,067 \$	\$ 8,072,805 \$	\$ 2,016,788 \$	\$ 97,836,650	
<u>LIABILITIES</u>							
Accounts Payable	189,783 \$	400,965 \$	0 \$	0 \$	115,171 \$	705,919	
Accrued Payroll	701,179	49,114	0	0	31,763	782,056	
Payroll Deductions Payable	122,703	8,379	0	0	5,243	136,325	
Contracts Payable	0	0	0	767,638	0	767,638	
Retainage Payable	0	0	0	35,772	0	35,772	
Due to Other Funds	0	597	174,824	0	2,138	177,559	
Total Liabilities	\$ 1,013,665 \$	\$ 459,055 \$	\$ 174,824 \$	\$ 803,410 \$	\$ 154,315 \$	\$ 2,605,269	
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	16,160,460 \$	5,908,125 \$	4,865,515 \$	0 \$	695,074 \$	27,629,174	
Deferred Delinquent Property Taxes	596,079	217,922	179,465	0	25,638	1,019,104	
Other Deferred/Unavailable Revenue	1,503,573	219,272	0	0	185,000	1,907,845	
Total Deferred Inflows of Resources	\$ 18,260,112 \$	\$ 6,345,319 \$	\$ 5,044,980 \$	\$ 0 \$	\$ 905,712 \$	\$ 30,556,123	

(Continued)

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

Exhibit C-1

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds		
<u>FUND BALANCES</u>								
Restricted:								
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 52,387	\$ 52,387	\$ 52,387
Restricted for Administration of Justice	0	0	0	2,204,544	0	325,314	325,314	2,529,858
Restricted for Public Safety	8,664	0	0	0	0	78,085	78,085	86,749
Restricted for Public Health and Welfare	0	0	0	3,029,630	0	0	0	3,029,630
Restricted for Other Operations	3,376,175	0	0	0	0	0	0	3,376,175
Restricted for Highways/Public Works	0	4,980,413	0	0	0	0	0	4,980,413
Restricted for Capital Outlay	0	0	0	1,733,924	0	292,539	292,539	2,026,463
Restricted for Debt Service	0	0	32,273,263	0	0	0	0	32,273,263
Committed:								
Committed for Public Health and Welfare	0	0	0	0	0	208,436	208,436	208,436
Committed for Capital Projects	0	0	0	301,297	0	0	0	301,297
Unassigned	15,810,587	0	0	0	0	0	0	15,810,587
Total Fund Balances	\$ 19,195,426	\$ 4,980,413	\$ 32,273,263	\$ 7,269,395	\$ 7,269,395	\$ 956,761	\$ 956,761	\$ 64,675,258
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 38,469,203	\$ 11,784,787	\$ 37,493,067	\$ 8,072,805	\$ 8,072,805	\$ 2,016,788	\$ 2,016,788	\$ 97,836,650

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, 2014

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)		\$	64,675,258
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	6,271,926	
Add: construction in progress		3,754,387	
Add: infrastructure net of accumulated depreciation		69,928,769	
Add: buildings and improvements net of accumulated depreciation		38,205,141	
Add: other capital assets net of accumulated depreciation		<u>5,074,741</u>	123,234,964
(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.			830,976
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(600,000)	
Less: other loans payable		(75,946,675)	
Less: bonds payable		(47,929,338)	
Less: other postemployment benefits liability		(1,872,371)	
Add: deferred amount on refunding		384,015	
Less: accrued interest on bonds and other loans		(162,541)	
Less: fair value of investment-type derivative - interest rate swap		(2,142,222)	
Less: other deferred revenue - premium on debt		<u>(476,875)</u>	(128,746,007)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,926,949</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>62,922,140</u></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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 25,210,708	\$ 6,412,601	\$ 5,278,523	\$ 0	\$ 0	\$ 2,960,267	\$ 39,862,099
Licenses and Permits	628,038	0	0	0	0	0	628,038
Fines, Forfeitures, and Penalties	355,187	0	0	0	0	102,285	457,472
Charges for Current Services	3,753,000	0	0	0	0	60,494	3,813,494
Other Local Revenues	226,385	74,104	863,946	0	0	93,525	1,257,960
Fees Received from County Officials	6,234,199	0	0	0	0	0	6,234,199
State of Tennessee	3,855,951	2,367,386	0	0	0	70,000	6,293,337
Federal Government	1,087,362	0	0	0	0	88,601	1,175,963
Other Governments and Citizens Groups	529,060	279,701	4,035,475	0	0	21,000	4,865,236
<u>Total Revenues</u>	\$ 41,879,890	\$ 9,133,792	\$ 10,177,944	\$ 0	\$ 0	\$ 3,396,172	\$ 64,587,798

Expenditures

Current:

General Government	\$ 5,831,216	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,703	\$ 5,900,919
Finance	3,048,585	0	0	0	0	0	3,048,585
Administration of Justice	3,029,844	0	0	0	0	341,717	3,371,561
Public Safety	14,327,455	0	0	0	0	288,570	14,616,025
Public Health and Welfare	5,643,270	0	0	0	0	2,892,262	8,535,532
Social, Cultural, and Recreational Services	1,724,770	0	0	0	0	68,877	1,793,647
Agriculture and Natural Resources	457,969	0	0	0	0	0	457,969
Other Operations	4,288,378	0	0	0	0	100,754	4,389,132
Highways	225,168	9,246,133	0	0	0	0	9,471,301
Debt Service:							
Principal on Debt	0	0	6,560,023	0	0	0	6,560,023
Interest on Debt	0	0	4,011,486	0	0	0	4,011,486
Other Debt Service	0	0	133,691	120,436	0	0	254,127

(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	\$ 362,128	\$ 0	\$ 0	\$ 7,268,991	\$ 0	\$ 7,631,119
Total Expenditures	\$ 38,938,783	\$ 9,246,133	\$ 10,705,200	\$ 7,389,427	\$ 3,761,883	\$ 70,041,426
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,941,107	\$ (112,341)	\$ (527,256)	\$ (7,389,427)	\$ (365,711)	\$ (5,453,628)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 6,800,000	\$ 0	\$ 6,800,000
Premiums on Debt Issued	0	0	0	139,829	0	139,829
Insurance Recovery	16,656	0	0	0	0	16,656
Transfers In	0	0	0	0	129,500	129,500
Transfers Out	(872,807)	0	0	0	0	(872,807)
Total Other Financing Sources (Uses)	\$ (856,151)	\$ 0	\$ 0	\$ 6,939,829	\$ 129,500	\$ 6,213,178
Net Change in Fund Balances	\$ 2,084,956	\$ (112,341)	\$ (527,256)	\$ (449,598)	\$ (236,211)	\$ 759,550
Fund Balance, July 1, 2013	17,110,470	5,092,754	32,800,519	7,718,993	1,192,972	63,915,708
Fund Balance, June 30, 2014	\$ 19,195,426	\$ 4,980,413	\$ 32,273,263	\$ 7,269,395	\$ 956,761	\$ 64,675,258

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, 2014

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)		\$ 759,550
(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	\$ 8,938,484	
Less: current-year depreciation expense	<u>(11,246,719)</u>	(2,308,235)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: assets donated to business-type activities	\$ (443,513)	
Add: assets donated and capitalized	<u>28,600</u>	(414,913)
(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, 2014	\$ 2,926,949	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(3,196,463)</u>	(269,514)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: bond proceeds	\$ (6,800,000)	
Add: change in premium on debt issuances	15,425	
Add: principal payments on bonds	4,305,027	
Add: principal payments on other loans	2,254,996	
Less: change in deferred amount on refunding debt	<u>(88,656)</u>	(313,208)

(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	\$	1,392	
Change in other postemployment benefits liability		<u>(268,171)</u>	\$ (266,779)
(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.			(694,475)
(7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.			<u>309,970</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (3,197,604)</u>

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

Exhibit C-5

Sevier County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 25,210,708	\$ 23,916,800	\$ 24,372,810	\$ 837,898
Licenses and Permits	628,038	555,000	555,000	73,038
Fines, Forfeitures, and Penalties	355,187	363,589	363,589	(8,402)
Charges for Current Services	3,753,000	3,750,813	3,707,563	45,437
Other Local Revenues	226,385	497,000	138,350	88,035
Fees Received from County Officials	6,234,199	6,073,000	6,073,000	161,199
State of Tennessee	3,855,951	3,143,102	3,616,815	239,136
Federal Government	1,087,362	782,154	831,779	255,583
Other Governments and Citizens Groups	529,060	550,000	558,510	(29,450)
Total Revenues	\$ 41,879,890	\$ 39,631,458	\$ 40,217,416	\$ 1,662,474
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 530,013	\$ 585,590	\$ 585,590	\$ 55,577
Beer Board	7,832	11,500	11,500	3,668
Other Boards and Committees	709,513	718,695	747,480	37,967
County Mayor/Executive	891,601	706,040	909,040	17,439
Election Commission	582,637	650,852	713,852	131,215
Register of Deeds	526,138	556,351	556,351	30,213
Planning	288,162	305,109	305,109	16,947
Building	169,953	176,600	176,600	6,647
Geographical Information Systems	116,283	116,717	121,317	5,034
County Buildings	1,162,651	1,193,612	1,202,642	39,991
Other Facilities	207,198	193,900	281,400	74,202
Other General Administration	443,890	459,066	459,566	15,676
Preservation of Records	195,345	202,709	202,709	7,364
<u>Finance</u>				
Property Assessor's Office	1,141,669	1,184,407	1,184,407	42,738
County Trustee's Office	563,367	592,195	592,195	28,828
County Clerk's Office	1,127,794	1,206,516	1,206,516	78,722
Data Processing	215,755	216,667	222,267	6,512
<u>Administration of Justice</u>				
Circuit Court	874,342	926,209	926,209	51,867
General Sessions Court	720,024	727,608	731,708	11,684
General Sessions Judge	496,875	538,564	550,280	53,405
Drug Court	0	182,470	32,000	32,000
Chancery Court	398,228	396,768	402,218	3,990
Juvenile Court	132,796	134,696	134,996	2,200
District Attorney General	53,635	63,595	63,595	9,960
Judicial Commissioners	299,017	295,677	302,327	3,310
Other Administration of Justice	0	172,930	0	0
Victims Assistance Programs	54,927	56,295	56,295	1,368
<u>Public Safety</u>				
Sheriff's Department	6,045,288	6,122,861	6,187,509	142,221
Drug Enforcement	218,605	221,179	222,179	3,574
Jail	5,696,372	5,458,485	5,734,985	38,613
Juvenile Services	353,864	365,018	365,018	11,154
Fire Prevention and Control	955,000	955,000	955,000	0
Civil Defense	4,000	4,000	4,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Rescue Squad	\$ 47,750	\$ 47,750	\$ 47,750	\$ 0
Other Emergency Management	150,976	140,859	160,825	9,849
County Coroner/Medical Examiner	145,459	110,120	147,620	2,161
Other Public Safety	710,141	748,986	748,986	38,845
<u>Public Health and Welfare</u>				
Local Health Center	63,047	84,246	148,706	85,659
Rabies and Animal Control	105,000	85,000	105,000	0
Ambulance/Emergency Medical Services	4,341,274	4,429,853	4,418,603	77,329
Maternal and Child Health Services	582,611	701,709	701,709	119,098
Other Local Health Services	133,270	194,260	194,260	60,990
Appropriation to State	86,261	86,261	86,261	0
Other Local Welfare Services	29,073	32,000	32,000	2,927
Other Public Health and Welfare	302,734	316,259	316,259	13,525
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	361,998	380,325	380,325	18,327
Libraries	1,267,772	1,286,197	1,297,375	29,603
Parks and Fair Boards	95,000	103,148	103,148	8,148
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	238,577	240,593	240,593	2,016
Forest Service	1,000	1,000	1,000	0
Soil Conservation	44,801	44,876	45,076	275
Storm Water Management	173,591	182,896	182,896	9,305
<u>Other Operations</u>				
Tourism	1,202,917	1,181,065	1,256,065	53,148
Veterans' Services	123,634	126,547	126,547	2,913
Contributions to Other Agencies	174,941	177,500	177,500	2,559
Employee Benefits	623,907	713,348	753,174	129,267
Miscellaneous	2,162,979	2,201,154	2,276,849	113,870
<u>Highways</u>				
Litter and Trash Collection	221,008	235,725	235,725	14,717
Other Charges	4,160	28,900	28,900	24,740
<u>Capital Projects</u>				
Other General Government Projects	362,128	753,000	403,000	40,872
Total Expenditures	\$ 38,938,783	\$ 40,331,458	\$ 40,763,012	\$ 1,824,229
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,941,107	\$ (700,000)	\$ (545,596)	\$ 3,486,703
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 16,656	\$ 0	\$ 16,780	\$ (124)
Transfers Out	(872,807)	0	(872,807)	0
Total Other Financing Sources	\$ (856,151)	\$ 0	\$ (856,027)	\$ (124)

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 2,084,956	\$ (700,000)	\$ (1,401,623)	\$ 3,486,579
Fund Balance, July 1, 2013	17,110,470	14,379,727	14,379,727	2,730,743
Fund Balance, June 30, 2014	\$ 19,195,426	\$ 13,679,727	\$ 12,978,104	\$ 6,217,322

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,412,601	\$ 5,929,000	\$ 5,929,000	\$ 483,601
Other Local Revenues	74,104	72,000	72,000	2,104
State of Tennessee	2,367,386	3,305,556	3,305,556	(938,170)
Other Governments and Citizens Groups	279,701	75,000	255,000	24,701
Total Revenues	<u>\$ 9,133,792</u>	<u>\$ 9,381,556</u>	<u>\$ 9,561,556</u>	<u>\$ (427,764)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 264,260	\$ 290,704	\$ 297,994	\$ 33,734
Highway and Bridge Maintenance	6,656,293	5,136,778	7,341,088	684,795
Operation and Maintenance of Equipment	1,337,022	1,319,627	1,381,237	44,215
Quarry Operations	198,059	305,113	305,113	107,054
Other Charges	312,780	327,000	330,000	17,220
Employee Benefits	80,605	117,000	119,790	39,185
Capital Outlay	397,114	1,885,332	1,935,332	1,538,218
Total Expenditures	<u>\$ 9,246,133</u>	<u>\$ 9,381,554</u>	<u>\$ 11,710,554</u>	<u>\$ 2,464,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (112,341)</u>	<u>\$ 2</u>	<u>\$ (2,148,998)</u>	<u>\$ 2,036,657</u>
Net Change in Fund Balance	\$ (112,341)	\$ 2	\$ (2,148,998)	\$ 2,036,657
Fund Balance, July 1, 2013	<u>5,092,754</u>	<u>5,092,754</u>	<u>5,092,754</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 4,980,413</u>	<u>\$ 5,092,756</u>	<u>\$ 2,943,756</u>	<u>\$ 2,036,657</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, 2014

	<u>Business-type Activities</u>	
	<u>Major Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Public Utility Fund</u>	<u>Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 200	\$ 1,514,078
Equity in Pooled Cash and Investments	544,393	0
Accounts Receivable	60,316	0
Allowance for Uncollectibles	(3,942)	0
Due from Other Funds	0	597
Total Current Assets	<u>\$ 600,967</u>	<u>\$ 1,514,675</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	\$ 1,026,921	\$ 0
Assets Net of Accumulated Depreciated:		
Infrastructure	16,884,320	0
Other Capital Assets	191,875	0
Total Noncurrent Assets	<u>\$ 18,103,116</u>	<u>\$ 0</u>
Total Assets	<u>\$ 18,704,083</u>	<u>\$ 1,514,675</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 57,030	\$ 683,612
Accrued Payroll	6,385	0
Payroll Deductions Payable	1,067	0
Due to Other Funds	140	87
Total Liabilities	<u>\$ 64,622</u>	<u>\$ 683,699</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 18,103,116	\$ 0
Net Position - Unrestricted	<u>536,345</u>	<u>830,976</u>
Total Net Position	<u>\$ 18,639,461</u>	<u>\$ 830,976</u>

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

Sevier County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 7,105,222
Patient Charges	0	143,507
Water Sales	547,393	0
Water Tap Sales	86,605	0
Service Charges	11,600	0
Total Operating Revenues	<u>\$ 645,598</u>	<u>\$ 7,248,729</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 288,858
Employee and Dependent Insurance	0	122,255
Life Insurance	0	155,694
Disability Insurance	0	38,264
Excess Risk Insurance	0	533,096
Medical Claims	0	5,482,152
Other Self-Insured Claims	0	1,325,890
Supervisor/Director	58,365	0
Secretary(ies)	22,393	0
Longevity	750	0
Other Salaries and Wages	61,977	0
Social Security	8,389	0
State Retirement	12,382	0
Employee and Dependent Insurance	25,280	0
Employer Medicare	1,962	0
Bank Charges	249	0
Communication	1,658	0
Consultants	78,664	0
Contracts with Other Public Agencies	726,537	0
Legal Services	782	0
Maintenance and Repair Services - Equipment	60,804	0
Maintenance and Repair Services - Vehicles	126	0
Postal Charges	6,890	0
Travel	636	0
Other Contracted Services	11,397	0
Electricity	37,465	0
Gasoline	8,523	0
Office Supplies	4,518	0
Utilities	290	0
Other Supplies and Materials	80,102	0
Liability Insurance	2,000	0
Refunds	2,439	0
Trustee's Commission	6,154	0
Vehicle and Equipment Insurance	800	0
Depreciation	330,315	0
Total Operating Expenses	<u>\$ 1,551,847</u>	<u>\$ 7,946,209</u>
Operating Income (Loss)	<u>\$ (906,249)</u>	<u>\$ (697,480)</u>

(Continued)

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

	Business-type Activities	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 0	\$ 3,005
Transfers In	1,186,820	0
Total Nonoperating Revenues (Expenses)	<u>\$ 1,186,820</u>	<u>\$ 3,005</u>
Change in Net Position	\$ 280,571	\$ (694,475)
Net Position, July 1, 2013	<u>18,358,890</u>	<u>1,525,451</u>
Net Position, June 30, 2014	<u>\$ 18,639,461</u>	<u>\$ 830,976</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, 2014

	<u>Business-type Activities</u>	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Cash Flows from Operating Activities</u>		
Receipts for Self-Insurance Premiums	\$ 0	\$ 7,280,767
Receipts for Patient Charges	0	143,507
Receipts from Customers and Users	613,704	0
Payments to Insurers	0	(849,309)
Payments for Claims	0	(6,306,810)
Payments for Administrative Costs	0	(288,858)
Payments to Vendors	(981,956)	0
Payments to Employees	(188,730)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (556,982)</u>	<u>\$ (20,703)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchases of Capital Assets	\$ (22,845)	\$ 0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (22,845)</u>	<u>\$ 0</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Contributions	\$ 743,307	\$ 0
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 743,307</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	\$ 0	\$ 3,005
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 3,005</u>
Increase (Decrease) in Cash	\$ 163,480	\$ (17,698)
Cash, July 1, 2013	381,113	1,531,776
Cash, June 30, 2014	<u>\$ 544,593</u>	<u>\$ 1,514,078</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (906,249)	\$ (697,480)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	330,315	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(33,238)	175,545
Increase (Decrease) in Allowance for Uncollectibles	1,344	0
Increase (Decrease) in Accounts Payable	47,938	501,232
Increase (Decrease) in Accrued Payroll	2,361	0
Increase (Decrease) in Payroll Deductions	407	0
Increase (Decrease) in Due to Other Funds	140	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (556,982)</u>	<u>\$ (20,703)</u>
<u>Noncash Investing, Capital, and Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 443,513	\$ 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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,193,060
Equity in Pooled Cash and Investments	250,694
Accounts Receivable	1,525
Due from Other Governments	<u>6,502,060</u>
Total Assets	<u>\$ 10,947,339</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 6,493,115
Due to Litigants, Heirs, and Others	4,219,698
Due to Joint Ventures	<u>234,526</u>
Total Liabilities	<u>\$ 10,947,339</u>

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

SEVIER COUNTY, TENNESSEE
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SEVIER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Sevier County is a public municipal corporation governed by an elected 25-member board. As required by GAAP, these financial statements present Sevier County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

The Sevier County Public Building Authority serves primarily as a financing mechanism to provide capital loans to local governments throughout the state. Assets of the authority include proceeds of revenue bonds that are held

in trust under loan agreements for various local governments. The Sevier County Public Building Authority is a public nonprofit organization whose board is appointed by the County Commission. The county is not responsible for obligations of the authority; however, the county is entitled to net earnings of the authority after provisions have been made for obligations and any reserves, which are determined by the board.

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

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

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided

and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sevier County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Sevier County issues all debt for the discretely presented Sevier County School Department. Net debt issues totaling \$4,552,763 were contributed by the county to the School Department during the year ended June 30, 2014.

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.

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 types:

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Sevier County and contributed to the School Department for building construction and renovations.

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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All Ambulance 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 2.3 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not

available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities account reflected in the discretely presented School Department's General Purpose School Fund represents the remaining balance in the teachers' insurance clearing account. Other Notes Payable account in the discretely presented School Department's General Purpose School Fund represents amounts payable on two land purchase financing agreements, which have been funded from currently available financial resources.

Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the applicable governmental funds.

3. Capital Assets

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

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

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

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

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

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

4. Deferred Outflows/Inflows of Resources

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

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

5. Compensated Absences

Vacation leave benefits for Sevier County employees granted through the primary government and the discretely presented Sevier County

School Department do not vest or accumulate and must be used within the year or lost. Therefore, no accrual or recording is required. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Sevier County had \$78,084,133 in outstanding debt for capital purposes for the discretely presented Sevier County School Department. The debt is a liability of Sevier County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sevier County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the School Department’s General Purpose School Fund consists primarily of amounts for encumbrances (\$774,736) and fund balance appropriated for use in the 2014-15 year budget (\$7,396,545).

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.

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, 2014, the Sevier County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Purpose School	Textbooks	\$ 115,297
"	School Buses	145,455
"	Various capital improvements	204,629

B. Cash Shortage – Prior Years

In 2009-10, a \$94,645 cash shortage was reported in the Office of County Clerk, which the clerk (Joe Keener, II) subsequently repaid. On May 23, 2012, the court ordered Mr. Keener to pay \$14,019 to the county for the costs of additional audit services related to this theft. As of June 30, 2014, the outstanding balance for audit costs totaled \$8,820.50.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

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, 2014.

B. Derivative Instruments

At June 30, 2014, 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, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended, as reported in the 2014 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2014		6-30-14
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Pay-fixed interest rate swaps:					
\$3M Hybrid Swap:					
Cash Flow Hedge Portion	Deferred Inflow	\$ (59,695)	Debt	\$ 74,077	\$ 3,000,000
Non-hedge Portion	Investment Earnings	61,350	Debt	(648,484)	
Total \$3M Hybrid Swap		<u>\$ 1,655</u>		<u>\$ (574,407)</u>	
\$4M Hybrid Swap:					
Cash Flow Hedge Portion	Deferred Inflow	\$ (11,108)	Debt	\$ 20,068	\$ 1,695,000
Non-hedge Portion	Investment Earnings	65,038	Debt	(214,152)	
Total \$4M Hybrid Swap		<u>\$ 53,930</u>		<u>\$ (194,084)</u>	
\$13M Swap:					
Cash Flow Hedge	Deferred Outflow	<u>\$ (48,766)</u>	Debt	<u>\$ (1,789,712)</u>	\$ 13,000,000
\$14.435M Swap:					
Investment Derivative	Investment Earnings	<u>\$ 183,582</u>	Debt	<u>\$ (1,279,586)</u>	\$ 11,125,000
Total		<u>\$ 190,401</u>		<u>\$ (3,837,789)</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, 2014, 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>-1.078</u>
Net interest rate swap payments		3.362 %
Variable-rate bond coupon payments		<u>0.599</u>
Synthetic interest rate on bonds		<u><u>3.961 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$574,407. 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, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody's, Standard and Poor's, and Fitch, respectively.

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

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination

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

Swap payments and associated debt. As of June 30, 2014, 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		
2015	\$ 0	\$ 17,959	\$ 100,866	\$	118,825
2016	0	17,959	100,866		118,825
2017	0	17,959	100,866		118,825
2018	0	17,959	100,866		118,825
2019	0	17,959	100,866		118,825
2020-2024	2,330,000	69,921	392,705		2,792,626
2025	670,000	4,011	22,527		696,538
Total	\$ 3,000,000	\$ 163,727	\$ 919,562	\$	4,083,289

\$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, 2014, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.240 %
Variable payment from counterparty	% of LIBOR	<u>-0.161</u>
Net interest rate swap payments		4.079 %
Variable-rate bond coupon payments		<u>0.599</u>
Synthetic interest rate on bonds		<u><u>4.678 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$194,084. 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, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the bond rate increases to above 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, 2014, 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		
2015	\$ 245,000	\$ 10,147	\$ 69,131	\$	324,278
2016	260,000	8,680	59,138		327,818
2017	275,000	7,124	48,534		330,658
2018	290,000	5,478	37,318		332,796
2019	305,000	3,742	25,491		334,233
2020	320,000	1,916	13,051		334,967
Total	\$ 1,695,000	\$ 37,087	\$ 252,663	\$	1,984,750

\$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, 2014, 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>-1.139</u>
Net interest rate swap payments		2.831 %
Variable-rate bond coupon payments		<u>0.080</u>
Synthetic interest rate on bonds		<u><u>2.911 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$1,789,712. 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, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

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

Swap payments and associated debt. As of June 30, 2014, 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		
2015	\$ 0	\$ 10,400	\$ 368,030	\$	378,430
2016	0	10,400	368,030		378,430
2017	0	10,400	368,030		378,430
2018	0	10,400	368,030		378,430
2019	0	10,400	368,030		378,430
2020-2024	10,500,000	36,240	1,282,443		11,818,683
2025	2,500,000	2,000	70,775		2,572,775
Total	<u>\$ 13,000,000</u>	<u>\$ 90,240</u>	<u>\$ 3,193,368</u>	<u>\$</u>	<u>16,283,608</u>

\$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, 2014, 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>-1.078</u>
Net interest rate swap payments		3.302 %
Variable-rate bond coupon payments		<u>0.080</u>
Synthetic interest rate on bonds		<u><u>3.382 %</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$1,279,586. 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, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2014, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody's, Standard and Poor's, and Fitch, respectively.

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

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform

under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, 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
2015	\$ 700,000	\$ 8,900	\$ 367,370	\$ 1,076,270
2016	825,000	8,340	344,254	1,177,594
2017	1,850,000	7,680	317,011	2,174,691
2018	1,945,000	6,200	255,921	2,207,121
2019	2,055,000	4,644	191,693	2,251,337
2020-2024	3,400,000	6,640	274,083	3,680,723
2025	350,000	280	11,558	361,838
Total	<u>\$ 11,125,000</u>	<u>\$ 42,684</u>	<u>\$ 1,761,890</u>	<u>\$ 12,929,574</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Transfers Out	Balance 6-30-14
Capital Assets Not Depreciated:					
Land	\$ 6,271,926	\$ 0	\$ 0	\$ 0	\$ 6,271,926
Construction in Progress	7,402,513	2,739,903	(5,944,516)	(443,513)	3,754,387
Total Capital Assets Not Depreciated	<u>\$ 13,674,439</u>	<u>\$ 2,739,903</u>	<u>\$ (5,944,516)</u>	<u>\$ (443,513)</u>	<u>\$ 10,026,313</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Transfers Out	Balance 6-30-14
Buildings and Improvements	\$ 54,816,267	\$ 5,949,510	\$ 0	\$ 0	\$ 60,765,777
Roads and Bridges	161,689,148	4,761,997	0	0	166,451,145
Other Capital Assets	14,621,406	1,460,190	(122,148)	0	15,959,448
Total Capital Assets					
Depreciated	\$ 231,126,821	\$ 12,171,697	\$ (122,148)	\$ 0	\$ 243,176,370
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 20,824,980	\$ 1,735,656	\$ 0	\$ 0	\$ 22,560,636
Roads and Bridges	88,293,650	8,228,726	0	0	96,522,376
Other Capital Assets	9,724,518	1,282,337	(122,148)	0	10,884,707
Total Accumulated Depreciation	\$ 118,843,148	\$ 11,246,719	\$ (122,148)	\$ 0	\$ 129,967,719
Total Capital Assets Depreciated, Net	\$ 112,283,673	\$ 924,978	\$ 0	\$ 0	\$ 113,208,651
Governmental Activities Capital Assets, Net	\$ 125,958,112	\$ 3,664,881	\$ (5,944,516)	\$ (443,513)	\$ 123,234,964

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	\$ 711,371
Finance	15,980
Administration of Justice	3,610
Public Safety	676,246
Public Health and Welfare	736,190
Social, Cultural, and Recreational Services	589,941
Agriculture and Natural Resources	9,466
Highways/Public Works	<u>8,503,915</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 11,246,719</u>

Business-Type Activities:

	Balance 7-1-13	Transfers In	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:					
Construction in Progress	\$ 744,694	\$ 282,227	\$ 0	\$ 0	\$ 1,026,921
Total Capital Assets Not Depreciated	\$ 744,694	\$ 282,227	\$ 0	\$ 0	\$ 1,026,921
Capital Assets Depreciated:					
Infrastructure	\$ 19,077,366	\$ 0	\$ 0	\$ 0	\$ 19,077,366
Other Capital Assets	39,195	161,286	22,845	0	223,326
Total Capital Assets Depreciated	\$ 19,116,561	\$ 161,286	\$ 22,845	\$ 0	\$ 19,300,692
Less Accumulated Depreciation For:					
Infrastructure	\$ 1,875,091	\$ 0	\$ 317,955	\$ 0	\$ 2,193,046
Other Capital Assets	19,091	0	12,360	0	31,451
Total Accumulated Depreciation	\$ 1,894,182	\$ 0	\$ 330,315	\$ 0	\$ 2,224,497
Total Capital Assets Depreciated, Net	\$ 17,222,379	\$ 161,286	\$ (307,470)	\$ 0	\$ 17,076,195
Governmental Activities Capital Assets, Net	\$ 17,967,073	\$ 443,513	\$ (307,470)	\$ 0	\$ 18,103,116

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

Depreciation expense totaling \$330,315 was charged to the Public Utility Fund.

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

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 13,141,839	\$ 3,600,650	\$ 0	\$ 16,742,489
Construction in Progress	25,760,815	0	(25,712,964)	47,851
Total Capital Assets Not Depreciated	\$ 38,902,654	\$ 3,600,650	\$ (25,712,964)	\$ 16,790,340

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 121,735,934	\$ 24,925,154	\$ 0	\$ 146,661,088
Infrastructure	5,972,920	4,492,668	0	10,465,588
Other Capital Assets	18,903,016	2,083,754	(1,048,290)	19,938,480
Total Capital Assets				
Depreciated	<u>\$ 146,611,870</u>	<u>\$ 31,501,576</u>	<u>\$ (1,048,290)</u>	<u>\$ 177,065,156</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 49,602,382	\$ 3,481,067	\$ 0	\$ 53,083,449
Infrastructure	4,567,427	239,295	0	4,806,722
Other Capital Assets	13,489,971	1,316,871	(1,046,954)	13,759,888
Total Accumulated				
Depreciation	<u>\$ 67,659,780</u>	<u>\$ 5,037,233</u>	<u>\$ (1,046,954)</u>	<u>\$ 71,650,059</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 78,952,090</u>	<u>\$ 26,464,343</u>	<u>\$ (1,336)</u>	<u>\$ 105,415,097</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 117,854,744</u>	<u>\$ 30,064,993</u>	<u>\$ (25,714,300)</u>	<u>\$ 122,205,437</u>

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

Governmental Activities:

Instruction	\$ 3,044,393
Support Services	1,887,210
Operation of Non-instructional Services	<u>105,630</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,037,233</u>

D. Construction Commitments

At June 30, 2014, the General Capital Projects Fund had uncompleted construction contracts of approximately \$171,216 for water line projects, \$1,211,382 for an addition to the misdemeanor facility, and \$1,992 for improvements to the courthouse. Funding for these future expenditures is being provided by bonds issued by the primary government.

Additionally, the School Department's Education Capital Projects Fund had uncompleted construction contracts of \$468,612 for Partnership for Assessment of Readiness for College and Careers (PARCC) testing technology upgrades. Funding has been provided by bonds issued by the primary government and contributed to the School Department.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	General Debt Service	\$ 174,824
"	Public Utility Fund	140
"	Nonmajor governmental	2,138
"	Internal Service	87
Internal Service	Highway/Public Works	<u>597</u>
Total		<u>\$ 177,786</u>

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

Due to/from Primary Government and Component Units:

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position totaling \$60,639 is for debt issued by the primary government, which is being retired by the School Department.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amount:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>	
	<u>Public Utility Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$ 743,307	\$ 129,500

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

F. Capital Leases

On December 12, 2008, Sevier County entered into a six-year lease-purchase agreement to finance the purchase of a geothermal plant for the School Department. The terms of the agreement require total lease payments of \$708,829, plus interest on the lease agreement of 4.35 percent. The School Department maintains title to the equipment during the term of the lease and has granted the lessor a first priority security interest in the equipment to secure lease payments and the performance of all other obligations. The lease payments are made from the School Department's General Purpose School Fund.

Assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings and Improvements	\$ 708,829
Less: Accumulated Depreciations	<u>(87,128)</u>
Total	<u>\$ 621,701</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2015	<u>\$ 61,300</u>
Total Minimum Lease Payments	\$ 61,300
Less: Amount Representing Interest	<u>(661)</u>
Present Value of Minimum Lease Payments	<u>\$ 60,639</u>

G. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to three years for notes, and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	.4 to 4.3 %	6-1-32	\$ 18,540,000	\$ 17,755,000
General Obligation Bonds - Refunding	.4 to 4.5	6-1-25	26,355,000	18,310,000
Other Loans - Fixed Rate - Refunding	3 to 5	6-1-25	19,775,000	10,255,000
Other Loans - Variable Rate	Variable	6-1-32	21,450,000	21,350,000
Other Loans - Variable Rate - Refunding	Variable	6-1-32	49,395,000	43,550,000
Qualified School Construction Bonds	4.84	8-1-27	14,504,000	11,864,338
Energy Efficient Schools Initiative Loan	0	5-1-22	1,000,000	791,675
Capital Outlay Notes	0	9-1-16	600,000	600,000
Capital Lease	4.35	12-1-14	708,829	60,639

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, 2014, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rate as of 6-30-14	Other Fees on Variable Rate Debt
Series V-D-1 (Refunding)	\$ 6,150,000	\$ 1,815,000	Fixed	3 - 4%	0%
Series VII-A-4 (Refunding)(1)	6,900,000	4,695,000	Variable	.6	0.26
Series VII-B-1 (Refunding)(2)	42,495,000	38,855,000	Variable	.08	0.84
Series VII-B-1	21,450,000	21,350,000	Variable	.08	0.84
Series V-F-1 (Refunding)	13,625,000	<u>8,440,000</u>	Fixed	3.5 - 5	0
Total		<u>\$ 75,155,000</u>			

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

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

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2014, 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, 2014. Net interest rate swap payments, discussed in Note IV.B., are in addition to interest and other fee amounts reflected in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 5,325,027	\$ 1,794,844	\$ 7,119,871
2016	5,395,027	1,678,494	7,073,521
2017	3,180,027	1,557,569	4,737,596
2018	3,250,027	1,492,349	4,742,376
2019	4,220,027	1,424,869	5,644,896
2020-2024	14,970,135	6,061,952	21,032,087
2025-2029	8,804,068	2,998,964	11,803,032
2030-2032	2,785,000	175,413	2,960,413
Total	<u>\$ 47,929,338</u>	<u>\$ 17,184,454</u>	<u>\$ 65,113,792</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 200,000	\$ 0	\$ 200,000
2016	200,000	0	200,000
2017	200,000	0	200,000
Total	<u>\$ 600,000</u>	<u>\$ 0</u>	<u>\$ 600,000</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 2,334,996	\$ 543,084	\$ 517,929	\$ 3,396,009
2016	2,469,996	508,900	508,220	3,487,116
2017	4,569,996	470,176	497,422	5,537,594
2018	4,764,996	388,142	477,975	5,631,113
2019	4,074,996	282,042	457,691	4,814,729
2020-2024	25,106,695	763,050	1,854,000	27,723,745
2025-2029	19,660,000	110,084	1,015,664	20,785,748
2030-2032	12,965,000	21,104	221,592	13,207,696
Total	<u>\$ 75,946,675</u>	<u>\$ 3,086,582</u>	<u>\$ 5,550,493</u>	<u>\$ 84,583,750</u>

There is \$32,273,263 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,385, based on the 2010 federal census.

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

Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness 6-30-14

Capital Leases

Contributions from the General Purpose School Fund

GeoThermal Equipment - Catlettsburg \$ 60,639

Also, during the year, based on budgetary appropriations, the School Department remitted \$4,035,475 to the primary government's General Debt Service Fund to be applied to the retirement of other debt issued for the benefit of the School Department.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2013	\$ 45,434,365	\$ 600,000	\$ 78,201,671
Additions	6,800,000	0	0
Reductions	(4,305,027)	0	(2,254,996)
Balance, June 30, 2014	<u>\$ 47,929,338</u>	<u>\$ 600,000</u>	<u>\$ 75,946,675</u>
Balance Due Within One Year	<u>\$ 5,325,027</u>	<u>\$ 200,000</u>	<u>\$ 2,334,996</u>

Governmental Activities (Cont.):

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2013	\$ 201,772	\$ 1,604,200
Additions	0	413,008
Reductions	(141,133)	(144,837)
Balance, June 30, 2014	<u>\$ 60,639</u>	<u>\$ 1,872,371</u>
Balance Due Within One Year	<u>\$ 60,639</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 126,409,023
Less: Balance Due Within One Year	(7,920,662)
Add: Unamortized Premium on Debt	<u>476,875</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 118,965,236</u>

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

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, 2014, was as follows:

Governmental Activities:	Other Postemployment Benefits
Balance, July 1, 2013	\$ 16,088,793
Additions	4,362,551
Reductions	<u>(2,228,771)</u>
Balance, June 30, 2014	<u>\$ 18,222,573</u>
Balance Due Within One Year	<u>\$ 0</u>

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

H. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Sevier County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2014, were \$15,595. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Sevier County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sevier County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$351,874 and \$45,453, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

The county has chosen to establish three self-insurance funds for risks associated with the employees' health, dental, and vision plans for the primary government, and risks associated with workers' compensation claims for both the primary government and the School Department. The self-insurance funds are accounted for as internal service funds where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$125,000 for each employee and approximately \$6,313,760 for all claims in any plan year for health coverage. The county also retains the risk of loss to a limit of \$350,000 per occurrence for general employees and \$425,000 for police officers and approximately \$2,000,000 for all claims in any plan year for workers' compensation coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All full-time employees of the primary government are eligible to participate in the health, dental, and vision programs. A premium charge is allocated to each fund that accounts for employees who are covered by the employee health insurance plan and/or the workers' compensation plan. This charge is based on actuarial estimates of the amounts needed to pay prior- and

current-year claims and to establish a reserve for catastrophic losses. That reserve was \$108,128 for health coverage, \$144,040 for dental and vision coverage, and \$578,808 for workers' compensation coverage at June 30, 2014. 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
2012-2013	\$ 462,580	\$ 4,765,630	\$(5,127,738)	100,472
2013-2014	100,472	5,665,656	(5,242,076)	524,052

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2012-2013	\$ 4,028	\$ 60,064	\$(59,362)	4,730
2013-2014	4,730	81,095	(70,115)	15,710

Employee Insurance - Workers' Compensation Fund

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2012-2013	\$	71,000	\$ 600,852	\$ (594,587)	77,265
2013-2014		77,265	1,061,291	(994,619)	143,937

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. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Sherry Robertson-Huskey left the Office of Register of Deeds and was succeeded by Cyndi Loveday.

On July 14, 2014, Sevier County donated \$7,781,225 to the Sevier County Public Building Authority (PBA) to retire a capital outlay note issued by the PBA in August 2013, to purchase industrial park property.

D. Contingent Liabilities

Sevier County is contingently liable for the Tennessee Department of Environment and Conservation's financial assurance requirements regarding landfill closure/postclosure care costs (\$2,022,099 at June 30, 2014). The county would be obligated for this amount in the event of default on closure/postclosure care costs by Sevier Solid Waste, Inc., a joint venture discussed in Note V.E.

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

E. Joint Ventures

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

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

Sevier County and the City of Sevierville jointly constructed a baseball stadium, which they leased to a minor league baseball club. The Stadium

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

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

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Cocke, Grainger, and Jefferson counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Sevier County made no contributions to the DTF for the year ended June 30, 2014, 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 \$157,600 to the operations of the Economic Development Council for the 2013-14 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.
P.O. Box 4520
Sevierville, TN 37864

Sevier Water Board, Inc.
125 Court Avenue, Suite 201E
Sevierville, TN 37862

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

Sevier County Economic Development Council
100 East Main Street, Suite 302
P.O. Box 4066
Sevierville, TN 37864

F. Retirement Commitments

Plan Description

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

Employees of Sevier County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four

years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Sevier County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Sevier County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 9.29 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, the county's annual pension cost of \$3,443,655 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$3,443,655	100%	\$0
6-30-12	3,509,882	100	0
6-30-11	3,508,335	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 94.21 percent funded. The actuarial accrued liability for benefits was \$91.46 million, and the actuarial value of assets was \$86.17 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.29 million. The covered payroll (annual payroll of active employees covered by the plan) was \$34.34 million, and the ratio of the UAAL to the covered payroll was 15.41 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Sevier County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the

Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011 were \$5,275,346, \$5,254,580, and \$5,246,034, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Primary Government

Sevier County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for medical benefits for retirees and their beneficiaries. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission.

Sevier County also participates in the state-administered Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-701, *Tennessee Code Annotated*. The Medicare Supplement Plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the County Commission. The plans are self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are

periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 55 with 15 years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. Retirees are required to pay \$335 per month for their insurance coverage. The retiree's spouse is eligible for coverage until age 65, as long as the retiree is eligible for coverage. The county also provides a partial subsidy to post-65 retirees based on years of service in the Medicare Supplement Plan. The employee must have at least 15 years of service and be a member in the state's retirement system to be eligible for the Medicare Supplement Plan. During the year ended June 30, 2014, the county contributed \$79,550 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 294,000	\$ 55,000
Interest on the NOPEBO	36,000	28,008
Adjustment to the ARC	(38,000)	(27,287)
Annual OPEB cost	\$ 292,000	\$ 55,721
Amount of contribution	(77,000)	(2,550)
Increase/decrease in NOPEBO	\$ 215,000	\$ 53,171
Net OPEB obligation, 7-1-13	904,000	700,200
Net OPEB obligation, 6-30-14	\$ 1,119,000	\$ 753,371

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Self-insured	\$ 283,000	38.5 %	\$ 669,000
6-30-13	Self-insured	293,000	19.8	904,000
6-30-14	Self-insured	292,000	26.4	1,119,000
6-30-12	Medicare Supplement	147,997	1.7	553,110
6-30-13	Medicare Supplement	149,640	1.7	700,200
6-30-14	Medicare Supplement	55,721	4.6	753,371

Funded Status and Funding Progress

The funded status of the plans as of the latest actuarial valuations were as follows:

	Self-Insured Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-12	7-1-13
Actuarial accrued liability (AAL)	\$ 2,518,000	\$ 657,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,518,000	\$ 657,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 19,978,000	N/A
UAAL as a % of covered payroll	12.6%	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2012, and July 1, 2013, actuarial valuations of the self-insured plan and the Medicare Supplement Plan, respectively, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses). For the self-insured plan an annual healthcare cost trend rate of nine percent was assumed for fiscal year 2014, reduced by decrements of .5 percent until an ultimate rate of five percent is reached. The annual healthcare cost trend rate for the Medicare Supplement Plan was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044.

The rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

Discretely Presented Sevier County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, the School Department contributed \$1,589,197 for the Local Education Group Plan and \$12,600 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,446,000	\$ 273,000
Interest on the NOPEBO	584,046	59,505
Adjustment to the ARC	(569,002)	(57,972)
Annual OPEB cost	\$ 3,461,044	\$ 274,533
Amount of contribution	(1,589,197)	(12,600)
Increase/decrease in NOPEBO	\$ 1,871,847	\$ 261,933
Net OPEB obligation, 7-1-13	14,601,158	1,487,635
Net OPEB obligation, 6-30-14	\$ 16,473,005	\$ 1,749,568

Fiscal Year Ended	Plans	Annual OPEB Cost	of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 4,266,654	28.9 %	\$ 11,712,411
6-30-13	Local Education Group	4,300,196	32.8	14,601,158
6-30-14	Local Education Group	3,461,044	45.9	16,473,005
6-30-12	Medicare Supplement	325,891	3.5	1,171,867
6-30-13	Medicare Supplement	329,118	4.1	1,487,635
6-30-14	Medicare Supplement	274,533	4.6	1,749,568

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 29,807,000	\$ 3,514,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 29,807,000	\$ 3,514,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 80,925,930	N/A
UAAL as a % of covered payroll	36.8%	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual healthcare cost trend rate for the Medicare Supplement Plan was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates

include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

H. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *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 \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED SEVIER COUNTY PUBLIC BUILDING AUTHORITY

A. Summary of Significant Accounting Policies

Reporting Entity

The Public Building Authority of Sevier County, Tennessee, a component unit of Sevier County, Tennessee, is a local public nonprofit organization formed pursuant to the provisions of the Public Building Authorities Act of 1971, Title 12, Chapter 10, *Tennessee Code Annotated*, for the purposes of constructing, acquiring, repairing, and renovating public facilities to improve the quality of life, and the health, safety, and welfare of the citizens of the State of Tennessee and the borrowing of funds and the execution of loan agreements, leases, and interest rate swap agreements with municipal corporations for the purpose of financing any undertaking that is eligible to be financed by bonds, notes, interim certificates, or other obligations issued. The Public Building Authority of Sevier County, Tennessee, is a public

instrumentality of the county, and its Board of Directors is appointed by the County Commissioners; it has no power to obligate Sevier County, Tennessee. Sevier County is legally entitled to the net earnings of the Public Building Authority of Sevier County, Tennessee, after provision for all current obligations and future projects of the authority.

Basis of Presentation

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

The entity is a proprietary fund type known as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Methods of Accounting

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

The authority considers cash for the purpose of the Statement of Cash Flows to include demand deposits with the bank as there were no other cash equivalents.

Capital Assets and Depreciation

Property and equipment are stated at cost less accumulated depreciation, computed on the straight-line method over the estimated useful lives of the assets. Only items over \$100 are capitalized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interest Capitalization

Interest costs incurred during construction are capitalized. There was \$170,964 interest capitalized during the year ended June 30, 2014.

Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Recently Issued and Adopted Accounting Pronouncements

In December 2013, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. In addition, this statement provides reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

In December 2013, GASB issued Statement No. 66, which is an amendment of GASB Statements No. 10 and No. 62. The objective of this statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of Statements No. 54 and No. 62.

The adoption of GASB Statements No. 65 and No. 66 does not have any impact on the authority's financial statements.

Net Position

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

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

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

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

B. Cash

Cash consists of demand deposits in the Public Building Authority of Sevier County, Tennessee, checking accounts with Citizens National Bank, Sevier County Bank, and Branch Banking and Trust Bank. Cash is insured through the Federal Depository Insurance Corporation.

C. Investments

The Public Building Authority (PBA) of Sevier County, Tennessee, authorized by its Board of Directors, has invested its idle monies into one investment account with Raymond James Financial, Inc.'s local office in Knoxville, Tennessee. All interest income generated by these investments is added to the principal amounts on a monthly basis. Total carrying value, which also equals market value, at June 30, 2014, is \$1,901,325. This includes all interest earned through the end of fiscal year 2014. At June 30, 2014, the accounts were invested in bank certificates of deposit, and a cash position with Raymond James Financial, Inc. All securities are held by Raymond James Financial, Inc., in the Public Building Authority of Sevier County, Tennessee's name and are protected by insurance coverage of up to \$2,500,000 (\$250,000 limit for cash amounts). These investments are in compliance with state statute restrictions regarding investment policies.

D. Funds Held by Trustee

The Public Building Authority of Sevier County, Tennessee, has issued bonds on behalf of the following Tennessee entities: City of Harriman, and the

Water and Wastewater Authority of Wilson County. The proceeds of these bond issues are deposited with Regions Bank Trust Department as trustee.

The proceeds remain the funds of the authority as long as the proceeds remain with the trustee and are carried as an asset on the balance sheet of the Public Building Authority of Sevier County, Tennessee. The proceeds become the funds of the borrower when funds are disbursed to the above named entities in accordance with the contract terms.

E. Capital Assets

	Balance 7-1-13	Additions	Balance 6-30-14
Nondepreciable Capital Assets:			
Land and Improvements			
Held for Development -			
Smith-Thomas Technology Park	\$ 585,017	\$ 0	\$ 585,017
Smith-Thomas Technology Park			
Improvements	596,924	0	596,924
407 Technology Park	0	7,780,963	7,780,963
	<hr/>		
Total	\$ 1,181,941	\$ 7,780,963	\$ 8,962,904
	<hr/> <hr/>		
Depreciable Capital Assets:			
Furniture and Fixtures	\$ 879	\$ 0	\$ 879
Less: Accumulated			
Depreciation	(879)	0	(879)
	<hr/>		
Net Depreciable Capital Assets	\$ 0	\$ 0	\$ 0
	<hr/> <hr/>		

F. Conduit Debt

The authority has issued bonds as conduit debt on behalf of various Tennessee local government borrowers for construction and acquisition of various capital assets. The borrowers have guaranteed, insured, and pledged certain revenues for repayments of these bond issues. The bonds do not constitute a debt or pledge of the faith and credit of the authority or Sevier County and, accordingly, have not been reported in the accompanying financial statements, except undrawn bond funds held by the authority's trustee.

The total conduit debt outstanding as of June 30, 2014, for all bond issues was \$627,455,000. This amount includes bond issues with amounts remaining undrawn in trust asset accounts as shown in the following paragraph.

The conduit debt amount recorded by the authority is the offsetting liability to the funds held by the trustee asset account. These are funds owed to the borrowing entities, but have not yet been requested by the borrowers. The amounts are fully insured by the borrower for their respective amounts. The investments are held by the trustee and are invested in cash and U.S. Government Securities as per the contract agreement. Total carrying value, which approximates market value, at June 30, 2014, was \$248,703. Earnings on funds held by the trustee flow through to the various entities and reduce interest expense on the amount of funds borrowed on their behalf.

G. Capital Outlay Note Payable

The authority, on August 22, 2013, purchased 116 acres of land and land improvements to be completed for approximately \$7.61 million. The seller was paid \$5 million at closing, and the remaining amount was placed in an escrow account to be released to the seller as improvements are satisfactorily completed. This property acquisition was made at the request of the County Commission of Sevier County to facilitate the development of a future industrial park in the county near U.S. Interstate 40, Exit 407.

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

H. Revenue and Support

Operating revenues in the fiscal year ended June 30, 2014, were from facilitating fees and additional payments for loan agreements, which are due to the Public Building Authority of Sevier County, Tennessee, under the loan agreements for the Tennessee Local Government Alternative Loan Program (TN-LOANS Program). The authority acts as a conduit issuer for various borrowers throughout the State of Tennessee. Each borrower under the TN-LOANS Program pays a fee on the outstanding balance of their loan based on the basis points provided for in the loan agreement for their particular bond issue.

I. Risk Management

The Public Building Authority of Sevier County, Tennessee, did not participate in any risk management strategies as of June 30, 2014, as it has no employees and owns minimal assets, other than cash, which is insured by the Federal Depository Insurance Corporation.

The loan agreements, under which bonds are issued, require the security of either bond insurance or letters of credit provided by the borrower or other securities such as mortgage notes and trust deeds to indemnify the Public Building Authority of Sevier County, Tennessee.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sevier County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 86,169	\$ 91,461	\$ 5,292	94.21 %	\$ 34,342	15.41 %
7-1-09	65,129	79,595	14,466	94.64	33,043	11.17
7-1-07	56,091	66,849	10,758	92.41	29,475	15.62

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit F-2

Sevier County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sevier County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-Insured	7-1-08	\$ 0	\$ 2,123	\$ 2,123	0 %	\$ 20,345	10.43 %
"	7-1-10	0	2,495	2,495	0	19,501	12.79
"	7-1-12	0	2,518	2,518	0	19,989	12.60
Medicare Supplement	7-1-10	0	1,174	1,174	0	N/A	N/A
"	7-1-11	0	1,317	1,317	0	N/A	N/A
"	7-1-13	0	657	657	0	N/A	N/A
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	31,996	31,996	0	76,965	41.57
"	7-1-11	0	35,308	35,308	0	78,213	45.14
"	7-1-13	0	29,807	29,807	0	80,926	36.83
Medicare Supplement	7-1-10	0	3,599	3,599	0	N/A	N/A
"	7-1-11	0	4,002	4,002	0	N/A	N/A
"	7-1-13	0	3,514	3,514	0	N/A	N/A

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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.

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, and sheriff.

Exhibit G-1

Sevier County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

Special Revenue Funds

	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	52,387	40,092	122,834	304,223	78,085
	0	0	400,900	3,014	0
	0	0	0	760,503	0
	0	0	0	(32,736)	0
	\$ 52,387	\$ 40,092	\$ 523,734	\$ 1,035,004	\$ 78,085
<u>ASSETS</u>					
Cash	0	0	0	0	0
Equity in Pooled Cash and Investments	52,387	40,092	122,834	304,223	78,085
Due from Other Governments	0	0	400,900	3,014	0
Property Taxes Receivable	0	0	0	760,503	0
Allowance for Uncollectible Property Taxes	0	0	0	(32,736)	0
Total Assets	\$ 52,387	\$ 40,092	\$ 523,734	\$ 1,035,004	\$ 78,085
<u>LIABILITIES</u>					
Accounts Payable	0	0	93,292	21,753	0
Accrued Payroll	0	0	31,763	0	0
Payroll Deductions Payable	0	0	5,243	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	\$ 0	\$ 0	\$ 130,298	\$ 21,753	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	0	0	0	695,074	0
Deferred Delinquent Property Taxes	0	0	0	25,638	0
Other Deferred/Unavailable Revenue	0	0	185,000	0	0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 185,000	\$ 720,712	\$ 0

(Continued)

Exhibit G-1

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

Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
\$	52,387	0	0	0	0	0
	0	40,092	0	0	0	0
	0	0	0	0	0	78,085
	0	0	0	292,539	0	0
	0	0	208,436	0	0	0
\$	52,387	40,092	208,436	292,539		78,085
\$	52,387	40,092	523,734	1,035,004		78,085

FUND BALANCES

Restricted:

Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Capital Outlay

Committed:

Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

Special Revenue Funds (Cont.)		Constituti onal	Total
Other Special Revenue	Officers - Fees	Nonmajor Governmental Funds	
\$ 0	\$ 2,138	\$ 2,138	\$ 2,138
246,597	0	0	844,218
38,751	0	0	442,665
0	0	0	760,503
0	0	0	(32,736)
<u>\$ 285,348</u>	<u>\$ 2,138</u>	<u>\$ 2,138</u>	<u>\$ 2,016,788</u>

ASSETS

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

LIABILITIES

Accounts Payable	\$ 126	\$ 0	\$ 115,171
Accrued Payroll	0	0	31,763
Payroll Deductions Payable	0	0	5,243
Due to Other Funds	0	2,138	2,138
Total Liabilities	<u>\$ 126</u>	<u>\$ 2,138</u>	<u>\$ 154,315</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 0	\$ 0	\$ 695,074
Deferred Delinquent Property Taxes	0	0	25,638
Other Deferred/Unavailable Revenue	0	0	185,000
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 905,712</u>

(Continued)

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

Special Revenue Funds (Cont.)		Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
Other Special Revenue	0 \$	0 \$	52,387
	285,222	0	325,314
	0	0	78,085
	0	0	292,539
	0	0	208,436
	<u>285,222 \$</u>	<u>0 \$</u>	<u>956,761</u>
	<u>285,348 \$</u>	<u>2,138 \$</u>	<u>2,016,788</u>

FUND BALANCES

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

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2014

Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Solid Waste/ Sanitation	Special Purpose	Drug Control	
<u>Revenues</u>						
Local Taxes	\$ 24,502	\$ 11,240	\$ 2,168,400	\$ 756,125	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	0	46,237
Charges for Current Services	0	0	22,750	0	0	0
Other Local Revenues	0	0	93,301	0	0	0
State of Tennessee	0	0	0	0	0	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	21,000	0	0
Total Revenues	\$ 24,502	\$ 11,240	\$ 2,284,451	\$ 777,125	\$ 46,237	0
<u>Expenditures</u>						
Current:						
General Government	\$ 9,734	\$ 0	\$ 0	\$ 59,969	\$ 0	0
Administration of Justice	0	16,302	0	29,895	0	0
Public Safety	0	0	0	283,104	5,466	0
Public Health and Welfare	0	0	2,401,310	434,401	0	0
Social, Cultural, and Recreational Services	0	0	0	68,877	0	0
Other Operations	0	0	0	100,754	0	0
Total Expenditures	\$ 9,734	\$ 16,302	\$ 2,401,310	\$ 977,000	\$ 5,466	0
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,768	\$ (5,062)	\$ (116,859)	\$ (199,875)	\$ 40,771	0

(Continued)

Exhibit G-2

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

		Special Revenue Funds					
		Courthouse and Jail Maintenance	Law Library	Solid Waste/ Sanitation	Special Purpose	Drug Control	
Other Financing Sources (Uses)							
Transfers In		\$ 0	\$ 0	\$ 79,500	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)		\$ 0	\$ 0	\$ 79,500	\$ 0	\$ 0	0
Net Change in Fund Balances		\$ 14,768	\$ (5,062)	\$ (37,359)	\$ (199,875)	\$ 40,771	
Fund Balance, July 1, 2013		37,619	45,154	245,795	492,414	37,314	
Fund Balance, June 30, 2014		\$ 52,387	\$ 40,092	\$ 208,436	\$ 292,539	\$ 78,085	

(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>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	2,960,267
Fines, Forfeitures, and Penalties	56,048	0	0	102,285
Charges for Current Services	0	37,744	0	60,494
Other Local Revenues	224	0	0	93,525
State of Tennessee	70,000	0	0	70,000
Federal Government	88,601	0	0	88,601
Other Governments and Citizens Groups	0	0	0	21,000
Total Revenues	\$ 214,873	\$ 37,744	\$ 0	\$ 3,396,172
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	69,703
Administration of Justice	257,776	37,744	0	341,717
Public Safety	0	0	0	288,570
Public Health and Welfare	56,551	0	0	2,892,262
Social, Cultural, and Recreational Services	0	0	0	68,877
Other Operations	0	0	0	100,754
Total Expenditures	\$ 314,327	\$ 37,744	\$ 0	\$ 3,761,883
Excess (Deficiency) of Revenues Over Expenditures	\$ (99,454)	\$ 0	\$ 0	\$ (365,711)

(Continued)

Exhibit G-2

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu- tional Officers - Fees		
	\$ 50,000	\$ 0	\$ 0	129,500
	\$ 50,000	\$ 0	\$ 0	129,500
	\$ (49,454)	\$ 0	\$ 0	(236,211)
	334,676	0	0	1,192,972
	\$ 285,222	\$ 0	\$ 0	956,761
<u>Other Financing Sources (Uses)</u>				
Transfers In				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances				
Fund Balance, July 1, 2013				
Fund Balance, June 30, 2014				

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 24,502	\$ 25,000	\$ 25,000	\$ (498)
Total Revenues	\$ 24,502	\$ 25,000	\$ 25,000	\$ (498)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 9,734	\$ 10,500	\$ 10,500	\$ 766
Total Expenditures	\$ 9,734	\$ 10,500	\$ 10,500	\$ 766
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,768	\$ 14,500	\$ 14,500	\$ 268
Net Change in Fund Balance	\$ 14,768	\$ 14,500	\$ 14,500	\$ 268
Fund Balance, July 1, 2013	37,619	35,694	35,694	1,925
Fund Balance, June 30, 2014	\$ 52,387	\$ 50,194	\$ 50,194	\$ 2,193

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,240	\$ 11,150	\$ 11,150	\$ 90
Total Revenues	\$ 11,240	\$ 11,150	\$ 11,150	\$ 90
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 16,302	\$ 15,150	\$ 16,150	\$ (152)
Total Expenditures	\$ 16,302	\$ 15,150	\$ 16,150	\$ (152)
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,062)	\$ (4,000)	\$ (5,000)	\$ (62)
Net Change in Fund Balance	\$ (5,062)	\$ (4,000)	\$ (5,000)	\$ (62)
Fund Balance, July 1, 2013	45,154	46,595	46,595	(1,441)
Fund Balance, June 30, 2014	\$ 40,092	\$ 42,595	\$ 41,595	\$ (1,503)

Exhibit G-5

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,168,400	\$ 2,195,000	\$ 2,195,000	\$ (26,600)
Charges for Current Services	22,750	45,000	45,000	(22,250)
Other Local Revenues	93,301	90,000	90,000	3,301
Total Revenues	<u>\$ 2,284,451</u>	<u>\$ 2,330,000</u>	<u>\$ 2,330,000</u>	<u>\$ (45,549)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,401,310	\$ 2,330,000	\$ 2,420,200	\$ 18,890
Total Expenditures	<u>\$ 2,401,310</u>	<u>\$ 2,330,000</u>	<u>\$ 2,420,200</u>	<u>\$ 18,890</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (116,859)</u>	<u>\$ 0</u>	<u>\$ (90,200)</u>	<u>\$ (26,659)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 79,500	\$ 0	\$ 79,500	\$ 0
Total Other Financing Sources	<u>\$ 79,500</u>	<u>\$ 0</u>	<u>\$ 79,500</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (37,359)	\$ 0	\$ (10,700)	\$ (26,659)
Fund Balance, July 1, 2013	245,795	203,551	203,551	42,244
Fund Balance, June 30, 2014	<u>\$ 208,436</u>	<u>\$ 203,551</u>	<u>\$ 192,851</u>	<u>\$ 15,585</u>

Exhibit G-6

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 756,125	\$ 763,000	\$ 763,000	\$ (6,875)
Other Local Revenues	0	0	7,500	(7,500)
Federal Government	0	22,850	22,850	(22,850)
Other Governments and Citizens Groups	21,000	20,000	21,000	0
Total Revenues	<u>\$ 777,125</u>	<u>\$ 805,850</u>	<u>\$ 814,350</u>	<u>\$ (37,225)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Geographical Information Systems	\$ 50,000	\$ 50,000	\$ 50,000	0
County Buildings	0	6,600	6,600	6,600
Other General Administration	9,969	10,000	10,000	31
<u>Administration of Justice</u>				
Circuit Court	8,000	8,000	8,000	0
General Sessions Court	21,895	22,000	22,000	105
<u>Public Safety</u>				
Sheriff's Department	283,104	290,000	290,000	6,896
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	243,795	236,500	244,000	205
Sanitation Management	190,606	195,000	195,000	4,394
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	68,877	50,000	68,877	0
<u>Other Operations</u>				
Other Charges	14,590	17,000	17,000	2,410
Miscellaneous	86,164	92,000	92,000	5,836
Total Expenditures	<u>\$ 977,000</u>	<u>\$ 977,100</u>	<u>\$ 1,003,477</u>	<u>\$ 26,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (199,875)</u>	<u>\$ (171,250)</u>	<u>\$ (189,127)</u>	<u>\$ (10,748)</u>
Net Change in Fund Balance	\$ (199,875)	\$ (171,250)	\$ (189,127)	\$ (10,748)
Fund Balance, July 1, 2013	<u>492,414</u>	<u>460,583</u>	<u>460,583</u>	<u>31,831</u>
Fund Balance, June 30, 2014	<u>\$ 292,539</u>	<u>\$ 289,333</u>	<u>\$ 271,456</u>	<u>\$ 21,083</u>

Exhibit G-7

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 46,237	\$ 25,000	\$ 25,000	\$ 21,237
Total Revenues	\$ 46,237	\$ 25,000	\$ 25,000	\$ 21,237
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 5,466	\$ 25,300	\$ 25,300	\$ 19,834
Total Expenditures	\$ 5,466	\$ 25,300	\$ 25,300	\$ 19,834
Excess (Deficiency) of Revenues Over Expenditures	\$ 40,771	\$ (300)	\$ (300)	\$ 41,071
Net Change in Fund Balance	\$ 40,771	\$ (300)	\$ (300)	\$ 41,071
Fund Balance, July 1, 2013	37,314	35,807	35,807	1,507
Fund Balance, June 30, 2014	\$ 78,085	\$ 35,507	\$ 35,507	\$ 42,578

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 56,048	\$ 55,000	\$ 55,000	\$ 1,048
Other Local Revenues	224	0	0	224
State of Tennessee	70,000	50,000	50,000	20,000
Federal Government	88,601	75,000	75,000	13,601
Other Governments and Citizens Groups	0	50,000	0	0
Total Revenues	<u>\$ 214,873</u>	<u>\$ 230,000</u>	<u>\$ 180,000</u>	<u>\$ 34,873</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 257,776	\$ 168,000	\$ 268,000	\$ 10,224
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	56,551	40,000	60,000	3,449
Total Expenditures	<u>\$ 314,327</u>	<u>\$ 208,000</u>	<u>\$ 328,000</u>	<u>\$ 13,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (99,454)</u>	<u>\$ 22,000</u>	<u>\$ (148,000)</u>	<u>\$ 48,546</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 0	\$ 50,000	\$ 0
Total Other Financing Sources	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (49,454)	\$ 22,000	\$ (98,000)	\$ 48,546
Fund Balance, July 1, 2013	<u>334,676</u>	<u>316,818</u>	<u>316,818</u>	<u>17,858</u>
Fund Balance, June 30, 2014	<u>\$ 285,222</u>	<u>\$ 338,818</u>	<u>\$ 218,818</u>	<u>\$ 66,404</u>

Major Governmental Fund

General Debt Service Fund

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.

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,278,523	\$ 5,150,000	\$ 5,150,000	\$ 128,523
Other Local Revenues	863,946	1,200,000	1,200,000	(336,054)
Other Governments and Citizens Groups	4,035,475	4,271,598	4,271,598	(236,123)
Total Revenues	<u>\$ 10,177,944</u>	<u>\$ 10,621,598</u>	<u>\$ 10,621,598</u>	<u>\$ (443,654)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,555,000	\$ 5,555,000	\$ 5,555,000	\$ 0
Education	1,005,023	1,005,023	1,005,023	0
<u>Interest on Debt</u>				
General Government	3,314,157	4,818,103	4,818,103	1,503,946
Education	697,329	703,154	703,154	5,825
<u>Other Debt Service</u>				
General Government	122,088	128,715	128,715	6,627
Education	11,603	11,603	11,603	0
Total Expenditures	<u>\$ 10,705,200</u>	<u>\$ 12,221,598</u>	<u>\$ 12,221,598</u>	<u>\$ 1,516,398</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (527,256)</u>	<u>\$ (1,600,000)</u>	<u>\$ (1,600,000)</u>	<u>\$ 1,072,744</u>
Net Change in Fund Balance	\$ (527,256)	\$ (1,600,000)	\$ (1,600,000)	\$ 1,072,744
Fund Balance, July 1, 2013	32,800,519	31,933,961	31,933,961	866,558
Fund Balance, June 30, 2014	<u>\$ 32,273,263</u>	<u>\$ 30,333,961</u>	<u>\$ 30,333,961</u>	<u>\$ 1,939,302</u>

Proprietary Funds

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.

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

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

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

Exhibit I-1

Sevier County, Tennessee
 Combining Statement of Net Position
 Proprietary Funds
 June 30, 2014

	<u>Internal Service Funds</u>				Total Proprietary Funds
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation		
	\$ 632,180	\$ 159,750	\$ 722,148	\$	1,514,078
	0	0	597		597
	\$ 632,180	\$ 159,750	\$ 722,745	\$	1,514,675
<u>ASSETS</u>					
Current Assets:					
Cash					
Due from Other Funds					
Total Assets					
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable					
Due to Other Funds					
Total Liabilities					
<u>NET POSITION</u>					
Net Position - Unrestricted	\$ 108,128	\$ 144,040	\$ 578,808	\$	830,976
Total Net Position	\$ 108,128	\$ 144,040	\$ 578,808	\$	830,976

Exhibit I-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 5,922,824	\$ 193,683	\$ 988,715	\$ 7,105,222
Patient Charges	143,507	0	0	143,507
Total Operating Revenues	<u>\$ 6,066,331</u>	<u>\$ 193,683</u>	<u>\$ 988,715</u>	<u>\$ 7,248,729</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 286,247	\$ 2,611	\$ 0	\$ 288,858
Employee and Dependent Insurance	0	122,255	0	122,255
Life Insurance	155,694	0	0	155,694
Disability Insurance	38,264	0	0	38,264
Excess Risk Insurance	533,096	0	0	533,096
Medical Claims	4,339,766	81,095	1,061,291	5,482,152
Other Self-Insured Claims	1,325,890	0	0	1,325,890
Total Operating Expenses	<u>\$ 6,678,957</u>	<u>\$ 205,961</u>	<u>\$ 1,061,291</u>	<u>\$ 7,946,209</u>
Operating Income (Loss)	<u>\$ (612,626)</u>	<u>\$ (12,278)</u>	<u>\$ (72,576)</u>	<u>\$ (697,480)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 2,297	\$ 150	\$ 558	\$ 3,005
Total Nonoperating Revenues (Expenses)	<u>\$ 2,297</u>	<u>\$ 150</u>	<u>\$ 558</u>	<u>\$ 3,005</u>
Change in Net Position	\$ (610,329)	\$ (12,128)	\$ (72,018)	\$ (694,475)
Net Position, July 1, 2013	718,457	156,168	650,826	1,525,451
Net Position, June 30, 2014	<u>\$ 108,128</u>	<u>\$ 144,040</u>	<u>\$ 578,808</u>	<u>\$ 830,976</u>

Exhibit I-3

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compen- sation	Total
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 6,047,919	\$ 193,683	\$ 1,039,165	\$ 7,280,767
Receipts for Patient Charges	143,507	0	0	143,507
Payments to Insurers	(727,054)	(122,255)	0	(849,309)
Payments for Claims	(5,242,076)	(70,115)	(994,619)	(6,306,810)
Payments for Administrative Costs	(286,247)	(2,611)	0	(288,858)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (63,951)</u>	<u>\$ (1,298)</u>	<u>\$ 44,546</u>	<u>\$ (20,703)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 2,297	\$ 150	\$ 558	\$ 3,005
Net Cash Provided By (Used In) Investing Activities	<u>\$ 2,297</u>	<u>\$ 150</u>	<u>\$ 558</u>	<u>\$ 3,005</u>
Increase (Decrease) in Cash	\$ (61,654)	\$ (1,148)	\$ 45,104	\$ (17,698)
Cash, July 1, 2013	693,834	160,898	677,044	1,531,776
Cash, June 30, 2014	<u>\$ 632,180</u>	<u>\$ 159,750</u>	<u>\$ 722,148</u>	<u>\$ 1,514,078</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (612,626)	\$ (12,278)	\$ (72,576)	\$ (697,480)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease in Current Receivables	125,095	0	50,450	175,545
Increase (Decrease) in Accounts Payable	423,580	10,980	66,672	501,232
Net Cash Provided By (Used In) Operating Activities	<u>\$ (63,951)</u>	<u>\$ (1,298)</u>	<u>\$ 44,546</u>	<u>\$ (20,703)</u>

Fiduciary Funds

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.

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

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

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

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

Exhibit J-1

Sevier County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Agency Funds					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<u>ASSETS</u>						
Cash	\$ 0	\$ 4,192,960	\$ 100	\$ 0	\$ 4,193,060	
Equity in Pooled Cash and Investments	0	0	227,156	23,538	250,694	
Accounts Receivable	0	1,525	0	0	1,525	
Due from Other Governments	6,493,115	0	7,270	1,675	6,502,060	
Total Assets	<u>\$ 6,493,115</u>	<u>\$ 4,194,485</u>	<u>\$ 234,526</u>	<u>\$ 25,213</u>	<u>\$ 10,947,339</u>	
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 6,493,115	\$ 0	\$ 0	\$ 0	\$ 6,493,115	
Due to Litigants, Heirs, and Others	0	4,194,485	0	25,213	4,219,698	
Due to Joint Ventures	0	0	234,526	0	234,526	
Total Liabilities	<u>\$ 6,493,115</u>	<u>\$ 4,194,485</u>	<u>\$ 234,526</u>	<u>\$ 25,213</u>	<u>\$ 10,947,339</u>	

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 36,995,002	\$ 36,995,002	\$ 0
Due from Other Governments	6,160,123	6,493,115	6,160,123	6,493,115
Total Assets	\$ 6,160,123	\$ 43,488,117	\$ 43,155,125	\$ 6,493,115
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,160,123	\$ 43,488,117	\$ 43,155,125	\$ 6,493,115
Total Liabilities	\$ 6,160,123	\$ 43,488,117	\$ 43,155,125	\$ 6,493,115
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,802,487	\$ 23,632,777	\$ 22,242,304	\$ 4,192,960
Accounts Receivable	4,667	1,525	4,667	1,525
Total Assets	\$ 2,807,154	\$ 23,634,302	\$ 22,246,971	\$ 4,194,485
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,807,154	\$ 23,634,302	\$ 22,246,971	\$ 4,194,485
Total Liabilities	\$ 2,807,154	\$ 23,634,302	\$ 22,246,971	\$ 4,194,485
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 0	\$ 100	\$ 0	\$ 100
Equity in Pooled Cash and Investments	260,701	219,555	253,100	227,156
Due from Other Governments	0	7,270	0	7,270
Total Assets	\$ 260,701	\$ 226,925	\$ 253,100	\$ 234,526
<u>Liabilities</u>				
Due to Joint Ventures	\$ 260,701	\$ 226,925	\$ 253,100	\$ 234,526
Total Liabilities	\$ 260,701	\$ 226,925	\$ 253,100	\$ 234,526

(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	\$ 17,392	\$ 38,299	\$ 32,153	\$ 23,538
Due from Other Governments	0	1,675	0	1,675
Total Assets	\$ 17,392	\$ 39,974	\$ 32,153	\$ 25,213
<u>Liabilities</u>				
Due to Litigant, Heirs, and Others	\$ 17,392	\$ 39,974	\$ 32,153	\$ 25,213
Total Liabilities	\$ 17,392	\$ 39,974	\$ 32,153	\$ 25,213
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,802,487	\$ 23,632,877	\$ 22,242,304	\$ 4,193,060
Equity in Pooled Cash and Investments	278,093	37,252,856	37,280,255	250,694
Accounts Receivable	4,667	1,525	4,667	1,525
Due from Other Governments	6,160,123	6,502,060	6,160,123	6,502,060
Total Assets	\$ 9,245,370	\$ 67,389,318	\$ 65,687,349	\$ 10,947,339
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,160,123	\$ 43,488,117	\$ 43,155,125	\$ 6,493,115
Due to Litigants, Heirs, and Others	2,824,546	23,674,276	22,279,124	4,219,698
Due to Joint Ventures	260,701	226,925	253,100	234,526
Total Liabilities	\$ 9,245,370	\$ 67,389,318	\$ 65,687,349	\$ 10,947,339

Sevier County School Department

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

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of bonds issued by Sevier County and contributed to the School Department for technology upgrades.

Exhibit K-1

Sevier County, Tennessee
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		
			Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities:					
Instruction	\$ 89,766,388	\$ 194,318	\$ 4,543,257	\$ 9,349,486	\$ (75,679,327)
Support Services	45,149,877	39,494	1,110,132	1,580,914	(42,419,337)
Operation of Non-instructional Services	9,064,150	1,519,159	6,299,984	0	(1,245,007)
Interest on Long-term Debt	5,986	0	0	0	(5,986)
Total Governmental Activities	\$ 143,986,401	\$ 1,752,971	\$ 11,953,373	\$ 10,930,400	\$ (119,349,657)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 30,586,498
Local Option Sales Taxes					46,031,686
Other Local Taxes					177,653
Hotel/Motel Tax					2,489,542
Mixed Drink Tax					535,636
Grants and Contributions Not Restricted to Specific Programs					43,154,093
Unrestricted Investment Income					2,597
Miscellaneous					59,470
Gain on Disposal of Capital Assets					62,038
Total General Revenues					\$ 123,099,213
Change in Net Position					\$ 3,749,556
Net Position, July 1, 2013					121,980,457
Net Position, June 30, 2014					\$ 125,730,013

Exhibit K-2

Sevier County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 10,404	\$ 10,404
Equity in Pooled Cash and Investments	14,760,130	1,140,596	15,900,726
Accounts Receivable	476,782	0	476,782
Due from Other Governments	9,135,660	49,298	9,184,958
Property Taxes Receivable	31,750,970	0	31,750,970
Allowance for Uncollectible Property Taxes	(1,366,714)	0	(1,366,714)
Total Assets	<u>\$ 54,756,828</u>	<u>\$ 1,200,298</u>	<u>\$ 55,957,126</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 43,184	\$ 0	\$ 43,184
Accrued Payroll	151	0	151
Contracts Payable	299,373	0	299,373
Retainage Payable	49,636	0	49,636
Other Notes Payable	982,000	0	982,000
Other Current Liabilities	3,755,673	0	3,755,673
Total Liabilities	<u>\$ 5,130,017</u>	<u>\$ 0</u>	<u>\$ 5,130,017</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 29,019,321	\$ 0	\$ 29,019,321
Deferred Delinquent Property Taxes	1,085,840	0	1,085,840
Other Deferred/Unavailable Revenue	4,995,228	0	4,995,228
Total Deferred Inflows of Resources	<u>\$ 35,100,389</u>	<u>\$ 0</u>	<u>\$ 35,100,389</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 34,426	\$ 311,534	\$ 345,960
Restricted for Capital Outlay	0	888,764	888,764
Assigned:			
Assigned for Education	8,304,412	0	8,304,412
Unassigned	6,187,584	0	6,187,584
Total Fund Balances	<u>\$ 14,526,422</u>	<u>\$ 1,200,298</u>	<u>\$ 15,726,720</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 54,756,828</u>	<u>\$ 1,200,298</u>	<u>\$ 55,957,126</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, 2014

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)		\$	15,726,720
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	16,742,489	
Add: construction in progress		47,851	
Add: buildings and improvements net of accumulated depreciation		93,577,639	
Add: infrastructure net of accumulated depreciation		5,658,866	
Add: other capital assets net of accumulated depreciation		<u>6,178,592</u>	122,205,437
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: leases payable on primary government debt	\$	(60,639)	
Less: other postemployment benefits liability		<u>(18,222,573)</u>	(18,283,212)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>6,081,068</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>125,730,013</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, 2014

	<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	\$ 80,378,504	\$ 0	\$ 80,378,504
Licenses and Permits	127,639	0	127,639
Charges for Current Services	216,240	1,519,159	1,735,399
Other Local Revenues	278,635	2,687	281,322
State of Tennessee	41,451,941	64,666	41,516,607
Federal Government	224,469	12,419,432	12,643,901
Other Governments and Citizens Groups	1,157,720	4,552,763	5,710,483
Total Revenues	<u>\$ 123,835,148</u>	<u>\$ 18,558,707</u>	<u>\$ 142,393,855</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 70,456,963	\$ 6,435,682	\$ 76,892,645
Support Services	41,790,837	995,441	42,786,278
Operation of Non-instructional Services	2,105,517	6,754,035	8,859,552
Capital Outlay	4,741,035	0	4,741,035
Debt Service:			
Principal on Debt	141,133	0	141,133
Interest on Debt	5,986	0	5,986
Other Debt Service	4,035,475	0	4,035,475
Capital Projects	0	3,663,999	3,663,999
Total Expenditures	<u>\$ 123,276,946</u>	<u>\$ 17,849,157</u>	<u>\$ 141,126,103</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 558,202</u>	<u>\$ 709,550</u>	<u>\$ 1,267,752</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 47,040	\$ 0	\$ 47,040
Total Other Financing Sources (Uses)	<u>\$ 47,040</u>	<u>\$ 0</u>	<u>\$ 47,040</u>
Net Change in Fund Balances	\$ 605,242	\$ 709,550	\$ 1,314,792
Fund Balance, July 1, 2013	13,921,180	490,748	14,411,928
Fund Balance, June 30, 2014	<u>\$ 14,526,422</u>	<u>\$ 1,200,298</u>	<u>\$ 15,726,720</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, 2014

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)		\$ 1,314,792
(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	\$ 4,123,878	
Less: current-year depreciation expense	<u>(5,037,233)</u>	(913,355)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 5,265,384	
Less: net book value of disposed assets	<u>(1,336)</u>	5,264,048
(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, 2014	\$ 6,081,068	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(6,004,350)</u>	76,718
(4) The contributions of long-term debt (e.g., bonds, notes, other loans) by the primary government provides current financial resources to the governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on leases to primary government		141,133
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(2,133,780)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,749,556</u>

Exhibit K-6

Sevier County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
\$	0 \$	10,404 \$	10,404 \$	0 \$		10,404
	41,016	210,816	251,832	888,764		1,140,596
	49,298	0	49,298	0		49,298
\$	90,314 \$	221,220 \$	311,534 \$	888,764 \$		1,200,298

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Due from Other Governments
 Total Assets

FUND BALANCES

Restricted:
 Restricted for Education
 Restricted for Capital Outlay
 Total Fund Balances

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, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 1,519,159	\$ 1,519,159	\$ 0	\$ 0	\$ 1,519,159
Other Local Revenues	0	2,687	2,687	0	0	2,687
State of Tennessee	0	64,666	64,666	0	0	64,666
Federal Government	7,430,966	4,988,466	12,419,432	0	0	12,419,432
Other Governments and Citizens Groups	0	0	0	4,552,763	0	4,552,763
Total Revenues	\$ 7,430,966	\$ 6,574,978	\$ 14,005,944	\$ 4,552,763	\$ 0	\$ 18,558,707
<u>Expenditures</u>						
Current:						
Instruction	\$ 6,435,682	\$ 0	\$ 6,435,682	\$ 0	\$ 0	\$ 6,435,682
Support Services	995,441	0	995,441	0	0	995,441
Operation of Non-instructional Services	0	6,754,035	6,754,035	0	0	6,754,035
Capital Projects	0	0	0	3,663,999	0	3,663,999
Total Expenditures	\$ 7,431,123	\$ 6,754,035	\$ 14,185,158	\$ 3,663,999	\$ 0	\$ 17,849,157
Excess (Deficiency) of Revenues Over Expenditures	\$ (157)	\$ (179,057)	\$ (179,214)	\$ 888,764	\$ 0	\$ 709,550
Net Change in Fund Balances	\$ (157)	\$ (179,057)	\$ (179,214)	\$ 888,764	\$ 0	\$ 709,550
Fund Balance, July 1, 2013	90,471	400,277	490,748	0	0	490,748
Fund Balance, June 30, 2014	\$ 90,314	\$ 221,220	\$ 311,534	\$ 888,764	\$ 0	\$ 1,200,298

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 80,378,504	\$ 0	\$ 0	\$ 80,378,504	\$ 77,505,393	\$ 77,971,517	\$ 2,406,987
Licenses and Permits	127,639	0	0	127,639	135,000	135,000	(7,361)
Charges for Current Services	216,240	0	0	216,240	215,000	222,200	(5,960)
Other Local Revenues	278,635	0	0	278,635	914,101	241,469	37,166
State of Tennessee	41,451,941	0	0	41,451,941	40,878,352	41,502,138	(50,197)
Federal Government	224,469	0	0	224,469	152,992	263,120	(38,651)
Other Governments and Citizens Groups	1,157,720	0	0	1,157,720	636,000	1,152,449	5,271
Total Revenues	\$ 123,835,148	\$ 0	\$ 0	\$ 123,835,148	\$ 120,436,838	\$ 121,487,893	\$ 2,347,255
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 57,186,213	\$ (1,641,641)	\$ 283,945	\$ 55,828,517	\$ 62,229,694	\$ 58,202,608	\$ 2,374,091
Alternative Instruction Program	1,147,632	0	0	1,147,632	730,776	1,189,307	41,675
Special Education Program	9,161,648	0	0	9,161,648	9,306,179	9,341,207	179,559
Vocational Education Program	2,752,622	0	0	2,752,622	2,821,197	2,821,197	68,575
Student Body Education Program	4,179	0	1,679	5,858	18,000	18,000	12,142
Adult Education Program	204,669	0	0	204,669	232,269	232,669	28,000
<u>Support Services</u>							
Attendance	442,697	0	0	442,697	506,767	506,766	64,069
Health Services	1,529,355	0	0	1,529,355	1,584,975	1,643,450	114,095
Other Student Support	2,752,277	(18,334)	0	2,733,943	2,920,326	2,902,125	168,182
Regular Instruction Program	4,658,807	(4,346)	15,856	4,670,317	5,330,214	5,125,528	455,211
Alternative Instruction Program	32,118	0	0	32,118	33,120	33,120	1,002
Special Education Program	535,831	0	0	535,831	628,287	628,287	92,456
Vocational Education Program	88,298	0	0	88,298	102,138	102,238	13,940
Other Programs	397,327	0	0	397,327	0	397,327	0
Board of Education	4,543,613	0	0	4,543,613	4,752,150	5,117,683	574,070
Director of Schools	212,348	0	0	212,348	237,106	237,666	25,318
Office of the Principal	8,434,024	0	7,250	8,441,274	8,766,167	8,849,515	408,241
Fiscal Services	1,040,020	(2,873)	9,897	1,047,044	1,262,435	1,265,935	218,891

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 8,253,250	\$ 0	\$ 4,841	\$ 8,258,091	\$ 8,916,523	\$ 8,799,191	\$ 541,100
Maintenance of Plant	3,104,151	(88,960)	78,103	3,093,294	3,038,704	3,219,004	125,710
Transportation	5,766,721	(929,394)	145,800	4,983,127	6,034,116	6,814,412	1,831,285
<u>Operation of Non-instructional Services</u>							
Food Service	1,453,553	0	0	1,453,553	1,054,865	1,494,865	41,312
Community Services	129,689	0	0	129,689	139,007	141,145	11,456
Early Childhood Education	522,275	0	0	522,275	523,054	523,053	778
<u>Capital Outlay</u>							
Regular Capital Outlay	4,741,035	(1,441,874)	227,365	3,526,526	6,514,977	7,428,932	3,902,406
<u>Principal on Debt</u>							
Education	141,133	0	0	141,133	2,285,023	141,133	0
<u>Interest on Debt</u>							
Education	5,986	0	0	5,986	1,986,575	5,986	0
<u>Other Debt Service</u>							
Education	4,035,475	0	0	4,035,475	0	4,232,021	196,546
<u>Total Expenditures</u>	<u>\$ 123,276,946</u>	<u>\$ (4,127,422)</u>	<u>\$ 774,736</u>	<u>\$ 119,924,260</u>	<u>\$ 131,954,644</u>	<u>\$ 131,414,370</u>	<u>\$ 11,490,110</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>\$ 558,202</u>	<u>\$ 4,127,422</u>	<u>\$ (774,736)</u>	<u>\$ 3,910,888</u>	<u>\$ (11,517,806)</u>	<u>\$ (9,926,477)</u>	<u>\$ 13,837,365</u>
<u>Other Financing Sources (Uses)</u>							
Notes Issued	0	0	0	0	4,500,000	0	0
Insurance Recovery	47,040	0	0	47,040	0	0	47,040
<u>Total Other Financing Sources</u>	<u>\$ 47,040</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,040</u>	<u>\$ 4,500,000</u>	<u>\$ 0</u>	<u>\$ 47,040</u>
<u>Net Change in Fund Balance Fund Balance, July 1, 2013</u>	<u>\$ 605,242</u>	<u>\$ 4,127,422</u>	<u>\$ (774,736)</u>	<u>\$ 3,957,928</u>	<u>\$ (7,017,806)</u>	<u>\$ (9,926,477)</u>	<u>\$ 13,884,405</u>
<u>Fund Balance, June 30, 2014</u>	<u>13,921,180</u>	<u>(4,127,422)</u>	<u>0</u>	<u>9,793,758</u>	<u>10,976,447</u>	<u>14,780,126</u>	<u>(4,986,368)</u>
<u>Fund Balance, June 30, 2014</u>	<u>\$ 14,526,422</u>	<u>\$ 0</u>	<u>\$ (774,736)</u>	<u>\$ 13,751,686</u>	<u>\$ 3,958,641</u>	<u>\$ 4,853,649</u>	<u>\$ 8,898,037</u>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 7,430,966	\$ 7,597,092	\$ 8,508,851	\$ (1,077,885)
Total Revenues	\$ 7,430,966	\$ 7,597,092	\$ 8,508,851	\$ (1,077,885)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,315,890	\$ 3,448,470	\$ 4,042,796	\$ 726,906
Special Education Program	2,958,495	2,899,529	3,134,340	175,845
Vocational Education Program	161,297	158,523	161,297	0
<u>Support Services</u>				
Health Services	21,043	20,973	21,296	253
Other Student Support	156,944	152,771	161,931	4,987
Regular Instruction Program	814,954	974,352	984,848	169,894
Vocational Education Program	2,500	2,500	2,500	0
<u>Capital Outlay</u>				
Regular Capital Outlay	0	90,314	90,314	90,314
Total Expenditures	\$ 7,431,123	\$ 7,747,432	\$ 8,599,322	\$ 1,168,199
Excess (Deficiency) of Revenues Over Expenditures	\$ (157)	\$ (150,340)	\$ (90,471)	\$ 90,314
Net Change in Fund Balance	\$ (157)	\$ (150,340)	\$ (90,471)	\$ 90,314
Fund Balance, July 1, 2013	90,471	150,340	90,471	0
Fund Balance, June 30, 2014	\$ 90,314	\$ 0	\$ 0	\$ 90,314

Exhibit K-10

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sevier County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,519,159	\$ 0	\$ 1,519,159	\$ 1,775,000	\$ 1,439,500	\$ 79,659
Other Local Revenues	2,687	0	2,687	5,100	3,505	(818)
State of Tennessee	64,666	0	64,666	73,500	64,666	0
Federal Government	4,988,466	0	4,988,466	5,480,284	5,208,065	(219,599)
Total Revenues	\$ 6,574,978	\$ 0	\$ 6,574,978	\$ 7,333,884	\$ 6,715,736	\$ (140,758)
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 6,754,035	(68,262)	\$ 6,685,773	\$ 7,615,462	\$ 7,047,760	\$ 361,987
Total Expenditures	\$ 6,754,035	(68,262)	\$ 6,685,773	\$ 7,615,462	\$ 7,047,760	\$ 361,987
Excess (Deficiency) of Revenues Over Expenditures	\$ (179,057)	68,262	\$ (110,795)	\$ (281,578)	\$ (332,024)	\$ 221,229
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (179,057)	68,262	\$ (110,795)	\$ (281,578)	\$ (332,024)	\$ 221,229
	400,277	(68,262)	332,015	464,035	332,024	(9)
Fund Balance, June 30, 2014	\$ 221,220	0	\$ 221,220	\$ 182,457	\$ 0	\$ 221,220

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sevier County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Northview Academy Land	\$ 600,000	0	5-23-13	9-1-16	\$ 600,000	\$ 0	\$ 0	\$ 600,000
Total Payable through General Debt Service Fund					\$ 600,000	\$ 0	\$ 0	\$ 600,000
Total Notes Payable					\$ 600,000	\$ 0	\$ 0	\$ 600,000
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Public Building Authority, Series V-D-1 (Refunding)	6,150,000	3 to 4	08-27-08	6-1-16	\$ 2,690,000	\$ 0	\$ 875,000	\$ 1,815,000
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000	(1)	08-28-08	6-1-25	4,930,000	0	235,000	4,695,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000	(1)	11-20-08	6-1-32	39,900,000	0	1,045,000	38,855,000
Public Building Authority, Series VII-B-1	21,450,000	Variable	11-20-08	6-1-32	21,350,000	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	8,440,000	0	0	8,440,000
Energy Efficient Schools Initiative Loan, Series 2011	1,000,000	0	6-1-12	5-1-22	891,671	0	99,996	791,675
Total Payable through General Debt Service Fund					\$ 78,201,671	\$ 0	\$ 2,254,996	\$ 75,946,675
Total Other Loans Payable					\$ 78,201,671	\$ 0	\$ 2,254,996	\$ 75,946,675
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable by School Department through General Purpose School Fund</u>								
Geothermal Catlettsburg	708,829	4.35	12-12-08	12-1-14	\$ 201,772	\$ 0	\$ 141,133	\$ 60,639
Total Payable by School Department through General Purpose School Fund					\$ 201,772	\$ 0	\$ 141,133	\$ 60,639
Total Capital Leases Payable					\$ 201,772	\$ 0	\$ 141,133	\$ 60,639

(Continued)

Exhibit L-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Refunding Bonds, Series 2008	\$ 11,135,000	3 to 4.5 %	5-1-08	6-1-25	\$ 10,995,000	0 \$	640,000 \$	10,355,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	2,195,000	0	140,000	2,055,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-25	1,130,000	0	375,000	755,000
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	2,895,000	0	970,000	1,925,000
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	12,769,365	0	905,027	11,864,338
General Obligation Bonds, Series 2011	5,500,000	2.9	12-12-11	6-1-32	5,500,000	0	25,000	5,475,000
General Obligation Bonds, Series 2012	3,540,000	.4 to 2.4	11-5-12	4-1-32	3,540,000	0	115,000	3,425,000
General Obligation Refunding Bonds, Series 2012	6,410,000	.4 to 2	11-5-12	4-1-23	6,410,000	0	1,135,000	5,275,000
General Obligation Bonds, Series 2013	6,800,000	2.53	10-15-13	6-1-32	0	6,800,000	0	6,800,000
Total Payable through General Debt Service Fund					<u>\$ 45,434,365</u>	<u>\$ 6,800,000</u>	<u>\$ 4,305,027</u>	<u>\$ 47,929,338</u>
Total Bonds Payable					<u>\$ 45,434,365</u>	<u>\$ 6,800,000</u>	<u>\$ 4,305,027</u>	<u>\$ 47,929,338</u>

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

Exhibit L-2

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

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 2,334,996	\$ 543,084	\$ 517,929	\$ 3,396,009
2016	2,469,996	508,900	508,220	3,487,116
2017	4,569,996	470,176	497,422	5,537,594
2018	4,764,996	388,142	477,975	5,631,113
2019	4,074,996	282,042	457,691	4,814,729
2020	5,219,996	216,514	436,444	5,872,954
2021	4,504,996	193,074	398,652	5,096,722
2022	4,681,703	155,972	370,268	5,207,943
2023	4,870,000	117,628	340,407	5,328,035
2024	5,830,000	79,862	308,229	6,218,091
2025	5,220,000	38,932	268,568	5,527,500
2026	3,315,000	21,924	230,202	3,567,126
2027	3,515,000	19,272	202,356	3,736,628
2028	3,705,000	16,460	172,830	3,894,290
2029	3,905,000	13,496	141,708	4,060,204
2030	4,105,000	10,372	108,906	4,224,278
2031	4,305,000	7,088	74,424	4,386,512
2032	4,555,000	3,644	38,262	4,596,906
Total	\$ 75,946,675	\$ 3,086,582	\$ 5,550,493	\$ 84,583,750

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2015	\$ 60,639	\$ 661	\$ 61,300
Total	\$ 60,639	\$ 661	\$ 61,300

(Continued)

Exhibit L-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 5,325,027	\$ 1,794,844	\$ 7,119,871
2016	5,395,027	1,678,494	7,073,521
2017	3,180,027	1,557,569	4,737,596
2018	3,250,027	1,492,349	4,742,376
2019	4,220,027	1,424,869	5,644,896
2020	2,370,027	1,340,469	3,710,496
2021	3,125,027	1,292,114	4,417,141
2022	3,260,027	1,220,733	4,480,760
2023	3,285,027	1,144,223	4,429,250
2024	2,930,027	1,064,413	3,994,440
2025	3,405,027	988,581	4,393,608
2026	1,775,027	888,991	2,664,018
2027	1,864,014	865,341	2,729,355
2028	875,000	143,189	1,018,189
2029	885,000	112,862	997,862
2030	910,000	86,638	996,638
2031	940,000	59,162	999,162
2032	935,000	29,613	964,613
Total	\$ 47,929,338	\$ 17,184,454	\$ 65,113,792

Exhibit L-3

Sevier County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Utility	Operations (from Hotel-Motel Tax revenues)	\$ 743,307
General	Solid Waste/Sanitation	Operations	79,500
General	Other Special Revenue	Operations	<u>50,000</u>
Total Transfers			<u>\$ 872,807</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, 2014

Official	Authorization for Salary	\$	Salary Paid During Period	(4)	\$	Bond	Surety
County Mayor	Section 8-24-102, TCA		128,744		50,000		Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA		100,675		100,000		"
Director of Schools	State Board of Education and Sevier County Board of Education		138,014	(1)	100,000		"
Trustee	Section 8-24-102, TCA		89,647	(2)	3,690,000		"
Assessor of Property	Section 8-24-102, TCA		89,647	(2)	10,000		"
County Clerk	Section 8-24-102, TCA		89,647	(2)	50,000		"
Circuit Court Clerk	Section 8-24-102, TCA		89,647	(2)	50,000		"
General Sessions and Juvenile Courts Clerk	Section 8-24-102, TCA		89,647	(2)	50,000		"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		89,647	(2, 5)	50,000		"
Register of Deeds	Section 8-24-102, TCA		89,647	(2)	25,000		"
Sheriff	Section 8-24-102, TCA		100,672	(3, 6)	25,000		"
Employee Blanket Bonds - All County Employees: Public Employee Dishonesty					150,000		Local Government Insurance Pool

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Includes supplemental pay of \$1,570.
- (3) Includes a law enforcement training supplement of \$600 and a workhouse supplement of \$1,187.
- (4) Includes longevity pay of \$2,000.
- (5) Does not include special commissioner fees of \$37,744.
- (6) Includes longevity pay of \$2,000.

Exhibit L-5

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 15,431,185	\$ 0	\$ 0	\$ 0	\$ 663,713	\$ 0
Trustee's Collections - Prior Year	883,944	0	0	0	38,019	0
Circuit/Clerk & Master Collections - Prior Years	635,198	0	0	0	28,873	0
Interest and Penalty	146,439	0	0	0	6,291	0
Pick-up Taxes	167	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,557	0	0	0	110	0
Payments in-Lieu-of Taxes - Local Utilities	250,933	0	0	0	10,793	0
Payments in-Lieu-of Taxes - Other	99,691	0	0	0	4,288	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,989,163	0	0	2,168,400	0	0
Hotel/Motel Tax	2,473,585	0	0	0	0	0
Litigation Tax - General	337,560	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	11,240	0	0	0
Business Tax	2,461,938	0	0	0	0	0
Mixed Drink Tax	7,836	0	0	0	0	0
Other County Local Option Taxes	0	24,502	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	93,877	0	0	0	4,038	0
Wholesale Beer Tax	390,094	0	0	0	0	0
Interstate Telecommunications Tax	6,541	0	0	0	0	0
Total Local Taxes	\$ 25,210,708	\$ 24,502	\$ 11,240	\$ 2,168,400	\$ 756,125	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 402,361	\$ 0	\$ 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	Drug Control
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 37,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	188,277	0	0	0	0	0
Total Licenses and Permits	\$ 628,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 13,984	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	21,051	0	0	0	0	0
Drug Control Fines	14,386	0	0	0	0	13,485
Drug Court Fees	0	0	0	0	0	0
Jail Fees	25,595	0	0	0	0	0
DUI Treatment Fines	4,928	0	0	0	0	0
Data Entry Fee - Circuit Court	7,358	0	0	0	0	0
Courtroom Security Fee	118	0	0	0	0	0
Victims Assistance Assessments	15,235	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	71,736	0	0	0	0	0
Fines for Littering	300	0	0	0	0	0
Officers Costs	32,567	0	0	0	0	0
Game and Fish Fines	194	0	0	0	0	0
Drug Control Fines	13,721	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0
Jail Fees	51,992	0	0	0	0	0
DUI Treatment Fines	18,722	0	0	0	0	0
Data Entry Fee - General Sessions Court	26,634	0	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	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court (Cont.)</u>							
	20 \$	0 \$	0 \$	0 \$	0 \$	0	
Courtroom Security Fee							
Victims Assistance Assessments	17,380	0	0	0	0	0	
<u>Juvenile Court</u>							
Fines	1,192	0	0	0	0	0	
Officers Costs	1,394	0	0	0	0	0	
<u>Chancery Court</u>							
Officers Costs	1,648	0	0	0	0	0	
Data Entry Fee - Chancery Court	11,368	0	0	0	0	0	
Courtroom Security Fee	42	0	0	0	0	0	
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	0	
<u>Judicial District Drug Program</u>							
Fines	1,022	0	0	0	0	32,752	
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	2,600	0	0	0	0	0	
Total Fines, Forfeitures, and Penalties	\$ 355,187	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,237	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	3,275,857	0	0	0	0	0	
Work Release Charges for Board	21,456	0	0	0	0	0	
Health Department Collections	131,442	0	0	0	0	0	
Other General Service Charges	6,026	0	0	22,750	0	0	
<u>Fees</u>							
Copy Fees	22,250	0	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	Drug Control
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Library Fees	\$ 45,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	115,931	0	0	0	0	0
Vending Machine Collections	7,207	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	99,318	0	0	0	0	0
Data Processing Fee - Sheriff	11,977	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	6,250	0	0	0	0	0
<u>Education Charges</u>						
TBI Criminal Background Fees	9,320	0	0	0	0	0
Total Charges for Current Services	\$ 3,753,000	\$ 0	\$ 0	\$ 22,750	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	88,422	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Sale of Maps	23,194	0	0	0	0	0
Sale of Recycled Materials	1,131	0	0	93,301	0	0
Miscellaneous Refunds	42,845	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	17,747	0	0	0	0	0
Damages Recovered from Individuals	2,387	0	0	0	0	0
Contributions and Gifts	22,930	0	0	0	0	0

(Continued)

Exhibit L-5

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

	<u>Special Revenue Funds</u>					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>	\$ 27,729	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 226,385	\$ 0	\$ 0	\$ 93,301	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 327,169	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees in-Lieu-of Salary</u>						
County Clerk	905,094	0	0	0	0	0
Circuit Court Clerk	466,085	0	0	0	0	0
General Sessions Court Clerk	500,738	0	0	0	0	0
Clerk and Master	355,776	0	0	0	0	0
Juvenile Court Clerk	42,399	0	0	0	0	0
Register	998,536	0	0	0	0	0
Sheriff	59,830	0	0	0	0	0
Trustee	2,578,572	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,234,199	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Child Restraint Program	\$ 4,483	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	13,174	0	0	0	0	0
On-behalf Contributions for OPEB	15,595	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	596,315	0	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	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Litter Program	\$ 58,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other State Revenues</u>						
Income Tax	273,183	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	20,929	0	0	0	0	0
Alcoholic Beverage Tax	129,578	0	0	0	0	0
Mixed Drink Tax	7,632	0	0	0	0	0
State Revenue Sharing - T.V.A.	576,198	0	0	0	0	0
Contracted Prisoner Boarding	2,058,310	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	54,770	0	0	0	0	0
Other State Revenues	14,414	0	0	0	0	0
Total State of Tennessee	\$ 3,855,951	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 19,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	207,702	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Public Safety Partnership and Community Policing - COPS	143,008	0	0	0	0	0
Tax Credit Bond Rebate	647,295	0	0	0	0	0
Other Direct Federal Revenue	69,391	0	0	0	0	0
Total Federal Government	\$ 1,087,362	\$ 0	\$ 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	Drug Control
Other Governments and Citizens Groups						
Other Governments						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	529,060	0	0	0	21,000	0
Total Other Governments and Citizens Groups	\$ 529,060	\$ 0	\$ 0	\$ 0	\$ 21,000	\$ 0
Total	\$ 41,879,890	\$ 24,502	\$ 11,240	\$ 2,284,451	\$ 777,125	\$ 46,237

Exhibit L-5

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

	Special Revenue Funds (Cont.)				Debt Service Fund	Total
	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	\$ 5,641,492	\$ 4,646,018	\$ 26,382,408	
Trustee's Collections - Prior Year	0	0	323,161	266,136	1,511,260	
Circuit/Clerk & Master Collections - Prior Years	0	0	230,981	187,673	1,082,725	
Interest and Penalty	0	0	53,527	44,097	250,354	
Pick-up Taxes	0	0	0	0	167	
Payments in-Lieu-of Taxes - T.V.A.	0	0	935	770	4,372	
Payments in-Lieu-of Taxes - Local Utilities	0	0	91,739	75,550	429,015	
Payments in-Lieu-of Taxes - Other	0	0	36,446	30,015	170,440	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	4,157,563	
Hotel/Motel Tax	0	0	0	0	2,473,585	
Litigation Tax - General	0	0	0	0	337,560	
Litigation Tax - Special Purpose	0	0	0	0	11,240	
Business Tax	0	0	0	0	2,461,938	
Mixed Drink Tax	0	0	0	0	7,836	
Other County Local Option Taxes	0	0	0	0	24,502	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	34,320	28,264	160,499	
Wholesale Beer Tax	0	0	0	0	390,094	
Interstate Telecommunications Tax	0	0	0	0	6,541	
Total Local Taxes	\$ 0	\$ 0	\$ 6,412,601	\$ 5,278,523	\$ 39,862,099	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 402,361	

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works			
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,400
Other Permits	0	0	0	0	0	188,277
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 628,038
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,984
Officers Costs	0	0	0	0	0	21,051
Drug Control Fines	0	0	0	0	0	27,871
Drug Court Fees	5,013	0	0	0	0	5,013
Jail Fees	0	0	0	0	0	25,595
DUI Treatment Fines	0	0	0	0	0	4,928
Data Entry Fee - Circuit Court	0	0	0	0	0	7,358
Courtroom Security Fee	0	0	0	0	0	118
Victims Assistance Assessments	0	0	0	0	0	15,235
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	71,736
Fines for Littering	0	0	0	0	0	300
Officers Costs	0	0	0	0	0	32,567
Game and Fish Fines	0	0	0	0	0	194
Drug Control Fines	0	0	0	0	0	13,721
Drug Court Fees	10,631	0	0	0	0	10,631
Jail Fees	0	0	0	0	0	51,992
DUI Treatment Fines	0	0	0	0	0	18,722
Data Entry Fee - General Sessions Court	0	0	0	0	0	26,634

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)				Debt Service Fund
	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	20
Victims Assistance Assessments	0	0	0	0	17,380
<u>Juvenile Court</u>					
Fines	0	0	0	0	1,192
Officers Costs	0	0	0	0	1,394
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	1,648
Data Entry Fee - Chancery Court	0	0	0	0	11,368
Courtroom Security Fee	0	0	0	0	42
<u>Other Courts - In-county</u>					
Drug Court Fees	40,404	0	0	0	40,404
<u>Judicial District Drug Program</u>					
Fines	0	0	0	0	33,774
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	0	0	0	0	2,600
Total Fines, Forfeitures, and Penalties	\$ 56,048	\$ 0	\$ 0	\$ 0	\$ 457,472
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	3,275,857
Work Release Charges for Board	0	0	0	0	21,456
Health Department Collections	0	0	0	0	131,442
Other General Service Charges	0	0	0	0	28,776
<u>Fees</u>					
Copy Fees	0	0	0	0	22,250

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Library Fees	0 \$	0 \$	0 \$	0 \$	0 \$	45,916
Greenbelt Late Application Fee	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	115,931
Vending Machine Collections	0	0	0	0	0	7,207
Special Commissioner Fees/Special Master Fees	0	37,744	0	0	0	37,744
Data Processing Fee - Register	0	0	0	0	0	99,318
Data Processing Fee - Sheriff	0	0	0	0	0	11,977
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	6,250
<u>Education Charges</u>						
TBI Criminal Background Fees	0	0	0	0	0	9,320
Total Charges for Current Services	0 \$	37,744 \$	0 \$	0 \$	0 \$	3,813,494

Other Local Revenues

Recurring Items

Investment Income	0 \$	0 \$	0 \$	863,946 \$	863,946
Lease/Rentals	0	0	0	0	88,422
Sale of Materials and Supplies	0	0	3,375	0	3,375
Sale of Maps	0	0	0	0	23,194
Sale of Recycled Materials	0	0	0	0	94,432
Miscellaneous Refunds	224	0	34,175	0	77,244
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	24,688	0	42,435
Damages Recovered from Individuals	0	0	11,866	0	14,253
Contributions and Gifts	0	0	0	0	22,930

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)				Debt Service Fund
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,729
Total Other Local Revenues	\$ 224	\$ 0	\$ 74,104	\$ 863,946	\$ 1,257,960
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 327,169
<u>Fees in-Lieu-of Salary</u>					
County Clerk	0	0	0	0	905,094
Circuit Court Clerk	0	0	0	0	466,085
General Sessions Court Clerk	0	0	0	0	500,738
Clerk and Master	0	0	0	0	355,776
Juvenile Court Clerk	0	0	0	0	42,399
Register	0	0	0	0	998,536
Sheriff	0	0	0	0	59,830
Trustee	0	0	0	0	2,578,572
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,234,199
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Child Restraint Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,483
Aging Programs	0	0	0	0	13,174
On-behalf Contributions for OPEB	0	0	0	0	15,595
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	0	0	0	0	596,315

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)				Debt Service Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	58,400
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	273,183
Beer Tax	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	0	0	0	0	0	20,929
Alcoholic Beverage Tax	0	0	0	0	0	129,578
Mixed Drink Tax	0	0	0	0	0	7,632
State Revenue Sharing - T.V.A.	0	0	0	0	0	576,198
Contracted Prisoner Boarding	0	0	0	0	0	2,058,310
Gasoline and Motor Fuel Tax	0	0	2,302,527	0	0	2,302,527
Petroleum Special Tax	0	0	64,859	0	0	64,859
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	70,000	0	0	0	0	124,770
Other State Revenues	0	0	0	0	0	14,414
Total State of Tennessee	\$ 70,000	\$ 0	\$ 2,367,386	\$ 0	\$ 0	6,293,337
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,966
Other Federal through State	24,559	0	0	0	0	232,261
<u>Direct Federal Revenue</u>						
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	143,008
Tax Credit Bond Rebate	0	0	0	0	0	647,295
Other Direct Federal Revenue	64,042	0	0	0	0	133,433
Total Federal Government	\$ 88,601	\$ 0	\$ 0	\$ 0	\$ 0	1,175,963

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)				Debt Service Fund	
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Total	
Other Governments and Citizens Groups						
Other Governments						
Paving and Maintenance Contributions	\$ 0	\$ 0	\$ 279,701	\$ 0	\$ 279,701	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 279,701	\$ 4,035,475	\$ 4,585,535	
Total	\$ 214,873	\$ 37,744	\$ 9,133,792	\$ 10,177,944	\$ 64,587,798	

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, 2014

	Special Revenue Funds			Capital
	General Purpose School	School Federal Projects	Central Cafeteria	Projects Fund
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 27,988,264	\$ 0	\$ 0	\$ 27,988,264
Trustee's Collections - Prior Year	1,293,411	0	0	1,293,411
Circuit/Clerk & Master Collections - Prior Years	1,140,471	0	0	1,140,471
Interest and Penalty	262,936	0	0	262,936
Payments in-Lieu-of Taxes - T.V.A.	4,591	0	0	4,591
Payments in-Lieu-of Taxes - Local Utilities	450,600	0	0	450,600
Payments in-Lieu-of Taxes - Other	179,016	0	0	179,016
<u>County Local Option Taxes</u>				
Local Option Sales Tax	45,856,384	0	0	45,856,384
Hotel/Motel Tax	2,489,542	0	0	2,489,542
Mixed Drink Tax	535,636	0	0	535,636
<u>Statutory Local Taxes</u>				
Bank Excise Tax	168,574	0	0	168,574
Interstate Telecommunications Tax	9,079	0	0	9,079
Total Local Taxes	\$ 80,378,504	\$ 0	\$ 0	\$ 80,378,504
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 127,639	\$ 0	\$ 0	\$ 127,639
Total Licenses and Permits	\$ 127,639	\$ 0	\$ 0	\$ 127,639
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Adult Education	\$ 7,556	\$ 0	\$ 0	\$ 7,556

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects		
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 397,327	\$ 0	\$ 0	\$ 0	\$ 0	397,327
<u>State Education Funds</u>						
Basic Education Program	38,539,000	0	0	0	0	38,539,000
Early Childhood Education	426,477	0	0	0	0	426,477
School Food Service	0	0	64,666	0	0	64,666
Energy Efficient School Initiative	27,662	0	0	0	0	27,662
Driver Education	40,200	0	0	0	0	40,200
Other State Education Funds	774,908	0	0	0	0	774,908
Career Ladder Program	484,139	0	0	0	0	484,139
Career Ladder - Extended Contract	84,970	0	0	0	0	84,970
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	624,215	0	0	0	0	624,215
Other State Grants	53,043	0	0	0	0	53,043
Total State of Tennessee	\$ 41,451,941	\$ 0	\$ 64,666	\$ 0	\$ 0	41,516,607
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	0	0	3,324,283	0	0	3,324,283
USDA - Commodities	0	0	436,655	0	0	436,655
Breakfast	0	0	1,223,644	0	0	1,223,644
USDA - Other	0	0	3,884	0	0	3,884
Adult Education State Grant Program	115,773	0	0	0	0	115,773
Vocational Education - Basic Grants to States	0	203,805	0	0	0	203,805
Title I Grants to Local Education Agencies	0	3,144,916	0	0	0	3,144,916

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects		
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Special Education - Grants to States	\$ 29,189	\$ 2,870,723	\$ 0	\$ 0	\$ 2,899,912	
Special Education Preschool Grants	5,838	87,773	0	0	93,611	
English Language Acquisition Grants	0	61,208	0	0	61,208	
Rural Education	0	75,960	0	0	75,960	
Eisenhower Professional Development State Grants	0	416,053	0	0	416,053	
Race-to-the-Top - ARRA	0	570,528	0	0	570,528	
Other Federal through State	73,669	0	0	0	73,669	
Total Federal Government	\$ 224,469	\$ 7,430,966	\$ 4,988,466	\$ 0	\$ 12,643,901	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 1,097,253	\$ 0	\$ 0	\$ 4,552,763	\$ 5,650,016	
Contracted Services	45,467	0	0	0	45,467	
<u>Citizens Groups</u>						
Donations	15,000	0	0	0	15,000	
Total Other Governments and Citizens Groups	\$ 1,157,720	\$ 0	\$ 0	\$ 4,552,763	\$ 5,710,483	
Total	\$ 123,835,148	\$ 7,430,966	\$ 6,574,978	\$ 4,552,763	\$ 142,393,855	

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	132,173	
Social Security		6,305	
State Retirement		6,867	
Employee and Dependent Insurance		320,890	
Employer Medicare		1,475	
Advertising		843	
Audit Services		29,967	
Dues and Memberships		12,646	
Legal Services		1,838	
Travel		10,769	
Other Contracted Services		3,950	
Office Supplies		2,290	
Total County Commission			\$ 530,013

Beer Board

Board and Committee Members Fees	\$	2,600	
Social Security		102	
State Retirement		168	
Employer Medicare		24	
Advertising		284	
Legal Services		4,654	
Total Beer Board			7,832

Other Boards and Committees

County Official/Administrative Officer	\$	48,456	
Assistant(s)		94,971	
Dispatchers/Radio Operators		340,985	
Longevity Pay		6,500	
Other Salaries and Wages		30,828	
Social Security		31,041	
State Retirement		42,469	
Employee and Dependent Insurance		94,365	
Unemployment Compensation		1,612	
Employer Medicare		7,260	
Communication		833	
Data Processing Services		699	
Gasoline		1,178	
Office Supplies		3,383	
Other Supplies and Materials		4,933	
Total Other Boards and Committees			709,513

County Mayor/Executive

County Official/Administrative Officer	\$	126,744	
Assistant(s)		76,682	
Accountants/Bookkeepers		158,391	
Secretary(ies)		31,692	
Clerical Personnel		41,856	

(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.)

Longevity Pay	\$	7,250	
Other Salaries and Wages		57,696	
Social Security		28,827	
State Retirement		45,402	
Employee and Dependent Insurance		64,250	
Employer Medicare		6,965	
Communication		4,891	
Contributions		200,000	
Dues and Memberships		2,450	
Maintenance and Repair Services - Office Equipment		5,620	
Postal Charges		4,585	
Travel		11,886	
Gasoline		4,277	
Office Supplies		12,137	
Total County Mayor/Executive			\$ 891,601

Election Commission

County Official/Administrative Officer	\$	71,580	
Supervisor/Director		26,220	
Deputy(ies)		110,476	
Clerical Personnel		25,450	
Longevity Pay		4,250	
Other Salaries and Wages		16,453	
Election Commission		22,305	
Election Workers		31,550	
Social Security		16,264	
State Retirement		22,248	
Employee and Dependent Insurance		36,960	
Employer Medicare		3,804	
Advertising		21,864	
Communication		26,238	
Dues and Memberships		4,460	
Maintenance and Repair Services - Buildings		28	
Maintenance and Repair Services - Office Equipment		1,144	
Postal Charges		15,493	
Travel		8,158	
Other Contracted Services		83,816	
Electricity		5,012	
Natural Gas		2,377	
Office Supplies		26,064	
Water and Sewer		423	
Total Election Commission			582,637

Register of Deeds

County Official/Administrative Officer	\$	88,077
Deputy(ies)		45,507
Clerical Personnel		216,144

(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.)

Longevity Pay	\$	8,570	
Social Security		20,505	
State Retirement		33,515	
Employee and Dependent Insurance		69,209	
Employer Medicare		4,796	
Dues and Memberships		1,206	
Maintenance and Repair Services - Office Equipment		3,110	
Postal Charges		1,548	
Travel		1,079	
Other Contracted Services		20,572	
Office Supplies		8,300	
Other Supplies and Materials		4,000	
Total Register of Deeds			\$ 526,138

Planning

County Official/Administrative Officer	\$	54,313	
Assistant(s)		32,739	
Supervisor/Director		37,014	
Longevity Pay		4,250	
Other Salaries and Wages		52,353	
Board and Committee Members Fees		11,625	
Social Security		10,384	
State Retirement		17,150	
Employee and Dependent Insurance		36,540	
Employer Medicare		2,428	
Advertising		566	
Communication		3,488	
Dues and Memberships		470	
Legal Services		3,781	
Postal Charges		245	
Travel		8,605	
Electricity		3,403	
Office Supplies		8,468	
Water and Sewer		340	
Total Planning			288,162

Building

County Official/Administrative Officer	\$	41,848	
Assistant(s)		31,267	
Secretary(ies)		25,788	
Longevity Pay		750	
Social Security		5,846	
State Retirement		9,323	
Employee and Dependent Insurance		21,180	
Employer Medicare		1,367	
Communication		2,871	
Dues and Memberships		1,410	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Legal Services	\$	375	
Postal Charges		381	
Travel		5,306	
Other Contracted Services		667	
Electricity		2,155	
Gasoline		4,204	
Office Supplies		8,710	
Water and Sewer		215	
Other Supplies and Materials		3,649	
Refunds		2,641	
Total Building			\$ 169,953

Geographical Information Systems

Supervisor/Director	\$	37,274	
Longevity Pay		500	
Other Salaries and Wages		28,132	
Social Security		3,514	
State Retirement		6,165	
Employee and Dependent Insurance		20,345	
Employer Medicare		822	
Communication		1,884	
Maintenance and Repair Services - Office Equipment		7,000	
Postal Charges		147	
Travel		1,102	
Electricity		2,290	
Office Supplies		7,027	
Water and Sewer		81	
Total Geographical Information Systems			116,283

County Buildings

County Official/Administrative Officer	\$	50,239	
Supervisor/Director		39,065	
Custodial Personnel		323,260	
Longevity Pay		8,750	
Social Security		24,422	
State Retirement		39,577	
Employee and Dependent Insurance		99,375	
Employer Medicare		5,712	
Communication		86,901	
Maintenance and Repair Services - Buildings		176,452	
Pest Control		3,258	
Travel		1,752	
Other Contracted Services		31,783	
Electricity		172,053	
Gasoline		12,196	
Natural Gas		50,286	
Office Supplies		539	

(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.)

Uniforms	\$	4,758	
Water and Sewer		10,729	
Other Supplies and Materials		21,544	
Total County Buildings			\$ 1,162,651

Other Facilities

Communication	\$	1,160	
Maintenance and Repair Services - Buildings		4,490	
Other Contracted Services		7,795	
Electricity		153,292	
Natural Gas		27,089	
Water and Sewer		13,372	
Total Other Facilities			207,198

Other General Administration

Mechanic(s)	\$	177,133	
Longevity Pay		5,250	
Social Security		10,407	
State Retirement		15,694	
Employee and Dependent Insurance		42,360	
Employer Medicare		2,434	
Communication		5,016	
Maintenance and Repair Services - Vehicles		103,984	
Electricity		6,454	
Gasoline		4,183	
Lubricants		17,796	
Natural Gas		5,200	
Tires and Tubes		40,107	
Water and Sewer		196	
Other Supplies and Materials		7,676	
Total Other General Administration			443,890

Preservation of Records

County Official/Administrative Officer	\$	41,308	
Assistant(s)		59,252	
Longevity Pay		2,000	
Social Security		5,775	
State Retirement		9,593	
Employee and Dependent Insurance		26,160	
Employer Medicare		1,351	
Communication		1,850	
Maintenance and Repair Services - Office Equipment		235	
Travel		406	
Other Contracted Services		35,747	
Electricity		5,237	
Office Supplies		3,827	
Other Supplies and Materials		2,604	
Total Preservation of Records			195,345

(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	\$	88,077	
Deputy(ies)		115,453	
Clerical Personnel		210,709	
Longevity Pay		16,820	
Other Salaries and Wages		241,632	
Board and Committee Members Fees		8,294	
Social Security		40,185	
State Retirement		63,115	
Employee and Dependent Insurance		129,960	
Employer Medicare		9,398	
Advertising		288	
Audit Services		62,356	
Communication		4,341	
Dues and Memberships		2,375	
Maintenance and Repair Services - Office Equipment		8,093	
Postal Charges		12,175	
Travel		3,282	
Other Contracted Services		65,193	
Electricity		2,042	
Gasoline		17,001	
Office Supplies		19,418	
Water and Sewer		204	
Motor Vehicles		21,258	
Total Property Assessor's Office			\$ 1,141,669

County Trustee's Office

County Official/Administrative Officer	\$	88,077	
Deputy(ies)		45,507	
Clerical Personnel		209,497	
Longevity Pay		8,070	
Social Security		20,065	
State Retirement		32,847	
Employee and Dependent Insurance		61,020	
Unemployment Compensation		2,570	
Employer Medicare		4,693	
Audit Services		18,964	
Communication		2,615	
Dues and Memberships		1,081	
Maintenance and Repair Services - Office Equipment		2,037	
Postal Charges		41,550	
Travel		1,356	
Other Contracted Services		11,075	
Office Supplies		11,843	
Refunds		500	
Total County Trustee's Office			563,367

(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	\$	88,077	
Deputy(ies)		41,672	
Accountants/Bookkeepers		53,297	
Clerical Personnel		491,862	
Longevity Pay		14,320	
Social Security		38,639	
State Retirement		62,754	
Employee and Dependent Insurance		170,956	
Employer Medicare		9,037	
Communication		4,600	
Dues and Memberships		746	
Legal Services		200	
Maintenance and Repair Services - Office Equipment		85	
Postal Charges		19,623	
Travel		3,541	
Other Contracted Services		102,940	
Data Processing Supplies		6,452	
Office Supplies		18,993	
Total County Clerk's Office			\$ 1,127,794

Data Processing

County Official/Administrative Officer	\$	51,446	
Assistant(s)		75,666	
Longevity Pay		1,000	
Social Security		7,217	
State Retirement		11,984	
Employee and Dependent Insurance		30,725	
Employer Medicare		1,688	
Communication		5,915	
Data Processing Services		125	
Postal Charges		9	
Travel		488	
Data Processing Supplies		28,302	
Gasoline		1,151	
Office Supplies		39	
Total Data Processing			215,755

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	88,077	
Deputy(ies)		34,394	
Accountants/Bookkeepers		31,267	
Clerical Personnel		408,064	
Longevity Pay		12,070	
Other Salaries and Wages		1,776	
Jury and Witness Expense		36,125	
Social Security		34,167	

(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.)

State Retirement	\$	51,828	
Employee and Dependent Insurance		100,785	
Employer Medicare		7,991	
Communication		2,215	
Contracts with Other Public Agencies		641	
Dues and Memberships		1,334	
Maintenance and Repair Services - Office Equipment		11,156	
Postal Charges		8,546	
Travel		2,133	
Other Contracted Services		11,380	
Office Supplies		30,393	
Total Circuit Court			\$ 874,342

General Sessions Court

County Official/Administrative Officer	\$	88,077	
Deputy(ies)		46,418	
Accountants/Bookkeepers		31,267	
Clerical Personnel		247,628	
Longevity Pay		9,070	
Other Salaries and Wages		60,093	
Social Security		27,698	
State Retirement		45,138	
Employee and Dependent Insurance		105,720	
Employer Medicare		6,478	
Communication		3,135	
Contracts with Other Public Agencies		8,769	
Dues and Memberships		696	
Maintenance and Repair Services - Office Equipment		4,852	
Postal Charges		5,291	
Other Contracted Services		14,916	
Office Supplies		14,778	
Total General Sessions Court			720,024

General Sessions Judge

Judge(s)	\$	312,313	
Secretary(ies)		32,940	
Longevity Pay		4,500	
Other Salaries and Wages		22,299	
Social Security		17,036	
State Retirement		34,813	
Employee and Dependent Insurance		41,658	
Employer Medicare		5,256	
Communication		2,921	
Dues and Memberships		3,550	
Postal Charges		276	
Travel		3,756	
Other Contracted Services		5,190	
Office Supplies		10,367	
Total General Sessions Judge			496,875

(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	\$	88,077	
Deputy(ies)		29,946	
Clerical Personnel		119,198	
Longevity Pay		7,820	
Other Salaries and Wages		34,495	
Social Security		16,646	
State Retirement		26,148	
Employee and Dependent Insurance		44,790	
Employer Medicare		3,893	
Communication		1,044	
Dues and Memberships		666	
Maintenance and Repair Services - Office Equipment		9,692	
Postal Charges		2,686	
Office Supplies		13,127	
Total Chancery Court			\$ 398,228

Juvenile Court

Deputy(ies)	\$	34,394	
Clerical Personnel		57,127	
Longevity Pay		1,250	
Social Security		5,625	
State Retirement		8,677	
Employee and Dependent Insurance		10,800	
Employer Medicare		1,316	
Postal Charges		1,929	
Other Contracted Services		2,978	
Office Supplies		8,700	
Total Juvenile Court			132,796

District Attorney General

Assistant(s)	\$	44,889	
Social Security		2,782	
State Retirement		3,451	
Employer Medicare		651	
Dues and Memberships		400	
Travel		648	
Office Supplies		814	
Total District Attorney General			53,635

Judicial Commissioners

County Official/Administrative Officer	\$	165,630	
Supervisor/Director		42,120	
Longevity Pay		3,250	
Social Security		12,388	
State Retirement		14,715	
Employee and Dependent Insurance		46,510	
Employer Medicare		2,897	

(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.)

Communication	\$	1,716	
Dues and Memberships		675	
Travel		769	
Office Supplies		5,247	
In Service/Staff Development		3,100	
Total Judicial Commissioners			\$ 299,017

Victims Assistance Programs

Supervisor/Director	\$	39,244	
Longevity Pay		750	
Social Security		2,447	
State Retirement		3,741	
Employee and Dependent Insurance		5,400	
Employer Medicare		572	
Communication		1,170	
Postal Charges		196	
Office Supplies		1,407	
Total Victims Assistance Programs			54,927

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	98,072	
Assistant(s)		14,563	
Deputy(ies)		2,262,974	
Investigator(s)		351,596	
Lieutenant(s)		97,495	
Sergeant(s)		276,631	
Accountants/Bookkeepers		28,638	
Dispatchers/Radio Operators		327,644	
Guards		177,695	
Secretary(ies)		136,429	
Longevity Pay		60,250	
Other Salaries and Wages		55,323	
In-Service Training		53,242	
Social Security		231,026	
State Retirement		336,983	
Employee and Dependent Insurance		731,907	
Unemployment Compensation		852	
Employer Medicare		54,030	
Other Fringe Benefits		51,434	
Communication		38,683	
Contracts with Other Public Agencies		9,960	
Data Processing Services		30,223	
Dues and Memberships		2,580	
Licenses		646	
Maintenance and Repair Services - Equipment		43,836	
Maintenance and Repair Services - Office Equipment		2,690	

(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.)

Travel	\$	6,805	
Electricity		26,472	
Gasoline		396,489	
Natural Gas		5,023	
Water and Sewer		3,875	
Other Supplies and Materials		90,768	
In Service/Staff Development		30,604	
Motor Vehicles		9,850	
Total Sheriff's Department			\$ 6,045,288

Drug Enforcement

Lieutenant(s)	\$	4,955	
Longevity Pay		3,250	
Other Salaries and Wages		138,631	
Social Security		8,651	
State Retirement		13,733	
Employee and Dependent Insurance		21,978	
Employer Medicare		2,023	
Other Supplies and Materials		25,384	
Total Drug Enforcement			218,605

Jail

Assistant(s)	\$	60,642	
Supervisor/Director		31,098	
Guards		1,980,924	
Cafeteria Personnel		108,476	
Longevity Pay		25,000	
Other Salaries and Wages		33,089	
In-Service Training		20,610	
Social Security		132,361	
State Retirement		190,613	
Employee and Dependent Insurance		454,150	
Unemployment Compensation		5,828	
Employer Medicare		30,955	
Other Fringe Benefits		22,242	
Advertising		96	
Communication		18,286	
Contracts with Other Public Agencies		5,450	
Contracts with Private Agencies		28,924	
Data Processing Services		21,792	
Legal Services		75	
Maintenance and Repair Services - Buildings		66,307	
Maintenance and Repair Services - Equipment		29,994	
Maintenance and Repair Services - Office Equipment		7,245	
Medical and Dental Services		1,310,402	
Postal Charges		2,818	
Rentals		3,280	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Transportation - Other than Students	\$	14,143	
Electricity		161,762	
Food Supplies		430,195	
Natural Gas		76,460	
Office Supplies		29,745	
Water and Sewer		133,646	
Other Supplies and Materials		257,214	
In Service/Staff Development		2,550	
Total Jail			\$ 5,696,372

Juvenile Services

Supervisor/Director	\$	53,240	
Youth Service Officer(s)		156,997	
Secretary(ies)		28,790	
Longevity Pay		5,750	
Social Security		13,841	
State Retirement		22,755	
Employee and Dependent Insurance		52,095	
Unemployment Compensation		1,074	
Employer Medicare		3,237	
Communication		2,302	
Dues and Memberships		150	
Maintenance and Repair Services - Office Equipment		120	
Postal Charges		926	
Travel		1,592	
Other Contracted Services		4,102	
Office Supplies		6,893	
Total Juvenile Services			353,864

Fire Prevention and Control

Contributions	\$	955,000	
Total Fire Prevention and Control			955,000

Civil Defense

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

Rescue Squad

Contributions	\$	47,750	
Total Rescue Squad			47,750

Other Emergency Management

Supervisor/Director	\$	49,611	
Longevity Pay		250	
Other Salaries and Wages		34,209	
Social Security		5,053	
State Retirement		7,436	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Employee and Dependent Insurance	\$	9,527	
Employer Medicare		1,182	
Advertising		40	
Communication		3,155	
Dues and Memberships		737	
Postal Charges		57	
Travel		2,850	
Gasoline		6,834	
Office Supplies		4,474	
Other Supplies and Materials		5,595	
Other Capital Outlay		19,966	
Total Other Emergency Management			\$ 150,976

County Coroner/Medical Examiner

Other Salaries and Wages	\$	9,260	
Social Security		574	
Employer Medicare		134	
Communication		550	
Legal Services		112	
Postal Charges		65	
Travel		522	
Other Contracted Services		133,843	
Office Supplies		399	
Total County Coroner/Medical Examiner			145,459

Other Public Safety

County Official/Administrative Officer	\$	48,476	
Assistant(s)		3,248	
Sergeant(s)		95,424	
Medical Personnel		12,120	
Guards		268,928	
Secretary(ies)		26,160	
Longevity Pay		7,250	
In-Service Training		3,562	
Social Security		27,867	
State Retirement		38,627	
Employee and Dependent Insurance		89,420	
Employer Medicare		6,517	
Other Fringe Benefits		4,751	
Advertising		98	
Communication		6,415	
Contracts with Private Agencies		7,613	
Data Processing Services		3,788	
Dues and Memberships		225	
Maintenance and Repair Services - Buildings		6,445	
Maintenance and Repair Services - Equipment		1,534	
Maintenance and Repair Services - Office Equipment		3,065	

(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.)

Medical and Dental Services	\$	12,049	
Postal Charges		423	
Rentals		608	
Travel		1,608	
Other Contracted Services		1,664	
Electricity		12,233	
Gasoline		1,616	
Natural Gas		3,568	
Office Supplies		5,003	
Water and Sewer		1,261	
Other Supplies and Materials		3,713	
In Service/Staff Development		4,862	
Total Other Public Safety			\$ 710,141

Public Health and Welfare

Local Health Center

Advertising	\$	195	
Communication		18,680	
Maintenance and Repair Services - Buildings		6,926	
Maintenance and Repair Services - Office Equipment		2,529	
Medical and Dental Services		8,190	
Pest Control		676	
Postal Charges		1,628	
Office Supplies		6,942	
Other Supplies and Materials		3,862	
Other Charges		13,419	
Total Local Health Center			63,047

Rabies and Animal Control

Contributions	\$	105,000	
Total Rabies and Animal Control			105,000

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	65,903	
Assistant(s)		52,950	
Medical Personnel		2,125,853	
Clerical Personnel		167,646	
Longevity Pay		39,000	
Other Salaries and Wages		381,964	
Social Security		167,220	
State Retirement		225,352	
Employee and Dependent Insurance		411,261	
Employer Medicare		39,108	
Advertising		184	
Communication		36,340	
Contributions		100,000	
Licenses		3,250	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Maintenance and Repair Services - Equipment	\$	4,020	
Maintenance and Repair Services - Office Equipment		9,387	
Maintenance and Repair Services - Vehicles		2,444	
Postal Charges		12,605	
Travel		1,051	
Tuition		17,332	
Other Contracted Services		23,853	
Custodial Supplies		6,833	
Drugs and Medical Supplies		119,838	
Gasoline		126,309	
Office Supplies		15,400	
Uniforms		27,511	
Utilities		36,022	
Other Supplies and Materials		38,881	
Refunds		19,289	
Other Equipment		64,468	
Total Ambulance/Emergency Medical Services			\$ 4,341,274

Maternal and Child Health Services

Medical Personnel	\$	44,059	
Clerical Personnel		355,311	
Longevity Pay		5,250	
Social Security		23,054	
State Retirement		33,076	
Employee and Dependent Insurance		106,572	
Employer Medicare		5,392	
Transportation - Other than Students		9,326	
Travel		515	
Other Charges		56	
Total Maternal and Child Health Services			582,611

Other Local Health Services

Contributions	\$	133,270	
Total Other Local Health Services			133,270

Appropriation to State

Contributions	\$	86,261	
Total Appropriation to State			86,261

Other Local Welfare Services

Contributions	\$	15,558	
Pauper Burials		13,515	
Total Other Local Welfare Services			29,073

Other Public Health and Welfare

Supervisor/Director	\$	52,311	
Secretary(ies)		31,081	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Longevity Pay	\$	3,500	
Other Salaries and Wages		107,562	
Social Security		11,588	
State Retirement		18,187	
Employee and Dependent Insurance		31,980	
Employer Medicare		2,710	
Communication		3,884	
Dues and Memberships		580	
Maintenance and Repair Services - Office Equipment		100	
Postal Charges		1,039	
Travel		21,817	
Other Contracted Services		3,216	
Electricity		3,403	
Office Supplies		7,136	
Water and Sewer		340	
Refunds		2,300	
Total Other Public Health and Welfare			\$ 302,734

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	38,779	
Assistant(s)		28,363	
Supervisor/Director		33,222	
Dispatchers/Radio Operators		12,909	
Secretary(ies)		26,997	
Cafeteria Personnel		10,568	
Maintenance Personnel		16,822	
Longevity Pay		1,500	
Social Security		9,679	
State Retirement		13,434	
Employee and Dependent Insurance		51,252	
Employer Medicare		2,264	
Advertising		12,030	
Communication		4,357	
Maintenance and Repair Services - Buildings		11,467	
Travel		413	
Other Contracted Services		8,096	
Electricity		44,583	
Natural Gas		8,566	
Office Supplies		1,982	
Water and Sewer		2,883	
Other Supplies and Materials		9,934	
In Service/Staff Development		790	
Other Charges		11,108	
Total Senior Citizens Assistance			361,998

(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

County Official/Administrative Officer	\$	56,651	
Assistant(s)		263,218	
Supervisor/Director		206,524	
Accountants/Bookkeepers		29,254	
Custodial Personnel		25,030	
Longevity Pay		7,500	
Other Salaries and Wages		76,272	
Social Security		38,810	
State Retirement		56,089	
Employee and Dependent Insurance		135,410	
Employer Medicare		9,077	
Communication		31,629	
Dues and Memberships		3,373	
Janitorial Services		19,351	
Legal Services		175	
Maintenance and Repair Services - Equipment		55,550	
Postal Charges		1,011	
Printing, Stationery, and Forms		655	
Travel		5,898	
Tuition		3,679	
Other Contracted Services		52,558	
Data Processing Supplies		3,653	
Duplicating Supplies		60	
Electricity		65,523	
Equipment and Machinery Parts		27,500	
Instructional Supplies and Materials		11,958	
Library Books/Media		34,364	
Office Supplies		29,656	
Periodicals		4,307	
Utilities		5,268	
Water and Sewer		6,436	
Other Supplies and Materials		1,220	
Refunds		113	
Total Libraries			\$ 1,267,772

Parks and Fair Boards

Maintenance Personnel	\$	11,756	
Social Security		729	
Employer Medicare		170	
Contributions		82,345	
Total Parks and Fair Boards			95,000

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	52,424	
Longevity Pay		1,500	
Other Salaries and Wages		120,798	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Social Security	\$	25,415	
State Retirement		5,043	
Employee and Dependent Insurance		10,380	
Employer Medicare		714	
Communication		7,316	
Contributions		1,000	
Pest Control		35	
Postal Charges		1,500	
Travel		4,922	
Electricity		3,938	
Water and Sewer		365	
Other Supplies and Materials		3,227	
Total Agriculture Extension Service			\$ 238,577

Forest Service

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

Soil Conservation

Clerical Personnel	\$	28,761	
Longevity Pay		1,000	
Social Security		1,521	
State Retirement		2,783	
Employee and Dependent Insurance		10,380	
Employer Medicare		356	
Total Soil Conservation			44,801

Storm Water Management

County Official/Administrative Officer	\$	46,724	
Secretary(ies)		28,192	
Longevity Pay		1,750	
Other Salaries and Wages		36,578	
Social Security		6,620	
State Retirement		10,592	
Employee and Dependent Insurance		21,180	
Employer Medicare		1,548	
Communication		2,212	
Contracts with Government Agencies		667	
Maintenance and Repair Services - Office Equipment		159	
Postal Charges		529	
Travel		7,381	
Electricity		2,723	
Office Supplies		6,464	
Water and Sewer		272	
Total Storm Water Management			173,591

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations

Tourism

County Official/Administrative Officer	\$	45,489	
Longevity Pay		250	
Social Security		2,545	
State Retirement		4,278	
Employee and Dependent Insurance		10,380	
Employer Medicare		595	
Advertising		1,100	
Contracts with Private Agencies		1,017,852	
Contributions		115,000	
Dues and Memberships		1,820	
Travel		2,668	
Other Supplies and Materials		940	
Total Tourism			\$ 1,202,917

Veterans' Services

Supervisor/Director	\$	36,846	
Secretary(ies)		38,176	
Longevity Pay		2,250	
Social Security		4,461	
State Retirement		7,227	
Employee and Dependent Insurance		15,780	
Employer Medicare		1,043	
Communication		5,589	
Contributions		6,000	
Dues and Memberships		355	
Postal Charges		299	
Travel		344	
Other Contracted Services		1,150	
Gasoline		948	
Office Supplies		2,429	
Other Supplies and Materials		737	
Total Veterans' Services			123,634

Contributions to Other Agencies

Contributions	\$	174,941	
Total Contributions to Other Agencies			174,941

Employee Benefits

State Retirement	\$	2,930	
Employee and Dependent Insurance		145,172	
Communication		4,183	
Legal Services		312	
Maintenance and Repair Services - Office Equipment		133	
Other Contracted Services		650	
Office Supplies		8,887	
Workers' Compensation Insurance		461,640	
Total Employee Benefits			623,907

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Disability Insurance	\$	8,000	
On-behalf Payments to OPEB		15,595	
Advertising		4,106	
Contributions		218,500	
Legal Services		3,782	
Legal Notices, Recording, and Court Costs		1,704	
Maintenance and Repair Services - Office Equipment		5,773	
Postal Charges		4,164	
Other Contracted Services		9,187	
Other Supplies and Materials		19,655	
Building and Contents Insurance		76,152	
Liability Insurance		476,797	
Trustee's Commission		609,774	
Vehicle and Equipment Insurance		58,394	
Other Charges		4,101	
Other Debt Service		647,295	
Total Miscellaneous			\$ 2,162,979

Highways

Litter and Trash Collection

Deputy(ies)	\$	139,853	
Longevity Pay		3,000	
In-Service Training		1,800	
Social Security		8,253	
State Retirement		13,361	
Employee and Dependent Insurance		27,732	
Employer Medicare		1,930	
Communication		2,813	
Other Contracted Services		14,600	
Electricity		3,304	
Water and Sewer		264	
Other Supplies and Materials		4,098	
Total Litter and Trash Collection			221,008

Other Charges

Contracts with Private Agencies	\$	3,940	
Right-of-Way		220	
Total Other Charges			4,160

Capital Projects

Other General Government Projects

Other Charges	\$	26,445	
Other Capital Outlay		335,683	
Total Other General Government Projects			362,128

Total General Fund \$ 38,938,783

(Continued)

Exhibit L-7

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	9,494	
Trustee's Commission		240	
Total County Buildings			\$ 9,734

Total Courthouse and Jail Maintenance Fund \$ 9,734

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	16,192	
Trustee's Commission		110	
Total Other Administration of Justice			\$ 16,302

Total Law Library Fund 16,302

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,729	
Laborers		728,305	
Longevity Pay		16,000	
Social Security		46,776	
State Retirement		67,426	
Employee and Dependent Insurance		179,130	
Employer Medicare		10,940	
Communication		6,042	
Contracts with Government Agencies		928,092	
Maintenance and Repair Services - Buildings		2,110	
Maintenance and Repair Services - Equipment		7,050	
Maintenance and Repair Services - Vehicles		41,332	
Rentals		13,957	
Other Contracted Services		9,803	
Electricity		20,879	
Gasoline		111,166	
Natural Gas		3,292	
Tires and Tubes		31,823	
Uniforms		10,156	
Water and Sewer		1,077	
Other Supplies and Materials		43,632	
Trustee's Commission		22,458	
Other Construction		54,135	
Total Sanitation Management			\$ 2,401,310

Total Solid Waste/Sanitation Fund 2,401,310

(Continued)

Exhibit L-7

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

<u>Special Purpose Fund</u>		
<u>General Government</u>		
<u>Geographical Information Systems</u>		
Other Equipment	\$ 50,000	
Total Geographical Information Systems		\$ 50,000
<u>Other General Administration</u>		
Maintenance Equipment	\$ 9,969	
Total Other General Administration		9,969
<u>Administration of Justice</u>		
<u>Circuit Court</u>		
Office Equipment	\$ 8,000	
Total Circuit Court		8,000
<u>General Sessions Court</u>		
Office Equipment	\$ 21,895	
Total General Sessions Court		21,895
<u>Public Safety</u>		
<u>Sheriff's Department</u>		
Law Enforcement Supplies	\$ 34,160	
Communication Equipment	20,353	
Motor Vehicles	228,591	
Total Sheriff's Department		283,104
<u>Public Health and Welfare</u>		
<u>Ambulance/Emergency Medical Services</u>		
Motor Vehicles	\$ 217,592	
Other Equipment	26,203	
Total Ambulance/Emergency Medical Services		243,795
<u>Sanitation Management</u>		
Other Supplies and Materials	\$ 3,445	
Motor Vehicles	149,289	
Solid Waste Equipment	34,172	
Other Construction	3,700	
Total Sanitation Management		190,606
<u>Social, Cultural, and Recreational Services</u>		
<u>Senior Citizens Assistance</u>		
Other Construction	\$ 68,877	
Total Senior Citizens Assistance		68,877
<u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 14,590	
Total Other Charges		14,590

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Motor Vehicles	\$ 86,164	
Total Miscellaneous	<u>86,164</u>	\$ 86,164

Total Special Purpose Fund \$ 977,000

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 5,000	
Trustee's Commission	466	
Total Sheriff's Department	<u>5,466</u>	\$ 5,466

Total Drug Control Fund 5,466

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$ 49,443	
Communication	7,212	
Contributions	50,000	
Dues and Memberships	280	
Licenses	1,010	
Maintenance and Repair Services - Equipment	160	
Maintenance and Repair Services - Office Equipment	1,959	
Medical and Dental Services	447	
Pest Control	1,275	
Postal Charges	32	
Printing, Stationery, and Forms	136	
Rentals	29,732	
Travel	25,130	
Drug Treatment	4,431	
Other Contracted Services	26,931	
Crushed Stone	3,737	
Electricity	820	
Food Supplies	179	
General Construction Materials	1,951	
Office Supplies	32,041	
Propane Gas	3,518	
Water and Sewer	2,704	
Other Supplies and Materials	4,512	
Building and Contents Insurance	9,162	
Trustee's Commission	594	
In Service/Staff Development	380	
Total Drug Court	<u>257,776</u>	\$ 257,776

(Continued)

Exhibit L-7

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

Other Special Revenue Fund (Cont.)

Public Health and Welfare

Alcohol and Drug Programs

Supervisor/Director	\$	56,551	
Total Alcohol and Drug Programs			\$ 56,551

Total Other Special Revenue Fund			\$ 314,327
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Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	37,744	
Total Chancery Court			\$ 37,744

Total Constitutional Officers - Fees Fund			37,744
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	100,675	
Accountants/Bookkeepers		52,309	
Secretary(ies)		33,752	
Social Security		8,480	
State Retirement		17,447	
Employee and Dependent Insurance		18,200	
Employer Medicare		2,447	
Data Processing Services		6,747	
Dues and Memberships		3,669	
Legal Services		750	
Legal Notices, Recording, and Court Costs		1,437	
Postal Charges		1,333	
Printing, Stationery, and Forms		696	
Travel		4,873	
Office Supplies		5,175	
Other Charges		6,270	
Total Administration			\$ 264,260

Highway and Bridge Maintenance

Foremen	\$	368,657	
Equipment Operators		394,068	
Equipment Operators - Light		306,090	
Truck Drivers		363,172	
Laborers		253,855	
Social Security		100,026	
State Retirement		152,834	
Employee and Dependent Insurance		345,402	
Employer Medicare		22,931	
Rentals		7,177	
Other Contracted Services		533,673	
Asphalt		3,513,519	

(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.)

Concrete	\$	37,788	
Crushed Stone		34,429	
Fertilizer, Lime, and Seed		6,451	
General Construction Materials		17,550	
Other Road Supplies		20	
Pipe - Metal		44,624	
Road Signs		28,314	
Salt		119,703	
Small Tools		735	
Wood Products		542	
Other Supplies and Materials		4,064	
Other Charges		669	
Total Highway and Bridge Maintenance			\$ 6,656,293

Operation and Maintenance of Equipment

Foremen	\$	183,329	
Mechanic(s)		92,197	
Laborers		95,482	
Social Security		22,261	
State Retirement		32,368	
Employee and Dependent Insurance		54,422	
Employer Medicare		5,206	
Maintenance and Repair Services - Equipment		64,062	
Rentals		141	
Towing Services		500	
Diesel Fuel		197,211	
Electricity		13,208	
Equipment and Machinery Parts		209,616	
Garage Supplies		98,783	
Gasoline		122,533	
Lubricants		49,468	
Natural Gas		3,179	
Office Supplies		5,673	
Propane Gas		2,362	
Small Tools		13,811	
Tires and Tubes		69,543	
Water and Sewer		1,077	
Other Charges		590	
Total Operation and Maintenance of Equipment			1,337,022

Quarry Operations

Foremen	\$	29,676	
Equipment Operators		27,061	
Laborers		21,642	
Social Security		4,228	
State Retirement		7,326	
Employee and Dependent Insurance		23,031	

(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.)

Employer Medicare	\$	989	
Engineering Services		275	
Explosive and Drilling Services		55,541	
Maintenance and Repair Services - Equipment		292	
Permits		5,650	
Electricity		12,412	
Equipment and Machinery Parts		9,291	
Other Supplies and Materials		45	
Other Charges		600	
Total Quarry Operations			\$ 198,059

Other Charges

Communication	\$	16,835	
Boiler Insurance		157	
Liability Insurance		72,764	
Trustee's Commission		147,456	
Vehicle and Equipment Insurance		75,568	
Total Other Charges			312,780

Employee Benefits

Employee and Dependent Insurance	\$	8,860	
Unemployment Compensation		7,588	
Medical and Dental Services		3,737	
Workers' Compensation Insurance		60,420	
Total Employee Benefits			80,605

Capital Outlay

Bridge Construction	\$	10,827	
Highway Equipment		297,709	
Motor Vehicles		88,578	
Total Capital Outlay			397,114

Total Highway/Public Works Fund \$ 9,246,133

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	3,400,000	
Principal on Other Loans		2,155,000	
Total General Government			\$ 5,555,000

Education

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

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 1,107,465	
Interest on Other Loans	2,206,692	
Total General Government		\$ 3,314,157

Education

Interest on Bonds	\$ 697,329	
Total Education		697,329

Other Debt Service

General Government

Fiscal Agent Charges	\$ 10,217	
Trustee's Commission	111,871	
Total General Government		122,088

Education

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

Total General Debt Service Fund \$ 10,705,200

General Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$ 47,486	
Other Debt Issuance Charges	72,950	
Total General Government		\$ 120,436

Capital Projects

General Administration Projects

Architects	\$ 2,523	
Engineering Services	1,686	
Legal Services	50	
Other Contracted Services	323,838	
General Construction Materials	89,362	
Other Supplies and Materials	1,146	
Total General Administration Projects		418,605

Administration of Justice Projects

Architects	\$ 71,993	
Engineering Services	1,750	
Other Supplies and Materials	55,100	
Building Construction	1,408,010	
Total Administration of Justice Projects		1,536,853

Public Health and Welfare Projects

Other Contracted Services	\$ 7,267	
Other Supplies and Materials	236,603	
Solid Waste Equipment	72,246	
Total Public Health and Welfare Projects		316,116

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Contracts with Government Agencies	\$	161,286	
Engineering Services		9,285	
Other Supplies and Materials		9,080	
Other Construction		51,101	
Other Capital Outlay		212,762	
Total Public Utility Projects			\$ 443,514

Highway and Street Capital Projects

Legal Notices, Recording, and Court Costs	\$	300	
Land		840	
Total Highway and Street Capital Projects			1,140

Education Capital Projects

Contributions	\$	4,552,763	
Total Education Capital Projects			4,552,763

Total General Capital Projects Fund \$ 7,389,427

Total Governmental Funds - Primary Government \$ 70,041,426

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	38,472,819	
Career Ladder Program		278,805	
Career Ladder Extended Contracts		86,160	
Homebound Teachers		73,362	
Educational Assistants		1,226,304	
Other Salaries and Wages		291,142	
Certified Substitute Teachers		60,000	
Non-certified Substitute Teachers		458,990	
Social Security		2,354,248	
State Retirement		3,506,621	
Life Insurance		19,247	
Medical Insurance		5,434,147	
Dental Insurance		94,923	
Employer Medicare		563,902	
Other Fringe Benefits		148,970	
Maintenance and Repair Services - Equipment		45,271	
Tuition		90,045	
Other Contracted Services		448,726	
Instructional Supplies and Materials		1,181,913	
Textbooks		1,628,274	
Fee Waivers		43,050	
Other Charges		221,302	
Regular Instruction Equipment		457,992	
Total Regular Instruction Program			\$ 57,186,213

Alternative Instruction Program

Teachers	\$	742,565	
Career Ladder Program		8,500	
Clerical Personnel		52,785	
Educational Assistants		61,978	
Non-certified Substitute Teachers		55	
Social Security		47,062	
State Retirement		71,365	
Life Insurance		421	
Medical Insurance		134,738	
Dental Insurance		2,940	
Employer Medicare		11,982	
Other Fringe Benefits		3,180	
Instructional Supplies and Materials		10,061	
Total Alternative Instruction Program			1,147,632

Special Education Program

Teachers	\$	4,871,448
Career Ladder Program		40,870
Educational Assistants		355,605
Speech Pathologist		718,975

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	122,595	
Certified Substitute Teachers		16,940	
Non-certified Substitute Teachers		102,500	
Social Security		507,907	
State Retirement		758,760	
Life Insurance		6,327	
Medical Insurance		1,196,858	
Dental Insurance		29,313	
Employer Medicare		119,476	
Other Fringe Benefits		34,470	
Maintenance and Repair Services - Equipment		242	
Tuition		20,254	
Other Contracted Services		99,871	
Instructional Supplies and Materials		118,082	
Other Supplies and Materials		2,375	
Special Education Equipment		38,780	
Total Special Education Program			\$ 9,161,648

Vocational Education Program

Teachers	\$	1,989,256	
Career Ladder Program		21,000	
Certified Substitute Teachers		4,208	
Non-certified Substitute Teachers		25,630	
Social Security		120,165	
State Retirement		178,511	
Life Insurance		925	
Medical Insurance		282,024	
Dental Insurance		5,012	
Employer Medicare		28,143	
Other Fringe Benefits		7,877	
Maintenance and Repair Services - Equipment		11,497	
Instructional Supplies and Materials		75,374	
Fee Waivers		3,000	
Total Vocational Education Program			2,752,622

Student Body Education Program

Other Charges	\$	4,179	
Total Student Body Education Program			4,179

Adult Education Program

Teachers	\$	155,857	
Other Salaries and Wages		7,005	
Social Security		8,298	
State Retirement		10,908	
Life Insurance		46	
Medical Insurance		12,196	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Dental Insurance	\$	140	
Employer Medicare		2,319	
Other Fringe Benefits		353	
Other Contracted Services		2,251	
Instructional Supplies and Materials		5,296	
Total Adult Education Program			\$ 204,669

Support Services

Attendance

Supervisor/Director	\$	87,100	
Career Ladder Program		5,000	
Social Workers		159,052	
Clerical Personnel		53,160	
Other Salaries and Wages		37,218	
Social Security		15,944	
State Retirement		25,129	
Life Insurance		110	
Medical Insurance		49,331	
Dental Insurance		812	
Employer Medicare		4,619	
Other Fringe Benefits		1,085	
Travel		1,163	
Other Supplies and Materials		2,974	
Total Attendance			442,697

Health Services

Medical Personnel	\$	1,097,890	
Other Salaries and Wages		106,316	
Social Security		69,070	
State Retirement		76,130	
Life Insurance		230	
Medical Insurance		79,469	
Dental Insurance		1,400	
Employer Medicare		16,794	
Other Fringe Benefits		1,871	
Maintenance and Repair Services - Equipment		9,872	
Travel		9,245	
Other Contracted Services		20,168	
Drugs and Medical Supplies		21,372	
Other Supplies and Materials		16,262	
In Service/Staff Development		1,695	
Health Equipment		1,571	
Total Health Services			1,529,355

Other Student Support

Career Ladder Program	\$	17,000	
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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.)

Other Student Support (Cont.)

Guidance Personnel	\$	1,651,148	
Psychological Personnel		356,031	
Clerical Personnel		44,262	
Social Security		116,243	
State Retirement		174,372	
Life Insurance		858	
Medical Insurance		240,008	
Dental Insurance		4,830	
Employer Medicare		28,739	
Other Fringe Benefits		7,450	
Evaluation and Testing		99,375	
Travel		3,701	
Other Supplies and Materials		8,260	
Total Other Student Support			\$ 2,752,277

Regular Instruction Program

Supervisor/Director	\$	737,457	
Career Ladder Program		31,000	
Librarians		1,270,852	
Materials Supervisor		87,100	
Education Media Personnel		342,153	
Instructional Computer Personnel		440,200	
Clerical Personnel		201,994	
Other Salaries and Wages		163,534	
Social Security		189,001	
State Retirement		280,823	
Life Insurance		1,502	
Medical Insurance		399,923	
Dental Insurance		8,190	
Employer Medicare		45,387	
Other Fringe Benefits		12,370	
Travel		111,218	
Other Contracted Services		16,624	
Library Books/Media		155,540	
Periodicals		1,756	
Other Supplies and Materials		25,438	
In Service/Staff Development		129,205	
Other Charges		1,530	
Other Equipment		6,010	
Total Regular Instruction Program			4,658,807

Alternative Instruction Program

Supervisor/Director	\$	31,659	
Employer Medicare		459	
Total Alternative Instruction Program			32,118

(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

Supervisor/Director	\$	129,262	
Career Ladder Program		4,500	
Clerical Personnel		51,450	
Other Salaries and Wages		226,531	
Social Security		19,794	
State Retirement		29,175	
Life Insurance		138	
Medical Insurance		26,675	
Dental Insurance		280	
Employer Medicare		5,913	
Other Fringe Benefits		1,255	
Travel		28,150	
Other Supplies and Materials		3,903	
In Service/Staff Development		8,805	
Total Special Education Program			\$ 535,831

Vocational Education Program

Supervisor/Director	\$	30,409	
Career Ladder Program		1,500	
Secretary(ies)		36,540	
Social Security		2,188	
State Retirement		3,419	
Life Insurance		23	
Medical Insurance		6,098	
Dental Insurance		280	
Employer Medicare		992	
Other Fringe Benefits		147	
Travel		6,522	
In Service/Staff Development		180	
Total Vocational Education Program			88,298

Other Programs

On-behalf Payments to OPEB	\$	397,327	
Total Other Programs			397,327

Board of Education

Secretary to Board	\$	1,200	
Other Salaries and Wages		1,183,651	
Board and Committee Members Fees		24,000	
Social Security		73,297	
State Retirement		86,248	
Life Insurance		386	
Medical Insurance		653,058	
Dental Insurance		1,330	
Unemployment Compensation		13,021	
Employer Medicare		17,275	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Fringe Benefits	\$	1,567	
Audit Services		32,775	
Dues and Memberships		20,077	
Legal Services		127,606	
Travel		8,170	
Judgments		12,033	
Liability Insurance		141,140	
Trustee's Commission		1,293,281	
Workers' Compensation Insurance		749,801	
In Service/Staff Development		3,140	
Other Charges		100,557	
Total Board of Education			\$ 4,543,613

Director of Schools

County Official/Administrative Officer	\$	137,014	
Career Ladder Extended Contracts		1,000	
Social Security		7,112	
State Retirement		12,242	
Life Insurance		23	
Medical Insurance		7,765	
Dental Insurance		640	
Employer Medicare		1,983	
Other Fringe Benefits		534	
Communication		25,861	
Dues and Memberships		513	
Postal Charges		9,637	
Travel		7,898	
Other Contracted Services		96	
In Service/Staff Development		30	
Total Director of Schools			212,348

Office of the Principal

Principals	\$	2,275,682	
Career Ladder Program		61,000	
Assistant Principals		1,601,014	
Clerical Personnel		2,126,590	
Other Salaries and Wages		18,000	
Social Security		386,054	
State Retirement		572,833	
Life Insurance		2,903	
Medical Insurance		837,283	
Dental Insurance		15,708	
Employer Medicare		91,536	
Other Fringe Benefits		24,835	
Communication		258,325	
Maintenance and Repair Services - Equipment		1,205	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Contracted Services	\$	135,117	
Other Supplies and Materials		140	
In Service/Staff Development		5,000	
Other Charges		5,548	
Administration Equipment		15,251	
Total Office of the Principal			\$ 8,434,024

Fiscal Services

Supervisor/Director	\$	95,988	
Accountants/Bookkeepers		419,391	
Purchasing Personnel		95,988	
Secretary(ies)		104,580	
Social Security		42,709	
State Retirement		66,035	
Life Insurance		299	
Medical Insurance		77,385	
Dental Insurance		1,960	
Employer Medicare		9,988	
Other Fringe Benefits		2,778	
Data Processing Services		90,450	
Travel		4,183	
Other Contracted Services		13,666	
Office Supplies		10,877	
In Service/Staff Development		1,075	
Other Charges		2,668	
Total Fiscal Services			1,040,020

Operation of Plant

Guards	\$	99,499	
Custodial Personnel		2,407,967	
Social Security		145,820	
State Retirement		216,866	
Life Insurance		2,178	
Medical Insurance		547,919	
Dental Insurance		7,490	
Employer Medicare		34,717	
Other Fringe Benefits		9,689	
Janitorial Services		579,001	
Other Contracted Services		89,479	
Custodial Supplies		241,781	
Electricity		2,584,323	
Natural Gas		605,413	
Water and Sewer		271,256	
Other Supplies and Materials		11,901	
Boiler Insurance		23,654	
Building and Contents Insurance		352,778	
Plant Operation Equipment		21,519	
Total Operation of Plant			8,253,250

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	141,046	
Secretary(ies)		36,300	
Maintenance Personnel		1,576,665	
Other Salaries and Wages		19,200	
Social Security		102,435	
State Retirement		153,213	
Life Insurance		996	
Medical Insurance		255,462	
Dental Insurance		2,590	
Employer Medicare		24,568	
Other Fringe Benefits		6,514	
Communication		11,943	
Laundry Service		21,650	
Maintenance and Repair Services - Buildings		45,542	
Maintenance and Repair Services - Equipment		83,027	
Maintenance and Repair Services - Vehicles		23,028	
Travel		6,931	
Other Contracted Services		120,004	
Equipment and Machinery Parts		42,969	
Other Supplies and Materials		289,531	
In Service/Staff Development		3,500	
Maintenance Equipment		137,037	
Total Maintenance of Plant			\$ 3,104,151

Transportation

Supervisor/Director	\$	64,222
Mechanic(s)		403,089
Bus Drivers		1,855,204
Clerical Personnel		39,360
Social Security		137,414
State Retirement		209,064
Life Insurance		1,849
Medical Insurance		358,246
Dental Insurance		6,482
Employer Medicare		31,404
Other Fringe Benefits		5,667
Communication		6,922
Laundry Service		10,294
Travel		310
Other Contracted Services		119,346
Diesel Fuel		588,054
Garage Supplies		29,553
Gasoline		188,583
Lubricants		34,812
Tires and Tubes		69,003
Vehicle Parts		360,273

(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.)

Vehicle and Equipment Insurance	\$	209,396	
Other Charges		14,202	
Transportation Equipment		1,023,972	
Total Transportation			\$ 5,766,721

Operation of Non-instructional Services

Food Service

Cafeteria Personnel	\$	420,000	
State Retirement		254,130	
Medical Insurance		738,482	
Dental Insurance		13,860	
Other Fringe Benefits		11,338	
Food Supplies		15,743	
Total Food Service			1,453,553

Community Services

Supervisor/Director	\$	54,900	
Other Salaries and Wages		41,536	
Social Security		5,770	
State Retirement		8,564	
Life Insurance		46	
Medical Insurance		13,979	
Dental Insurance		280	
Employer Medicare		1,350	
Other Fringe Benefits		373	
Travel		998	
Other Contracted Services		163	
Other Supplies and Materials		1,730	
Total Community Services			129,689

Early Childhood Education

Teachers	\$	286,538	
Educational Assistants		82,295	
Non-certified Substitute Teachers		5,592	
Social Security		22,344	
State Retirement		32,405	
Life Insurance		253	
Medical Insurance		58,699	
Dental Insurance		1,400	
Employer Medicare		5,226	
Other Fringe Benefits		1,362	
Travel		9,964	
Instructional Supplies and Materials		7,026	
In Service/Staff Development		3,346	
Other Equipment		5,825	
Total Early Childhood Education			522,275

(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.)

Capital Outlay

Regular Capital Outlay

Architects	\$ 134,442	
Building Improvements	4,596,563	
Land	10,030	
Total Regular Capital Outlay		\$ 4,741,035

Principal on Debt

Education

Principal on Capital Leases	\$ 141,133	
Total Education		141,133

Interest on Debt

Education

Interest on Capital Leases	\$ 5,986	
Total Education		5,986

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 4,035,475	
Total Education		<u>4,035,475</u>

Total General Purpose School Fund \$ 123,276,946

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,981,700	
Educational Assistants	229,276	
Other Salaries and Wages	6,225	
Social Security	131,333	
State Retirement	196,486	
Life Insurance	1,359	
Medical Insurance	338,462	
Dental Insurance	6,608	
Unemployment Compensation	6,500	
Employer Medicare	30,715	
Other Fringe Benefits	8,496	
Instructional Supplies and Materials	81,719	
Regular Instruction Equipment	297,011	
Total Regular Instruction Program		\$ 3,315,890

Special Education Program

Educational Assistants	\$ 2,524,973	
Medical Insurance	409,122	
Instructional Supplies and Materials	275	
Special Education Equipment	24,125	
Total Special Education Program		2,958,495

(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.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	72,390	
Social Security		4,473	
State Retirement		6,528	
Employer Medicare		1,045	
Other Fringe Benefits		561	
Instructional Supplies and Materials		5,000	
Vocational Instruction Equipment		71,300	
Total Vocational Education Program			\$ 161,297

Support Services

Health Services

Other Salaries and Wages	\$	18,057	
Social Security		1,120	
State Retirement		1,604	
Employer Medicare		262	
Total Health Services			21,043

Other Student Support

Other Salaries and Wages	\$	64,108	
Social Security		3,930	
State Retirement		5,693	
Life Insurance		23	
Medical Insurance		6,098	
Dental Insurance		140	
Employer Medicare		919	
Other Fringe Benefits		250	
Travel		40,008	
Other Supplies and Materials		35,775	
Total Other Student Support			156,944

Regular Instruction Program

Secretary(ies)	\$	40,620	
Other Salaries and Wages		659,053	
Non-certified Substitute Teachers		3,382	
Social Security		7,250	
State Retirement		11,659	
Life Insurance		46	
Medical Insurance		20,196	
Dental Insurance		280	
Employer Medicare		1,695	
Other Fringe Benefits		481	
Consultants		30,000	
Travel		26,431	
Other Supplies and Materials		3,781	
In Service/Staff Development		9,448	
Other Charges		632	
Total Regular Instruction Program			814,954

(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.)

Vocational Education Program

Travel	\$	2,500	
Total Vocational Education Program			\$ 2,500

Total School Federal Projects Fund \$ 7,431,123

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	59,142	
Clerical Personnel		194,048	
Cafeteria Personnel		2,467,028	
Social Security		181,390	
State Retirement		23,393	
Life Insurance		3,574	
Medical Insurance		40,000	
Employer Medicare		42,778	
Communication		10,930	
Maintenance and Repair Services - Equipment		46,542	
Transportation - Other than Students		29,090	
Travel		3,165	
Other Contracted Services		129,264	
Food Preparation Supplies		213,108	
Food Supplies		2,746,547	
USDA - Commodities		436,655	
Other Supplies and Materials		19,459	
In Service/Staff Development		3,750	
Food Service Equipment		104,172	
Total Food Service			\$ 6,754,035

Total Central Cafeteria Fund 6,754,035

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	904,819	
Regular Instruction Equipment		2,759,180	
Total Education Capital Projects			\$ 3,663,999

Total Education Capital Projects Fund 3,663,999

Total Governmental Funds - Sevier County School Department \$ 141,126,103

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, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 36,995,002
Total Cash Receipts	<u>\$ 36,995,002</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 36,625,052
Trustee's Commission	<u>369,950</u>
Total Cash Disbursements	<u>\$ 36,995,002</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements, and have issued our report thereon dated October 7, 2014. Our report includes a reference to other auditors who audited the financial statements of the Sevier County Public Building Authority, as described in our report on Sevier County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2014-001.

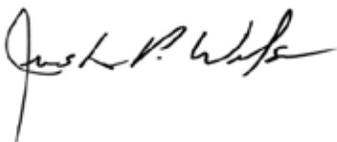
Compliance and Other Matters

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 7, 2014

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Sevier County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sevier County's major federal programs for the year ended June 30, 2014. Sevier County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sevier County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide 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, 2014.

Report on Internal Control Over Compliance

Management of Sevier County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sevier County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sevier County's internal control over compliance.

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

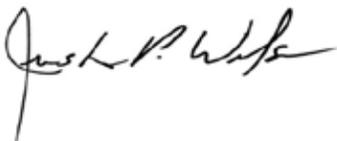
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements. We issued our report thereon dated October 7, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 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

October 7, 2014

JPW/kp

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass-through Agency/Program Title Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 1,223,644
National School Lunch Program	10.555	N/A	3,328,167 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	436,655 (3)
Total U.S. Department of Agriculture			<u>\$ 4,988,466</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 327,550
Total Bureau of Land Management, Department of the Interior			<u>\$ 327,550</u>
U.S. Department of Justice:			
Direct Programs:			
Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0105	\$ 64,042 (4)
Public Safety Partnership and Community Policing Grants	16.710	2011-UM-WX-0173	143,008
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	27,282
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	(2)	43,665
Passed-through State Department of Mental Health and Substance Abuse:			
Drug Court Discretionary Grant Program	16.585	(2)	24,559 (4)
Total U.S. Department of Justice			<u>\$ 302,556</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-14-GHS305	\$ 33,259
Total U.S. Department of Highway Administration			<u>\$ 33,259</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 115,773
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	3,145,073
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,899,912
Special Education - Preschool Grants	84.173	N/A	93,611
Career and Technical Education - Basic Grants to States	84.048	N/A	203,805
Twenty-first Century Community Learning Centers	84.287	N/A	73,670
Rural Education	84.358	N/A	75,960
English Language Acquisition Grants	84.365	N/A	61,208
Improving Teacher Quality State Grants	84.367	N/A	416,053
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	570,528
Total U.S. Department of Education			<u>\$ 7,655,593</u>

(Continued)

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/Program Title Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Election Assistance Commission:			
Passed-through State Department of Elections:			
Help America Vote Act Requirement Payouts	90.401	(2)	\$ 59,850
Total U.S. Department of Election Assistance Commission			<u>\$ 59,850</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency, Inc.:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 34,428
Total U.S. Department of Health and Human Services			<u>\$ 34,428</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 36,500
Homeland Security Grant Program	97.067	(2)	19,966
Total U.S. Department of Homeland Security			<u>\$ 56,466</u>
Total Expenditures of Federal Awards			<u>\$ 13,458,168</u>

State Grants		Contract Number	Expenditures
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 33,274
Safe Schools Act - State Department of Education	N/A	(2)	46,900
Litter Program - State Department of Transportation	N/A	(2)	58,400
Aging Program - State Office on Aging	N/A	(2)	13,174
Health Department Program - State Department of Health	N/A	(2)	596,315
Driver's Education - State Department of Education	N/A	(2)	40,200
Lottery for Education - State Department of Education	N/A	(2)	128,146
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	426,477
Rehabilitation Grant - State Department of Human Services	N/A	(2)	9,408
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	(2)	70,000
Total State Grants			<u>\$ 1,422,294</u>

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is \$3,764,822.
(4) Total for CFDA No. 16.585 is \$88,601.

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Sevier County, Tennessee, for the year ended June 30, 2013, which has not been corrected.

OFFICE OF CLERK AND MASTER

Finding Number	Page Number	Subject
2013-004	210	Multiple employees operated from the same cash drawer

SEVIER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Sevier County is unmodified.
2. The audit of the financial statements of Sevier County disclosed one significant deficiency in internal control. This significant deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sevier County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education—Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grant, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$403,745 threshold was used to distinguish between Type A and Type B federal programs.
9. Sevier County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our examination, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF CLERK AND MASTER

FINDING 2014-001

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

All employees of the office operated from the same cash drawer. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the clerk and master would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the clerk and master resulting in a loss of control over assets. Also, this deficiency is the result of the failure of the clerk and master to correct the finding reported in the prior-year audit report.

RECOMMENDATION

The clerk and master should assign each employee their own cash drawer.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

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.

SEVIER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014

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