

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

**FOR THE YEAR ENDED JUNE 30, 2015**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**SEVIER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

*MARK TREECE, CPA, CGFM*  
*Audit Manager*

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

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Sevier County, Tennessee  
For the Year Ended June 30, 2015

## ***Scope***

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2015.

## ***Results***

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

Our audit resulted in two findings and recommendations, which we have reviewed with Sevier County management. Detailed findings, recommendations, and management's response are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The Employee Insurance - Health Fund had a deficit in unrestricted net position at June 30, 2015.

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

- ◆ Multiple employees operated from the same cash drawer.

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# INTRODUCTORY SECTION

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# Sevier County Officials

## June 30, 2015

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### **Officials**

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

### **Board of County Commissioners**

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

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

### **Board of Education**

John McClure, Chairman  
Becky Barnes  
Mike Oakley

Mark Strange  
Charles Temple

### **Audit Committee**

Kent Woods, Chairman  
Ronnie Whaley  
Fred Atchley  
Gary Cole

Warren Hurst  
Ben Clabo  
David Norton

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## FINANCIAL SECTION

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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  
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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, 2015, 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 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, 2015, 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. 68, Accounting and Financial Reporting for Pensions; GASB Statement No. 69, Government Combinations and Disposals of Government Operations; and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

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

We draw attention to Note I.D.8, to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$956,663, the Business-type Activities net position by \$6,646, and the discretely presented School Department net

position by \$21,093,547, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – pension plan and other postemployment benefits plan on pages 104-110 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

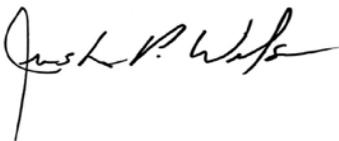
discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 8, 2015, 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 8, 2015

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Sevier County, Tennessee  
Statement of Net Position  
June 30, 2015

	Primary Government			Component Units	
	Governmental		Total	Sevier County School Department	Public Building Authority
	Activities	Business-type Activities			
\$	866,690	200	866,890	6,683	311,144
Equity in Pooled Cash and Investments	54,497,768	135,441	54,633,209	20,504,075	0
Investments	0	0	0	0	1,915,080
Accounts Receivable	3,850,301	75,829	3,926,130	514,425	0
Allowance for Uncollectibles	(988,568)	(5,890)	(994,458)	0	0
Due from Other Governments	2,429,185	0	2,429,185	9,782,224	0
Internal Balances	(550,151)	550,151	0	0	0
Property Taxes Receivable	34,348,302	0	34,348,302	36,218,759	0
Allowance for Uncollectible Property Taxes	(1,105,583)	0	(1,105,583)	(1,163,771)	0
Other Restricted Assets	0	0	0	0	208,574
Net Pension Asset - Agent Plan	3,578,434	24,863	3,603,297	4,615,902	0
Net Pension Asset - Cost Sharing Plan	0	0	0	248,850	0
Capital Assets					
Assets Not Depreciated:					
Land	6,339,092	0	6,339,092	16,742,489	6,105,692
Construction in Progress	857,533	1,324,162	2,181,695	707,519	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	41,829,744	0	41,829,744	90,206,133	0
Other Capital Assets	4,670,722	175,153	4,845,875	6,344,484	0
Infrastructure	66,291,197	16,566,365	82,857,562	5,826,993	0
Total Assets	\$ 216,914,666	\$ 18,846,274	\$ 235,760,940	\$ 190,554,765	\$ 8,540,490

ASSETS

Cash	\$	310,920	\$	0	\$	310,920
Deferred Charge on Refunding		0		0		0
Pension Changes in Experience		1,920,457		13,837		1,934,294
Pension Contributions After Measurement Date		0		0		0
Pension - Other Deferrals		2,231,377		13,837		2,245,214
Total Deferred Outflows of Resources	\$	310,920	\$	13,837	\$	310,920

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$	310,920	\$	0	\$	310,920
Pension Changes in Experience		0		0		0
Pension Contributions After Measurement Date		1,920,457		13,837		1,934,294
Pension - Other Deferrals		0		0		0
Total Deferred Outflows of Resources	\$	2,231,377	\$	13,837	\$	2,245,214

(Continued)

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

	Primary Government		Component Units		
	Governmental	Business-type	Sevier	Public	
	Activities	Activities	School	Building	
			Department	Authority	
		Total			
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,661,378	\$ 33,773	\$ 1,695,151	\$ 17,964	\$ 220,473
Accrued Payroll	814,144	6,481	820,625	0	0
Accrued Interest Payable	141,590	0	141,590	0	0
Payroll Deductions Payable	362,651	2,025	364,676	0	0
Contracts Payable	0	0	0	211,345	0
Derivative - Interest Rate Swap	3,666,357	0	3,666,357	0	0
Payable from Restricted Assets - Conduit Debt	0	0	0	0	208,574
Other Current Liabilities	0	0	0	5,023,312	519,958
Noncurrent Liabilities:					
Due Within One Year	8,065,023	0	8,065,023	0	0
Due in More Than One Year (net of unamortized premium on debt)	111,206,519	0	111,206,519	20,568,291	0
Total Liabilities	\$ 125,917,662	\$ 42,279	\$ 125,959,941	\$ 25,820,912	\$ 949,005

DEFERRED INFLOWS OF RESOURCES

Accumulated Increase in Fair Value of Hedging Derivatives	\$ 22,097	\$ 0	\$ 22,097	\$ 0	\$ 0
Deferred Current Property Taxes	32,256,197	0	32,256,197	34,018,832	0
Pension Changes in Experience	1,151,136	7,998	1,159,134	1,484,877	0
Pension Changes in Investment Earnings	3,110,861	21,614	3,132,475	24,516,395	0
Total Deferred Inflows of Resources	\$ 36,540,291	\$ 29,612	\$ 36,569,903	\$ 60,020,104	\$ 0

(Continued)



Exhibit B

Sevier County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Public Building Authority	
Primary Government:										
Governmental Activities:										
General Government	\$ 16,870,235	\$ 1,950,778	\$ 15,164	\$ 542,960	\$ (14,361,333)	\$ 0	\$ (14,361,333)	\$ 0	\$ 0	0
Finance	3,175,244	3,831,161	0	0	655,917	0	655,917	0	0	0
Administration of Justice	5,101,048	2,081,807	97,803	0	(2,921,438)	0	(2,921,438)	0	0	0
Public Safety	13,981,430	2,485,298	482,238	25,239	(10,988,655)	0	(10,988,655)	0	0	0
Public Health and Welfare	10,383,729	3,454,638	558,815	90,424	(6,279,852)	0	(6,279,852)	0	0	0
Social, Cultural, and Recreational Services	2,281,165	48,867	137,313	48,548	(2,046,437)	0	(2,046,437)	0	0	0
Agriculture and Natural Resources	481,612	0	0	0	(481,612)	0	(481,612)	0	0	0
Highways	14,699,524	64,541	2,955,567	0	(11,679,416)	0	(11,679,416)	0	0	0
Education	902,373	995,737	0	0	93,364	0	93,364	0	0	0
Interest on Long-term Debt	3,882,872	0	0	0	(3,882,872)	0	(3,882,872)	0	0	0
Total Primary Government	\$ 71,759,232	\$ 14,912,827	\$ 4,246,900	\$ 707,171	\$ (51,892,334)	\$ 0	\$ (51,892,334)	\$ 0	\$ 0	0
Business-type Activities:										
Public Utility Fund	\$ 1,666,313	\$ 972,580	\$ 0	\$ 0	\$ 0	\$ (693,733)	\$ (693,733)	\$ 0	\$ 0	0
Total Business-type Activities	\$ 1,666,313	\$ 972,580	\$ 0	\$ 0	\$ 0	\$ (693,733)	\$ (693,733)	\$ 0	\$ 0	0
Total Primary Government	\$ 73,425,545	\$ 15,885,407	\$ 4,246,900	\$ 707,171	\$ (51,892,334)	\$ (693,733)	\$ (52,586,067)	\$ 0	\$ 0	0
Component Units:										
Sevier County School Department	\$ 134,073,042	\$ 1,617,636	\$ 11,235,400	\$ 1,072,827	\$ 0	\$ 0	\$ 0	\$ (120,147,179)	\$ 0	0
Public Building Authority	2,848,059	33,939	0	7,781,225	0	0	0	0	0	4,967,105
Total Component Units	\$ 136,921,101	\$ 1,651,575	\$ 11,235,400	\$ 8,854,052	\$ 0	\$ 0	\$ 0	\$ (120,147,179)	\$ 0	\$ 4,967,105

(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	Sevier County School Department	Public Building Authority
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 17,109,807	\$ 0	\$ 17,109,807	\$ 30,724,105	\$ 0	\$ 0
Property Taxes Levied for Special Purposes					736,029	0	736,029	0	0	0
Property Taxes Levied for Highways					6,255,072	0	6,255,072	0	0	0
Property Taxes Levied for Debt Service					5,151,132	0	5,151,132	0	0	0
Local Option Sales Taxes					4,562,739	0	4,562,739	49,716,560	0	0
Other Local Taxes					412,439	0	412,439	169,565	0	0
Hotel/Motel Tax					2,750,157	0	2,750,157	2,734,198	0	0
Business Tax					2,309,262	0	2,309,262	0	0	0
Mixed Drink Tax					35,152	0	35,152	543,756	0	0
Wholesale Beer Tax					394,491	0	394,491	0	0	0
Grants and Contributions Not Restricted to Specific Programs					8,079,398	0	8,079,398	43,278,438	0	0
Unrestricted Investment Income					738,009	0	738,009	2,630	14,113	0
Miscellaneous					52,094	0	52,094	215,135	0	0
Insurance Recovery					149,539	0	149,539	0	0	0
Pension Income					273,100	1,897	1,897	565,051	0	0
Total General Revenues					\$ 49,008,420	\$ 1,897	\$ 49,010,317	\$ 127,949,438	\$ 14,113	\$ 0
Change in Fair Value of Derivatives - Interest Rate Swap					\$ (1,546,232)	\$ 0	\$ (1,546,232)	\$ 0	\$ 0	\$ 0
Transfers					(847,241)	847,241	0	0	0	0
Change in Net Position					\$ (5,277,387)	\$ 155,405	\$ (5,121,982)	\$ 7,802,259	\$ 4,981,218	\$ 0
Net Position, July 1, 2014					62,922,140	18,639,461	81,561,601	125,730,013	2,610,267	0
Restatement - See Note I.D.8.					(956,663)	(6,646)	(963,309)	(21,093,547)	0	0
Net Position, June 30, 2015					\$ 56,688,090	\$ 18,788,220	\$ 75,476,310	\$ 112,438,725	\$ 7,591,485	\$ 0

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

Sevier County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2015

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	375	0	0	2,100	\$ 2,475
Equity in Pooled Cash and Investments	19,860,117	4,223,373	24,203,649	6,210,629	54,497,768
Accounts Receivable	3,660,335	0	75,146	89,500	3,824,981
Allowance for Uncollectibles	(988,568)	0	0	0	(988,568)
Due from Other Governments	1,549,130	451,898	0	428,157	2,429,185
Due from Other Funds	2,471	0	0	29,974	32,445
Property Taxes Receivable	20,083,743	7,141,718	6,008,118	1,114,723	34,348,302
Allowance for Uncollectible Property Taxes	(646,540)	(232,756)	(193,963)	(32,324)	(1,105,583)
Total Assets	\$ 43,521,063	\$ 11,584,233	\$ 30,092,950	\$ 7,842,759	\$ 93,041,005

ASSETS

Cash	375
Equity in Pooled Cash and Investments	19,860,117
Accounts Receivable	3,660,335
Allowance for Uncollectibles	(988,568)
Due from Other Governments	1,549,130
Due from Other Funds	2,471
Property Taxes Receivable	20,083,743
Allowance for Uncollectible Property Taxes	(646,540)
Total Assets	\$ 43,521,063

LIABILITIES

Accounts Payable	159,476	674,050	135,487	129,068	1,098,081
Accrued Payroll	725,738	54,392	0	34,014	814,144
Payroll Deductions Payable	338,507	9,334	0	14,810	362,651
Due to Other Funds	580,409	1,726	0	2,100	584,235
Total Liabilities	\$ 1,804,130	\$ 739,502	\$ 135,487	\$ 179,992	\$ 2,859,111

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	18,860,180	6,698,008	5,640,428	1,057,581	32,256,197
Deferred Delinquent Property Taxes	473,595	173,142	142,588	20,370	809,695
Other Deferred/Unavailable Revenue	1,900,009	211,230	0	185,000	2,296,239
Total Deferred Inflows of Resources	\$ 21,233,784	\$ 7,082,380	\$ 5,783,016	\$ 1,262,951	\$ 35,362,131

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$	0	0	0	0	69,727	\$ 69,727
Restricted for General Government	0	0	0	0	967,712	967,712
Restricted for Administration of Justice	8,807	0	0	0	77,603	86,410
Restricted for Public Safety	0	0	0	0	2,684,284	2,684,284
Restricted for Public Health and Welfare	3,412,813	0	0	0	0	3,412,813
Restricted for Other Operations	0	3,762,351	0	0	0	3,762,351
Restricted for Highways/Public Works	0	0	0	0	2,062,185	2,062,185
Restricted for Capital Outlay	0	0	0	0	0	0
Restricted for Debt Service	0	0	24,174,447	0	0	24,174,447
Committed:						
Committed for Public Health and Welfare	0	0	0	0	248,386	248,386
Committed for Capital Projects	0	0	0	0	289,919	289,919
Unassigned	17,061,529	0	0	0	0	17,061,529
Total Fund Balances	\$ 20,483,149	\$ 3,762,351	\$ 24,174,447	\$ 6,399,816	\$ 54,819,763	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,521,063	\$ 11,584,233	\$ 30,092,950	\$ 7,842,759	\$ 93,041,005	

FUND BALANCES

Restricted:  
 Restricted for General Government  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Other Operations  
 Restricted for Highways/Public Works  
 Restricted for Capital Outlay  
 Restricted for Debt Service  
 Committed:  
 Committed for Public Health and Welfare  
 Committed for Capital Projects  
 Unassigned  
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2015

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)		\$	54,819,763
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	6,339,092	
Add: construction in progress		857,533	
Add: infrastructure net of accumulated depreciation		66,291,197	
Add: buildings and improvements net of accumulated depreciation		41,829,744	
Add: other capital assets net of accumulated depreciation		<u>4,670,722</u>	119,988,288
(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.			327,877
(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	\$	(400,000)	
Less: other loans payable		(73,611,679)	
Less: bonds payable		(42,604,311)	
Less: other postemployment benefits liability		(2,099,197)	
Add: deferred amount on refunding		310,920	
Less: accrued interest on bonds, notes, and other loans		(141,590)	
Less: fair value of investment-type derivative - interest rate swap		(3,688,454)	
Less: other deferred revenue - premium on debt		<u>(556,355)</u>	(122,790,666)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows related to pensions	\$	1,920,457	
Less: deferred inflows related to pensions		<u>(4,261,997)</u>	(2,341,540)
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			3,578,434
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>3,105,934</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>56,688,090</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, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 25,715,812	\$ 6,500,097	\$ 5,352,919	\$ 3,197,780	\$ 40,766,608	
Licenses and Permits	649,229	0	0	0	649,229	
Fines, Forfeitures, and Penalties	424,295	0	0	137,969	562,264	
Charges for Current Services	3,383,640	0	0	23,269	3,406,909	
Other Local Revenues	151,312	52,273	735,664	85,969	1,025,218	
Fees Received from County Officials	6,403,538	0	0	0	6,403,538	
State of Tennessee	3,588,179	2,905,309	0	111,821	6,605,309	
Federal Government	1,194,383	0	0	576,663	1,771,046	
Other Governments and Citizens Groups	729,053	58,078	5,337,658	48,548	6,173,337	
Total Revenues	\$ 42,239,441	\$ 9,515,757	\$ 11,426,241	\$ 4,182,019	\$ 67,363,458	
<u>Expenditures</u>						
Current:						
General Government	\$ 5,645,973	\$ 0	\$ 0	\$ 67,061	\$ 5,713,034	
Finance	3,111,931	0	0	0	3,111,931	
Administration of Justice	3,032,415	0	0	313,198	3,345,613	
Public Safety	14,555,593	0	0	263,841	14,819,434	
Public Health and Welfare	5,739,125	0	0	2,847,661	8,586,786	
Social, Cultural, and Recreational Services	1,717,785	0	0	0	1,717,785	
Agriculture and Natural Resources	467,229	0	0	0	467,229	
Other Operations	4,751,410	0	0	210,801	4,962,211	
Highways	287,177	10,746,819	0	0	11,033,996	
Debt Service:						
Principal on Debt	0	0	7,860,023	0	7,860,023	
Interest on Debt	0	0	3,750,588	0	3,750,588	
Other Debt Service	0	0	7,914,446	0	7,914,446	

(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	Other Governmental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 1,075,605	\$ 0	\$ 0	\$ 2,446,947	\$ 3,522,552
Total Expenditures	\$ 40,384,243	\$ 10,746,819	\$ 19,525,057	\$ 6,149,509	\$ 76,805,628
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,855,198	\$ (1,231,062)	\$ (8,098,816)	\$ (1,967,490)	\$ (9,442,170)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 32,525	\$ 13,000	\$ 0	\$ 91,150	\$ 136,675
Transfers In	0	0	0	50,000	50,000
Transfers Out	(600,000)	0	0	0	(600,000)
Total Other Financing Sources (Uses)	\$ (567,475)	\$ 13,000	\$ 0	\$ 141,150	\$ (413,325)
Net Change in Fund Balances Fund Balance, July 1, 2014	\$ 1,287,723	\$ (1,218,062)	\$ (8,098,816)	\$ (1,826,340)	\$ (9,855,495)
	19,195,426	4,980,413	32,273,263	8,226,156	64,675,258
Fund Balance, June 30, 2015	\$ 20,483,149	\$ 3,762,351	\$ 24,174,447	\$ 6,399,816	\$ 54,819,763

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, 2015

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)		\$ (9,855,495)
(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	\$ 8,845,403	
Less: current-year depreciation expense	<u>(11,712,613)</u>	(2,867,210)
(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	\$ (297,241)	
Add: assets donated and capitalized	12,864	
Less: book value of assets disposed	<u>(95,089)</u>	(379,466)
(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, 2015	\$ 3,105,934	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(2,926,949)</u>	178,985
(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: change in premium on debt issuances	\$ (79,480)	
Add: principal payments on bonds	5,325,027	
Add: principal payments on capital outlay notes	200,000	
Add: principal payments on other loans	2,334,996	
Less: change in deferred amount on refunding debt	<u>(73,095)</u>	7,707,448

(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	\$	20,951
Change in other postemployment benefits liability		(226,826)
Change in net pension liability/asset		4,535,097
Change in deferred outflows related to pensions		1,920,457
Change in deferred inflows related to pensions		<u>(4,261,997)</u>
	\$	1,987,682
 (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.		 (503,099)
 (7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		 <u>(1,546,232)</u>
 Change in net position of governmental activities (Exhibit B)	\$	<u><u>(5,277,387)</u></u>

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

## Exhibit C-5

Sevier County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues</b>				
Local Taxes	\$ 25,715,812	\$ 24,249,981	\$ 24,873,757	\$ 842,055
Licenses and Permits	649,229	565,000	565,000	84,229
Fines, Forfeitures, and Penalties	424,295	362,250	362,250	62,045
Charges for Current Services	3,383,640	4,109,500	4,109,500	(725,860)
Other Local Revenues	151,312	457,000	428,766	(277,454)
Fees Received from County Officials	6,403,538	6,188,000	6,221,000	182,538
State of Tennessee	3,588,179	3,274,793	3,202,275	385,904
Federal Government	1,194,383	742,323	1,070,984	123,399
Other Governments and Citizens Groups	729,053	400,000	515,734	213,319
<b>Total Revenues</b>	<b>\$ 42,239,441</b>	<b>\$ 40,348,847</b>	<b>\$ 41,349,266</b>	<b>\$ 890,175</b>
<b>Expenditures</b>				
<b>General Government</b>				
County Commission	\$ 499,455	\$ 588,756	\$ 588,756	\$ 89,301
Beer Board	9,719	11,500	11,500	1,781
Other Boards and Committees	716,294	742,406	743,439	27,145
County Mayor/Executive	722,632	717,087	726,365	3,733
Election Commission	605,619	652,899	654,249	48,630
Register of Deeds	548,684	568,524	568,524	19,840
Planning	286,798	304,639	304,639	17,841
Building	163,071	176,400	176,400	13,329
Geographical Information Systems	116,735	122,094	122,094	5,359
County Buildings	1,052,390	1,163,721	1,163,721	111,331
Other Facilities	297,952	215,500	314,950	16,998
Other General Administration	437,353	461,787	461,787	24,434
Preservation of Records	189,271	204,445	204,445	15,174
<b>Finance</b>				
Property Assessor's Office	1,145,569	1,191,766	1,273,766	128,197
Reappraisal Program	24,127	69,400	49,400	25,273
County Trustee's Office	552,939	592,618	592,618	39,679
County Clerk's Office	1,167,142	1,212,907	1,212,957	45,815
Data Processing	222,154	225,079	225,079	2,925
<b>Administration of Justice</b>				
Circuit Court	914,466	959,692	959,692	45,226
General Sessions Court	729,581	739,881	739,881	10,300
General Sessions Judge	471,069	545,192	523,674	52,605
Drug Court	0	50,000	0	0
Chancery Court	402,353	405,554	410,119	7,766
Juvenile Court	133,897	136,202	136,202	2,305
District Attorney General	60,576	64,572	64,572	3,996
Judicial Commissioners	267,805	302,828	302,828	35,023
Other Administration of Justice	19	174,066	174,066	174,047
Victims Assistance Programs	52,649	56,701	56,701	4,052
<b>Public Safety</b>				
Sheriff's Department	6,142,134	6,234,632	6,227,654	85,520
Drug Enforcement	235,285	211,816	244,516	9,231
Jail	5,739,398	5,805,647	5,948,147	208,749
Juvenile Services	346,716	367,058	367,058	20,342
Fire Prevention and Control	966,000	966,000	966,000	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>				
Civil Defense	\$ 4,000	\$ 4,000	\$ 4,000	\$ 0
Rescue Squad	47,750	47,750	47,750	0
Other Emergency Management	180,445	141,449	204,908	24,463
County Coroner/Medical Examiner	174,048	110,424	184,424	10,376
Other Public Safety	719,817	750,596	750,596	30,779
<u>Public Health and Welfare</u>				
Local Health Center	91,439	84,246	114,246	22,807
Rabies and Animal Control	85,000	85,000	85,000	0
Ambulance/Emergency Medical Services	4,309,767	4,494,632	4,494,632	184,865
Maternal and Child Health Services	677,008	796,195	796,195	119,187
Other Local Health Services	162,475	152,900	185,900	23,425
Appropriation to State	86,261	86,261	86,261	0
Other Local Welfare Services	28,561	32,000	32,000	3,439
Other Public Health and Welfare	298,614	318,222	318,222	19,608
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	377,099	392,513	392,513	15,414
Libraries	1,253,505	1,305,043	1,307,273	53,768
Parks and Fair Boards	87,181	96,745	96,745	9,564
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	244,400	244,591	244,591	191
Forest Service	1,000	1,000	1,000	0
Soil Conservation	45,091	45,164	45,214	123
Storm Water Management	176,738	184,131	184,131	7,393
<u>Other Operations</u>				
Tourism	1,234,338	1,269,515	1,269,515	35,177
Veterans' Services	112,552	129,842	129,842	17,290
Contributions to Other Agencies	167,341	221,441	221,441	54,100
Employee Benefits	934,826	688,811	1,038,811	103,985
Miscellaneous	2,302,353	2,175,571	2,330,671	28,318
<u>Highways</u>				
Litter and Trash Collection	240,751	232,536	254,054	13,303
Other Charges	46,426	28,900	48,900	2,474
<u>Capital Projects</u>				
Other General Government Projects	1,075,605	753,000	2,344,000	1,268,395
Total Expenditures	\$ 40,384,243	\$ 41,113,847	\$ 43,728,634	\$ 3,344,391
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,855,198	\$ (765,000)	\$ (2,379,368)	\$ 4,234,566
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 32,525	\$ 0	\$ 28,368	\$ 4,157
Transfers Out	(600,000)	0	(600,000)	0
Total Other Financing Sources	\$ (567,475)	\$ 0	\$ (571,632)	\$ 4,157
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 19,195,426	\$ 18,328,705	\$ 18,328,705	\$ 866,721
Fund Balance, June 30, 2015				
	\$ 20,483,149	\$ 17,563,705	\$ 15,377,705	\$ 5,105,444

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,500,097	\$ 6,238,545	\$ 6,238,545	\$ 261,552
Other Local Revenues	52,273	42,000	42,000	10,273
State of Tennessee	2,905,309	3,249,922	3,249,922	(344,613)
Other Governments and Citizens Groups	58,078	180,000	180,000	(121,922)
Total Revenues	<u>\$ 9,515,757</u>	<u>\$ 9,710,467</u>	<u>\$ 9,710,467</u>	<u>\$ (194,710)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 254,057	\$ 259,857	\$ 269,857	\$ 15,800
Highway and Bridge Maintenance	7,867,084	6,614,172	9,821,822	1,954,738
Operation and Maintenance of Equipment	1,139,439	1,309,312	1,514,962	375,523
Quarry Operations	129,983	307,201	300,901	170,918
Other Charges	328,575	332,000	340,000	11,425
Employee Benefits	78,377	111,000	111,000	32,623
Capital Outlay	949,304	776,925	951,925	2,621
Total Expenditures	<u>\$ 10,746,819</u>	<u>\$ 9,710,467</u>	<u>\$ 13,310,467</u>	<u>\$ 2,563,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,231,062)</u>	<u>\$ 0</u>	<u>\$ (3,600,000)</u>	<u>\$ 2,368,938</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 13,000	\$ 0	\$ 0	\$ 13,000
Total Other Financing Sources	<u>\$ 13,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,000</u>
Net Change in Fund Balance	\$ (1,218,062)	\$ 0	\$ (3,600,000)	\$ 2,381,938
Fund Balance, July 1, 2014	4,980,413	4,980,413	4,980,413	0
Fund Balance, June 30, 2015	<u>\$ 3,762,351</u>	<u>\$ 4,980,413</u>	<u>\$ 1,380,413</u>	<u>\$ 2,381,938</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, 2015

	Business-type Activities - Major Enterprise Fund <u>Public Utility Fund</u>	Governmental Activities <u>Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 200	\$ 864,215
Equity in Pooled Cash and Investments	135,441	0
Accounts Receivable	75,829	25,320
Allowance for Uncollectibles	(5,890)	0
Due from Other Funds	550,435	1,726
Total Current Assets	<u>\$ 756,015</u>	<u>\$ 891,261</u>
Noncurrent Assets:		
Net Pension Asset	\$ 24,863	\$ 0
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	1,324,162	0
Assets Net of Accumulated Depreciated:		
Infrastructure	16,566,365	0
Other Capital Assets	175,153	0
Total Noncurrent Assets	<u>\$ 18,090,543</u>	<u>\$ 0</u>
Total Assets	<u>\$ 18,846,558</u>	<u>\$ 891,261</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows of Resources:		
Pension Contributions After Measurement Date	\$ 13,837	\$ 0
Total Deferred Outflows of Resources	<u>\$ 13,837</u>	<u>\$ 0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,860,395</u>	<u>\$ 891,261</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 33,773	\$ 563,297
Accrued Payroll	6,481	0
Payroll Deductions Payable	2,025	0
Due to Other Funds	284	87
Total Current Liabilities	<u>\$ 42,563</u>	<u>\$ 563,384</u>
Total Liabilities	<u>\$ 42,563</u>	<u>\$ 563,384</u>

(Continued)

Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
	<u>                    </u>	<u>                    </u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources:		
Pension Changes in Experience	\$ 7,998	\$ 0
Pension Changes in Investment Earnings	<u>21,614</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>\$ 29,612</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 18,065,680	\$ 0
Net Position - Unrestricted	<u>722,540</u>	<u>327,877</u>
Total Net Position	<u>\$ 18,788,220</u>	<u>\$ 327,877</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, 2015

	Business-type Activities	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 6,952,773
Patient Charges	0	163,119
Water Sales	748,483	0
Water Tap Sales	90,850	0
Service Charges	133,247	0
Other (Pension Income)	1,897	0
Total Operating Revenues	<u>\$ 974,477</u>	<u>\$ 7,115,892</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 428,819
Employee and Dependent Insurance	0	126,913
Life Insurance	0	149,513
Disability Insurance	0	39,917
Excess Risk Insurance	0	513,548
Medical Claims	0	4,733,067
Other Self-Insured Claims	0	1,628,932
Supervisor/Director	58,803	0
Secretary(ies)	25,650	0
Longevity	1,000	0
Other Salaries and Wages	69,937	0
Social Security	8,988	0
Pensions	0	0
Employee and Dependent Insurance	31,630	0
Employer Medicare	2,102	0
Bank Charges	282	627
Communication	3,635	0
Consultants	14,552	0
Contracts with Other Public Agencies	806,702	0
Maintenance and Repair Services - Equipment	100,822	0
Postal Charges	6,190	0
Travel	1,412	0
Other Contracted Services	6,135	0
Electricity	28,946	0
Gasoline	8,134	0
Office Supplies	5,048	0
Pipe	71,444	0
Water and Sewer	84	0
Other Supplies and Materials	49,413	0
Liability Insurance	2,100	0
Refunds	17,571	0
Trustee's Commission	8,506	0
Vehicle and Equipment Insurance	1,200	0
Depreciation	334,677	0
Motor Vehicles	1,350	0
Total Operating Expenses	<u>\$ 1,666,313</u>	<u>\$ 7,621,336</u>
Operating Income (Loss)	<u>\$ (691,836)</u>	<u>\$ (505,444)</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	\$ 2,345
Total Nonoperating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 2,345</u>
Income (Loss) Before Transfers and Contributions	\$ (691,836)	\$ (503,099)
Capital Contributions - Primary Government	297,241	0
Transfers In (Out)	<u>550,000</u>	<u>0</u>
Change in Net Position	\$ 155,405	\$ (503,099)
Net Position, July 1, 2014	18,639,461	830,976
Restatement - See Note I.D.8.	<u>(6,646)</u>	<u>0</u>
Net Position, June 30, 2015	<u>\$ 18,788,220</u>	<u>\$ 327,877</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, 2015

	<u>Business-type</u> <u>Activities</u>	
	Major	Governmental
	Enterprise	Activities
	Fund	Internal
	Public Utility	Service Funds
	<u>Fund</u>	<u>Service Funds</u>
<u>Cash Flows from Operating Activities</u>		
Receipts for Self-Insurance Premiums	\$ 0	\$ 6,942,439
Receipts for Patient Charges	0	147,004
Receipts from Customers and Users	958,580	0
Payments to Insurers	0	(830,458)
Payments for Claims	0	(6,482,314)
Payments for Administrative Costs	0	(428,879)
Payments to Vendors	(1,156,639)	0
Payments to Employees	(210,893)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (408,952)</u>	<u>\$ (652,208)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchases of Capital Assets	\$ 0	\$ 0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	\$ 0	\$ 2,345
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 2,345</u>
Increase (Decrease) in Cash	\$ (408,952)	\$ (649,863)
Cash, July 1, 2014	<u>544,593</u>	<u>1,514,078</u>
Cash, June 30, 2015	<u>\$ 135,641</u>	<u>\$ 864,215</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (691,836)	\$ (505,444)
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	334,677	0
Changes in Net Pension Asset/Liability	(31,509)	0
Changes in Deferred Outflows for Pensions	(13,837)	0
Changes in Deferred Inflows for Pensions	29,612	0
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(15,513)	(26,449)
Increase (Decrease) in Allowance for Uncollectibles	1,948	0
(Increase) Decrease in due from other funds (excluding transfers)	(435)	0
Increase (Decrease) in Accounts Payable	(23,257)	(120,315)
Increase (Decrease) in Accrued Payroll	96	0
Increase (Decrease) in Payroll Deductions	958	0
Increase (Decrease) in Due to Other Funds	144	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (408,952)</u>	<u>\$ (652,208)</u>
<u>Noncash Investing, Capital, and Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 297,241	\$ 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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 5,059,769
Equity in Pooled Cash and Investments	224,229
Accounts Receivable	2,941
Due from Other Governments	<u>6,894,947</u>
Total Assets	<u>\$ 12,181,886</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,085
Due to Other Taxing Units	6,891,724
Due to Litigants, Heirs, and Others	5,101,699
Due to Joint Ventures	<u>186,378</u>
Total Liabilities	<u>\$ 12,181,886</u>

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

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

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**SEVIER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**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. The Authority also holds title to certain development properties within

Sevier County. The authority is a public nonprofit organization whose board is appointed by the County Commission. The county is entitled to net earnings of the authority after provisions have been made for obligations and any reserves, which are determined by the board. The county contributed \$7,781,225 to the authority during the year to retire the authority's debt associated with the purchase of development properties.

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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

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

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

Fund financial statements of Sevier County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that

constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Sevier County reports four proprietary funds, an enterprise fund and three internal service funds.

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

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

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

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

Sevier County reports the following major governmental funds:

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

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

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

Sevier County reports the following major proprietary fund:

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

Additionally, Sevier County reports the following fund types:

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

**Capital Projects Fund** – The General Capital Projects 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.

**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 1.8 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 retirement and teachers' insurance clearing accounts.

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for a deferred charge on refunding, pension changes in experience, employer contributions made to the pension plan after the measurement date and other pension deferrals. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, various receivables for revenues, which do not meet the availability criteria for 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.

Restricted for Other Purposes in the governmental activities and business-type activities represents net position attributable to pension activity.

As of June 30, 2015, Sevier County had \$73,219,690 in outstanding debt for capital purposes for the discretely presented Sevier County School Department. The debt is a liability of Sevier County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sevier County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either

(a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the School Department’s General Purpose School Fund consists of amounts for encumbrances (\$1,309,003) and fund balance appropriated for use in the 2015-16 year budget (\$7,773,359).

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

**8. Restatement**

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to decrease Sevier County’s net position totaling (\$963,309) has been recognized in the Statement of Activities for the governmental activities (\$956,663) and the business-type activities (\$6,646). In addition, a restatement to decrease the Sevier County School Department’s beginning net position totaling (\$21,093,547) has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$1,234,021) and the pension cost-sharing plan (\$19,859,526).

**E. Pension Plans**

**Primary Government**

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

**Discretely Presented Sevier County School Department**

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

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

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

**Primary Government**

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

**Discretely Presented Sevier County School Department**

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

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

**Primary Government**

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

**Discretely Presented Sevier County School Department**

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

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

**A. Budgetary Information**

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

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

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

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

At June 30, 2015, the Sevier County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Purpose School	Textbooks	\$ 314,017
"	School Buses	417,167
"	Various capital improvements	336,364

**B. Net Position Deficit/Fund Deficit**

The Employee Insurance - Health Fund (internal service fund) had a deficit in unrestricted net position of \$366,492 at June 30, 2015. This deficit resulted from an increase in medical claims and estimates. The County Commission authorized a change of plan networks in an effort to save on medical claim costs and liquidate the deficit.

**C. 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, 2015, the outstanding balance for audit costs totaled \$5,220.50.

**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, 2015.

### **B. Derivative Instruments**

At June 30, 2015, 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, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended, as reported in the 2015 financial statements, are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2015</u>		6-30-15 Notional
	Classification	Amount	Classification	Amount	Amount

#### Governmental Activities

Pay-fixed interest rate swaps:

\$3M Hybrid Swap:					\$ 3,000,000
Cash Flow Hedge Portion	Deferred Inflow	\$ (65,244)	Debt	\$ 8,833	
Non-hedge Portion	Investment Earnings	63,579	Debt	(584,905)	
Total \$3M Hybrid Swap		<u>\$ (1,665)</u>		<u>\$ (576,072)</u>	
\$4M Hybrid Swap:					\$ 1,450,000
Cash Flow Hedge Portion	Deferred Inflow	\$ (6,804)	Debt	\$ 13,264	
Non-hedge Portion	Investment Earnings	58,082	Debt	(156,069)	
Total \$4M Hybrid Swap		<u>\$ 51,278</u>		<u>\$ (142,805)</u>	

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2015</u>		6-30-15
	Classification	Amount	Classification	Amount	Notional Amount
<b>Governmental Activities (Cont.)</b>					
\$13M Swap:					
Investment Derivative	Investment Earnings	\$ (61,212)	Debt	\$ (1,850,924)	\$13,000,000
\$14.435M Swap:					
Investment Derivative	Investment Earnings	\$ 183,030	Debt	\$ (1,096,556)	\$10,425,000
Total		\$ 171,431		\$ (3,666,357)	

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.

The \$13 million swap met effectiveness tests of GASB Statement No. 53 in the prior year; however, that swap failed effectiveness tests for the current year. Therefore, the fair value changes of that swap at July 1, 2014 (\$1,789,712), which had been deferred in previous years, was recognized as investment losses during the current year.

### **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, 2015, 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>-1.129</u>
Net interest rate swap payments		3.311 %
Variable-rate bond coupon payments		<u>0.621</u>
		<u><u>3.932 %</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$576,072. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

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

**Swap payments and associated debt.** As of June 30, 2015, 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		
2016	\$ 0	\$ 18,617	\$ 99,344	\$ 117,961	
2017	0	18,617	99,344	117,961	
2018	0	18,617	99,344	117,961	
2019	0	18,617	99,344	117,961	
2020	0	18,617	99,344	117,961	
2021-2025	3,000,000	58,021	309,623	3,367,644	
Total	\$ 3,000,000	\$ 151,106	\$ 806,343	\$ 3,957,449	

### **\$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, 2015, 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>-0.198</u>
Net interest rate swap payments		4.042 %
Variable-rate bond coupon payments		<u>0.621</u>
Synthetic interest rate on bonds		<u><u>4.663 %</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$142,805. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

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

**Swap payments and associated debt.** As of June 30, 2015, 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		
2016	\$ 260,000	\$ 8,998	\$ 58,606	\$	327,604
2017	275,000	7,385	48,097		330,482
2018	290,000	5,678	36,982		332,660
2019	305,000	3,878	25,261		334,139
2020	320,000	1,986	12,934		334,920
Total	\$ 1,450,000	\$ 27,925	\$ 181,880	\$	1,659,805

### **\$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, 2015, 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>-1.193</u>
Net interest rate swap payments		2.777 %
Variable-rate bond coupon payments		<u>0.110</u>
Synthetic interest rate on bonds		<u><u>2.887 %</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$1,850,924. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2015, 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		Total
	Principal	Interest	Rate Swap		
			Payment		
2016	\$ 0	\$ 14,300	\$ 361,062	\$	375,362
2017	0	14,300	361,062		375,362
2018	0	14,300	361,062		375,362
2019	0	14,300	361,062		375,362
2020	1,850,000	14,300	361,062		2,225,362
2021-2025	11,150,000	38,280	966,535		12,154,815
Total	\$ 13,000,000	\$ 109,780	\$ 2,771,845	\$	15,881,625

### **\$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, 2015, 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>-1.129</u>
Net interest rate swap payments		3.251 %
Variable-rate bond coupon payments		<u>0.110</u>
Synthetic interest rate on bonds		<u><u>3.361 %</u></u>

**Fair value.** As of June 30, 2015, the swap had a negative fair value of \$1,096,556. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

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

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

the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2015, 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		
2016	\$ 825,000	\$ 11,468	\$ 338,967	\$ 1,175,435	
2017	1,850,000	10,560	312,142	2,172,702	
2018	1,945,000	8,525	251,990	2,205,515	
2019	2,055,000	6,386	188,748	2,250,134	
2020	2,170,000	4,125	121,931	2,296,056	
2021-2025	1,580,000	5,390	159,323	1,744,713	
Total	\$ 10,425,000	\$ 46,454	\$ 1,373,101	\$ 11,844,555	

### C. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

#### Primary Government

##### Governmental Activities:

	Balance 7-1-14		Increases	Decreases	Transfers Out	Balance 6-30-15
Capital Assets Not Depreciated:						
Land	\$ 6,271,926	\$ 67,166	\$ 0	\$ 0	\$ 0	6,339,092
Construction in Progress	3,754,387	2,339,938	(4,939,551)	(297,241)		857,533
Total Capital Assets Not Depreciated	\$ 10,026,313	\$ 2,407,104	\$ (4,939,551)	\$ (297,241)	\$ 0	7,196,625
Capital Assets Depreciated:						
Buildings and Improvements	\$ 60,765,777	\$ 5,506,695	\$ 0	\$ 0	\$ 0	66,272,472
Roads and Bridges	166,451,145	4,825,300	0	0	0	171,276,445
Other Capital Assets	15,959,448	1,058,719	(1,224,462)	0	0	15,793,705
Total Capital Assets Depreciated	\$ 243,176,370	\$ 11,390,714	\$ (1,224,462)	\$ 0	\$ 0	253,342,622

**Governmental Activities (Cont.):**

	Balance 7-1-14	Increases	Decreases	Transfers Out	Balance 6-30-15
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 22,560,636	\$ 1,882,092	\$ 0	\$ 0	\$ 24,442,728
Roads and Bridges	96,522,376	8,462,872	0	0	104,985,248
Other Capital Assets	10,884,707	1,367,649	(1,129,373)	0	11,122,983
Total Accumulated Depreciation	\$ 129,967,719	\$ 11,712,613	\$ (1,129,373)	\$ 0	\$ 140,550,959
Total Capital Assets Depreciated, Net	\$ 113,208,651	\$ (321,899)	\$ (95,089)	\$ 0	\$ 112,791,663
Governmental Activities Capital Assets, Net	\$ 123,234,964	\$ 2,085,205	\$ (5,034,640)	\$ (297,241)	\$ 119,988,288

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	\$ 785,585
Finance	18,056
Administration of Justice	3,610
Public Safety	727,459
Public Health and Welfare	813,991
Social, Cultural, and Recreational Services	590,617
Agriculture and Natural Resources	9,466
Highways/Public Works	8,763,829
Total Depreciation Expense - Governmental Activities	\$ 11,712,613

**Business-Type Activities:**

	Balance 7-1-14	Transfers In	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:					
Construction in Progress	\$ 1,026,921	\$ 297,241	\$ 0	\$ 0	\$ 1,324,162
Total Capital Assets Not Depreciated	\$ 1,026,921	\$ 297,241	\$ 0	\$ 0	\$ 1,324,162
Capital Assets Depreciated:					
Infrastructure	\$ 19,077,366	\$ 0	\$ 0	\$ 0	\$ 19,077,366
Other Capital Assets	223,326	0	0	0	223,326
Total Capital Assets Depreciated	\$ 19,300,692	\$ 0	\$ 0	\$ 0	\$ 19,300,692
Less Accumulated Depreciation For:					
Infrastructure	\$ 2,193,046	\$ 0	\$ 317,955	\$ 0	\$ 2,511,001
Other Capital Assets	31,451	0	16,722	0	48,173
Total Accumulated Depreciation	\$ 2,224,497	\$ 0	\$ 334,677	\$ 0	\$ 2,559,174
Total Capital Assets Depreciated, Net	\$ 17,076,195	\$ 0	\$ (334,677)	\$ 0	\$ 16,741,518
Governmental Activities Capital Assets, Net	\$ 18,103,116	\$ 297,241	\$ (334,677)	\$ 0	\$ 18,065,680

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

Depreciation expense totaling \$334,677 was charged to the Public Utility Fund.

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

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 16,742,489	\$ 0	\$ 0	\$ 16,742,489
Construction in Progress	47,851	659,668	0	707,519
Total Capital Assets Not Depreciated	\$ 16,790,340	\$ 659,668	\$ 0	\$ 17,450,008

**Governmental Activities (Cont.):**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 146,661,088	\$ 77,759	\$ 0	\$ 146,738,847
Infrastructure	10,465,588	624,607	0	11,090,195
Other Capital Assets	19,938,480	2,166,467	(1,716,149)	20,388,798
Total Capital Assets				
Depreciated	<u>\$ 177,065,156</u>	<u>\$ 2,868,833</u>	<u>\$ (1,716,149)</u>	<u>\$ 178,217,840</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 53,083,449	\$ 3,449,265	\$ 0	\$ 56,532,714
Infrastructure	4,806,722	456,480	0	5,263,202
Other Capital Assets	13,759,888	1,455,234	(1,170,808)	14,044,314
Total Accumulated				
Depreciation	<u>\$ 71,650,059</u>	<u>\$ 5,360,979</u>	<u>\$ (1,170,808)</u>	<u>\$ 75,840,230</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 105,415,097</u>	<u>\$ (2,492,146)</u>	<u>\$ (545,341)</u>	<u>\$ 102,377,610</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 122,205,437</u>	<u>\$ (1,832,478)</u>	<u>\$ (545,341)</u>	<u>\$ 119,827,618</u>

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

**Governmental Activities:**

Instruction	\$ 3,024,065
Support Services	2,229,362
Operation of Non-instructional Services	<u>107,552</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,360,979</u>

**D. Construction Commitments**

At June 30, 2015, the General Capital Projects Fund had uncompleted construction contracts of approximately \$84,398 for water line projects. Funding has been provided for these future expenditures.

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

The composition of interfund balances as of June 30, 2015, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Public Utility Fund	\$ 284
"	Nonmajor governmental	2,100
"	Internal Service	87
Public Utility Fund	General	550,435
Nonmajor governmental	General	29,974
Internal Service	Highway/Public Works	<u>1,726</u>
Total		<u>\$ 584,606</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.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2015, consisted of the following amount:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>	
	Public Utility Fund	Nonmajor Governmental Funds
General Fund	\$ 550,000	\$ 50,000

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

**F. 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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	.4 to 4.3 %	6-1-32	\$ 18,540,000	\$ 16,550,000
General Obligation Bonds - Refunding	.4 to 4.5	6-1-25	26,355,000	15,095,000
Other Loans - Fixed Rate - Refunding	3 to 5	6-1-25	19,775,000	9,345,000
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	42,225,000
Qualified School Construction Bonds	4.84	8-1-27	14,504,000	10,959,311
Energy Efficient Schools Initiative Loan	0	5-1-22	1,000,000	691,679
Capital Outlay Notes	0	9-1-16	600,000	400,000

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, 2015, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rate as of 6-30-15	Other Fees on Variable Rate Debt
Series V-D-1 (Refunding)	\$ 6,150,000	\$ 905,000	Fixed	3 - 4%	N/A
Series VII-A-4 (Refunding)(1)	6,900,000	4,450,000	Variable	0.62	0.27%
Series VII-B-1 (Refunding)(2)	42,495,000	37,775,000	Variable	0.11	0.84
Series VII-B-1	21,450,000	21,350,000	Variable	0.11	0.84
Series V-F-1 (Refunding)	13,625,000	<u>8,440,000</u>	Fixed	3.5 - 5	N/A
Total		<u>\$ 72,920,000</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, 2015, 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, 2015. 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
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
2021-2025	16,005,135	5,710,064	21,715,199
2026-2030	6,309,041	2,097,021	8,406,062
2031-2032	1,875,000	88,775	1,963,775
Total	<u>\$ 42,604,311</u>	<u>\$ 15,389,610</u>	<u>\$ 57,993,921</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 200,000	\$ 0	\$ 200,000
2017	200,000	0	200,000
Total	<u>\$ 400,000</u>	<u>\$ 0</u>	<u>\$ 400,000</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 2,469,996	\$ 527,528	\$ 508,665	\$ 3,506,189
2017	4,569,996	488,390	497,841	5,556,227
2018	4,764,996	405,632	478,367	5,648,995
2019	4,074,996	298,776	458,054	4,831,826
2020	5,219,996	232,457	436,776	5,889,229
2021-2025	25,106,699	646,689	1,687,058	27,440,446
2026-2030	18,545,000	112,095	856,002	19,513,097
2031-2032	8,860,000	14,757	112,686	8,987,443
Total	<u>\$ 73,611,679</u>	<u>\$ 2,726,324</u>	<u>\$ 5,035,449</u>	<u>\$ 81,373,452</u>

There is \$24,174,447 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,297, based on the 2010 federal census.

During the year, based on budgetary appropriations, the School Department remitted \$5,337,658 to the primary government's General Debt Service Fund to be applied to the retirement of debt issued for the benefit of the School Department.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
	<hr/>		
Balance, July 1, 2014	\$ 47,929,338	\$ 600,000	\$ 75,946,675
Additions	0	0	0
Reductions	(5,325,027)	(200,000)	(2,334,996)
	<hr/>		
Balance, June 30, 2015	<u>\$ 42,604,311</u>	<u>\$ 400,000</u>	<u>\$ 73,611,679</u>
	<hr/>		
Balance Due Within One Year	<u>\$ 5,395,027</u>	<u>\$ 200,000</u>	<u>\$ 2,469,996</u>

Governmental Activities (Cont.):

	Capital Leases	Other Postemployment Benefits
	<hr/>	
Balance, July 1, 2014	\$ 60,639	\$ 1,872,371
Additions	0	451,135
Reductions	(60,639)	(224,309)
	<hr/>	
Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 2,099,197</u>
	<hr/>	
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 118,715,187
Less: Balance Due Within One Year	(8,065,023)
Add: Unamortized Premium on Debt	<u>556,355</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 111,206,519</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, 2015, was as follows:

Governmental Activities:	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 18,222,573
Additions	4,580,903
Reductions	<u>(2,235,185)</u>
Balance, June 30, 2015	<u>\$ 20,568,291</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.

**G. 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, 2015, were \$600. 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, 2015, were \$351,874 and \$49,975, 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 \$135,000 for each employee and approximately \$6,550,000 for all claims in any plan year for health coverage. The county also retains the risk of loss to a limit of \$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 \$145,472 for dental and vision coverage and \$548,897 for workers' compensation coverage at June 30, 2015. The employee health fund had a fund deficit of \$366,492 in unrestricted net position, which management expects will be liquidated subsequent to June 30, 2015, by increasing contributions from funds and changing insurance networks in order to cut costs. 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
2013-2014	\$	100,472 \$	5,665,656 \$	(5,242,076) \$	524,052
2014-2015		524,052	6,013,732	(6,042,572)	495,212

Employee Insurance - Dental and Vision Fund

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2013-2014	\$	4,730 \$	81,095 \$	(70,115) \$	15,710
2014-2015		15,710	54,156	(65,022)	4,844

Employee Insurance - Workers' Compensation Fund

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2013-2014	\$	77,265 \$	1,061,291 \$	(994,619) \$	143,937
2014-2015		143,937	294,111	(374,720)	63,328

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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**C. Subsequent Event**

On September 15, 2015, Sevier County issued \$9,670,000 in general obligation refunding bonds.

**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 (\$2,043,653 at June 30, 2015). 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.F.

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. Changes in Administration**

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

Property Assessor Johnny King died on October 19, 2014, and was succeeded by Thomas King on November 17, 2014.

**F. 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, 2015, 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 2014-15 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.  
1826 Ridge Road  
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  
321 Court Avenue  
Sevierville, TN 37864

**G. Retirement Commitments**

**Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Sevier County and non-certified employees of the discretely presented Sevier County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 43.84 percent and the non-certified employees of the discretely present School Department comprise 56.16 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits

are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	408
Inactive Employees Entitled to But Not Yet Receiving Benefits	572
Active Employees	<u>1,314</u>
Total	<u><u>2,294</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Sevier County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Sevier County were \$3,603,882 based on a rate of 9.35 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sevier County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

## Net Pension Liability (Asset)

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

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

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 102,695,821	\$ 96,958,015	\$ 5,737,806
Changes for the year:			
Service Cost	\$ 3,022,637	\$ 0	\$ 3,022,637
Interest	7,814,520	0	7,814,520
Differences Between Expected and Actual Experience	(3,084,680)	0	(3,084,680)
Contributions-Employer	0	3,540,475	(3,540,475)
Contributions-Employees	0	1,927,724	(1,927,724)
Net Investment Income	0	16,292,190	(16,292,190)
Benefit Payments, Including Refunds of Employee Contributions	(3,049,729)	(3,049,729)	0
Administrative Expense	0	(50,907)	50,907
Other Changes	0	0	0
Net Changes	\$ 4,702,748	\$ 18,659,753	\$ (13,957,005)
Balance, June 30, 2014	\$ 107,398,569	\$ 115,617,768	\$ (8,219,199)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	43.84%	\$ 47,083,533	\$ 50,686,829	\$ (3,603,297)
School Department	56.16%	60,315,036	64,930,939	(4,615,902)
Total		\$ 107,398,569	\$ 115,617,768	\$ (8,219,199)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Sevier County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Sevier County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability                   \$ 6,579,267   \$ (8,219,199)   \$ (20,516,821)

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

*Pension Income.* For the year ended June 30, 2015, Sevier County recognized pension income of \$627,275.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, Sevier County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 2,644,011
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	7,145,244
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>3,603,882</u>	N/A
Total	<u>\$ 3,603,882</u>	<u>\$ 9,789,255</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$ 1,920,457	\$ 4,261,997
Business-type Activities	13,837	29,612
School Department	<u>1,669,588</u>	<u>5,497,646</u>
Total	<u>\$ 3,603,882</u>	<u>\$ 9,789,255</u>

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

Year Ending June 30	Amount
2016	\$ (2,226,980)
2017	(2,226,980)
2018	(2,226,980)
2019	(2,226,980)
2020	(440,669)
Thereafter	(440,669)

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

**Discretely Presented Sevier County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Sevier County and non-certified employees of the discretely presented Sevier County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 43.84 percent and the non-certified employees of the discretely presented School Department comprise 56.16 percent of the plan based on census data.

## **Certified Employees**

### **Teacher Retirement Plan**

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

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEA) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$58,633, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, the Sevier County School Department did not recognize any pension expense at June 30, 2015.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Sevier County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 58,633	N/A

The Sevier County School Department’s employer contributions of \$58,633 reported as pension related deferred outflows of resources subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

## **Teacher Legacy Pension Plan**

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

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

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEA) make employer contributions at the rate set by the Board of

Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sevier County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$5,388,731, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Assets.* At June 30, 2015, the Sevier County School Department reported an asset of \$248,850 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Sevier County School Department's proportion of the net pension asset was based on the Sevier County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At June 30, 2014, measurement date, the Sevier County School Department's proportion was 1.531426 percent. The proportion measured as of June 30, 2013, was 1.531151 percent.

*Pension Income.* For the year ended June 30, 2015, the Sevier County School Department recognized a pension income of \$212,774.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Sevier County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 604,145	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	20,503,626
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	3,879	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>5,388,731</u>	<u>N/A</u>
Total	<u>\$ 5,996,755</u>	<u>\$ 20,503,626</u>

The Sevier County School Department's employer contributions of \$5,388,731 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (5,024,569)
2017	(5,024,569)
2018	(5,024,569)
2019	(5,024,569)
2020	101,337
Thereafter	101,337

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

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

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

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

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents Sevier County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Sevier County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability           \$ 41,971,304   \$ (248,850)   \$ (35,202,560)

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

**H. 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, 2015, the county contributed \$147,950 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 319,000	\$ 57,000
Interest on the NOPEBO	45,000	30,135
Adjustment to the ARC	(47,000)	(29,359)
Annual OPEB cost	\$ 317,000	\$ 57,776
Amount of contribution	(146,000)	(1,950)
Increase/decrease in NOPEPO	\$ 171,000	\$ 55,826
Net OPEB obligation, 7-1-14	1,119,000	753,371
 Net OPEB obligation, 6-30-15	 \$ 1,290,000	 \$ 809,197

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Self-insured	\$ 293,000	19.8	% \$ 904,000
6-30-14	Self-insured	292,000	26.4	1,119,000
6-30-15	Self-insured	317,000	46.1	1,290,000
6-30-13	Medicare Supplement	149,640	1.7	700,200
6-30-14	Medicare Supplement	55,721	4.6	753,371
6-30-15	Medicare Supplement	57,776	3.4	809,197

Funded Status and Funding Progress

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

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014, for the Self-Insured Plan and July 1, 2013, for the Medicare Supplement Plan was as follows:

	Self-Insured Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-14	7-1-13
Actuarial accrued liability (AAL)	\$ 3,127,000	\$ 657,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,127,000	\$ 657,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 19,949,000	N/A
UAAL as a % of covered payroll	15.7%	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, 2014, 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 eight percent was assumed for fiscal year 2015, 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 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 Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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, 2015, the School Department contributed \$1,512,908 for the Local Education Group Plan and \$12,150 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,570,000	\$ 282,000
Interest on the NOPEBO	658,920	69,983
Adjustment to the ARC	(641,947)	(68,180)
Annual OPEB cost	\$ 3,586,973	\$ 283,803
Amount of contribution	(1,512,908)	(12,150)
Increase/decrease in NOPEBO	\$ 2,074,065	\$ 271,653
Net OPEB obligation, 7-1-14	16,473,005	1,749,568
Net OPEB obligation, 6-30-15	\$ 18,547,070	\$ 2,021,221

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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
6-30-15	Local Education Group	3,586,973	42.2	18,547,070
6-30-13	Medicare Supplement	329,118	4.1	1,487,635
6-30-14	Medicare Supplement	274,533	4.6	1,749,568
6-30-15	Medicare Supplement	283,803	4.3	2,021,221

### 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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016 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 six percent for 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.

**I. 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. Interest totaling \$262 was capitalized during the year ended June 30, 2015.

### **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.

### **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., 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, 2015, is \$1,915,080. This includes all interest earned through the end of fiscal year 2015. At June 30, 2015, 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 7-1-14	Additions	Disposals	Balance 6-30-15
Nondepreciable Capital Assets:				
Land and Improvements Held for Development -				
Smith-Thomas Technology Park	\$ 585,017	\$ 0	\$ 417,817	\$ 167,200
Smith-Thomas Technology Park Improvements	596,924	0	596,924	0
407 Technology Park	7,780,963	115,475	1,957,946	5,938,492
<b>Total</b>	<b>\$ 8,962,904</b>	<b>\$ 115,475</b>	<b>\$ 2,972,687</b>	<b>\$ 6,105,692</b>

	Balance 7-1-14	Additions	Disposals	Balance 6-30-15
Depreciable Capital Assets:				
Furniture and Fixtures	\$ 879	\$ 0	\$ 0	\$ 879
Less: Accumulated Depreciation	(879)	0	0	(879)
Net Depreciable Capital Assets	\$ 0	\$ 0	\$ 0	0

During the year ended June 30, 2015, the governing body and management of the authority determined the historical costs for the remaining land and land improvements at the Smith-Thomas Technology Park would be more accurately reflected in the financial statements at an estimated fair market value of \$20,000 per acre. The schedule above reflects a reduction of the value of the land and improvements totaling \$1,014,740. A significant portion of the original costs of improvements was funded by state and federal grants received.

**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, 2015, for all bond issues was \$728,575,000. 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, 2015, was \$208,574. 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 matured on July 14, 2014. The County Commission of Sevier County adopted a resolution reflecting the Commission's intention during its fiscal year ended 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 totaling \$7,781,225 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, 2015, 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, 2015, 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

	<u>2014</u>
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 3,022,637
Interest	7,814,520
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(3,084,680)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,049,729)</u>
Net Change in Total Pension Liability (Asset)	\$ 4,702,748
Total Pension Liability (Asset), Beginning	<u>102,695,821</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 107,398,569</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 3,540,475
Contributions - Employee	1,927,724
Net Investment Income	16,292,190
Benefit Payments, Including Refunds of Employee Contributions	(3,049,729)
Administrative Expense	<u>(50,907)</u>
Net Change in Plan Fiduciary Net Position	\$ 18,659,753
Plan Fiduciary Net Position, Beginning	<u>96,958,015</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 115,617,768</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (8,219,199)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 107.65%
Covered Employee Payroll	\$ 37,874,771
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	21.70%

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

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

Exhibit F-2

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,540,475	\$ 3,603,882
Less Contributions in Relation to the Actuarially Determined Contribution	(3,540,475)	(3,603,882)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 37,874,771	\$ 37,901,004
Contributions as a Percentage of Covered Employee Payroll	9.35%	9.51%

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

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

Exhibit F-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 36,646
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(58,633)</u>
Contribution Deficiency (Excess)	<u>\$ (21,987)</u>
Covered Employee Payroll	\$ 1,465,835
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit F-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 5,337,621	\$ 5,388,731
Less Contributions in Relation to the Actuarially Determined Contribution	(5,337,621)	(5,388,731)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 60,108,190	\$ 59,609,840
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

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

Exhibit F-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	1.531426%
School Department's Proportionate Share of the Net Pension Asset	\$ 248,850
Covered Employee Payroll	\$ 60,108,190
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit F-6

Sevier County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Sevier County School Department  
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 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	7-1-10	\$ 0	\$ 2,495	\$ 2,495	0 %	\$ 19,501	12.79 %
"	7-1-12	0	2,518	2,518	0	19,989	12.60
"	7-1-14	0	3,127	3,127	0	19,949	15.67
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, 2015**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	1 Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

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

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

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

# Capital Projects Funds

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

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

Exhibit G-1

Sevier County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control		
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
69,727	34,014	137,508	258,323	77,603			206,942
0	0	0	89,500	0			0
0	0	415,000	3,129	0			10,028
0	2,520	22,750	0	0			4,704
0	0	0	1,114,723	0			0
0	0	0	(32,324)	0			0
\$	69,727 \$	36,534 \$	575,258 \$	1,433,351 \$	77,603 \$		221,674

ASSETS

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

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

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

(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	Other Special Revenue	
Restricted for General Government	\$ 69,727	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Restricted for Administration of Justice	0	34,810	0	0	0	221,173	
Restricted for Public Safety	0	0	0	0	77,603	0	
Restricted for Public Health and Welfare	0	0	0	0	0	0	
Restricted for Capital Outlay	0	0	0	328,261	0	0	
Committed:							
Committed for Public Health and Welfare	0	0	248,386	0	0	0	
Committed for Capital Projects	0	0	0	0	0	0	
Total Fund Balances	\$ 69,727	\$ 34,810	\$ 248,386	\$ 328,261	\$ 77,603	\$ 221,173	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 69,727	\$ 36,534	\$ 575,258	\$ 1,433,351	\$ 77,603	\$ 221,674	

(Continued)

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

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	(Cont.)				
Constitutional Officers - Fees	2,100	\$ 2,100	\$ 0	\$ 0	2,100
	0	784,117	5,426,512	0	6,210,629
	0	89,500	0	0	89,500
	0	428,157	0	0	428,157
	0	29,974	0	0	29,974
	0	1,114,723	0	0	1,114,723
	0	(32,324)	0	0	(32,324)
	2,100	2,416,247	5,426,512	0	7,842,759

ASSETS

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

LIABILITIES

Accounts Payable	0	\$ 0	122,412	\$ 6,656	\$ 129,068
Accrued Payroll	0	34,014	0	0	34,014
Payroll Deductions Payable	0	14,810	0	0	14,810
Due to Other Funds	2,100	2,100	0	0	2,100
Total Liabilities	2,100	173,336	122,412	6,656	179,992

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	0	\$ 0	1,057,581	\$ 0	\$ 1,057,581
Deferred Delinquent Property Taxes	0	20,370	0	0	20,370
Other Deferred/Unavailable Revenue	0	185,000	0	0	185,000
Total Deferred Inflows of Resources	0	1,262,951	1,057,581	0	1,262,951

(Continued)

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

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	(Cont.)				
	Constitutional Officers - Fees	Total	General Capital Projects		
	\$ 0	\$ 69,727	\$ 0	\$ 0	\$ 69,727
	0	255,983	711,729	0	967,712
	0	77,603	0	0	77,603
	0	0	2,684,284	0	2,684,284
	0	328,261	1,733,924	0	2,062,185
	0	248,386	0	0	248,386
	0	0	289,919	0	289,919
	\$ 0	\$ 979,960	\$ 5,419,856	\$ 0	\$ 6,399,816
	\$ 2,100	\$ 2,416,247	\$ 5,426,512	\$ 0	\$ 7,842,759

FUND BALANCES

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

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, 2015

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control		
<u>Revenues</u>							
Local Taxes	\$ 26,396	\$ 13,429	\$ 2,393,100	\$ 764,855	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	64,400	0	73,569
Charges for Current Services	0	0	22,750	0	0	0	0
Other Local Revenues	0	0	85,969	0	0	0	0
State of Tennessee	0	0	41,821	0	0	0	70,000
Federal Government	0	0	0	0	0	0	27,803
Other Governments and Citizens Groups	0	0	0	0	0	0	0
Total Revenues	\$ 26,396	\$ 13,429	\$ 2,543,640	\$ 764,855	\$ 64,400	\$ 171,372	
<u>Expenditures</u>							
Current:							
General Government	\$ 9,056	\$ 0	\$ 0	\$ 58,005	\$ 0	\$ 0	0
Administration of Justice	0	18,711	0	8,547	0	0	285,421
Public Safety	0	0	0	198,959	64,882	0	0
Public Health and Welfare	0	0	2,505,340	342,321	0	0	0
Other Operations	0	0	0	210,801	0	0	0
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 9,056	\$ 18,711	\$ 2,505,340	\$ 818,633	\$ 64,882	\$ 285,421	
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,340	\$ (5,282)	\$ 38,300	\$ (53,778)	\$ (482)	\$ (114,049)	

(Continued)

Exhibit G-2

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

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control		
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0 \$	0 \$	1,650 \$	89,500 \$	0 \$	0 \$	0
Transfers In	0	0	0	0	0	0	50,000
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	1,650 \$	89,500 \$	0 \$	0 \$	50,000
Net Change in Fund Balances	\$ 17,340 \$	(5,282) \$	39,950 \$	35,722 \$	(482) \$	(64,049) \$	
Fund Balance, July 1, 2014	52,387	40,092	208,436	292,539	78,085	285,222	
Fund Balance, June 30, 2015	\$ 69,727 \$	34,810 \$	248,386 \$	328,261 \$	77,603 \$	221,173	

(Continued)

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

	Special Revenue Funds (Cont.)		Capital Projects Fund		Total Nonmajor Governmental Funds
	Constituti onal Officers - Fees	Total	General Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 3,197,780	\$ 0	\$ 0	\$ 3,197,780
Fines, Forfeitures, and Penalties	0	137,969	0	0	137,969
Charges for Current Services	519	23,269	0	0	23,269
Other Local Revenues	0	85,969	0	0	85,969
State of Tennessee	0	111,821	0	0	111,821
Federal Government	0	27,803	548,860	0	576,663
Other Governments and Citizens Groups	0	0	48,548	0	48,548
Total Revenues	\$ 519	\$ 3,584,611	\$ 597,408	\$ 0	\$ 4,182,019
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 67,061	\$ 0	\$ 0	\$ 67,061
Administration of Justice	519	313,198	0	0	313,198
Public Safety	0	263,841	0	0	263,841
Public Health and Welfare	0	2,847,661	0	0	2,847,661
Other Operations	0	210,801	0	0	210,801
Capital Projects	0	0	2,446,947	0	2,446,947
Total Expenditures	\$ 519	\$ 3,702,562	\$ 2,446,947	\$ 0	\$ 6,149,509
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (117,951)	\$ (1,849,539)	\$ 0	\$ (1,967,490)

(Continued)

Exhibit G-2

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

	Special Revenue Funds		Capital		Total
	(Cont.)	Projects Fund	Projects Fund	Nonmajor Governmental Funds	
	Constituti onal Officers - Fees	Total	General Capital Projects	Nonmajor Governmental Funds	
Other Financing Sources (Uses)					
Insurance Recovery	\$ 0 \$	91,150 \$	0 \$	0 \$	91,150
Transfers In	0	50,000	0	0	50,000
Total Other Financing Sources (Uses)	\$ 0 \$	141,150 \$	0 \$	0 \$	141,150
Net Change in Fund Balances	\$ 0 \$	23,199 \$	(1,849,539) \$	(1,826,340)	(1,826,340)
Fund Balance, July 1, 2014	0	956,761	7,269,395	8,226,156	8,226,156
Fund Balance, June 30, 2015	\$ 0 \$	979,960 \$	5,419,856 \$	6,399,816	6,399,816

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 26,396	\$ 25,000	\$ 25,000	\$ 1,396
Total Revenues	\$ 26,396	\$ 25,000	\$ 25,000	\$ 1,396
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 9,056	\$ 10,500	\$ 10,500	\$ 1,444
Total Expenditures	\$ 9,056	\$ 10,500	\$ 10,500	\$ 1,444
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,340	\$ 14,500	\$ 14,500	\$ 2,840
Net Change in Fund Balance	\$ 17,340	\$ 14,500	\$ 14,500	\$ 2,840
Fund Balance, July 1, 2014	52,387	51,269	51,269	1,118
Fund Balance, June 30, 2015	\$ 69,727	\$ 65,769	\$ 65,769	\$ 3,958

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,429	\$ 11,150	\$ 11,150	\$ 2,279
Total Revenues	\$ 13,429	\$ 11,150	\$ 11,150	\$ 2,279
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 18,711	\$ 15,150	\$ 20,150	\$ 1,439
Total Expenditures	\$ 18,711	\$ 15,150	\$ 20,150	\$ 1,439
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,282)	\$ (4,000)	\$ (9,000)	\$ 3,718
Net Change in Fund Balance	\$ (5,282)	\$ (4,000)	\$ (9,000)	\$ 3,718
Fund Balance, July 1, 2014	40,092	42,593	42,593	(2,501)
Fund Balance, June 30, 2015	\$ 34,810	\$ 38,593	\$ 33,593	\$ 1,217

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,393,100	\$ 2,250,900	\$ 2,379,000	\$ 14,100
Charges for Current Services	22,750	45,000	45,000	(22,250)
Other Local Revenues	85,969	90,000	90,000	(4,031)
State of Tennessee	41,821	0	60,000	(18,179)
Total Revenues	<u>\$ 2,543,640</u>	<u>\$ 2,385,900</u>	<u>\$ 2,574,000</u>	<u>\$ (30,360)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,505,340	\$ 2,385,900	\$ 2,574,000	\$ 68,660
Total Expenditures	<u>\$ 2,505,340</u>	<u>\$ 2,385,900</u>	<u>\$ 2,574,000</u>	<u>\$ 68,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,300</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,650	\$ 0	\$ 0	\$ 1,650
Total Other Financing Sources	<u>\$ 1,650</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,650</u>
Net Change in Fund Balance	\$ 39,950	\$ 0	\$ 0	\$ 39,950
Fund Balance, July 1, 2014	<u>208,436</u>	<u>246,295</u>	<u>246,295</u>	<u>(37,859)</u>
Fund Balance, June 30, 2015	<u>\$ 248,386</u>	<u>\$ 246,295</u>	<u>\$ 246,295</u>	<u>\$ 2,091</u>

Exhibit G-6

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 764,855	\$ 0	\$ 764,855	\$ 752,290	\$ 760,390	\$ 4,465
Total Revenues	\$ 764,855	\$ 0	\$ 764,855	\$ 752,290	\$ 760,390	\$ 4,465
<u>Expenditures</u>						
<u>General Government</u>						
Geographical Information Systems	\$ 50,000	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Other General Administration	8,005	0	8,005	0	8,100	95
<u>Administration of Justice</u>						
Chancery Court	8,547	0	8,547	9,000	9,000	453
<u>Public Safety</u>						
Sheriff's Department	198,959	0	198,959	200,000	200,000	1,041
Juvenile Services	0	0	0	1,000	1,000	1,000
<u>Public Health and Welfare</u>						
Rabies and Animal Control	60,000	0	60,000	60,000	60,000	0
Ambulance/Emergency Medical Services	245,694	0	245,694	236,500	246,000	306
Sanitation Management	36,627	0	36,627	43,700	43,700	7,073
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	0	0	0	2,500	2,500	2,500
<u>Other Operations</u>						
Other Charges	14,937	0	14,937	15,000	15,000	63
Contributions to Other Agencies	150,000	0	150,000	150,000	150,000	0
Miscellaneous	45,864	45,084	90,948	92,000	92,000	1,052
Total Expenditures	\$ 818,633	\$ 45,084	\$ 863,717	\$ 859,700	\$ 877,300	\$ 13,583
Excess (Deficiency) of Revenues Over Expenditures	\$ (53,778)	\$ (45,084)	\$ (98,862)	\$ (107,410)	\$ (116,910)	\$ 18,048

(Continued)

Exhibit G-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Other Financing Sources (Uses)						
Insurance Recovery	\$ 89,500 \$	0 \$	89,500 \$	0 \$	0 \$	89,500
Total Other Financing Sources	\$ 89,500 \$	0 \$	89,500 \$	0 \$	0 \$	89,500
Net Change in Fund Balance	\$ 35,722 \$	(45,084) \$	(9,362) \$	(107,410) \$	(116,910) \$	107,548
Fund Balance, July 1, 2014	292,539	0	292,539	326,784	326,784	(34,245)
Fund Balance, June 30, 2015	\$ 328,261 \$	(45,084) \$	283,177 \$	219,374 \$	209,874 \$	73,303

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 64,400	\$ 25,000	\$ 34,900	\$ 29,500
Total Revenues	\$ 64,400	\$ 25,000	\$ 34,900	\$ 29,500
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 64,882	\$ 25,000	\$ 64,900	\$ 18
Total Expenditures	\$ 64,882	\$ 25,000	\$ 64,900	\$ 18
Excess (Deficiency) of Revenues Over Expenditures	\$ (482)	\$ 0	\$ (30,000)	\$ 29,518
Net Change in Fund Balance	\$ (482)	\$ 0	\$ (30,000)	\$ 29,518
Fund Balance, July 1, 2014	78,085	47,814	47,814	30,271
Fund Balance, June 30, 2015	\$ 77,603	\$ 47,814	\$ 17,814	\$ 59,789

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 73,569	\$ 60,000	\$ 60,000	\$ 13,569
State of Tennessee	70,000	70,000	70,000	0
Federal Government	27,803	60,000	60,000	(32,197)
Other Governments and Citizens Groups	0	50,000	0	0
Total Revenues	<u>\$ 171,372</u>	<u>\$ 240,000</u>	<u>\$ 190,000</u>	<u>\$ (18,628)</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 285,421	\$ 185,614	\$ 325,074	\$ 39,653
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	0	55,044	0	0
Total Expenditures	<u>\$ 285,421</u>	<u>\$ 240,658</u>	<u>\$ 325,074</u>	<u>\$ 39,653</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (114,049)</u>	<u>\$ (658)</u>	<u>\$ (135,074)</u>	<u>\$ 21,025</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	\$ (64,049)	\$ (658)	\$ (85,074)	\$ 21,025
Fund Balance, July 1, 2014	<u>285,222</u>	<u>453,726</u>	<u>453,726</u>	<u>(168,504)</u>
Fund Balance, June 30, 2015	<u>\$ 221,173</u>	<u>\$ 453,068</u>	<u>\$ 368,652</u>	<u>\$ (147,479)</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,352,919	\$ 5,189,000	\$ 5,189,000	\$ 163,919
Other Local Revenues	735,664	1,131,395	1,131,395	(395,731)
Other Governments and Citizens Groups	5,337,658	5,375,444	5,575,444	(237,786)
Total Revenues	<u>\$ 11,426,241</u>	<u>\$ 11,695,839</u>	<u>\$ 11,895,839</u>	<u>\$ (469,598)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 6,655,000	\$ 6,655,000	\$ 6,655,000	\$ 0
Education	1,205,023	1,005,023	1,205,023	0
<u>Interest on Debt</u>				
General Government	3,047,434	4,807,828	4,807,828	1,760,394
Education	703,154	677,480	677,480	(25,674)
<u>Other Debt Service</u>				
General Government	7,902,843	138,905	7,920,130	17,287
Education	11,603	11,603	11,603	0
Total Expenditures	<u>\$ 19,525,057</u>	<u>\$ 13,295,839</u>	<u>\$ 21,277,064</u>	<u>\$ 1,752,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,098,816)</u>	<u>\$ (1,600,000)</u>	<u>\$ (9,381,225)</u>	<u>\$ 1,282,409</u>
Net Change in Fund Balance	\$ (8,098,816)	\$ (1,600,000)	\$ (9,381,225)	\$ 1,282,409
Fund Balance, July 1, 2014	<u>32,273,263</u>	<u>31,567,254</u>	<u>31,567,254</u>	<u>706,009</u>
Fund Balance, June 30, 2015	<u>\$ 24,174,447</u>	<u>\$ 29,967,254</u>	<u>\$ 22,186,029</u>	<u>\$ 1,988,418</u>

# Proprietary Funds

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

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

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

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

Exhibit I-1

Sevier County, Tennessee  
 Combining Statement of Net Position  
 Proprietary Funds  
 June 30, 2015

	Internal Service Funds				Total Proprietary Funds
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation		
\$ 112,605 \$	141,111 \$	610,499 \$		864,215	
16,115	9,205	0		25,320	
0	0	1,726		1,726	
<u>\$ 128,720 \$</u>	<u>150,316 \$</u>	<u>612,225 \$</u>		<u>891,261</u>	
\$ 495,212 \$	4,757 \$	63,328 \$		563,297	
0	87	0		87	
<u>\$ 495,212 \$</u>	<u>4,844 \$</u>	<u>63,328 \$</u>		<u>563,384</u>	
\$ (366,492) \$	145,472 \$	548,897 \$		327,877	
<u>\$ (366,492) \$</u>	<u>145,472 \$</u>	<u>548,897 \$</u>		<u>327,877</u>	

ASSETS

Current Assets:  
 Cash  
 Accounts Receivable  
 Due from Other Funds  
 Total Assets

LIABILITIES

Current Liabilities:  
 Accounts Payable  
 Due to Other Funds  
 Total Liabilities

NET POSITION

Net Position - Unrestricted  
 Total Net Position

Exhibit I-2

Sevier County, Tennessee  
Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-insurance Premiums	\$ 6,504,007	\$ 185,180	\$ 263,586	\$ 6,952,773
Patient Charges	163,119	0	0	163,119
Total Operating Revenues	<u>\$ 6,667,126</u>	<u>\$ 185,180</u>	<u>\$ 263,586</u>	<u>\$ 7,115,892</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 425,965	\$ 2,854	\$ 0	\$ 428,819
Employee and Dependent Insurance	0	126,913	0	126,913
Life Insurance	149,513	0	0	149,513
Disability Insurance	39,917	0	0	39,917
Bank Charges	567	60	0	627
Excess Risk Insurance	513,548	0	0	513,548
Medical Claims	4,384,800	54,156	294,111	4,733,067
Other Self-insured Claims	1,628,932	0	0	1,628,932
Total Operating Expenses	<u>\$ 7,143,242</u>	<u>\$ 183,983</u>	<u>\$ 294,111</u>	<u>\$ 7,621,336</u>
Operating Income (Loss)	<u>\$ (476,116)</u>	<u>\$ 1,197</u>	<u>\$ (30,525)</u>	<u>\$ (505,444)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 1,496	\$ 235	\$ 614	\$ 2,345
Total Nonoperating Revenues (Expenses)	<u>\$ 1,496</u>	<u>\$ 235</u>	<u>\$ 614</u>	<u>\$ 2,345</u>
Change in Net Position	\$ (474,620)	\$ 1,432	\$ (29,911)	\$ (503,099)
Net Position, July 1, 2014	108,128	144,040	578,808	830,976
Net Position, June 30, 2015	<u>\$ (366,492)</u>	<u>\$ 145,472</u>	<u>\$ 548,897</u>	<u>\$ 327,877</u>

Exhibit I-3

Sevier County, Tennessee  
Combining Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	<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	\$ 6,504,007	\$ 175,975	\$ 262,457	\$ 6,942,439
Receipts for Patient Charges	147,004	0	0	147,004
Payments to Insurers	(703,545)	(126,913)	0	(830,458)
Payments for Claims	(6,042,572)	(65,022)	(374,720)	(6,482,314)
Payments for Administrative Costs	(425,965)	(2,914)	0	(428,879)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (521,071)</u>	<u>\$ (18,874)</u>	<u>\$ (112,263)</u>	<u>\$ (652,208)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 1,496	\$ 235	\$ 614	\$ 2,345
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,496</u>	<u>\$ 235</u>	<u>\$ 614</u>	<u>\$ 2,345</u>
Increase (Decrease) in Cash	\$ (519,575)	\$ (18,639)	\$ (111,649)	\$ (649,863)
Cash, July 1, 2014	632,180	159,750	722,148	1,514,078
Cash, June 30, 2015	<u>\$ 112,605</u>	<u>\$ 141,111</u>	<u>\$ 610,499</u>	<u>\$ 864,215</u>
<u>Reconciliation of Operating Income (Loss) to Net</u>				
<u>Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (476,116)	\$ 1,197	\$ (30,525)	\$ (505,444)
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	(16,115)	(9,205)	(1,129)	(26,449)
Increase (Decrease) in Accounts Payable	(28,840)	(10,866)	(80,609)	(120,315)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (521,071)</u>	<u>\$ (18,874)</u>	<u>\$ (112,263)</u>	<u>\$ (652,208)</u>

# Fiduciary Funds

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

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

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

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

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

Exhibit J-1

Sevier County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2015

	Agency Funds					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<b><u>ASSETS</u></b>						
Cash	\$ 0	\$ 5,059,669	\$ 100	\$ 0	\$ 5,059,769	
Equity in Pooled Cash and Investments	0	0	187,597	36,632	224,229	
Accounts Receivable	0	2,941	0	0	2,941	
Due from Other Governments	6,891,724	0	766	2,457	6,894,947	
Total Assets	<u>\$ 6,891,724</u>	<u>\$ 5,062,610</u>	<u>\$ 188,463</u>	<u>\$ 39,089</u>	<u>\$ 12,181,886</u>	
<b><u>LIABILITIES</u></b>						
Accounts Payable	\$ 0	\$ 0	\$ 2,085	\$ 0	\$ 2,085	
Due to Other Taxing Units	6,891,724	0	0	0	6,891,724	
Due to Litigants, Heirs, and Others	0	5,062,610	0	39,089	5,101,699	
Due to Joint Ventures	0	0	186,378	0	186,378	
Total Liabilities	<u>\$ 6,891,724</u>	<u>\$ 5,062,610</u>	<u>\$ 188,463</u>	<u>\$ 39,089</u>	<u>\$ 12,181,886</u>	

## Exhibit J-2

Sevier County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 39,738,776	\$ 39,738,776	\$ 0
Due from Other Governments	6,493,115	6,891,724	6,493,115	6,891,724
Total Assets	<u>\$ 6,493,115</u>	<u>\$ 46,630,500</u>	<u>\$ 46,231,891</u>	<u>\$ 6,891,724</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,493,115	\$ 46,630,500	\$ 46,231,891	\$ 6,891,724
Total Liabilities	<u>\$ 6,493,115</u>	<u>\$ 46,630,500</u>	<u>\$ 46,231,891</u>	<u>\$ 6,891,724</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,192,960	\$ 22,699,890	\$ 21,833,181	\$ 5,059,669
Accounts Receivable	1,525	2,941	1,525	2,941
Total Assets	<u>\$ 4,194,485</u>	<u>\$ 22,702,831</u>	<u>\$ 21,834,706</u>	<u>\$ 5,062,610</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,194,485	\$ 22,702,831	\$ 21,834,706	\$ 5,062,610
Total Liabilities	<u>\$ 4,194,485</u>	<u>\$ 22,702,831</u>	<u>\$ 21,834,706</u>	<u>\$ 5,062,610</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 100	\$ 0	\$ 0	\$ 100
Equity in Pooled Cash and Investments	227,156	224,836	264,395	187,597
Due from Other Governments	7,270	766	7,270	766
Total Assets	<u>\$ 234,526</u>	<u>\$ 225,602</u>	<u>\$ 271,665</u>	<u>\$ 188,463</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 2,085	\$ 0	\$ 2,085
Due to Joint Ventures	234,526	223,517	271,665	186,378
Total Liabilities	<u>\$ 234,526</u>	<u>\$ 225,602</u>	<u>\$ 271,665</u>	<u>\$ 188,463</u>

(Continued)

## Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 23,538	\$ 46,061	\$ 32,967	\$ 36,632
Due from Other Governments	1,675	2,457	1,675	2,457
Total Assets	<u>\$ 25,213</u>	<u>\$ 48,518</u>	<u>\$ 34,642</u>	<u>\$ 39,089</u>
<u>Liabilities</u>				
Due to Litigant, Heirs, and Others	\$ 25,213	\$ 48,518	\$ 34,642	\$ 39,089
Total Liabilities	<u>\$ 25,213</u>	<u>\$ 48,518</u>	<u>\$ 34,642</u>	<u>\$ 39,089</u>
 <u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,193,060	\$ 22,699,890	\$ 21,833,181	\$ 5,059,769
Equity in Pooled Cash and Investments	250,694	40,009,673	40,036,138	224,229
Accounts Receivable	1,525	2,941	1,525	2,941
Due from Other Governments	6,502,060	6,894,947	6,502,060	6,894,947
Total Assets	<u>\$ 10,947,339</u>	<u>\$ 69,607,451</u>	<u>\$ 68,372,904</u>	<u>\$ 12,181,886</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 2,085	\$ 0	\$ 2,085
Due to Other Taxing Units	6,493,115	46,630,500	46,231,891	6,891,724
Due to Litigants, Heirs, and Others	4,219,698	22,751,349	21,869,348	5,101,699
Due to Joint Ventures	234,526	223,517	271,665	186,378
Total Liabilities	<u>\$ 10,947,339</u>	<u>\$ 69,607,451</u>	<u>\$ 68,372,904</u>	<u>\$ 12,181,886</u>

# Sevier County School Department

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

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

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

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

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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 81,946,750	\$ 185,659	\$ 4,805,371	\$ (76,040,196)
Support Services	43,286,742	31,282	532,605	(42,565,552)
Operation of Non-instructional Services	8,838,889	1,400,695	5,897,424	(1,540,770)
Interest on Long-term Debt	661	0	0	(661)
Total Governmental Activities	\$ 134,073,042	\$ 1,617,636	\$ 11,235,400	\$ (120,147,179)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 30,724,105
Local Option Sales Taxes				49,716,560
Other Local Taxes				169,565
Hotel/Motel Tax				2,734,198
Mixed Drink Tax				543,756
Grants and Contributions Not Restricted to Specific Programs				43,278,438
Unrestricted Investment Income				2,630
Pension Income				565,051
Miscellaneous				215,135
Total General Revenues				\$ 127,949,438
Change in Net Position				\$ 7,802,259
Net Position, July 1, 2014				125,730,013
Restatement - See Note I.D.8.				(21,093,547)
Net Position, June 30, 2015				\$ 112,438,725

Exhibit K-2

Sevier County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Sevier County School Department  
 June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 6,683	\$ 6,683
Equity in Pooled Cash and Investments	20,108,965	395,110	20,504,075
Accounts Receivable	514,290	135	514,425
Due from Other Governments	9,764,827	17,397	9,782,224
Property Taxes Receivable	36,218,759	0	36,218,759
Allowance for Uncollectible Property Taxes	(1,163,771)	0	(1,163,771)
Total Assets	<u>\$ 65,443,070</u>	<u>\$ 419,325</u>	<u>\$ 65,862,395</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 17,964	\$ 0	\$ 17,964
Contracts Payable	211,345	0	211,345
Other Current Liabilities	5,023,312	0	5,023,312
Total Liabilities	<u>\$ 5,252,621</u>	<u>\$ 0</u>	<u>\$ 5,252,621</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 34,018,832	\$ 0	\$ 34,018,832
Deferred Delinquent Property Taxes	850,432	0	850,432
Other Deferred/Unavailable Revenue	5,163,111	0	5,163,111
Total Deferred Inflows of Resources	<u>\$ 40,032,375</u>	<u>\$ 0</u>	<u>\$ 40,032,375</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 41,509	\$ 321,639	\$ 363,148
Restricted for Capital Outlay	0	97,686	97,686
Assigned:			
Assigned for Education	9,082,362	0	9,082,362
Unassigned	11,034,203	0	11,034,203
Total Fund Balances	<u>\$ 20,158,074</u>	<u>\$ 419,325</u>	<u>\$ 20,577,399</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 65,443,070</u>	<u>\$ 419,325</u>	<u>\$ 65,862,395</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, 2015

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)		\$ 20,577,399
(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	707,519	
Add: buildings and improvements net of accumulated depreciation	90,206,133	
Add: infrastructure net of accumulated depreciation	5,826,993	
Add: other capital assets net of accumulated depreciation	<u>6,344,484</u>	119,827,618
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		\$ (20,568,291)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 7,724,976	
Less: deferred inflows of resources related to pensions	<u>(26,001,272)</u>	(18,276,296)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		4,615,902
(5) Net pension assets of the cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.		248,850
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>6,013,543</u>
Net position of governmental activities (Exhibit A)		<u>\$ 112,438,725</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 84,618,976	\$ 0	\$ 84,618,976
Licenses and Permits	123,548	0	123,548
Charges for Current Services	198,104	1,400,695	1,598,799
Other Local Revenues	448,523	2,630	451,153
State of Tennessee	41,212,066	65,390	41,277,456
Federal Government	283,569	11,948,742	12,232,311
Other Governments and Citizens Groups	976,330	0	976,330
Total Revenues	<u>\$ 127,861,116</u>	<u>\$ 13,417,457</u>	<u>\$ 141,278,573</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 69,328,428	\$ 6,598,621	\$ 75,927,049
Support Services	42,525,901	465,514	42,991,415
Operation of Non-instructional Services	2,506,454	6,343,217	8,849,671
Capital Outlay	2,538,479	0	2,538,479
Debt Service:			
Principal on Debt	60,639	0	60,639
Interest on Debt	661	0	661
Other Debt Service	5,337,658	0	5,337,658
Capital Projects	0	791,078	791,078
Total Expenditures	<u>\$ 122,298,220</u>	<u>\$ 14,198,430</u>	<u>\$ 136,496,650</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,562,896</u>	<u>\$ (780,973)</u>	<u>\$ 4,781,923</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 68,756	\$ 0	\$ 68,756
Total Other Financing Sources (Uses)	<u>\$ 68,756</u>	<u>\$ 0</u>	<u>\$ 68,756</u>
Net Change in Fund Balances	\$ 5,631,652	\$ (780,973)	\$ 4,850,679
Fund Balance, July 1, 2014	14,526,422	1,200,298	15,726,720
Fund Balance, June 30, 2015	<u>\$ 20,158,074</u>	<u>\$ 419,325</u>	<u>\$ 20,577,399</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, 2015

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)		\$ 4,850,679
(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	\$ 3,371,198	
Less: current-year depreciation expense	<u>(5,360,979)</u>	(1,989,781)
(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	\$ 157,303	
Less: net book value of disposed assets	<u>(545,341)</u>	(388,038)
(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, 2015	\$ 6,013,543	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(6,081,068)</u>	(67,525)
(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		60,639
(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	\$ (2,345,718)	
Change in net pension liability/asset	25,958,299	
Change in deferred outflows related to pensions	7,724,976	
Change in deferred inflows related to pensions	<u>(26,001,272)</u>	<u>5,336,285</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 7,802,259</u>

Exhibit K-6

Sevier County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Sevier County School Department  
June 30, 2015

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
Cash	\$ 0	\$ 6,683	\$ 6,683	\$ 0	\$ 0	6,683
Equity in Pooled Cash and Investments	76,204	221,220	297,424	97,686		395,110
Accounts Receivable	0	135	135	0		135
Due from Other Governments	14,110	3,287	17,397	0		17,397
Total Assets	\$ 90,314	\$ 231,325	\$ 321,639	\$ 97,686	\$ 0	419,325
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Education	\$ 90,314	\$ 231,325	\$ 321,639	\$ 0	\$ 0	321,639
Restricted for Capital Outlay	0	0	0	97,686		97,686
Total Fund Balances	\$ 90,314	\$ 231,325	\$ 321,639	\$ 97,686	\$ 0	419,325

Exhibit K-7

Sevier County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2015

	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	\$ 1,400,695	\$ 1,400,695	\$ 0	\$ 0	\$ 1,400,695
Other Local Revenues	0	2,630	2,630	0	0	2,630
State of Tennessee	0	65,390	65,390	0	0	65,390
Federal Government	7,064,135	4,884,607	11,948,742	0	0	11,948,742
Total Revenues	\$ 7,064,135	\$ 6,353,322	\$ 13,417,457	\$ 0	\$ 0	\$ 13,417,457
<u>Expenditures</u>						
Current:						
Instruction	\$ 6,598,621	\$ 0	\$ 6,598,621	\$ 0	\$ 0	\$ 6,598,621
Support Services	465,514	0	465,514	0	0	465,514
Operation of Non-instructional Services	0	6,343,217	6,343,217	0	0	6,343,217
Capital Projects	0	0	0	791,078	0	791,078
Total Expenditures	\$ 7,064,135	\$ 6,343,217	\$ 13,407,352	\$ 791,078	\$ 0	\$ 14,198,430
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 10,105	\$ 10,105	\$ (791,078)	\$ 0	\$ (780,973)
Net Change in Fund Balances	\$ 0	\$ 10,105	\$ 10,105	\$ (791,078)	\$ 0	\$ (780,973)
Fund Balance, July 1, 2014	90,314	221,220	311,534	888,764		1,200,298
Fund Balance, June 30, 2015	\$ 90,314	\$ 231,325	\$ 321,639	\$ 97,686	\$ 0	\$ 419,325

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 84,618,976	\$ 0	\$ 0	\$ 84,618,976	\$ 79,247,960	\$ 80,434,460	\$ 4,184,516
Licenses and Permits	123,548	0	0	123,548	125,000	125,000	(1,452)
Charges for Current Services	198,104	0	0	198,104	212,500	216,615	(18,511)
Other Local Revenues	448,523	0	0	448,523	850,200	342,223	106,300
State of Tennessee	41,212,066	0	0	41,212,066	40,477,893	41,079,444	132,622
Federal Government	283,569	0	0	283,569	228,092	293,208	(9,639)
Other Governments and Citizens Groups	976,330	0	0	976,330	733,035	973,238	3,092
<b>Total Revenues</b>	<b>\$ 127,861,116</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 127,861,116</b>	<b>\$ 121,874,680</b>	<b>\$ 123,464,188</b>	<b>\$ 4,396,928</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 55,880,827	\$ (283,945)	\$ 395,969	\$ 55,992,851	\$ 58,997,121	\$ 57,967,947	\$ 1,975,096
Alternative Instruction Program	1,029,241	0	0	1,029,241	1,218,427	1,218,498	189,257
Special Education Program	9,509,181	0	0	9,509,181	9,967,766	9,967,766	458,585
Vocational Education Program	2,646,864	0	0	2,646,864	2,868,909	2,869,005	222,141
Student Body Education Program	2,427	(1,679)	0	748	18,000	18,000	17,252
Adult Education Program	259,888	0	0	259,888	265,645	295,033	35,145
<b>Support Services</b>							
Attendance	432,356	0	0	432,356	489,293	489,308	56,952
Health Services	1,559,295	0	0	1,559,295	1,664,833	1,664,833	105,538
Other Student Support	2,809,394	0	0	2,809,394	2,961,649	2,995,710	186,316
Regular Instruction Program	4,935,846	(15,856)	29,227	4,949,217	5,243,070	5,242,227	293,010
Alternative Instruction Program	32,118	0	0	32,118	33,119	33,119	1,001
Special Education Program	532,735	0	0	532,735	547,263	554,276	21,541
Vocational Education Program	117,784	0	0	117,784	129,619	129,939	12,155
Other Programs	401,849	0	0	401,849	0	401,849	0
Board of Education	4,205,403	0	0	4,205,403	4,873,414	4,883,414	678,011
Director of Schools	220,844	0	0	220,844	238,972	241,475	20,631
Office of the Principal	9,069,734	(7,250)	0	9,062,484	9,399,989	9,431,705	369,221
Fiscal Services	1,062,230	(9,897)	0	1,052,333	1,279,629	1,280,279	227,946

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2014	Encumbrances 6/30/2015			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Operation of Plant	\$ 8,528,591	\$ (4,841)	\$ 0	\$ 8,523,750	\$ 9,206,007	\$ 9,175,511	\$ 651,761	
Maintenance of Plant	3,075,940	(78,103)	22,108	3,019,945	3,070,121	3,276,891	256,946	
Transportation	5,541,782	(145,800)	417,167	5,813,149	6,110,154	6,548,399	735,250	
<u>Operation of Non-Instructional Services</u>								
Food Service	1,557,899	0	0	1,557,899	1,126,640	1,568,640	10,741	
Community Services	420,940	0	7,099	428,039	134,892	440,779	12,740	
Early Childhood Education	527,615	0	0	527,615	527,615	527,615	0	
<u>Capital Outlay</u>								
Regular Capital Outlay	2,538,479	(204,630)	336,364	2,670,213	3,523,635	5,894,148	3,223,935	
Principal on Debt								
Education	60,639	0	0	60,639	3,245,023	60,639	0	
Interest on Debt								
Education	661	0	0	661	2,130,422	661	0	
<u>Other Debt Service</u>								
Education	5,337,658	0	0	5,337,658	0	5,337,658	0	
<u>Total Expenditures</u>	\$ 122,298,220	\$ (752,001)	\$ 1,207,934	\$ 122,754,153	\$ 129,271,227	\$ 132,515,324	\$ 9,761,171	
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 5,562,896	\$ 752,001	\$ (1,207,934)	\$ 5,106,963	\$ (7,396,547)	\$ (9,051,136)	\$ 14,158,099	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 68,756	\$ 0	\$ 0	\$ 68,756	\$ 0	\$ 21,400	\$ 47,356	
<u>Total Other Financing Sources</u>	\$ 68,756	\$ 0	\$ 0	\$ 68,756	\$ 0	\$ 21,400	\$ 47,356	
<u>Net Change in Fund Balance Fund Balance, July 1, 2014</u>	\$ 5,631,652	\$ 752,001	\$ (1,207,934)	\$ 5,175,719	\$ (7,396,547)	\$ (9,029,736)	\$ 14,205,455	
<u>Fund Balance, July 1, 2014</u>	14,526,422	(752,001)	0	13,774,421	11,274,681	11,274,681	2,499,740	
<u>Fund Balance, June 30, 2015</u>	\$ 20,158,074	\$ 0	\$ (1,207,934)	\$ 18,950,140	\$ 3,878,134	\$ 2,244,945	\$ 16,705,195	

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 7,064,135	\$ 7,181,082	\$ 8,436,294	\$ (1,372,159)
Total Revenues	\$ 7,064,135	\$ 7,181,082	\$ 8,436,294	\$ (1,372,159)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,643,085	\$ 3,472,739	\$ 4,269,157	\$ 626,072
Special Education Program	2,790,746	2,930,134	3,224,845	434,099
Vocational Education Program	164,790	174,570	164,790	0
<u>Support Services</u>				
Health Services	21,363	21,317	21,674	311
Other Student Support	154,469	154,316	173,770	19,301
Regular Instruction Program	286,182	424,506	578,558	292,376
Vocational Education Program	3,500	3,500	3,500	0
<u>Capital Outlay</u>				
Regular Capital Outlay	0	90,314	90,314	90,314
Total Expenditures	\$ 7,064,135	\$ 7,271,396	\$ 8,526,608	\$ 1,462,473
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 0	\$ (90,314)	\$ (90,314)	\$ 90,314
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 90,314	\$ 90,314	\$ 90,314	\$ 0
Fund Balance, June 30, 2015	\$ 90,314	\$ 0	\$ 0	\$ 90,314

Exhibit K-10

Sevier County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Sevier County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,400,695	\$ 1,745,500	\$ 1,406,500	\$ (5,805)
Other Local Revenues	2,630	3,100	2,300	330
State of Tennessee	65,390	64,666	65,390	0
Federal Government	4,884,607	5,880,284	5,131,471	(246,864)
<b>Total Revenues</b>	<b>\$ 6,353,322</b>	<b>\$ 7,693,550</b>	<b>\$ 6,605,661</b>	<b>\$ (252,339)</b>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 6,343,217	\$ 7,588,476	\$ 6,818,881	\$ 475,664
<b>Total Expenditures</b>	<b>\$ 6,343,217</b>	<b>\$ 7,588,476</b>	<b>\$ 6,818,881</b>	<b>\$ 475,664</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,105	\$ 105,074	\$ (213,220)	\$ 223,325
Net Change in Fund Balance	\$ 10,105	\$ 105,074	\$ (213,220)	\$ 223,325
Fund Balance, July 1, 2014	221,220	221,220	221,220	0
<b>Fund Balance, June 30, 2015</b>	<b>\$ 231,325</b>	<b>\$ 326,294</b>	<b>\$ 8,000</b>	<b>\$ 223,325</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

Sevier County, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
 For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured	
						During Period	Outstanding 6-30-15
<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	\$ 200,000	\$ 400,000
Total Payable through General Debt Service Fund					\$ 600,000	\$ 200,000	\$ 400,000
Total Notes Payable					\$ 600,000	\$ 200,000	\$ 400,000
<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	\$ 1,815,000	\$ 910,000	\$ 905,000
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000	(1) Variable	08-28-08	6-1-25	4,695,000	245,000	4,450,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000	(1) Variable	11-20-08	6-1-32	38,855,000	1,080,000	37,775,000
Public Building Authority, Series VII-B-1	21,450,000	Variable	11-20-08	6-1-32	21,350,000	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	8,440,000
Energy Efficient Schools Initiative Loan, Series 2011	1,000,000	0	6-1-12	5-1-22	791,675	99,996	691,679
Total Payable through General Debt Service Fund					\$ 75,946,675	\$ 2,334,996	\$ 73,611,679
Total Other Loans Payable					\$ 75,946,675	\$ 2,334,996	\$ 73,611,679
<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	\$ 60,639	\$ 60,639	\$ 0
Total Payable by School Department through General Purpose School Fund					\$ 60,639	\$ 60,639	\$ 0
Total Capital Leases Payable					\$ 60,639	\$ 60,639	\$ 0

(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 7-1-14	Paid and/or	
						Matured During Period	Outstanding 6-30-15
<b>BONDS PAYABLE</b>							
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	\$ 10,355,000	\$ 655,000	\$ 9,700,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	2,055,000	150,000	1,905,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-25	755,000	385,000	370,000
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	1,925,000	975,000	950,000
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	11,864,338	905,027	10,959,311
General Obligation Bonds, Series 2011	5,500,000	2.9	12-12-11	6-1-32	5,475,000	25,000	5,450,000
General Obligation Bonds, Series 2012	3,540,000	.4 to 2.4	11-5-12	4-1-32	3,425,000	100,000	3,325,000
General Obligation Refunding Bonds, Series 2012	6,410,000	.4 to 2	11-5-12	4-1-23	5,275,000	1,200,000	4,075,000
General Obligation Bonds, Series 2013	6,800,000	2.53	10-15-13	6-1-32	6,800,000	930,000	5,870,000
Total Payable through General Debt Service Fund					\$ 47,929,338	\$ 5,325,027	\$ 42,604,311
Total Bonds Payable					\$ 47,929,338	\$ 5,325,027	\$ 42,604,311

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

Exhibit L-2

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

Year Ending June 30	Note		
	Principal	Interest	Total
2016	\$ 200,000	\$ 0	\$ 200,000
2017	200,000	0	200,000
Total	<u>\$ 400,000</u>	<u>\$ 0</u>	<u>\$ 400,000</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2016	\$ 2,469,996	\$ 527,528	\$ 508,665	\$ 3,506,189
2017	4,569,996	488,390	497,841	5,556,227
2018	4,764,996	405,632	478,367	5,648,995
2019	4,074,996	298,776	458,054	4,831,826
2020	5,219,996	232,457	436,776	5,889,229
2021	4,504,996	207,633	398,952	5,111,581
2022	4,681,703	169,461	370,515	5,221,679
2023	4,870,000	129,989	340,597	5,340,586
2024	5,830,000	91,010	308,359	6,229,369
2025	5,220,000	48,596	268,635	5,537,231
2026	3,315,000	30,145	230,202	3,575,347
2027	3,515,000	26,499	202,356	3,743,855
2028	3,705,000	22,633	172,830	3,900,463
2029	3,905,000	18,557	141,708	4,065,265
2030	4,105,000	14,261	108,906	4,228,167
2031	4,305,000	9,746	74,424	4,389,170
2032	4,555,000	5,011	38,262	4,598,273
Total	<u>\$ 73,611,679</u>	<u>\$ 2,726,324</u>	<u>\$ 5,035,449</u>	<u>\$ 81,373,452</u>

(Continued)

Exhibit L-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	<u>\$ 42,604,311</u>	<u>\$ 15,389,610</u>	<u>\$ 57,993,921</u>

Exhibit L-3

Sevier County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Utility	Operations (from Hotel-Motel Tax revenues)	\$ 550,000
General	Other Special Revenue	Operations	<u>50,000</u>
Total Transfers			<u>\$ 600,000</u>

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 129,694 (1)	\$ 100,000	Cincinnati Insurance Company
Road Superintendent	Section 8-24-102, TCA	102,214	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	140,792 (2, 3)	100,000	"
Trustee	Section 8-24-102, TCA	89,912 (4)	5,410,000	"
Assessor of Property:				
Johnny King (7-1-14 through 10-19-14)	Section 8-24-102, TCA	26,623	10,000	"
Thomas King (11-17-14 through 6-30-15)	Section 8-24-102, TCA	56,349 (4)	50,000	"
County Clerk	Section 8-24-102, TCA	89,912 (4)	100,000	"
Circuit Court Clerk	Section 8-24-102, TCA	89,912 (4)	100,000	"
General Sessions and Juvenile Courts Clerk	Section 8-24-102, TCA	89,912 (4)	100,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	89,912 (4, 5)	100,000	"
Register of Deeds:				
Sherry Robertson-Huskey (7-1-14 through 8-31-14)	Section 8-24-102, TCA	14,689	25,000	"
Cyndi Loveday (9-1-14 through 6-30-15)	Section 8-24-102, TCA	75,224 (4)	100,000	"
Sheriff	Section 8-24-102, TCA	101,407 (6, 1)	100,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty			150,000	Local Government Insurance Pool

- (1) Includes longevity pay of \$2,000.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Includes longevity pay of \$1,750.
- (4) Includes supplemental pay of \$1,175.
- (5) Does not include special commissioner fees of \$519.
- (6) Includes a law enforcement training supplement of \$600 and a workhouse supplement of \$1,196.

Exhibit L-5

Sevier County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Special Purpose	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 15,938,548	\$ 0	\$ 0	\$ 0	\$ 685,535	\$ 0
Trustee's Collections - Prior Year	712,570	0	0	0	30,649	0
Circuit/Clerk and Master Collections - Prior Years	441,446	0	0	0	19,110	0
Interest and Penalty	139,727	0	0	0	6,003	0
Payments in-Lieu-of Taxes - T.V.A.	92,473	0	0	0	3,977	0
Payments in-Lieu-of Taxes - Local Utilities	274,542	0	0	0	11,808	0
Payments in-Lieu-of Taxes - Other	91,082	0	0	0	3,918	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,074,112	0	0	2,393,100	0	0
Hotel/Motel Tax	2,750,157	0	0	0	0	0
Litigation Tax - General	366,414	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	13,429	0	0	0
Business Tax	2,309,262	0	0	0	0	0
Mixed Drink Tax	35,152	0	0	0	0	0
Other County Local Option Taxes	0	26,396	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	89,636	0	0	0	3,855	0
Wholesale Beer Tax	394,491	0	0	0	0	0
Interstate Telecommunications Tax	6,200	0	0	0	0	0
Total Local Taxes	\$ 25,715,812	\$ 26,396	\$ 13,429	\$ 2,393,100	\$ 764,855	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 455,236	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Special Purpose	Drug Control
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	32,600 \$	0 \$	0 \$	0 \$	0 \$	0
Other Permits	161,393	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>194,000 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0</b>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	17,879 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	25,307	0	0	0	0	0
Drug Control Fines	14,755	0	0	0	0	18,401
Drug Court Fees	0	0	0	0	0	0
Jail Fees	25,437	0	0	0	0	0
DUI Treatment Fines	7,413	0	0	0	0	0
Data Entry Fee - Circuit Court	10,743	0	0	0	0	0
Courtroom Security Fee	215	0	0	0	0	0
Victims Assistance Assessments	15,807	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	113,579	0	0	0	0	0
Fines for Littering	150	0	0	0	0	0
Officers Costs	32,117	0	0	0	0	0
Game and Fish Fines	272	0	0	0	0	0
Drug Control Fines	12,405	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0
Jail Fees	56,404	0	0	0	0	0
DUI Treatment Fines	22,238	0	0	0	0	0
Data Entry Fee - General Sessions Court	30,000	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	Waste / Sanitation	Special Purpose	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court (Cont.)</u>							
Courtroom Security Fee	\$ 1,099	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Victims Assistance Assessments	16,863	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	2,531	0	0	0	0	0	0
Officers Costs	1,549	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	2,401	0	0	0	0	0	0
Data Entry Fee - Chancery Court	11,645	0	0	0	0	0	0
Courtroom Security Fee	30	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Fines	0	0	0	0	0	0	28,554
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	17,445
Other Fines, Forfeitures, and Penalties	3,456	0	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 424,295</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>64,400</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 2,942,758	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	22,809	0	0	0	0	0	0
Health Department Collections	129,045	0	0	0	0	0	0
Other General Service Charges	2,430	0	0	22,750	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Special Purpose	Drug Control	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Copy Fees	\$ 21,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Library Fees	48,867	0	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0	0
Telephone Commissions	82,832	0	0	0	0	0	0
Vending Machine Collections	2,460	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	108,802	0	0	0	0	0	0
Data Processing Fee - Sheriff	12,362	0	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	7,250	0	0	0	0	0	0
<u>Education Charges</u>							
TBI Criminal Background Fee	2,070	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,383,640	\$ 0	\$ 0	\$ 22,750	\$ 0	\$ 0	0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	14,174	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Sale of Maps	13,574	0	0	0	0	0	0
Sale of Recycled Materials	1,046	0	0	85,969	0	0	0
Miscellaneous Refunds	16,832	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	42,648	0	0	0	0	0	0
Damages Recovered from Individuals	585	0	0	0	0	0	0
Contributions and Gifts	17,715	0	0	0	0	0	0
Performance Bond Forfeitures	6,412	0	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>Other Local Revenues (Cont.)</u>						
Other Local Revenues	\$ 38,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 151,312	\$ 0	\$ 0	\$ 85,969	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
Excess Fees	\$ 233,636	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
County Clerk						
Fees in-Lieu-of Salary						
County Clerk	906,146	0	0	0	0	0
Circuit Court Clerk	603,196	0	0	0	0	0
General Sessions Court Clerk	532,108	0	0	0	0	0
Clerk and Master	283,425	0	0	0	0	0
Juvenile Court Clerk	37,796	0	0	0	0	0
Register	1,067,064	0	0	0	0	0
Sheriff	49,038	0	0	0	0	0
Trustee	2,691,129	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,403,538	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
General Government Grants						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	9,658	0	0	0	0	0
Aging Programs	14,240	0	0	0	0	0
Solid Waste Grants	0	0	0	41,821	0	0
On-behalf Contributions for OPEB	600	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	Waste / Sanitation	Special Purpose	Drug Control	
<u>State of Tennessee (Cont.)</u>							
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	\$ 57,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	202,910	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	58,300	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	378,681	0	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0	0
Vehicle Certificate of Title Fees	79,899	0	0	0	0	0	0
Alcoholic Beverage Tax	135,938	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	453,874	0	0	0	0	0	0
Contracted Prisoner Boarding	2,064,637	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	16,715	0	0	0	0	0	0
Other State Revenues	72,803	0	0	0	0	0	0
Total State of Tennessee	\$ 3,588,179	\$ 0	\$ 0	\$ 41,821	\$ 0	\$ 0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	25,239	0	0	0	0	0	0
Other Federal through State	419,177	0	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	Waste / Sanitation	Special Purpose	Drug Control	
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Public Safety Partnership and Community Policing - COPS	\$ 50,649	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tax Credit Bond Rebate	652,175	0	0	0	0	0	0
Other Direct Federal Revenue	47,143	0	0	0	0	0	0
<u>Total Federal Government</u>	<u>\$ 1,194,383</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	0	0	0	0	0	0	0
Contributions	655,963	0	0	0	0	0	0
Contracted Services	1,207	0	0	0	0	0	0
Other	71,883	0	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 729,053</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total</u>	<u>\$ 42,239,441</u>	<u>\$ 26,396</u>	<u>\$ 13,429</u>	<u>\$ 2,543,640</u>	<u>\$ 764,855</u>	<u>\$ 64,400</u>	

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service		Capital	
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	Fund		Projects Fund	
				General Debt Service	General Capital Projects	Total	
<u>Local Taxes</u>							
County Property Taxes							
Current Property Tax	\$ 0	\$ 0	\$ 5,826,980	\$ 4,798,771	\$ 0	\$ 0	\$ 27,249,834
Trustee's Collections - Prior Year	0	0	260,508	214,538	0	0	1,218,265
Circuit/Clerk and Master Collections - Prior Years	0	0	161,290	132,626	0	0	754,472
Interest and Penalty	0	0	51,074	42,074	0	0	238,878
Payments in-Lieu-of Taxes - T.V.A.	0	0	33,807	27,842	0	0	158,099
Payments in-Lieu-of Taxes - Local Utilities	0	0	100,370	82,658	0	0	469,378
Payments in-Lieu-of Taxes - Other	0	0	33,298	27,423	0	0	155,721
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	4,467,212
Hotel/Motel Tax	0	0	0	0	0	0	2,750,157
Litigation Tax - General	0	0	0	0	0	0	366,414
Litigation Tax - Special Purpose	0	0	0	0	0	0	13,429
Business Tax	0	0	0	0	0	0	2,309,262
Mixed Drink Tax	0	0	0	0	0	0	35,152
Other County Local Option Taxes	0	0	0	0	0	0	26,396
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	32,770	26,987	0	0	153,248
Wholesale Beer Tax	0	0	0	0	0	0	394,491
Interstate Telecommunications Tax	0	0	0	0	0	0	6,200
Total Local Taxes	\$ 0	\$ 0	\$ 6,500,097	\$ 5,352,919	\$ 0	\$ 0	\$ 40,766,608
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 455,236

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	0 \$	0 \$	0 \$	0 \$	0 \$	32,600
Other Permits	0	0	0	0	0	161,393
<b>Total Licenses and Permits</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>649,229</b>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	17,879
Officers Costs	0	0	0	0	0	25,307
Drug Control Fines	0	0	0	0	0	33,156
Drug Court Fees	25,941	0	0	0	0	25,941
Jail Fees	0	0	0	0	0	25,437
DUI Treatment Fines	0	0	0	0	0	7,413
Data Entry Fee - Circuit Court	0	0	0	0	0	10,743
Courtroom Security Fee	0	0	0	0	0	215
Victims Assistance Assessments	0	0	0	0	0	15,807
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	113,579
Fines for Littering	0	0	0	0	0	150
Officers Costs	0	0	0	0	0	32,117
Game and Fish Fines	0	0	0	0	0	272
Drug Control Fines	0	0	0	0	0	12,405
Drug Court Fees	10,344	0	0	0	0	10,344
Jail Fees	0	0	0	0	0	56,404
DUI Treatment Fines	0	0	0	0	0	22,238
Data Entry Fee - General Sessions Court	0	0	0	0	0	30,000

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court (Cont.)</u>								
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,099
Victims Assistance Assessments	0	0	0	0	0	0	0	16,863
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	2,531
Officers Costs	0	0	0	0	0	0	0	1,549
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	2,401
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	11,645
Courtroom Security Fee	0	0	0	0	0	0	0	30
<u>Other Courts - In-county</u>								
Drug Court Fees	37,284	0	0	0	0	0	0	37,284
<u>Judicial District Drug Program</u>								
Fines	0	0	0	0	0	0	0	28,554
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	17,445
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	3,456
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 73,569</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 562,264</b>
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,942,758
Work Release Charges for Board	0	0	0	0	0	0	0	22,809
Health Department Collections	0	0	0	0	0	0	0	129,045
Other General Service Charges	0	0	0	0	0	0	0	25,180

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)				Debt Service		Capital	
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Fund		Projects Fund	
					General Debt Service	Capital Projects	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	21,705
Library Fees	0	0	0	0	0	0	0	48,867
Greenbelt Late Application Fee	0	0	0	0	0	0	0	250
Telephone Commissions	0	0	0	0	0	0	0	82,832
Vending Machine Collections	0	0	0	0	0	0	0	2,460
Special Commissioner Fees/Special Master Fees	0	519	0	0	0	0	0	519
Data Processing Fee - Register	0	0	0	0	0	0	0	108,802
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	12,362
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	0	0	7,250
Education Charges								
TBI Criminal Background Fee	0	0	0	0	0	0	0	2,070
Total Charges for Current Services	0 \$	519 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,406,909
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0 \$	0 \$	0 \$	735,664 \$	0 \$	0 \$	0 \$	735,664
Lease/Rentals	0	0	0	0	0	0	0	14,174
Sale of Materials and Supplies	0	0	3,706	0	0	0	0	3,706
Sale of Maps	0	0	0	0	0	0	0	13,574
Sale of Recycled Materials	0	0	0	0	0	0	0	87,015
Miscellaneous Refunds	0	0	2,757	0	0	0	0	19,589
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	33,225	0	0	0	0	75,873
Damages Recovered from Individuals	0	0	12,585	0	0	0	0	13,170
Contributions and Gifts	0	0	0	0	0	0	0	17,715
Performance Bond Forfeitures	0	0	0	0	0	0	0	6,412

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Other Local Revenues (Cont.)</u>						
Other Local Revenues	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	38,326
Total Other Local Revenues	\$ 0 \$	0 \$	52,273 \$	735,664 \$	0 \$	1,025,218
<u>Fees Received from County Officials</u>						
Excess Fees	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	233,636
County Clerk						
Fees in-Lieu-of Salary						
County Clerk	0	0	0	0	0	906,146
Circuit Court Clerk	0	0	0	0	0	603,196
General Sessions Court Clerk	0	0	0	0	0	532,108
Clerk and Master	0	0	0	0	0	283,425
Juvenile Court Clerk	0	0	0	0	0	37,796
Register	0	0	0	0	0	1,067,064
Sheriff	0	0	0	0	0	49,038
Trustee	0	0	0	0	0	2,691,129
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	6,403,538
<u>State of Tennessee</u>						
General Government Grants						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Child Restraint Program	0	0	0	0	0	9,658
Aging Programs	0	0	0	0	0	14,240
Solid Waste Grants	0	0	0	0	0	41,821
On-behalf Contributions for OPEB	0	0	0	0	0	600

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitu- tional Officers - Fees	0 \$		General Debt Service	0 \$	General Capital Projects	0 \$	
<u>State of Tennessee (Cont.)</u>									
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	57,705
<u>Health and Welfare Grants</u>									
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	202,910
<u>Public Works Grants</u>									
State Aid Program	0	0	508,028	0	0	0	0	0	508,028
Litter Program	0	0	0	0	0	0	0	0	58,300
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	378,681
Beer Tax	0	0	0	0	0	0	0	0	18,055
Vehicle Certificate of Title Fees	0	0	0	0	0	0	0	0	79,899
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	135,938
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	453,874
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	2,064,637
Gasoline and Motor Fuel Tax	0	0	2,332,422	0	0	0	0	0	2,332,422
Petroleum Special Tax	0	0	64,859	0	0	0	0	0	64,859
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	15,164
Other State Grants	70,000	0	0	0	0	0	0	0	86,715
Other State Revenues	0	0	0	0	0	0	0	0	72,803
<b>Total State of Tennessee</b>	<b>70,000 \$</b>	<b>0 \$</b>	<b>2,905,309 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>6,605,309</b>
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	5,900 \$	0	5,900
Homeland Security Grants	0	0	0	0	0	0	0	0	25,239
Other Federal through State	27,803	0	0	0	0	0	0	0	446,980

(Continued)

Exhibit L-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund	
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total	
<b>Federal Government (Cont.)</b>							
<b>Direct Federal Revenue</b>							
Public Safety Partnership and Community Policing - COPS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,649	
Tax Credit Bond Rebate	0	0	0	0	0	652,175	
Other Direct Federal Revenue	0	0	0	0	542,960	590,103	
<b>Total Federal Government</b>	<b>\$ 27,803</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 548,860</b>	<b>\$ 1,771,046</b>	
<b>Other Governments and Citizens Groups</b>							
<b>Other Governments</b>							
Paving and Maintenance	\$ 0	\$ 0	\$ 58,078	\$ 0	\$ 0	\$ 58,078	
Contributions	0	0	0	5,337,658	48,548	6,042,169	
Contracted Services	0	0	0	0	0	1,207	
<b>Other</b>							
Other	0	0	0	0	0	71,883	
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 58,078</b>	<b>\$ 5,337,658</b>	<b>\$ 48,548</b>	<b>\$ 6,173,337</b>	
<b>Total</b>	<b>\$ 171,372</b>	<b>\$ 519</b>	<b>\$ 9,515,757</b>	<b>\$ 11,426,241</b>	<b>\$ 597,408</b>	<b>\$ 67,363,458</b>	

Sevier County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Sevier County School Department  
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 28,620,910	\$ 0	\$ 0	\$ 0	\$ 28,620,910
Trustee's Collections - Prior Year	1,295,024	0	0	0	1,295,024
Circuit/Clerk and Master Collections - Prior Years	792,693	0	0	0	792,693
Interest and Penalty	250,886	0	0	0	250,886
Payments in-Lieu-of Taxes - T.V.A.	4,591	0	0	0	4,591
Payments in-Lieu-of Taxes - Local Utilities	492,995	0	0	0	492,995
Payments in-Lieu-of Taxes - Other	165,681	0	0	0	165,681
<u>County Local Option Taxes</u>					
Local Option Sales Tax	49,548,677	0	0	0	49,548,677
Hotel/Motel Tax	2,734,198	0	0	0	2,734,198
Mixed Drink Tax	543,756	0	0	0	543,756
<u>Statutory Local Taxes</u>					
Bank Excise Tax	160,960	0	0	0	160,960
Interstate Telecommunications Tax	8,605	0	0	0	8,605
Total Local Taxes	\$ 84,618,976	\$ 0	\$ 0	\$ 0	\$ 84,618,976
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 123,548	\$ 0	\$ 0	\$ 0	\$ 123,548
Total Licenses and Permits	\$ 123,548	\$ 0	\$ 0	\$ 0	\$ 123,548
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 3,205	\$ 0	\$ 0	\$ 0	\$ 3,205

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 913,222	\$	913,222
Lunch Payments - Adults	0	0	130,177		130,177
Income from Breakfast	0	0	167,115		167,115
A la carte Sales	0	0	190,181		190,181
Receipts from Individual Schools	194,899	0	0		194,899
Total Charges for Current Services	\$ 198,104	\$ 0	\$ 1,400,695	\$	1,598,799
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,630	\$	2,630
Lease/Rentals	16,780	0	0		16,780
Sale of Materials and Supplies	2,057	0	0		2,057
E-Rate Funding	61,917	0	0		61,917
Miscellaneous Refunds	190,054	0	0		190,054
<u>Nonrecurring Items</u>					
Sale of Equipment	58,101	0	0		58,101
Damages Recovered from Individuals	25,081	0	0		25,081
Contributions and Gifts	82,620	0	0		82,620
<u>Other Local Revenues</u>					
Other Local Revenues	11,913	0	0		11,913
Total Other Local Revenues	\$ 448,523	\$ 0	\$ 2,630	\$	451,153

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 401,849	\$ 0	\$ 0	\$ 0	\$ 401,849
<u>State Education Funds</u>					
Basic Education Program	38,565,000	0	0	0	38,565,000
Early Childhood Education	426,477	0	0	0	426,477
School Food Service	0	0	65,390	0	65,390
Energy Efficient School Initiative	33,808	0	0	0	33,808
Driver Education	60,066	0	0	0	60,066
Other State Education Funds	460,144	0	0	0	460,144
Career Ladder Program	438,055	0	0	0	438,055
Career Ladder - Extended Contract	84,970	0	0	0	84,970
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	653,160	0	0	0	653,160
Other State Grants	88,537	0	0	0	88,537
Total State of Tennessee	\$ 41,212,066	\$ 0	\$ 65,390	\$ 0	\$ 41,277,456
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,298,740	\$ 0	\$ 3,298,740
USDA - Commodities Breakfast	0	0	359,892	0	359,892
USDA - Other	0	0	1,200,000	0	1,200,000
USDA Food Service Equipment Grant	0	0	22,688	0	22,688
Adult Education State Grant Program	168,078	0	3,287	0	171,365
Vocational Education - Basic Grants to States	0	213,514	0	0	213,514

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
Federal Through State (Cont.)					
Title I Grants to Local Education Agencies	\$ 0	\$ 3,178,930	\$ 0	\$ 0	\$ 3,178,930
Special Education - Grants to States	35,278	2,663,666	0	0	2,698,944
Special Education Preschool Grants	0	127,080	0	0	127,080
English Language Acquisition Grants	0	72,103	0	0	72,103
Rural Education	0	307,108	0	0	307,108
Eisenhower Professional Development State Grants	0	501,734	0	0	501,734
Other Federal through State	80,213	0	0	0	80,213
Total Federal Government	\$ 283,569	\$ 7,064,135	\$ 4,884,607	\$ 0	\$ 12,232,311
Other Governments and Citizens Groups					
Other Governments					
Contributions	\$ 902,175	\$ 0	\$ 0	\$ 0	\$ 902,175
Contracted Services	60,806	0	0	0	60,806
Citizens Groups					
Donations	13,349	0	0	0	13,349
Total Other Governments and Citizens Groups	\$ 976,330	\$ 0	\$ 0	\$ 0	\$ 976,330
Total	\$ 127,861,116	\$ 7,064,135	\$ 6,353,322	\$ 0	\$ 141,278,573

Exhibit L-7

Sevier County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	133,370	
Social Security		6,813	
Pensions		6,175	
Employee and Dependent Insurance		280,705	
Employer Medicare		1,593	
Advertising		516	
Audit Services		29,967	
Dues and Memberships		14,136	
Legal Services		450	
Travel		12,096	
Other Contracted Services		5,920	
Office Supplies		7,714	
Total County Commission			\$ 499,455

Beer Board

Board and Committee Members Fees	\$	4,790	
Social Security		206	
Pensions		261	
Employer Medicare		48	
Advertising		263	
Legal Services		4,151	
Total Beer Board			9,719

Other Boards and Committees

County Official/Administrative Officer	\$	48,820	
Assistant(s)		96,725	
Dispatchers/Radio Operators		353,419	
Longevity Pay		7,000	
Other Salaries and Wages		12,935	
Social Security		30,586	
Pensions		46,225	
Employee and Dependent Insurance		102,372	
Unemployment Compensation		206	
Employer Medicare		7,153	
Communication		564	
Data Processing Services		1,337	
Gasoline		844	
Office Supplies		2,717	
Other Supplies and Materials		5,391	
Total Other Boards and Committees			716,294

County Mayor/Executive

County Official/Administrative Officer	\$	127,694	
Assistant(s)		77,258	
Accountants/Bookkeepers		173,614	
Secretary(ies)		31,930	
Clerical Personnel		39,232	

(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	\$	7,750	
Other Salaries and Wages		58,129	
Social Security		29,959	
Pensions		48,609	
Employee and Dependent Insurance		70,980	
Unemployment Compensation		152	
Employer Medicare		7,144	
Advertising		509	
Communication		4,490	
Dues and Memberships		4,914	
Legal Services		388	
Maintenance and Repair Services - Office Equipment		5,496	
Postal Charges		4,489	
Travel		12,623	
Gasoline		2,939	
Office Supplies		14,333	
Total County Mayor/Executive	\$		722,632

Election Commission

County Official/Administrative Officer	\$	64,922	
Deputy(ies)		123,172	
Clerical Personnel		27,366	
Longevity Pay		4,750	
Other Salaries and Wages		42,106	
Election Commission		15,420	
Election Workers		71,885	
Social Security		19,059	
Pensions		23,546	
Employee and Dependent Insurance		38,310	
Employer Medicare		4,457	
Advertising		37,795	
Communication		25,127	
Dues and Memberships		4,775	
Maintenance and Repair Services - Office Equipment		12,130	
Postal Charges		10,694	
Travel		7,915	
Other Contracted Services		30,327	
Electricity		7,049	
Natural Gas		2,107	
Office Supplies		32,214	
Water and Sewer		493	
Total Election Commission			605,619

Register of Deeds

County Official/Administrative Officer	\$	88,738	
Deputy(ies)		45,849	
Clerical Personnel		223,714	

(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	\$	8,675	
Social Security		21,096	
Pensions		33,411	
Employee and Dependent Insurance		74,033	
Employer Medicare		4,934	
Communication		631	
Dues and Memberships		3,118	
Maintenance and Repair Services - Office Equipment		2,741	
Postal Charges		1,497	
Travel		2,226	
Other Contracted Services		20,979	
Office Supplies		12,942	
Other Supplies and Materials		4,100	
Total Register of Deeds			\$ 548,684

Planning

County Official/Administrative Officer	\$	54,721	
Assistant(s)		32,984	
Supervisor/Director		37,291	
Longevity Pay		4,250	
Other Salaries and Wages		52,746	
Board and Committee Members Fees		10,200	
Social Security		10,460	
Pensions		17,529	
Employee and Dependent Insurance		36,540	
Employer Medicare		2,446	
Advertising		1,376	
Communication		6,828	
Dues and Memberships		510	
Legal Services		2,625	
Postal Charges		245	
Travel		4,538	
Electricity		4,020	
Office Supplies		7,363	
Water and Sewer		126	
Total Planning			286,798

Building

County Official/Administrative Officer	\$	44,170	
Assistant(s)		31,623	
Secretary(ies)		27,219	
Longevity Pay		1,000	
Social Security		6,172	
Pensions		9,754	
Employee and Dependent Insurance		20,955	
Employer Medicare		1,443	
Advertising		293	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Communication	\$	1,952	
Dues and Memberships		1,340	
Legal Services		150	
Postal Charges		394	
Other Contracted Services		667	
Electricity		2,546	
Gasoline		5,059	
Office Supplies		5,143	
Water and Sewer		79	
Other Supplies and Materials		2,580	
Refunds		532	
Total Building			\$ 163,071

Geographical Information Systems

Supervisor/Director	\$	37,554	
Longevity Pay		500	
Other Salaries and Wages		28,343	
Social Security		3,529	
Pensions		6,314	
Employee and Dependent Insurance		20,760	
Employer Medicare		825	
Communication		1,194	
Maintenance and Repair Services - Office Equipment		4,888	
Postal Charges		98	
Travel		2,937	
Electricity		2,546	
Office Supplies		7,168	
Water and Sewer		79	
Total Geographical Information Systems			116,735

County Buildings

County Official/Administrative Officer	\$	48,129	
Supervisor/Director		19,898	
Custodial Personnel		311,376	
Longevity Pay		10,000	
Social Security		22,467	
Pensions		37,032	
Employee and Dependent Insurance		94,425	
Employer Medicare		5,254	
Advertising		48	
Communication		74,537	
Maintenance and Repair Services - Buildings		144,232	
Pest Control		3,374	
Travel		2,023	
Electricity		185,345	
Gasoline		7,104	
Natural Gas		51,605	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	790	
Uniforms		4,700	
Water and Sewer		8,531	
Other Supplies and Materials		21,520	
Total County Buildings			\$ 1,052,390

Other Facilities

Communication	\$	1,517	
Maintenance and Repair Services - Buildings		7,586	
Other Contracted Services		120	
Electricity		193,889	
Natural Gas		88,561	
Water and Sewer		6,279	
Total Other Facilities			297,952

Other General Administration

Mechanic(s)	\$	178,044	
Longevity Pay		5,750	
Social Security		10,498	
Pensions		16,122	
Employee and Dependent Insurance		42,360	
Employer Medicare		2,455	
Communication		4,691	
Maintenance and Repair Services - Vehicles		95,646	
Electricity		6,682	
Gasoline		3,911	
Lubricants		17,752	
Natural Gas		3,532	
Tires and Tubes		45,657	
Water and Sewer		225	
Other Supplies and Materials		4,028	
Total Other General Administration			437,353

Preservation of Records

County Official/Administrative Officer	\$	42,225	
Assistant(s)		59,696	
Longevity Pay		2,000	
Social Security		5,853	
Pensions		9,883	
Employee and Dependent Insurance		26,160	
Employer Medicare		1,369	
Communication		1,393	
Maintenance and Repair Services - Office Equipment		1,767	
Travel		505	
Other Contracted Services		30,094	
Electricity		4,632	
Office Supplies		3,194	
Other Supplies and Materials		500	
Total Preservation of Records			189,271

(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	\$	81,797	
Deputy(ies)		84,395	
Clerical Personnel		212,289	
Longevity Pay		15,175	
Other Salaries and Wages		252,871	
Board and Committee Members Fees		7,650	
Social Security		38,451	
Pensions		57,596	
Employee and Dependent Insurance		124,878	
Employer Medicare		8,993	
Advertising		192	
Audit Services		61,403	
Communication		5,136	
Dues and Memberships		2,330	
Maintenance and Repair Services - Office Equipment		7,067	
Postal Charges		16,203	
Travel		2,381	
Other Contracted Services		124,575	
Electricity		2,412	
Gasoline		12,200	
Office Supplies		27,500	
Water and Sewer		75	
Total Property Assessor's Office			\$ 1,145,569

Reappraisal Program

Other Salaries and Wages	\$	20,403	
Social Security		1,255	
Pensions		825	
Employee and Dependent Insurance		1,350	
Employer Medicare		294	
Total Reappraisal Program			24,127

County Trustee's Office

County Official/Administrative Officer	\$	88,737	
Deputy(ies)		45,114	
Clerical Personnel		211,981	
Longevity Pay		8,175	
Social Security		20,571	
Pensions		33,413	
Employee and Dependent Insurance		60,570	
Unemployment Compensation		3,056	
Employer Medicare		4,811	
Communication		1,892	
Dues and Memberships		1,137	
Maintenance and Repair Services - Office Equipment		1,380	
Postal Charges		45,223	
Travel		1,591	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Other Contracted Services	\$	12,217	
Office Supplies		13,071	
Total County Trustee's Office			\$ 552,939

County Clerk's Office

County Official/Administrative Officer	\$	88,737	
Deputy(ies)		41,984	
Accountants/Bookkeepers		36,227	
Clerical Personnel		519,985	
Longevity Pay		15,425	
Social Security		39,162	
Pensions		65,692	
Employee and Dependent Insurance		175,666	
Employer Medicare		9,159	
Advertising		108	
Communication		6,217	
Dues and Memberships		1,146	
Maintenance and Repair Services - Office Equipment		1,220	
Postal Charges		18,402	
Travel		3,566	
Other Contracted Services		107,278	
Data Processing Supplies		8,368	
Office Supplies		28,800	
Total County Clerk's Office			1,167,142

Data Processing

County Official/Administrative Officer	\$	52,940	
Assistant(s)		76,234	
Longevity Pay		1,500	
Social Security		7,367	
Pensions		12,427	
Employee and Dependent Insurance		31,140	
Employer Medicare		1,723	
Communication		5,848	
Travel		573	
Data Processing Supplies		31,410	
Gasoline		862	
Office Supplies		130	
Total Data Processing			222,154

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	88,737	
Deputy(ies)		34,652	
Accountants/Bookkeepers		31,502	
Clerical Personnel		437,997	
Longevity Pay		11,925	

(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.)

Other Salaries and Wages	\$	1,687	
Jury and Witness Expense		33,380	
Social Security		35,935	
Pensions		55,488	
Employee and Dependent Insurance		109,715	
Employer Medicare		8,404	
Communication		2,160	
Contracts with Other Public Agencies		501	
Dues and Memberships		1,461	
Maintenance and Repair Services - Office Equipment		13,835	
Postal Charges		8,159	
Travel		2,453	
Other Contracted Services		14,677	
Office Supplies		21,798	
Total Circuit Court			\$ 914,466

General Sessions Court

County Official/Administrative Officer	\$	88,737	
Deputy(ies)		46,766	
Accountants/Bookkeepers		30,299	
Clerical Personnel		250,252	
Longevity Pay		10,425	
Other Salaries and Wages		60,544	
Social Security		28,152	
Pensions		46,321	
Employee and Dependent Insurance		103,318	
Employer Medicare		6,584	
Communication		3,062	
Contracts with Other Public Agencies		7,434	
Dues and Memberships		721	
Maintenance and Repair Services - Office Equipment		5,092	
Postal Charges		4,945	
Travel		2,740	
Other Contracted Services		15,241	
Office Supplies		18,948	
Total General Sessions Court			729,581

General Sessions Judge

Judge(s)	\$	317,074	
Secretary(ies)		33,187	
Longevity Pay		2,750	
Social Security		16,469	
Pensions		33,590	
Employee and Dependent Insurance		36,900	
Employer Medicare		5,006	
Communication		4,868	
Dues and Memberships		3,830	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Postal Charges	\$	251	
Travel		6,299	
Other Contracted Services		5,020	
Office Supplies		5,825	
Total General Sessions Judge			\$ 471,069

Chancery Court

County Official/Administrative Officer	\$	88,737	
Deputy(ies)		30,171	
Clerical Personnel		120,092	
Longevity Pay		7,925	
Other Salaries and Wages		34,754	
Social Security		16,666	
Pensions		26,793	
Employee and Dependent Insurance		49,805	
Employer Medicare		3,898	
Communication		986	
Dues and Memberships		546	
Maintenance and Repair Services - Office Equipment		8,265	
Postal Charges		6,304	
Office Supplies		7,411	
Total Chancery Court			402,353

Juvenile Court

Deputy(ies)	\$	34,652	
Clerical Personnel		56,779	
Longevity Pay		1,750	
Social Security		5,645	
Pensions		8,861	
Employee and Dependent Insurance		10,800	
Employer Medicare		1,320	
Contracts with Other Public Agencies		500	
Maintenance and Repair Services - Office Equipment		1,500	
Postal Charges		1,720	
Travel		1,000	
Other Contracted Services		2,992	
Office Supplies		6,378	
Total Juvenile Court			133,897

District Attorney General

Assistant(s)	\$	47,496	
Social Security		2,912	
Pensions		3,199	
Employee and Dependent Insurance		5,400	
Employer Medicare		681	
Dues and Memberships		470	
Office Supplies		418	
Total District Attorney General			60,576

(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

County Official/Administrative Officer	\$	144,942	
Supervisor/Director		42,435	
Longevity Pay		1,750	
Social Security		11,197	
Pensions		11,996	
Employee and Dependent Insurance		41,840	
Employer Medicare		2,619	
Communication		1,030	
Dues and Memberships		675	
Travel		1,495	
Office Supplies		7,690	
In Service/Staff Development		136	
Total Judicial Commissioners			\$ 267,805

Other Administration of Justice

Assistant(s)	\$	19	
Total Other Administration of Justice			19

Victim Assistance Programs

Supervisor/Director	\$	38,692	
Longevity Pay		750	
Social Security		2,413	
Pensions		3,751	
Employee and Dependent Insurance		5,400	
Employer Medicare		564	
Communication		793	
Postal Charges		196	
Office Supplies		90	
Total Victim Assistance Programs			52,649

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	98,807	
Assistant(s)		57,305	
Deputy(ies)		2,261,708	
Investigator(s)		409,213	
Lieutenant(s)		59,548	
Sergeant(s)		277,803	
Accountants/Bookkeepers		25,650	
Dispatchers/Radio Operators		321,413	
Guards		185,051	
Secretary(ies)		149,061	
Longevity Pay		62,000	
Other Salaries and Wages		59,577	
In-service Training		54,600	
Social Security		236,163	
Pensions		356,136	

(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.)

Employee and Dependent Insurance	\$	733,984	
Employer Medicare		55,231	
Other Fringe Benefits		53,614	
Communication		26,611	
Contracts with Other Public Agencies		9,344	
Contracts with Private Agencies		255	
Data Processing Services		40,092	
Dues and Memberships		2,500	
Licenses		526	
Maintenance and Repair Services - Equipment		47,271	
Maintenance and Repair Services - Office Equipment		6,051	
Travel		10,629	
Electricity		26,402	
Gasoline		314,752	
Natural Gas		3,661	
Water and Sewer		2,995	
Other Supplies and Materials		95,477	
In Service/Staff Development		33,032	
Motor Vehicles		53,887	
Other Equipment		11,785	
Total Sheriff's Department			\$ 6,142,134

Drug Enforcement

Lieutenant(s)	\$	59,907	
Longevity Pay		3,000	
Other Salaries and Wages		93,523	
Social Security		9,093	
Pensions		14,924	
Employee and Dependent Insurance		25,563	
Employer Medicare		2,127	
Other Fringe Benefits		500	
Other Supplies and Materials		26,648	
Total Drug Enforcement			235,285

Jail

Assistant(s)	\$	61,776	
Supervisor/Director		31,444	
Medical Personnel		1,512	
Guards		2,079,705	
Cafeteria Personnel		118,801	
Longevity Pay		24,500	
Other Salaries and Wages		33,227	
In-service Training		19,484	
Social Security		138,119	
Pensions		184,782	
Employee and Dependent Insurance		485,340	
Unemployment Compensation		1,211	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Employer Medicare	\$	32,302	
Other Fringe Benefits		32,645	
Advertising		266	
Communication		29,135	
Contracts with Other Public Agencies		15,371	
Contracts with Private Agencies		20,389	
Data Processing Services		14,471	
Legal Services		150	
Maintenance and Repair Services - Buildings		67,429	
Maintenance and Repair Services - Equipment		32,161	
Maintenance and Repair Services - Office Equipment		8,445	
Medical and Dental Services		1,152,896	
Postal Charges		4,614	
Rentals		1,778	
Transportation - Other than Students		17,952	
Electricity		168,927	
Food Supplies		452,116	
Natural Gas		68,469	
Office Supplies		30,685	
Water and Sewer		121,836	
Other Supplies and Materials		283,948	
In Service/Staff Development		3,512	
Total Jail			\$ 5,739,398

Juvenile Services

Supervisor/Director	\$	53,640	
Youth Service Officer(s)		151,740	
Secretary(ies)		29,006	
Longevity Pay		4,750	
Social Security		13,644	
Pensions		20,101	
Employee and Dependent Insurance		48,825	
Employer Medicare		3,191	
Communication		2,895	
Dues and Memberships		175	
Postal Charges		988	
Travel		3,678	
Other Contracted Services		4,300	
Office Supplies		6,783	
Other Capital Outlay		3,000	
Total Juvenile Services			346,716

Fire Prevention and Control

Contributions	\$	966,000	
Total Fire Prevention and Control			966,000

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

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	\$ 49,985	
Longevity Pay	250	
Other Salaries and Wages	36,559	
Social Security	5,233	
Pensions	7,682	
Employee and Dependent Insurance	8,987	
Employer Medicare	1,224	
Advertising	120	
Communication	5,437	
Dues and Memberships	2,210	
Postal Charges	28	
Travel	6,502	
Gasoline	4,362	
Office Supplies	3,094	
Other Supplies and Materials	7,560	
Communication Equipment	11,713	
Other Capital Outlay	29,499	
Total Other Emergency Management		180,445

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 7,979	
Social Security	495	
Employer Medicare	116	
Communication	471	
Postal Charges	49	
Travel	476	
Other Contracted Services	164,020	
Office Supplies	442	
Total County Coroner/Medical Examiner		174,048

Other Public Safety

County Official/Administrative Officer	\$ 48,839	
Assistant(s)	41,154	
Sergeant(s)	116,912	
Medical Personnel	10,585	
Guards	209,850	
Secretary(ies)	26,356	
Longevity Pay	7,000	
In-service Training	2,746	

(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.)

Social Security	\$	27,597	
Pensions		40,572	
Employee and Dependent Insurance		89,885	
Employer Medicare		6,454	
Other Fringe Benefits		5,023	
Communication		5,953	
Contracts with Private Agencies		10,083	
Data Processing Services		3,550	
Dues and Memberships		240	
Maintenance and Repair Services - Buildings		5,406	
Maintenance and Repair Services - Equipment		6,342	
Maintenance and Repair Services - Office Equipment		265	
Medical and Dental Services		17,144	
Postal Charges		112	
Rentals		600	
Travel		1,829	
Other Contracted Services		584	
Electricity		15,777	
Gasoline		1,889	
Natural Gas		3,271	
Office Supplies		5,770	
Water and Sewer		1,605	
Other Supplies and Materials		3,911	
In Service/Staff Development		2,513	
Total Other Public Safety			\$ 719,817

Public Health and Welfare

Local Health Center

Unemployment Compensation	\$	2,106	
Advertising		195	
Communication		19,422	
Maintenance and Repair Services - Buildings		26,243	
Maintenance and Repair Services - Office Equipment		1,345	
Medical and Dental Services		1,897	
Pest Control		572	
Postal Charges		1,134	
Transportation - Other than Students		200	
Travel		81	
Office Supplies		1,927	
Other Supplies and Materials		5,885	
Other Charges		30,432	
Total Local Health Center			91,439

Rabies and Animal Control

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

(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

County Official/Administrative Officer	\$	66,397	
Assistant(s)		53,347	
Medical Personnel		2,012,216	
Clerical Personnel		136,866	
Longevity Pay		40,750	
Other Salaries and Wages		547,223	
Social Security		169,000	
Pensions		222,881	
Employee and Dependent Insurance		395,779	
Unemployment Compensation		11	
Employer Medicare		39,524	
Communication		36,464	
Contracts with Private Agencies		77,789	
Contributions		100,000	
Licenses		4,855	
Maintenance and Repair Services - Equipment		5,873	
Maintenance and Repair Services - Office Equipment		3,040	
Maintenance and Repair Services - Vehicles		3,174	
Postal Charges		5,472	
Travel		2,022	
Tuition		6,452	
Other Contracted Services		44,751	
Custodial Supplies		4,932	
Drugs and Medical Supplies		122,553	
Gasoline		99,624	
Office Supplies		7,093	
Uniforms		29,497	
Utilities		33,688	
Other Supplies and Materials		28,871	
Refunds		9,623	
Total Ambulance/Emergency Medical Services			\$ 4,309,767

Maternal and Child Health Services

Medical Personnel	\$	39,424	
Clerical Personnel		433,093	
Longevity Pay		5,250	
Social Security		27,256	
Pensions		37,751	
Employee and Dependent Insurance		115,448	
Unemployment Compensation		665	
Employer Medicare		6,374	
Transportation - Other than Students		10,642	
Travel		1,105	
Total Maternal and Child Health Services			677,008

Other Local Health Services

Contributions	\$	129,672	
Other Charges		32,803	
Total Other Local Health Services			162,475

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

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

Other Local Welfare Services

Contributions	\$ 14,661	
Pauper Burials	13,900	
Total Other Local Welfare Services		28,561

Other Public Health and Welfare

Supervisor/Director	\$ 52,703	
Secretary(ies)	31,315	
Longevity Pay	3,500	
Other Salaries and Wages	108,369	
Social Security	11,654	
Pensions	18,629	
Employee and Dependent Insurance	31,980	
Employer Medicare	2,726	
Communication	3,398	
Dues and Memberships	460	
Postal Charges	1,029	
Travel	18,337	
Other Contracted Services	4,058	
Electricity	4,020	
Office Supplies	5,160	
Water and Sewer	126	
Refunds	1,150	
Total Other Public Health and Welfare		298,614

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$ 39,070	
Assistant(s)	27,137	
Supervisor/Director	33,471	
Dispatchers/Radio Operators	12,886	
Secretary(ies)	28,638	
Cafeteria Personnel	18,532	
Maintenance Personnel	21,203	
Longevity Pay	2,000	
Social Security	10,542	
Pensions	16,255	
Employee and Dependent Insurance	49,488	
Employer Medicare	2,466	
Advertising	13,158	
Communication	4,827	
Maintenance and Repair Services - Buildings	11,866	
Travel	272	
Other Contracted Services	5,012	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Electricity	\$	40,482	
Natural Gas		5,822	
Office Supplies		2,334	
Water and Sewer		3,552	
Other Supplies and Materials		10,187	
Other Charges		17,899	
Total Senior Citizens Assistance			\$ 377,099

Libraries

County Official/Administrative Officer	\$	57,076	
Assistant(s)		252,499	
Supervisor/Director		220,923	
Accountants/Bookkeepers		28,215	
Custodial Personnel		25,217	
Longevity Pay		9,000	
Other Salaries and Wages		73,389	
Social Security		38,895	
Pensions		56,867	
Employee and Dependent Insurance		136,290	
Employer Medicare		9,096	
Advertising		341	
Communication		30,512	
Dues and Memberships		3,311	
Janitorial Services		21,286	
Legal Services		50	
Maintenance and Repair Services - Equipment		47,340	
Postal Charges		899	
Printing, Stationery, and Forms		673	
Rentals		974	
Travel		4,583	
Tuition		3,947	
Maintenance and Repair Services - Records		200	
Other Contracted Services		49,162	
Data Processing Supplies		2,399	
Duplicating Supplies		1,770	
Electricity		69,190	
Equipment and Machinery Parts		20,337	
Instructional Supplies and Materials		12,166	
Library Books/Media		35,673	
Office Supplies		19,139	
Periodicals		3,587	
Utilities		6,378	
Water and Sewer		9,239	
Other Supplies and Materials		2,782	
Refunds		100	
Total Libraries			1,253,505

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Maintenance Personnel	\$	13,244	
Social Security		821	
Employer Medicare		192	
Contributions		71,600	
Other Capital Outlay		1,324	
Total Parks and Fair Boards			\$ 87,181

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	52,818	
Longevity Pay		1,750	
Other Salaries and Wages		122,612	
Social Security		25,961	
Pensions		5,189	
Employee and Dependent Insurance		10,380	
Employer Medicare		734	
Communication		6,330	
Contributions		1,500	
Pest Control		36	
Postal Charges		1,500	
Travel		4,420	
Electricity		3,838	
Water and Sewer		378	
Other Supplies and Materials		4,454	
Office Equipment		2,500	
Total Agricultural Extension Service			244,400

Forest Service

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

Soil Conservation

Clerical Personnel	\$	28,976	
Longevity Pay		1,000	
Social Security		1,527	
Pensions		2,851	
Employee and Dependent Insurance		10,380	
Employer Medicare		357	
Total Soil Conservation			45,091

Storm Water Management

County Official/Administrative Officer	\$	47,075	
Secretary(ies)		28,404	
Longevity Pay		2,000	
Other Salaries and Wages		36,853	
Social Security		6,785	
Pensions		10,873	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management (Cont.)

Employee and Dependent Insurance	\$	18,898	
Employer Medicare		1,587	
Communication		1,066	
Contracts with Government Agencies		667	
Postal Charges		296	
Travel		6,754	
Electricity		3,216	
Office Supplies		12,164	
Water and Sewer		100	
Total Storm Water Management			\$ 176,738

Other Operations

Tourism

County Official/Administrative Officer	\$	45,830	
Longevity Pay		250	
Social Security		2,562	
Pensions		4,382	
Employee and Dependent Insurance		10,380	
Employer Medicare		599	
Advertising		15,690	
Contracts with Private Agencies		998,201	
Contributions		147,500	
Dues and Memberships		2,430	
Travel		4,317	
Other Supplies and Materials		2,197	
Total Tourism			1,234,338

Veterans' Services

Supervisor/Director	\$	32,538	
Secretary(ies)		38,462	
Longevity Pay		1,500	
Social Security		4,365	
Pensions		5,724	
Employee and Dependent Insurance		7,562	
Employer Medicare		1,021	
Communication		5,987	
Contributions		6,000	
Dues and Memberships		330	
Postal Charges		262	
Travel		2,963	
Other Contracted Services		1,510	
Gasoline		880	
Office Supplies		3,161	
Other Supplies and Materials		287	
Total Veterans' Services			112,552

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 167,341	
Total Contributions to Other Agencies		\$ 167,341

Employee Benefits

Pensions	\$ 1,950	
Employee and Dependent Insurance	540,957	
Communication	4,201	
Maintenance and Repair Services - Office Equipment	2,937	
Office Supplies	8,170	
Workers' Compensation Insurance	376,611	
Total Employee Benefits		934,826

Miscellaneous

On-behalf Payments to OPEB	\$ 600	
Advertising	5,618	
Contributions	210,858	
Legal Services	4,710	
Legal Notices, Recording, and Court Costs	188	
Maintenance and Repair Services - Office Equipment	4,448	
Postal Charges	3,279	
Rentals	388	
Other Contracted Services	18,093	
Other Supplies and Materials	13,849	
Building and Contents Insurance	99,382	
Liability Insurance	538,934	
Premiums on Corporate Surety Bonds	29,864	
Trustee's Commission	627,851	
Vehicle and Equipment Insurance	92,116	
Other Debt Service	652,175	
Total Miscellaneous		2,302,353

Highways

Litter and Trash Collection

Deputy(ies)	\$ 151,721	
Longevity Pay	3,250	
In-service Training	1,800	
Social Security	9,007	
Pensions	14,738	
Employee and Dependent Insurance	29,620	
Employer Medicare	2,107	
Communication	3,475	
Other Contracted Services	14,500	
Electricity	2,841	
Water and Sewer	1,805	
Other Supplies and Materials	5,887	
Total Litter and Trash Collection		240,751

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Highways (Cont.)

Other Charges

Contracts with Private Agencies	\$	7,389	
Other Contracted Services		39,037	
Total Other Charges			\$ 46,426

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$	146,424	
Other Charges		3,000	
Land		67,166	
Other Capital Outlay		859,015	
Total Other General Government Projects			<u>1,075,605</u>

Total General Fund \$ 40,384,243

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	8,795	
Trustee's Commission		261	
Total County Buildings			<u>\$ 9,056</u>

Total Courthouse and Jail Maintenance Fund 9,056

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	18,578	
Trustee's Commission		133	
Total Other Administration of Justice			<u>\$ 18,711</u>

Total Law Library Fund 18,711

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	46,072	
Laborers		743,244	
Longevity Pay		17,000	
Social Security		47,910	
Pensions		72,606	
Employee and Dependent Insurance		174,668	
Employer Medicare		11,205	
Communication		10,906	
Contracts with Government Agencies		993,268	
Contributions		42,187	
Legal Services		75	
Maintenance and Repair Services - Buildings		4,365	

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Maintenance and Repair Services - Equipment	\$	18,349	
Maintenance and Repair Services - Vehicles		41,278	
Rentals		12,000	
Other Contracted Services		11,254	
Electricity		23,652	
Gasoline		92,748	
Natural Gas		3,947	
Tires and Tubes		31,807	
Uniforms		10,202	
Water and Sewer		1,058	
Other Supplies and Materials		43,707	
Trustee's Commission		17,660	
Other Charges		34,172	
Total Sanitation Management			\$ 2,505,340

Total Solid Waste/Sanitation Fund \$ 2,505,340

Special Purpose Fund

General Government

Geographical Information Systems

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

Other General Administration

Maintenance Equipment	\$	8,005	
Total Other General Administration			8,005

Administration of Justice

Chancery Court

Office Equipment	\$	8,547	
Total Chancery Court			8,547

Public Safety

Sheriff's Department

Motor Vehicles	\$	198,959	
Total Sheriff's Department			198,959

Public Health and Welfare

Rabies and Animal Control

Contributions	\$	60,000	
Total Rabies and Animal Control			60,000

Ambulance/Emergency Medical Services

Motor Vehicles	\$	230,280	
Other Equipment		15,414	
Total Ambulance/Emergency Medical Services			245,694

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Other Supplies and Materials	\$ 2,455	
Solid Waste Equipment	34,172	
Total Sanitation Management		\$ 36,627

Other Operations

Other Charges

Trustee's Commission	\$ 14,937	
Total Other Charges		14,937

Contributions to Other Agencies

Contributions	\$ 150,000	
Total Contributions to Other Agencies		150,000

Miscellaneous

Motor Vehicles	\$ 45,864	
Total Miscellaneous		45,864

Total Special Purpose Fund \$ 818,633

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 55,000	
Trustee's Commission	282	
Motor Vehicles	9,600	
Total Sheriff's Department		\$ 64,882

Total Drug Control Fund 64,882

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$ 40,000
Probation Officer(s)	46,306
Social Security	4,964
Pensions	7,475
Employee and Dependent Insurance	18,255
Employer Medicare	1,161
Advertising	180
Communication	6,149
Consultants	6,314
Dues and Memberships	715
Licenses	1,010
Maintenance and Repair Services - Equipment	399
Maintenance and Repair Services - Office Equipment	2,145
Maintenance and Repair Services - Vehicles	405
Medical and Dental Services	495

(Continued)

Exhibit L-7

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

Other Special Revenue Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Pest Control	\$	610	
Postal Charges		183	
Printing, Stationery, and Forms		274	
Rentals		19,200	
Travel		15,248	
Drug Treatment		890	
Other Contracted Services		64,334	
Crushed Stone		582	
Electricity		2,616	
Gasoline		4,921	
Office Supplies		23,390	
Propane Gas		2,021	
Water and Sewer		351	
Building and Contents Insurance		9,407	
Trustee's Commission		710	
Vehicle and Equipment Insurance		4,082	
In Service/Staff Development		479	
Criminal Investigation of Applicants - TBI		150	
Total Drug Court			<u>\$ 285,421</u>

Total Other Special Revenue Fund \$ 285,421

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	519	
Total Chancery Court			<u>\$ 519</u>

Total Constitutional Officers - Fees Fund 519

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	102,214	
Accountants/Bookkeepers		53,089	
Secretary(ies)		16,767	
Social Security		9,711	
Pensions		16,364	
Employee and Dependent Insurance		10,380	
Employer Medicare		2,271	
Data Processing Services		8,343	
Dues and Memberships		4,562	
Legal Services		3,091	
Legal Notices, Recording, and Court Costs		5,586	
Postal Charges		1,035	
Printing, Stationery, and Forms		2,731	
Travel		9,057	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	2,532	
Other Charges		6,324	
Total Administration			\$ 254,057

Highway and Bridge Maintenance

Foremen	\$	370,197	
Equipment Operators		430,064	
Equipment Operators - Light		235,193	
Truck Drivers		379,722	
Laborers		172,446	
Social Security		92,206	
Pensions		146,351	
Employee and Dependent Insurance		331,792	
Employer Medicare		21,564	
Rentals		653	
Other Contracted Services		1,367,258	
Asphalt		4,091,471	
Concrete		23,114	
Crushed Stone		43,916	
Fertilizer, Lime, and Seed		7,932	
General Construction Materials		14,036	
Other Road Materials		96	
Pipe - Metal		41,964	
Road Signs		19,389	
Salt		72,405	
Small Tools		1,127	
Wood Products		1,067	
Other Supplies and Materials		1,346	
Other Charges		1,775	
Total Highway and Bridge Maintenance			7,867,084

Operation and Maintenance of Equipment

Foremen	\$	165,341	
Mechanic(s)		121,233	
Laborers		57,207	
Social Security		20,550	
Pensions		29,191	
Employee and Dependent Insurance		47,447	
Employer Medicare		4,806	
Maintenance and Repair Services - Equipment		9,649	
Rentals		766	
Towing Services		3,283	
Other Contracted Services		416	
Diesel Fuel		156,440	
Electricity		15,213	
Equipment and Machinery Parts		228,390	
Garage Supplies		89,062	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Gasoline	\$	89,960	
Lubricants		40,314	
Natural Gas		1,907	
Office Supplies		1,183	
Propane Gas		3,622	
Small Tools		10,731	
Tires and Tubes		40,936	
Water and Sewer		1,203	
Other Supplies and Materials		11	
Other Charges		578	
Total Operation and Maintenance of Equipment	\$		1,139,439

Quarry Operations

Foremen	\$	26,254	
Equipment Operators		29,388	
Laborers		19,305	
Social Security		4,117	
Pensions		7,129	
Employee and Dependent Insurance		20,328	
Employer Medicare		962	
Engineering Services		275	
Maintenance and Repair Services - Equipment		406	
Permits		4,555	
Electricity		10,656	
Equipment and Machinery Parts		5,273	
Other Charges		1,335	
Total Quarry Operations			129,983

Other Charges

Communication	\$	17,987	
Boiler Insurance		310	
Liability Insurance		83,479	
Trustee's Commission		150,944	
Vehicle and Equipment Insurance		75,855	
Total Other Charges			328,575

Employee Benefits

Employee and Dependent Insurance	\$	24,780	
Medical and Dental Services		2,336	
Workers' Compensation Insurance		51,261	
Total Employee Benefits			78,377

Capital Outlay

Bridge Construction	\$	311,059	
Highway Equipment		398,264	
Motor Vehicles		28,450	
State Aid Projects		211,531	
Total Capital Outlay			949,304

Total Highway/Public Works Fund \$ 10,746,819

(Continued)

Exhibit L-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 4,420,000	
Principal on Other Loans	2,235,000	
Total General Government	\$ 6,655,000	

Education

Principal on Bonds	\$ 905,027	
Principal on Notes	200,000	
Principal on Other Loans	99,996	
Total Education	1,205,023	

Interest on Debt

General Government

Interest on Bonds	\$ 1,091,690	
Interest on Other Loans	1,955,744	
Total General Government	3,047,434	

Education

Interest on Bonds	\$ 703,154	
Total Education	703,154	

Other Debt Service

General Government

Contributions	\$ 7,781,225	
Fiscal Agent Charges	9,401	
Trustee's Commission	112,217	
Total General Government	7,902,843	

Education

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

Total General Debt Service Fund \$ 19,525,057

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 3,273	
Engineering Services	1,750	
Other Contracted Services	1,200	
Furniture and Fixtures	9,528	
Other Equipment	31,463	
Other Capital Outlay	6,791	
Total General Administration Projects	\$ 54,005	

Administration of Justice Projects

Architects	\$ 43,569	
Engineering Services	10,335	

(Continued)

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Administration of Justice Projects (Cont.)

Other Contracted Services	\$	6,800	
Building Construction		1,122,315	
Food Service Equipment		4,957	
Furniture and Fixtures		3,830	
Heating and Air Conditioning Equipment		209,316	
Other Equipment		6,197	
Other Capital Outlay		85,496	
Total Administration of Justice Projects			\$ 1,492,815

Social, Cultural, and Recreation Projects

Other Contracted Services	\$	12,378	
Other Construction		47,548	
Total Social, Cultural, and Recreation Projects			59,926

Public Utility Projects

Consultants	\$	14,000	
Engineering Services		79,899	
Other Supplies and Materials		4,200	
Other Charges		49	
Other Capital Outlay		199,093	
Total Public Utility Projects			297,241

Other General Government Projects

Architects	\$	37,051	
Building Improvements		505,909	
Total Other General Government Projects			542,960

Total General Capital Projects Fund \$ 2,446,947

Total Governmental Funds - Primary Government \$ 76,805,628

Sevier County, Tennessee  
 Schedule of Detailed Expenditures -  
 All Governmental Fund Types  
 Discretely Presented Sevier County School Department  
 For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 38,760,361	
Career Ladder Program	257,430	
Career Ladder Extended Contracts	69,400	
Homebound Teachers	70,632	
Educational Assistants	1,186,676	
Other Salaries and Wages	149,709	
Certified Substitute Teachers	76,000	
Non-certified Substitute Teachers	575,105	
Social Security	2,365,548	
Pensions	3,576,949	
Life Insurance	19,533	
Medical Insurance	5,684,861	
Dental Insurance	97,958	
Employer Medicare	565,151	
Other Fringe Benefits	151,339	
Maintenance and Repair Services - Equipment	30,070	
Tuition	120,488	
Other Contracted Services	480,628	
Instructional Supplies and Materials	1,171,063	
Textbooks	115,974	
Fee Waivers	43,254	
Other Charges	219,033	
Regular Instruction Equipment	93,665	
Total Regular Instruction Program		\$ 55,880,827

Alternative Instruction Program

Teachers	\$ 642,212	
Career Ladder Program	7,000	
Clerical Personnel	49,298	
Educational Assistants	70,647	
Non-certified Substitute Teachers	140	
Social Security	42,429	
Pensions	66,001	
Life Insurance	391	
Medical Insurance	125,766	
Dental Insurance	2,520	
Employer Medicare	10,580	
Other Fringe Benefits	2,836	
Instructional Supplies and Materials	9,421	
Total Alternative Instruction Program		1,029,241

Special Education Program

Teachers	\$ 4,805,498	
Career Ladder Program	34,818	
Educational Assistants	400,231	
Speech Pathologist	766,572	

(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	\$	123,969	
Certified Substitute Teachers		8,418	
Non-certified Substitute Teachers		132,810	
Social Security		513,557	
Pensions		773,323	
Life Insurance		6,457	
Medical Insurance		1,546,985	
Dental Insurance		30,282	
Employer Medicare		120,984	
Other Fringe Benefits		34,545	
Tuition		20,079	
Other Contracted Services		47,358	
Instructional Supplies and Materials		104,842	
Other Supplies and Materials		2,323	
Special Education Equipment		36,130	
Total Special Education Program	\$		9,509,181

Vocational Education Program

Teachers	\$	1,911,167	
Career Ladder Program		16,000	
Certified Substitute Teachers		4,632	
Non-certified Substitute Teachers		30,000	
Social Security		116,162	
Pensions		174,168	
Life Insurance		886	
Medical Insurance		277,952	
Dental Insurance		4,480	
Employer Medicare		27,196	
Other Fringe Benefits		7,554	
Maintenance and Repair Services - Equipment		6,331	
Other Contracted Services		1,500	
Instructional Supplies and Materials		64,316	
Other Supplies and Materials		1,520	
Fee Waivers		3,000	
Total Vocational Education Program			2,646,864

Student Body Education Program

Other Charges	\$	2,427	
Total Student Body Education Program			2,427

Adult Education Program

Teachers	\$	169,306	
Other Salaries and Wages		23,996	
Social Security		9,588	
Pensions		14,104	
Life Insurance		67	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Medical Insurance	\$	18,017	
Dental Insurance		266	
Employer Medicare		2,749	
Other Fringe Benefits		459	
Other Contracted Services		2,016	
Instructional Supplies and Materials		8,322	
Other Equipment		10,998	
Total Adult Education Program			\$ 259,888

Support Services

Attendance

Supervisor/Director	\$	87,753	
Career Ladder Program		3,500	
Social Workers		145,777	
Clerical Personnel		53,582	
Other Salaries and Wages		37,520	
Social Security		16,902	
Pensions		26,482	
Life Insurance		115	
Medical Insurance		51,919	
Dental Insurance		840	
Employer Medicare		4,504	
Other Fringe Benefits		1,144	
Travel		1,144	
Other Supplies and Materials		1,174	
Total Attendance			432,356

Health Services

Medical Personnel	\$	1,094,006	
Other Salaries and Wages		105,852	
Social Security		68,836	
Pensions		83,320	
Life Insurance		230	
Medical Insurance		80,712	
Dental Insurance		1,400	
Employer Medicare		16,741	
Other Fringe Benefits		1,923	
Maintenance and Repair Services - Equipment		21,890	
Travel		7,503	
Other Contracted Services		21,377	
Drugs and Medical Supplies		11,879	
Other Supplies and Materials		42,820	
In Service/Staff Development		510	
Health Equipment		296	
Total Health Services			1,559,295

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	18,750	
Guidance Personnel		1,631,856	
Psychological Personnel		395,443	
Clerical Personnel		44,638	
Social Security		117,959	
Pensions		180,306	
Life Insurance		828	
Medical Insurance		246,102	
Dental Insurance		4,760	
Employer Medicare		29,012	
Other Fringe Benefits		7,700	
Evaluation and Testing		80,388	
Travel		3,101	
Other Supplies and Materials		7,078	
Other Equipment		41,473	
Total Other Student Support	\$		2,809,394

Regular Instruction Program

Supervisor/Director	\$	724,545	
Career Ladder Program		30,000	
Librarians		1,279,309	
Materials Supervisor		87,799	
Education Media Personnel		351,843	
Instructional Computer Personnel		635,230	
Clerical Personnel		204,664	
Other Salaries and Wages		163,762	
Social Security		198,527	
Pensions		306,397	
Life Insurance		1,587	
Medical Insurance		449,388	
Dental Insurance		8,732	
Employer Medicare		47,958	
Other Fringe Benefits		13,047	
Travel		109,447	
Other Contracted Services		15,246	
Library Books/Media		161,052	
Periodicals		2,902	
Other Supplies and Materials		28,153	
In Service/Staff Development		106,578	
Other Charges		3,633	
Other Equipment		6,047	
Total Regular Instruction Program			4,935,846

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	\$	130,011	
Career Ladder Program		4,500	
Clerical Personnel		53,748	
Other Salaries and Wages		215,171	
Social Security		20,457	
Pensions		30,865	
Life Insurance		138	
Medical Insurance		28,430	
Dental Insurance		364	
Employer Medicare		5,736	
Other Fringe Benefits		1,316	
Travel		29,682	
Other Supplies and Materials		996	
In Service/Staff Development		11,321	
Total Special Education Program			\$ 532,735

Vocational Education Program

Supervisor/Director	\$	42,065	
Secretary(ies)		36,852	
Social Security		5,353	
Pensions		7,981	
Life Insurance		46	
Medical Insurance		15,965	
Dental Insurance		480	
Employer Medicare		1,252	
Other Fringe Benefits		320	
Travel		6,700	
In Service/Staff Development		440	
Other Charges		330	
Total Vocational Education Program			117,784

Other Programs

On-behalf Payments to OPEB	\$	401,849	
Total Other Programs			401,849

Board of Education

Secretary to Board	\$	1,100	
Other Salaries and Wages		1,293,065	
Board and Committee Members Fees		24,000	
Social Security		66,977	
Pensions		97,854	
Life Insurance		329	
Medical Insurance		616,306	
Dental Insurance		1,062	
Unemployment Compensation		313	
Employer Medicare		19,014	

(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	\$	1,262	
Audit Services		35,100	
Dues and Memberships		20,234	
Legal Services		104,666	
Travel		6,659	
Liability Insurance		138,701	
Trustee's Commission		1,358,866	
Workers' Compensation Insurance		275,009	
In Service/Staff Development		1,635	
Other Charges		143,251	
Total Board of Education	\$		4,205,403

Director of Schools

County Official/Administrative Officer	\$	138,042	
Career Ladder Extended Contracts		1,000	
Social Security		7,536	
Pensions		12,347	
Life Insurance		23	
Medical Insurance		7,869	
Dental Insurance		676	
Employer Medicare		2,000	
Other Fringe Benefits		538	
Communication		29,219	
Dues and Memberships		400	
Postal Charges		12,636	
Travel		8,482	
Other Contracted Services		76	
Total Director of Schools			220,844

Office of the Principal

Principals	\$	2,211,349	
Career Ladder Program		56,000	
Assistant Principals		2,175,248	
Clerical Personnel		2,126,280	
Other Salaries and Wages		18,000	
Social Security		384,420	
Pensions		592,565	
Life Insurance		2,926	
Medical Insurance		862,069	
Dental Insurance		15,890	
Employer Medicare		91,260	
Other Fringe Benefits		24,861	
Communication		280,490	
Maintenance and Repair Services - Equipment		1,040	
Other Contracted Services		186,342	
Other Supplies and Materials		13,500	

(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.)

In Service/Staff Development	\$	12,500	
Other Charges		9,638	
Administration Equipment		5,356	
Total Office of the Principal			\$ 9,069,734

Fiscal Services

Supervisor/Director	\$	96,703	
Accountants/Bookkeepers		423,523	
Purchasing Personnel		52,617	
Secretary(ies)		105,425	
Social Security		39,453	
Pensions		62,299	
Life Insurance		283	
Medical Insurance		81,675	
Dental Insurance		1,862	
Employer Medicare		9,468	
Other Fringe Benefits		2,549	
Data Processing Services		151,869	
Travel		4,692	
Other Contracted Services		12,905	
Office Supplies		9,954	
In Service/Staff Development		2,879	
Other Charges		876	
Administration Equipment		3,198	
Total Fiscal Services			1,062,230

Operation of Plant

Guards	\$	100,065	
Custodial Personnel		2,406,820	
Social Security		146,247	
Pensions		225,572	
Life Insurance		2,201	
Medical Insurance		570,890	
Dental Insurance		7,798	
Employer Medicare		34,903	
Other Fringe Benefits		9,695	
Janitorial Services		579,001	
Other Contracted Services		81,236	
Custodial Supplies		329,598	
Electricity		2,733,201	
Natural Gas		545,091	
Water and Sewer		273,602	
Other Supplies and Materials		8,219	
Boiler Insurance		26,996	
Building and Contents Insurance		393,030	
Plant Operation Equipment		54,426	
Total Operation of Plant			8,528,591

(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	\$	147,513	
Secretary(ies)		42,760	
Maintenance Personnel		1,545,379	
Social Security		102,021	
Pensions		155,515	
Life Insurance		996	
Medical Insurance		258,223	
Dental Insurance		2,562	
Employer Medicare		24,157	
Other Fringe Benefits		6,618	
Communication		13,031	
Laundry Service		23,463	
Maintenance and Repair Services - Buildings		13,351	
Maintenance and Repair Services - Equipment		39,556	
Maintenance and Repair Services - Vehicles		23,523	
Travel		1,560	
Other Contracted Services		134,376	
Equipment and Machinery Parts		53,470	
Other Supplies and Materials		294,761	
In Service/Staff Development		3,500	
Other Charges		38,255	
Maintenance Equipment		151,350	
Total Maintenance of Plant			\$ 3,075,940

Transportation

Supervisor/Director	\$	64,744
Mechanic(s)		405,008
Bus Drivers		1,877,379
Clerical Personnel		39,685
Social Security		130,547
Pensions		214,466
Life Insurance		1,760
Medical Insurance		341,734
Dental Insurance		6,006
Employer Medicare		32,000
Other Fringe Benefits		5,279
Communication		10,036
Laundry Service		10,012
Other Contracted Services		123,580
Diesel Fuel		373,253
Garage Supplies		32,318
Gasoline		169,113
Lubricants		31,106
Tires and Tubes		83,810
Vehicle Parts		344,624
Vehicle and Equipment Insurance		228,521

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Charges	\$	6,725	
Transportation Equipment		1,010,076	
Total Transportation			\$ 5,541,782

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	463,305	
Pensions		241,812	
Medical Insurance		809,415	
Dental Insurance		14,014	
Other Fringe Benefits		11,004	
Food Supplies		18,349	
Total Food Service			1,557,899

Community Services

Supervisor/Director	\$	41,007	
Other Salaries and Wages		259,527	
Social Security		17,713	
Pensions		26,603	
Life Insurance		46	
Medical Insurance		15,457	
Dental Insurance		280	
Employer Medicare		4,167	
Other Fringe Benefits		320	
Travel		836	
Other Contracted Services		147	
Instructional Supplies and Materials		27,264	
Other Supplies and Materials		3,571	
Other Charges		24,002	
Total Community Services			420,940

Early Childhood Education

Teachers	\$	292,765	
Educational Assistants		82,233	
Social Security		23,250	
Pensions		34,286	
Life Insurance		253	
Medical Insurance		59,835	
Dental Insurance		1,400	
Employer Medicare		5,437	
Other Fringe Benefits		1,461	
Travel		8,100	
Instructional Supplies and Materials		13,862	
In Service/Staff Development		1,733	
Other Equipment		3,000	
Total Early Childhood Education			527,615

(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	\$ 20,065	
Building Improvements	2,518,414	
Total Regular Capital Outlay		\$ 2,538,479

Principal on Debt

Education

Principal on Capital Leases	\$ 60,639	
Total Education		60,639

Interest on Debt

Education

Interest on Capital Leases	\$ 661	
Total Education		661

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 5,337,658	
Total Education		<u>5,337,658</u>

Total General Purpose School Fund \$ 122,298,220

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,381,498	
Educational Assistants	210,225	
Other Salaries and Wages	5,865	
Social Security	154,219	
Pensions	234,023	
Life Insurance	1,495	
Medical Insurance	365,730	
Dental Insurance	6,566	
Unemployment Compensation	6,500	
Employer Medicare	36,067	
Other Fringe Benefits	9,997	
Instructional Supplies and Materials	73,831	
Regular Instruction Equipment	157,069	
Total Regular Instruction Program		\$ 3,643,085

Special Education Program

Educational Assistants	\$ 2,565,121	
Other Salaries and Wages	900	
Social Security	500	
Pensions	635	
Medical Insurance	122,867	
Tuition	72,170	

(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.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	28,373	
Other Charges		180	
Total Special Education Program			\$ 2,790,746

Vocational Education Program

Educational Assistants	\$	72,390	
Social Security		4,473	
Pensions		6,531	
Employer Medicare		1,045	
Other Fringe Benefits		561	
Instructional Supplies and Materials		6,000	
Vocational Instruction Equipment		73,790	
Total Vocational Education Program			164,790

Support Services

Health Services

Other Salaries and Wages	\$	18,308	
Social Security		1,135	
Pensions		1,655	
Employer Medicare		265	
Total Health Services			21,363

Other Student Support

Other Salaries and Wages	\$	64,657	
Social Security		3,962	
Pensions		5,845	
Life Insurance		23	
Medical Insurance		6,194	
Dental Insurance		140	
Employer Medicare		927	
Other Fringe Benefits		252	
Travel		45,224	
Other Supplies and Materials		27,245	
Total Other Student Support			154,469

Regular Instruction Program

Secretary(ies)	\$	40,945	
Other Salaries and Wages		115,026	
Non-certified Substitute Teachers		11,120	
Social Security		9,428	
Pensions		14,293	
Life Insurance		46	
Medical Insurance		21,512	
Dental Insurance		280	
Employer Medicare		2,205	
Other Fringe Benefits		485	

(Continued)

Exhibit L-8

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
Consultants	\$	34,000
Travel		18,174
Other Supplies and Materials		11,022
In Service/Staff Development		6,330
Other Charges		288
Other Equipment		1,028
Total Regular Instruction Program		<u>286,182</u>
	\$	286,182
<u>Vocational Education Program</u>		
Travel	\$	2,500
Other Equipment		1,000
Total Vocational Education Program		<u>3,500</u>
		3,500
Total School Federal Projects Fund		\$ 7,064,135
<u>Central Cafeteria Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Supervisor/Director	\$	58,831
Clerical Personnel		183,144
Cafeteria Personnel		2,249,939
Social Security		168,769
Pensions		24,043
Life Insurance		3,484
Employer Medicare		40,167
Communication		10,613
Maintenance and Repair Services - Equipment		54,539
Transportation - Other than Students		22,236
Travel		1,503
Other Contracted Services		115,002
Food Preparation Supplies		208,870
Food Supplies		2,796,008
USDA - Commodities		359,892
Other Supplies and Materials		29,792
Food Service Equipment		16,385
Total Food Service		<u>6,343,217</u>
	\$	6,343,217
Total Central Cafeteria Fund		6,343,217
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Building Improvements	\$	515,118
Regular Instruction Equipment		275,960
Total Education Capital Projects		<u>791,078</u>
	\$	791,078
Total Education Capital Projects Fund		<u>791,078</u>
Total Governmental Funds - Sevier County School Department		<u>\$ 136,496,650</u>

Exhibit L-9

Sevier County, Tennessee  
Schedule of Utility Rates  
Sevier County Water Department  
June 30, 2015

<u>Utility Rates in Effect</u>	<u>Residential</u>	
First 1,000 gallons	\$ 19.00	minimum
Over 1,000 gallons	5.25	per 1,000 gallons
Number of Customers	1,652	

Sevier County, Tennessee  
 Schedule of Unaccounted for Water  
 Sevier County Water Department  
 June 30, 2015

AWWA Free Water Audit Software: Reporting Worksheet				WAS v5.0 American Water Works Association Copyright © 2014, All Rights Reserved	
Water Audit Report for: <b>Sevier County Water</b>		Reporting Year: <b>2015</b> / 7/2014 - 6/2015			
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades					
<b>All volumes to be entered as: MILLION GALLONS (US) PER YEAR</b>					
To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below					
<b>WATER SUPPLIED</b>		Enter grading in column 'E' and 'J'		Master Meter and Supply Error Adjustments	
Volume from own sources:	+ ? n/a	0.000	MG/Yr	Pcnt:	Value:
Water imported:	+ ? 10	176.185	MG/Yr	+ ? n/a	MG/Yr
Water exported:	+ ? n/a	0.000	MG/Yr	+ ?	MG/Yr
<b>WATER SUPPLIED:</b>			<b>176.185</b>	MG/Yr	
Enter negative % or value for under-registration Enter positive % or value for over-registration					
<b>AUTHORIZED CONSUMPTION</b>					
Billed metered:	+ ? 9	84.482	MG/Yr	Click here: ? for helping option buttons below	
Billed unmetered:	+ ? n/a		MG/Yr	Pcnt:	Value:
Unbilled metered:	+ ? n/a		MG/Yr	1.25%	MG/Yr
Unbilled unmetered:	+ ?	2.202	MG/Yr	Use buttons to select percentage of water supplied OR value	
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed					
<b>AUTHORIZED CONSUMPTION:</b>			<b>86.684</b>	MG/Yr	
<b>WATER LOSSES (Water Supplied - Authorized Consumption)</b>		<b>89.501</b> MG/Yr			
<b>Apparent Losses</b>					
Unauthorized consumption:	+ ?	0.440	MG/Yr	Pcnt: 0.25% Value: MG/Yr	
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	+ ? n/a	0.000	MG/Yr	0.25% MG/Yr	
Systematic data handling errors:	+ ?	0.211	MG/Yr	0.25% MG/Yr	
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed					
<b>Apparent Losses:</b>			<b>0.652</b>	MG/Yr	
<b>Real Losses (Current Annual Real Losses or CARL)</b>					
<b>Real Losses = Water Losses - Apparent Losses:</b>			<b>88.849</b>	MG/Yr	
<b>WATER LOSSES:</b>			<b>89.501</b>	MG/Yr	
<b>NON-REVENUE WATER</b>					
<b>NON-REVENUE WATER:</b>			<b>91.703</b>	MG/Yr	
= Water Losses + Unbilled Metered + Unbilled Unmetered					
<b>SYSTEM DATA</b>					
Length of mains:	+ ? 8	62.0	miles		
Number of active AND inactive service connections:	+ ? 8	1,652			
Service connection density:	?	27	conn./mile main		
Are customer meters typically located at the curbside or property line?		Yes			
Average length of customer service line:	+ ?			(length of service line, beyond the property boundary, that is the responsibility of the utility)	
Average length of customer service line has been set to zero and a data grading score of 10 has been applied					
Average operating pressure:	+ ? 8	85.0	psi		
<b>COST DATA</b>					
Total annual cost of operating water system:	+ ? 10	\$1,411,737	\$/Year		
Customer retail unit cost (applied to Apparent Losses):	+ ? 10	\$5.25	\$/1000 gallons (US)		
Variable production cost (applied to Real Losses):	+ ? 10	\$4.63	\$/Million gallons	<input type="checkbox"/> Use Customer Retail Unit Cost to value real losses	
<b>WATER AUDIT DATA VALIDITY SCORE:</b>					
<b>*** YOUR SCORE IS: 90 out of 100 ***</b>					
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score					
<b>PRIORITY AREAS FOR ATTENTION:</b>					
Based on the information provided, audit accuracy can be improved by addressing the following components:					
1: Unauthorized consumption					
2: Systematic data handling errors					
3: Billed metered					

(Continue)

Sevier County, Tennessee  
 Schedule of Unaccounted for Water  
 Sevier County Water Department (Cont.)

AWWA Free Water Audit Software:  
System Attributes and Performance Indicators
WAS v5.0  
American Water Works Association  
Copyright © 2014, All Rights Reserved

Water Audit Report for: Sevier County Water

Reporting Year: 2015 / 7/2014 - 6/2015

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 90 out of 100 \*\*\*

**System Attributes:**

	Apparent Losses:	0.652	MG/Yr	
	+ Real Losses:	88.849	MG/Yr	
	= <b>Water Losses:</b>	<b>89.501</b>	<b>MG/Yr</b>	
<span style="color: blue; font-weight: bold;">?</span> Unavoidable Annual Real Losses (UARL): <span style="border: 1px solid black; padding: 2px;">18.09</span> MG/Yr				
Annual cost of Apparent Losses: <span style="border: 1px solid black; padding: 2px;">\$3,421</span>				
Annual cost of Real Losses: <span style="border: 1px solid black; padding: 2px;">\$411</span> Valued at <b>Variable Production Cost</b> <small>Return to Reporting Worksheet to change this assumption</small>				

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	52.0%	
		Non-revenue water as percent by cost of operating system:	0.3%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	1.08	gallons/connection/day
		Real Losses per service connection per day:	N/A	gallons/connection/day
		Real Losses per length of main per day*:	3,926.16	gallons/mile/day
		Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL): <span style="border: 1px solid black; padding: 2px;">88.85</span> million gallons/year				
<span style="color: blue; font-weight: bold;">?</span> Infrastructure Leakage Index (ILI) [CARL/UARL]: <span style="border: 1px solid black; padding: 2px;">4.91</span>				

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

Exhibit L-11

Sevier County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 39,738,776
Total Cash Receipts	<u>\$ 39,738,776</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 39,341,387
Trustee's Commission	397,389
Total Cash Disbursements	<u>\$ 39,738,776</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee as of and for the year ended June 30, 2015, 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 8, 2015. 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001 and 2015-002.

### **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*.

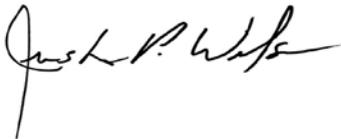
### **Sevier County's Response to Findings**

Sevier County's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sevier County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 8, 2015

JPW/yu



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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

We have audited Sevier County's compliance with the types of compliance requirements described in the *OMB 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, 2015. 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, 2015.

### **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.

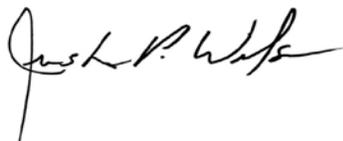
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements. We issued our report thereon dated October 8, 2015, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 8, 2015

JPW/yu

Sevier County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2015

Federal/Pass-through Agency/Program Title Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 359,892 (3)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	14,599 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,200,000
National School Lunch Program	10.555	N/A	3,306,829 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579		3,287
Passed-through Tennessee Department of Health and Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		94,432
Total U.S. Department of Agriculture			<u>\$ 4,979,039</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Department of Economic and Community Development:			
Community Development Block Grants/States Programs	14.228	(2)	<u>\$ 5,900</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 5,900</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 292,642</u>
Total Bureau of Land Management, Department of the Interior			<u>\$ 292,642</u>
U.S. Department of Justice:			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	2011-UM-WX-0173	\$ 50,649
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	16,075
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	(2)	42,122
Passed-through State Department of Mental Health and Substance Abuse:			
Drug Court Discretionary Grant Program	16.585	(2)	<u>27,803</u>
Total U.S. Department of Justice			<u>\$ 136,649</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	<u>\$ 42,261</u>
Total U.S. Department of Highway Administration			<u>\$ 42,261</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 168,078
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	3,178,930
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,698,944
Special Education - Preschool Grants	84.173	N/A	127,080
Career and Technical Education - Basic Grants to States	84.048	N/A	213,514
Twenty-first Century Community Learning Centers	84.287	N/A	80,213
Rural Education	84.358	N/A	307,108
English Language Acquisition Grants	84.365	N/A	72,103
Improving Teacher Quality State Grants	84.367	N/A	<u>501,734</u>
Total U.S. Department of Education			<u>\$ 7,347,704</u>

(Continued)

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

Federal/Pass-through Agency/Program Title Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency, Inc.:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 38,224
Passed-through Tennessee Department of Health and Human Services:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	(2)	695
Family Planning - Services	93.217	(2)	13,579
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	(2)	7,835
Medical Assistance Program	93.778	(2)	105,533
HIV Prevention Activities - Health Department Based	93.940	(2)	6,297
Maternal and Child Health Services Block Grant to the States	93.994		24,065
Total U.S. Department of Health and Human Services			<u>\$ 196,228</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 40,500
Homeland Security Grant Program	97.067	(2)	25,239
Total U.S. Department of Homeland Security			<u>\$ 65,739</u>
Total Expenditures of Federal Awards			<u>\$ 13,066,162</u>
Contract			
Number			
<u>State Grants</u>			
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 50,456
Safe Schools Act - State Department of Education	N/A	(2)	45,280
Litter Program - State Department of Transportation	N/A	(2)	58,300
Aging Program - State Office on Aging	N/A	(2)	14,237
Health Department Program - State Department of Health	N/A	(2)	202,910
Driver's Education - State Department of Education	N/A	(2)	60,066
Lottery for Education - State Department of Education	N/A	(2)	222,308
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	426,477
Rehabilitation Grant - State Department of Human Services	N/A	(2)	22,789
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	(2)	70,000
Total State Grants			<u>\$ 1,172,823</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 \$3,681,320.

Sevier County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2015

*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, 2014, which has not been corrected.

**OFFICE OF CLERK AND MASTER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	210	Multiple employees operated from the same cash drawer

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**SEVIER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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

1. Our report on the financial statements of Sevier County is unmodified.
2. The audit of the financial statements of Sevier County disclosed significant deficiencies in internal control. None of these significant deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sevier County.
4. The audit reported 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 Title I Grants to Local Educational Agencies (CFDA No. 84.010), and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$391,985 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**

Finding and recommendations, as a result of our examination, are presented below. We reviewed these finding and recommendations with management to provide an opportunity for their response. The county mayor and finance director provided a written response to their finding, which is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2015-001**

#### **THE EMPLOYEE INSURANCE - HEALTH FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION AT JUNE 30, 2015**

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

The Employee Insurance - Health Fund, which is used to account for the county employees' self-insured health program, had a deficit of \$366,492 in unrestricted net position at June 30, 2015. This deficit resulted from the recognition of a liability of \$495,212 at June 30, 2015, related to claims incurred but unpaid. Generally accepted accounting principles require that such costs be reflected in the financial statements. This deficiency existed as a result of premiums not being set at a rate sufficient to fund the employee's health program.

#### **RECOMMENDATION**

County officials should develop and implement a plan that would fund the above-noted deficit in unrestricted net position and provide adequate funding for future program costs.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR AND FINANCE DIRECTOR**

Sevier County amended the budget in fiscal year 2014-15 to reflect needed cash contributions for claims paid during the fiscal year to ensure cash flow. To address the temporary deficit balance due to the accrual of claims, Sevier County switched from the Blue Cross/Blue Shield P-Network to the S-Network. S-Network has lower reimbursement amounts to doctors and health providers. This change in network should produce savings during fiscal year 2015-16 of around eight to ten percent of total previous year claims according to our insurance consultants. Our estimate of savings is approximately \$400,000. In addition, Sevier County has budgeted \$300,000 as an additional contribution to the Employee Insurance - Health Fund from the General Fund. We are anticipating amending the budget during fiscal year 2015-16 to have each responsible fund contribute a similar amount in ratio to the additional General Fund contribution. These measures should mitigate both the temporary cash flow issue and the temporary reported deficit due to the accruals.

## OFFICE OF CLERK AND MASTER

FINDING 2015-002

### **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, 2015**

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