

ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

***ANGIE COLLINS, CPA, CFE
AMY MOORE, CGFM
JACOB ROGERS
DOUG SANDIDGE, CISA, CFE
State Auditors***

This financial report is available at www.comptroller.tn.gov

SEVIER COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Sevier County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25-26
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	27-29
Highway/Public Works Fund	C-6	30
Proprietary Funds:		
Statement of Net Position	D-1	31-32
Statement of Revenues, Expenses, and Changes in Net Position	D-2	33-34
Statement of Cash Flows	D-3	35
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	36
Index and Notes to the Financial Statements		37-100
REQUIRED SUPPLEMENTARY INFORMATION:		101
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	102
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	103
Schedule of Contributions Based on Participation in the Teacher Pension Plan of TCRS – Discretely Presented Sevier County School Department	F-3	104
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Sevier County School Department	F-4	105

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Pension Plan of TCRS – Discretely Presented		
Sevier County School Department	F-5	106
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented		
Sevier County School Department	F-6	107
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Sevier County School Department	F-7	108
Notes to the Required Supplementary Information		109
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		110
Nonmajor Governmental Funds:		111-112
Combining Balance Sheet	G-1	113-116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	117-120
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Courthouse and Jail Maintenance Fund	G-3	121
Law Library Fund	G-4	122
Solid Waste/Sanitation Fund	G-5	123
Special Purpose Fund	G-6	124-125
Drug Control Fund	G-7	126
Other Special Revenue Fund	G-8	127
Major Governmental Fund:		128
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	129
Proprietary Funds:		130
Combining Statement of Net Position	I-1	131
Combining Statement of Revenues, Expenses, and Changes in Net Position	I-2	132
Combining Statement of Cash Flows	I-3	133
Fiduciary Funds:		134
Combining Statement of Fiduciary Assets and Liabilities	J-1	135
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	J-2	136-137
Component Unit:		
Discretely Presented Sevier County School Department:		138
Statement of Activities	K-1	139
Balance Sheet – Governmental Funds	K-2	140
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	K-3	141
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-4	142
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-5	143
Combining Balance Sheet – Nonmajor Governmental Funds	K-6	144
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-7	145

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-8	146-147
School Federal Projects Fund	K-9	148
Central Cafeteria Fund	K-10	149
Miscellaneous Schedules:		150
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	L-1	151-152
Schedule of Long-term Debt Requirements by Year	L-2	153-154
Schedule of Transfers	L-3	155
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Sevier County School Department	L-4	156
Schedule of Detailed Revenues – All Governmental Fund Types	L-5	157-177
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Sevier County School Department	L-6	178-181
Schedule of Detailed Expenditures – All Governmental Fund Types	L-7	182-209
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Sevier County School Department	L-8	210-222
Schedule of Utility Rates	L-9	223
Schedule of Unaccounted for Water	L-10	224-225
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	L-11	226
 <u>SINGLE AUDIT SECTION</u>		 227
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		228-229
Auditor's 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 Uniform Guidance		230-232
Schedule of Expenditures of Federal Awards and State Grants		233-234
Summary Schedule of Prior-year Findings		235
Schedule of Findings and Questioned Costs		236-239
Management's Corrective Action Plan		240-241
Best Practice		242

Summary of Audit Findings

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2016.

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 responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ A cash shortage of \$5,392 existed in the Planning Office at October 16, 2015.

OFFICE OF CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Sevier County Officials
June 30, 2016

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

Mike Oakley, Chairman
Becky Barnes
John McClure

Mark Strange
Charles Temple

Audit Committee

Kent Woods, Chairman
Ronnie Whaley
Fred Atchley
Gary Cole

Warren Hurst
Ben Clabo
David Norton

FINANCIAL SECTION



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

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, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of June 30, 2016, 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

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 - other postemployment benefits plans on pages 102-109 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.

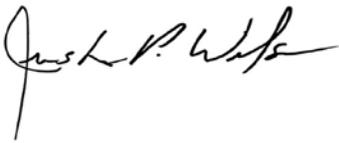
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), and miscellaneous 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 5, 2016, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 5, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Sevier County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Sevier County School Department
<u>ASSETS</u>				
Cash	\$ 1,653,502	\$ 200	\$ 1,653,702	\$ 7,577
Equity in Pooled Cash and Investments	55,017,751	648,518	55,666,269	25,999,245
Accounts Receivable	3,939,151	113,665	4,052,816	533,569
Allowance for Uncollectibles	(976,694)	(5,165)	(981,859)	0
Due from Other Governments	2,669,528	0	2,669,528	10,757,657
Due from Primary Government	0	0	0	543
Internal Balances	(151)	151	0	0
Property Taxes Receivable	34,244,217	0	34,244,217	36,099,271
Allowance for Uncollectible Property Taxes	(797,307)	0	(797,307)	(840,877)
Net Pension Asset - Agent Plan	4,263,722	30,921	4,294,643	3,707,301
Net Pension Asset - Teacher Retirement Plan	0	0	0	28,382
Capital Assets				
Assets Not Depreciated:				
Land	6,339,092	0	6,339,092	16,953,565
Construction in Progress	363,333	1,251,093	1,614,426	587,230
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	40,655,422	0	40,655,422	90,059,005
Other Capital Assets	4,676,864	300,146	4,977,010	6,864,463
Infrastructure	64,166,101	16,758,141	80,924,242	5,495,077
Total Assets	\$ 216,214,531	\$ 19,097,670	\$ 235,312,201	\$ 196,252,008
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 1,138,098	\$ 0	\$ 1,138,098	\$ 0
Pension Changes in Experience	0	0	0	523,487
Pension Contributions After Measurement Date	1,861,079	14,723	1,875,802	7,368,760
Pension - Other Deferrals	0	0	0	654,815
Accumulated Decrease in Fair Value of Hedging Derivatives	163,981	0	163,981	0
Total Deferred Outflows of Resources	\$ 3,163,158	\$ 14,723	\$ 3,177,881	\$ 8,547,062

(Continued)

Exhibit A

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Sevier County School Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,741,353	\$ 37,252	\$ 1,778,605	\$ 14,773
Accrued Payroll	872,817	6,740	879,557	0
Accrued Interest Payable	108,611	0	108,611	0
Payroll Deductions Payable	136,905	1,031	137,936	0
Due to Component Units	264	279	543	0
Derivative - Interest Rate Swap	4,287,655	0	4,287,655	0
Other Current Liabilities	0	0	0	5,159,450
Noncurrent Liabilities:				
Due Within One Year	8,050,023	0	8,050,023	0
Due in More Than One Year	104,266,877	0	104,266,877	23,744,310
Total Liabilities	<u>\$ 119,464,505</u>	<u>\$ 45,302</u>	<u>\$ 119,509,807</u>	<u>\$ 28,918,533</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 32,515,098	\$ 0	\$ 32,515,098	\$ 34,291,879
Pension Changes in Experience	2,147,731	15,576	2,163,307	12,029,613
Net Pension Changes in Investment Earnings	655,898	4,757	660,655	4,779,371
Total Deferred Inflows of Resources	<u>\$ 35,318,727</u>	<u>\$ 20,333</u>	<u>\$ 35,339,060</u>	<u>\$ 51,100,863</u>

(Continued)

Exhibit A

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Sevier County School Department
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 80,307,854	\$ 18,309,380	\$ 98,617,234	\$ 119,959,340
Restricted for:				
General Government	84,360	0	84,360	0
Administration of Justice	185,675	0	185,675	0
Public Safety	130,911	0	130,911	0
Other Operations	2,167,495	0	2,167,495	0
Highways	3,367,287	0	3,367,287	0
Education	0	0	0	4,161,278
Debt Service	25,598,928	0	25,598,928	0
Capital Outlay	335,001	0	335,001	0
Other Purposes	4,263,722	30,921	4,294,643	
Unrestricted	(51,846,776)	706,457	(51,140,319)	659,056
Total Net Position	\$ 64,594,457	\$ 19,046,758	\$ 83,641,215	\$ 124,779,674

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

Exhibit B

Sevier County, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								Component Unit Sevier County School Department
	Program Revenues				Primary Government			Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			
Primary Government:									
Governmental Activities:									
General Government	\$ 14,287,384	\$ 2,098,326	\$ 65,321	\$ 0	\$ (12,123,737)	\$ 0	\$ (12,123,737)	\$ 0	
Finance	2,900,838	4,260,766	0	0	1,359,928	0	1,359,928	0	
Administration of Justice	3,216,498	2,060,557	161,537	0	(994,404)	0	(994,404)	0	
Public Safety	15,349,017	1,862,402	520,208	20,358	(12,946,049)	0	(12,946,049)	0	
Public Health and Welfare	10,692,660	3,385,245	722,844	1,002,652	(5,581,919)	0	(5,581,919)	0	
Social, Cultural, and Recreational Services	2,440,496	48,263	649,639	7,375	(1,735,219)	0	(1,735,219)	0	
Agriculture and Natural Resources	422,962	0	0	0	(422,962)	0	(422,962)	0	
Highways	14,111,915	102,077	3,385,973	0	(10,623,865)	0	(10,623,865)	0	
Education	1,157,141	1,344,752	0	0	187,611	0	187,611	0	
Interest on Long-term Debt	3,403,562	0	0	0	(3,403,562)	0	(3,403,562)	0	
Total Primary Government	\$ 67,982,473	\$ 15,162,388	\$ 5,505,522	\$ 1,030,385	\$ (46,284,178)	\$ 0	\$ (46,284,178)	\$ 0	
Business-type Activities:									
Public Utility Fund	\$ 1,815,312	\$ 1,377,744	\$ 0	\$ 0	\$ 0	\$ (437,568)	\$ (437,568)	\$ 0	
Total Business-type Activities	\$ 1,815,312	\$ 1,377,744	\$ 0	\$ 0	\$ 0	\$ (437,568)	\$ (437,568)	\$ 0	
Total Primary Government	\$ 69,797,785	\$ 16,540,132	\$ 5,505,522	\$ 1,030,385	\$ (46,284,178)	\$ (437,568)	\$ (46,721,746)	\$ 0	
Component Units:									
Sevier County School Department	\$ 142,409,978	\$ 1,683,728	\$ 12,193,843	\$ 1,199,352	\$ 0	\$ 0	\$ 0	\$ (127,333,055)	
Total Component Units	\$ 142,409,978	\$ 1,683,728	\$ 12,193,843	\$ 1,199,352	\$ 0	\$ 0	\$ 0	\$ (127,333,055)	

(Continued)

Exhibit B

Sevier County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Sevier County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 19,706,639	\$ 0	\$ 19,706,639	\$ 35,524,303
Property Taxes Levied for Special Purposes					1,096,795	0	1,096,795	0
Property Taxes Levied for Highways					7,005,126	0	7,005,126	0
Property Taxes Levied for Debt Service					5,894,781	0	5,894,781	0
Local Option Sales Taxes					4,721,400	0	4,721,400	55,540,027
Other Local Taxes					380,612	0	380,612	219,832
Hotel/Motel Tax					3,128,025	0	3,128,025	3,128,025
Business Tax					2,708,602	0	2,708,602	0
Mixed Drink Tax					54,377	0	54,377	615,246
Wholesale Beer Tax					411,198	0	411,198	0
Grants and Contributions Not Restricted to Specific Programs					9,315,485	0	9,315,485	44,526,685
Unrestricted Investment Income					825,056	0	825,056	8,159
Miscellaneous					71,994	0	71,994	111,727
Insurance Recovery					1,781	0	1,781	0
Total General Revenues					\$ 55,321,871	\$ 0	\$ 55,321,871	\$ 139,674,004
Change in Fair Value of Derivatives - Interest Rate Swap					\$ (435,220)	\$ 0	\$ (435,220)	\$ 0
Transfers					(696,106)	696,106	0	0
Change in Net Position					\$ 7,906,367	\$ 258,538	\$ 8,164,905	\$ 12,340,949
Net Position, July 1, 2015					56,688,090	18,788,220	75,476,310	112,438,725
Net Position, June 30, 2016					\$ 64,594,457	\$ 19,046,758	\$ 83,641,215	\$ 124,779,674

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

Exhibit C-1

Sevier County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	Highway / Public Works		General Debt Service	Other Govern- mental Funds	
	General				
<u>ASSETS</u>					
Cash	\$ 375	\$ 0	\$ 0	\$ 2,592	\$ 2,967
Equity in Pooled Cash and Investments	21,777,238	3,132,755	24,686,302	5,421,456	55,017,751
Accounts Receivable	3,856,292	0	78,894	3,965	3,939,151
Allowance for Uncollectibles	(976,694)	0	0	0	(976,694)
Due from Other Governments	1,324,907	718,844	0	625,777	2,669,528
Due from Other Funds	2,963	0	779,403	22,750	805,116
Property Taxes Receivable	20,022,575	7,110,821	5,988,060	1,122,761	34,244,217
Allowance for Uncollectible Property Taxes	(466,185)	(165,561)	(139,420)	(26,141)	(797,307)
Total Assets	\$ 45,541,471	\$ 10,796,859	\$ 31,393,239	\$ 7,173,160	\$ 94,904,729
<u>LIABILITIES</u>					
Accounts Payable	\$ 243,149	\$ 594,551	\$ 0	\$ 105,242	\$ 942,942
Accrued Payroll	768,061	71,058	0	33,698	872,817
Payroll Deductions Payable	119,800	12,194	0	4,911	136,905
Due to Other Funds	802,588	0	0	2,592	805,180
Due to Component Units	264	0	0	0	264
Total Liabilities	\$ 1,933,862	\$ 677,803	\$ 0	\$ 146,443	\$ 2,758,108
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 19,011,560	\$ 6,751,769	\$ 5,685,700	\$ 1,066,069	\$ 32,515,098
Deferred Delinquent Property Taxes	435,209	154,560	130,156	24,404	744,329
Other Deferred/Unavailable Revenue	2,096,969	227,795	0	300,000	2,624,764
Total Deferred Inflows of Resources	\$ 21,543,738	\$ 7,134,124	\$ 5,815,856	\$ 1,390,473	\$ 35,884,191

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 214,009	\$ 214,009
Restricted for Administration of Justice	0	0	0	347,750	347,750
Restricted for Public Safety	16,337	0	0	114,574	130,911
Restricted for Public Health and Welfare	0	0	0	2,467,921	2,467,921
Restricted for Other Operations	2,167,495	0	0	0	2,167,495
Restricted for Highways/Public Works	0	2,984,932	0	0	2,984,932
Restricted for Capital Outlay	0	0	0	2,022,539	2,022,539
Restricted for Debt Service	0	0	25,577,383	0	25,577,383
Committed:					
Committed for Public Health and Welfare	0	0	0	321,382	321,382
Committed for Capital Projects	0	0	0	148,069	148,069
Unassigned	19,880,039	0	0	0	19,880,039
Total Fund Balances	\$ 22,063,871	\$ 2,984,932	\$ 25,577,383	\$ 5,636,244	\$ 56,262,430
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 45,541,471	\$ 10,796,859	\$ 31,393,239	\$ 7,173,160	\$ 94,904,729

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, 2016

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)		\$	56,262,430
(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		363,333	
Add: infrastructure net of accumulated depreciation		64,166,101	
Add: buildings and improvements net of accumulated depreciation		40,655,422	
Add: other capital assets net of accumulated depreciation		<u>4,676,864</u>	116,200,812
(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.			852,037
(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	\$	(200,000)	
Less: other loans payable		(71,141,683)	
Less: bonds payable		(37,729,284)	
Less: other postemployment benefits liability		(2,399,125)	
Add: deferred amount on refunding		1,138,098	
Less: accrued interest on bonds, notes, and other loans		(108,611)	
Less: fair value of investment-type derivative - interest rate swap		(4,287,655)	
Add: deferred amount on derivative - interest rate swap		163,981	
Less: other deferred revenue - premium on debt		<u>(846,808)</u>	(115,411,087)
(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	\$	1,861,079	
Less: deferred inflows related to pensions		<u>(2,803,629)</u>	(942,550)
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			4,263,722
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>3,369,093</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>64,594,457</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, 2016

	Major Funds			Nonmajor	Total
	Highway /		General	Funds	
	General	Public Works	Debt Service	Other Governmental Funds	
Revenues					
Local Taxes	\$ 29,105,027	\$ 7,215,601	\$ 6,068,799	\$ 3,744,656	\$ 46,134,083
Licenses and Permits	753,885	0	0	0	753,885
Fines, Forfeitures, and Penalties	432,962	0	0	146,973	579,935
Charges for Current Services	3,241,904	0	0	23,736	3,265,640
Other Local Revenues	162,443	95,785	823,535	570,755	1,652,518
Fees Received From County Officials	6,848,381	0	0	0	6,848,381
State of Tennessee	3,863,787	3,247,100	0	129,166	7,240,053
Federal Government	1,204,763	64,008	0	420,820	1,689,591
Other Governments and Citizens Groups	901,109	99,769	6,350,708	0	7,351,586
Total Revenues	\$ 46,514,261	\$ 10,722,263	\$ 13,243,042	\$ 5,036,106	\$ 75,515,672
Expenditures					
Current:					
General Government	\$ 5,916,787	\$ 0	\$ 0	\$ 106,763	\$ 6,023,550
Finance	3,140,797	0	0	0	3,140,797
Administration of Justice	3,149,349	0	0	322,336	3,471,685
Public Safety	15,409,099	0	0	286,914	15,696,013
Public Health and Welfare	5,944,723	0	0	3,108,345	9,053,068
Social, Cultural, and Recreational Services	1,791,563	0	0	0	1,791,563
Agriculture and Natural Resources	431,505	0	0	2,500	434,005
Other Operations	5,614,618	0	0	310,263	5,924,881
Highways	291,451	11,500,738	0	0	11,792,189
Debt Service:					
Principal on Debt	0	0	8,230,023	0	8,230,023
Interest on Debt	0	0	3,434,250	0	3,434,250
Other Debt Service	0	0	321,817	0	321,817

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 3,155,407	\$ 0	\$ 0	\$ 1,666,522	\$ 4,821,929
Total Expenditures	\$ 44,845,299	\$ 11,500,738	\$ 11,986,090	\$ 5,803,643	\$ 74,135,770
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ 1,668,962	\$ (778,475)	\$ 1,256,952	\$ (767,537)	\$ 1,379,902
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 9,670,000	\$ 0	\$ 9,670,000
Premiums on Debt Sold	0	0	357,573	0	357,573
Insurance Recovery	725	1,056	0	0	1,781
Transfers In	0	0	0	3,965	3,965
Transfers Out	(88,965)	0	0	0	(88,965)
Payments to Refunded Debt Escrow Agent	0	0	(9,881,589)	0	(9,881,589)
Total Other Financing Sources (Uses)	\$ (88,240)	\$ 1,056	\$ 145,984	\$ 3,965	\$ 62,765
Net Change in Fund Balances	\$ 1,580,722	\$ (777,419)	\$ 1,402,936	\$ (763,572)	\$ 1,442,667
Fund Balance, July 1, 2015	20,483,149	3,762,351	24,174,447	6,399,816	54,819,763
Fund Balance, June 30, 2016	\$ 22,063,871	\$ 2,984,932	\$ 25,577,383	\$ 5,636,244	\$ 56,262,430

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, 2016

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)		\$ 1,442,667
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 9,081,366	
Less: current-year depreciation expense	<u>(12,141,893)</u>	(3,060,527)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: assets donated to business-type activities	\$ (611,106)	
Less: book value of assets disposed	<u>(115,843)</u>	(726,949)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 3,369,093	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(3,105,934)</u>	263,159
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:</p>		
Less: change in premium on debt issuances	\$ (290,453)	
Add: principal payments on bonds	5,560,027	
Add: principal payments on capital outlay notes	200,000	
Add: principal payments on other loans	2,469,996	
Less: refunding debt issued	(9,670,000)	
Add: bonds refunded	8,985,000	
Add: change in deferred amount on refunding debt	<u>827,178</u>	8,081,748

(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	\$	32,979
Change in other postemployment benefits liability		(299,928)
Change in net pension liability/asset		685,288
Change in deferred outflows related to pensions		(59,378)
Change in deferred inflows related to pensions		<u>1,458,368</u>
	\$	1,817,329
(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.		524,160
(7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		
Change in fair value of derrivative		(621,298)
Change in deferred outflow related to derrivative		186,078
		<u>(435,220)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>7,906,367</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 29,105,027	\$ 26,603,335	\$ 27,866,766	\$ 1,238,261
Licenses and Permits	753,885	585,000	585,000	168,885
Fines, Forfeitures, and Penalties	432,962	355,925	355,925	77,037
Charges for Current Services	3,241,904	4,052,250	4,052,250	(810,346)
Other Local Revenues	162,443	236,026	257,566	(95,123)
Fees Received From County Officials	6,848,381	6,238,000	6,238,000	610,381
State of Tennessee	3,863,787	3,389,660	3,490,533	373,254
Federal Government	1,204,763	721,480	1,149,589	55,174
Other Governments and Citizens Groups	901,109	664,295	869,833	31,276
Total Revenues	\$ 46,514,261	\$ 42,845,971	\$ 44,865,462	\$ 1,648,799
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 511,188	\$ 596,344	\$ 596,344	\$ 85,156
Beer Board	6,037	11,500	11,500	5,463
Other Boards and Committees	741,106	763,040	763,040	21,934
County Mayor/Executive	853,736	871,165	867,200	13,464
Election Commission	614,810	715,163	715,163	100,353
Register of Deeds	572,051	588,109	588,109	16,058
Planning	260,322	313,683	313,683	53,361
Building	157,421	186,651	186,651	29,230
Geographical Information Systems	124,821	125,879	126,879	2,058
County Buildings	1,115,314	1,198,822	1,198,822	83,508
Other Facilities	309,993	317,700	317,700	7,707
Other General Administration	458,267	474,055	474,055	15,788
Preservation of Records	191,721	210,983	212,333	20,612
<u>Finance</u>				
Property Assessor's Office	1,176,667	1,263,122	1,268,992	92,325
Reappraisal Program	12,551	106,400	101,030	88,479
County Trustee's Office	589,443	612,580	613,580	24,137
County Clerk's Office	1,133,185	1,172,536	1,178,536	45,351
Data Processing	228,951	232,405	238,405	9,454
<u>Administration of Justice</u>				
Circuit Court	934,549	994,868	999,868	65,319
General Sessions Court	772,095	777,581	781,081	8,986
General Sessions Judge	505,392	571,154	571,154	65,762
Drug Court	0	50,000	50,000	50,000
Chancery Court	415,960	427,780	428,280	12,320
Juvenile Court	139,555	141,460	142,460	2,905
District Attorney General	66,391	66,898	78,648	12,257
Judicial Commissioners	257,690	289,334	289,334	31,644
Other Administration of Justice	0	181,526	181,526	181,526
Victim Assistance Programs	57,717	59,340	59,840	2,123
<u>Public Safety</u>				
Sheriff's Department	6,328,399	6,462,957	6,526,491	198,092
Drug Enforcement	235,500	225,578	240,478	4,978
Jail	6,366,601	6,358,979	6,478,434	111,833
Juvenile Services	368,263	373,104	374,104	5,841

(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>				
Fire Prevention and Control	\$ 967,000	\$ 977,000	\$ 977,000	\$ 10,000
Civil Defense	4,000	4,000	4,000	0
Rescue Squad	48,750	48,750	48,750	0
Other Emergency Management	145,006	140,127	149,027	4,021
County Coroner/Medical Examiner	203,405	134,851	209,851	6,446
Other Public Safety	742,175	787,574	787,574	45,399
<u>Public Health and Welfare</u>				
Local Health Center	102,533	79,546	130,546	28,013
Rabies and Animal Control	85,000	85,000	85,000	0
Ambulance/Emergency Medical Services	4,466,880	4,620,468	4,620,468	153,588
Maternal and Child Health Services	749,776	861,588	861,588	111,812
Other Local Health Services	133,458	187,900	187,900	54,442
Appropriation to State	86,161	86,261	86,261	100
Other Local Welfare Services	25,109	32,000	32,000	6,891
Other Public Health and Welfare	295,806	329,579	329,579	33,773
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	382,120	402,025	427,328	45,208
Libraries	1,315,108	1,355,191	1,357,231	42,123
Parks and Fair Boards	94,335	97,543	97,543	3,208
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	229,286	230,358	250,358	21,072
Forest Service	1,000	1,000	1,000	0
Soil Conservation	47,060	46,885	47,885	825
Storm Water Management	154,159	186,088	186,088	31,929
<u>Other Operations</u>				
Tourism	1,208,218	1,250,000	1,250,000	41,782
Veterans' Services	119,905	122,492	125,292	5,387
Contributions to Other Agencies	280,641	224,441	324,441	43,800
Employee Benefits	1,680,964	746,311	1,791,442	110,478
Miscellaneous	2,324,890	2,300,580	2,361,855	36,965
<u>Highways</u>				
Litter and Trash Collection	267,938	285,217	285,217	17,279
Other Charges	23,513	29,500	29,500	5,987
<u>Capital Projects</u>				
Other General Government Projects	3,155,407	2,753,000	3,245,924	90,517
Total Expenditures	\$ 44,845,299	\$ 45,145,971	\$ 47,264,368	\$ 2,419,069
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,668,962	\$ (2,300,000)	\$ (2,398,906)	\$ 4,067,868
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 725	\$ 0	\$ 0	\$ 725
Transfers Out	(88,965)	0	(88,965)	0
Total Other Financing Sources	\$ (88,240)	\$ 0	\$ (88,965)	\$ 725

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 1,580,722	\$ (2,300,000)	\$ (2,487,871)	\$ 4,068,593
Fund Balance, July 1, 2015	20,483,149	19,507,109	19,507,109	976,040
Fund Balance, June 30, 2016	<u>\$ 22,063,871</u>	<u>\$ 17,207,109</u>	<u>\$ 17,019,238</u>	<u>\$ 5,044,633</u>

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,215,601	\$ 6,938,287	\$ 6,938,287	\$ 277,314
Other Local Revenues	95,785	44,500	43,444	52,341
State of Tennessee	3,247,100	3,395,522	3,395,522	(148,422)
Federal Government	64,008	0	69,656	(5,648)
Other Governments and Citizens Groups	99,769	100,000	100,000	(231)
Total Revenues	<u>\$ 10,722,263</u>	<u>\$ 10,478,309</u>	<u>\$ 10,546,909</u>	<u>\$ 175,354</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 258,454	\$ 269,111	\$ 269,111	\$ 10,657
Highway and Bridge Maintenance	7,959,570	5,579,122	8,085,272	125,702
Operation and Maintenance of Equipment	1,126,648	1,318,597	1,305,158	178,510
Quarry Operations	200,069	359,899	331,919	131,850
Other Charges	340,627	347,000	347,000	6,373
Employee Benefits	216,890	121,580	222,505	5,615
Capital Outlay	1,398,480	2,483,000	1,718,000	319,520
Total Expenditures	<u>\$ 11,500,738</u>	<u>\$ 10,478,309</u>	<u>\$ 12,278,965</u>	<u>\$ 778,227</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (778,475)</u>	<u>\$ 0</u>	<u>\$ (1,732,056)</u>	<u>\$ 953,581</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,056	\$ 0	\$ 1,056	\$ 0
Total Other Financing Sources	<u>\$ 1,056</u>	<u>\$ 0</u>	<u>\$ 1,056</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (777,419)	\$ 0	\$ (1,731,000)	\$ 953,581
Fund Balance, July 1, 2015	<u>3,762,351</u>	<u>3,762,351</u>	<u>3,762,351</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ 2,984,932</u>	<u>\$ 3,762,351</u>	<u>\$ 2,031,351</u>	<u>\$ 953,581</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, 2016

	<u>Business-type Activities</u>	
	Major Enterprise Fund	Govenmental Activities
	Public Utility Fund	Internal Service Funds
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 200	\$ 1,650,535
Equity in Pooled Cash and Investments	648,518	0
Accounts Receivable	113,665	0
Allowance for Uncollectibles	(5,165)	0
Due from Other Funds	435	0
Total Current Assets	<u>\$ 757,653</u>	<u>\$ 1,650,535</u>
Noncurrent Assets:		
Net Pension Asset	\$ 30,921	\$ 0
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	1,251,093	0
Assets Net of Accumulated Depreciation:		
Infrastructure	16,758,141	0
Other Capital Assets	300,146	0
Total Noncurrent Assets	<u>\$ 18,340,301</u>	<u>\$ 0</u>
Total Assets	<u>\$ 19,097,954</u>	<u>\$ 1,650,535</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows of Resources:		
Pension Contributions After Measurement Date	\$ 14,723	\$ 0
Total Deferred Outflows of Resources	<u>\$ 14,723</u>	<u>\$ 0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 19,112,677</u>	<u>\$ 1,650,535</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 37,252	\$ 798,411
Accrued Payroll	6,740	0
Payroll Deductions Payable	1,031	0
Due to Other Funds	284	87
Due to Component Units	279	0
Total Current Liabilities	<u>\$ 45,586</u>	<u>\$ 798,498</u>
Total Liabilities	<u>\$ 45,586</u>	<u>\$ 798,498</u>

(Continued)

Exhibit D-1

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

	Business-type Activities	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources:		
Pension Changes in Experience	\$ 15,576	\$ 0
Pension Changes in Investment Earnings	4,757	0
Total Deferred Inflows of Resources	<u>\$ 20,333</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 18,309,380	\$ 0
Restricted for Other Purposes	30,921	0
Unrestricted	<u>706,457</u>	<u>852,037</u>
Total Net Position	<u>\$ 19,046,758</u>	<u>\$ 852,037</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, 2016

	Business-type Activities	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 8,609,914
Patient Charges	0	197,695
Water Sales	1,285,035	0
Water Tap Sales	77,000	0
Service Charges	15,709	0
Total Operating Revenues	<u>\$ 1,377,744</u>	<u>\$ 8,807,609</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 302,860
Employee and Dependent Insurance	0	138,802
Life Insurance	0	291,484
Disability Insurance	0	35,933
Excess Risk Insurance	0	530,485
Medical Claims	0	4,773,771
Other Self-Insured Claims	0	2,205,973
Supervisor/Director	61,610	0
Secretary(ies)	26,874	0
Longevity	1,250	0
Other Salaries and Wages	73,276	0
Social Security	9,527	0
Employee and Dependent Insurance	40,190	0
Employer Medicare	2,228	0
Bank Charges	380	589
Communication	2,836	0
Consultants	24,054	0
Contracts with Other Public Agencies	893,875	0
Maintenance and Repair Services - Equipment	95,814	0
Pest Control	39	0
Postal Charges	6,810	0
Travel	566	0
Other Contracted Services	21,584	0
Electricity	41,751	0
Gasoline	5,501	0
Office Supplies	7,366	0
Pipe	61,593	0
Water and Sewer	120	0
Other Supplies and Materials	50,000	5,073
Liability Insurance	2,100	0
Refunds	3,890	0
Trustee's Commission	13,472	0
Vehicle and Equipment Insurance	1,200	0
Depreciation	367,406	0
Total Operating Expenses	<u>\$ 1,815,312</u>	<u>\$ 8,284,970</u>
Operating Income (Loss)	<u>\$ (437,568)</u>	<u>\$ 522,639</u>

(Continued)

Exhibit D-2

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

	<u>Business-type Activities</u>	
	<u>Major</u>	<u>Governmental</u>
	<u>Enterprise</u>	<u>Activities</u>
	<u>Fund</u>	<u>Internal</u>
	<u>Public Utility</u>	<u>Service Funds</u>
	<u>Fund</u>	
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 0	\$ 1,521
Total Nonoperating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 1,521</u>
Income (Loss) Before Transfers and Contributions	\$ (437,568)	\$ 524,160
Capital Contributions - Primary Government	611,106	0
Transfers In (Out)	<u>85,000</u>	<u>0</u>
Change in Net Position	\$ 258,538	\$ 524,160
Net Position, July 1, 2015	<u>18,788,220</u>	<u>327,877</u>
Net Position, June 30, 2016	<u>\$ 19,046,758</u>	<u>\$ 852,037</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, 2016

	Business-type Activities	
	Major Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Cash Flows from Operating Activities</u>		
Receipts for Self-Insurance Premiums	\$ 0	\$ 8,620,845
Receipts for Patient Charges	0	213,810
Receipts from Customers and Users	1,891,080	0
Payments to Insurers	0	(997,244)
Payments for Claims	0	(6,744,630)
Payments for Administrative Costs	0	(307,982)
Payments to Vendors	(1,229,359)	0
Payments to Employees	(233,644)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 428,077</u>	<u>\$ 784,799</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from other Funds	\$ 85,000	\$ 0
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 85,000</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	\$ 0	\$ 1,521
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 1,521</u>
Increase (Decrease) in Cash	\$ 513,077	\$ 786,320
Cash, July 1, 2015	<u>135,641</u>	<u>864,215</u>
Cash, June 30, 2016	<u>\$ 648,718</u>	<u>\$ 1,650,535</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (437,568)	\$ 522,639
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	367,406	0
Changes in Net Pension Asset/Liability	(6,058)	0
Changes in Deferred Outflows for Pensions	(886)	0
Changes in Deferred Inflows for Pensions	(9,279)	0
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(37,836)	27,046
Increase (Decrease) in Allowance for Uncollectibles	(725)	0
(Increase) Decrease in due from other funds (excluding transfers)	550,000	0
Increase (Decrease) in Accounts Payable	3,479	235,114
Increase (Decrease) in Accrued Payroll	259	0
Increase (Decrease) in Payroll Deductions	(994)	0
Increase (Decrease) in Due to Component Units	279	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 428,077</u>	<u>\$ 784,799</u>
<u>Noncash Investing, Capital, and Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 611,106	\$ 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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,723,207
Equity in Pooled Cash and Investments	301,546
Accounts Receivable	23,902
Due from Other Governments	<u>7,544,114</u>
Total Assets	<u>\$ 11,592,769</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 7,538,293
Due to Litigants, Heirs, and Others	3,793,392
Due to Joint Ventures	<u>261,084</u>
Total Liabilities	<u>\$ 11,592,769</u>

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

SEVIER COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	38
B. Government-wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	40
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	43
2. Receivables and Payables	44
3. Capital Assets	45
4. Deferred Outflows/Inflows of Resources	46
5. Compensated Absences	46
6. Long-term Obligations	47
7. Net Position and Fund Balance	47
E. Pension Plans	49
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	50
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	50
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	50
B. Cash Shortage - Current and Prior Years	51
C. Expenditures Exceeded Appropriations	51
IV. Detailed Notes on All Funds	
A. Deposits and Investments	52
B. Derivative Instruments	53
C. Capital Assets	62
D. Construction Commitments	65
E. Interfund Receivables, Payables, and Transfers	65
F. Long-term Obligations	67
G. On-Behalf Payments	71
V. Other Information	
A. Risk Management	72
B. Accounting Changes	74
C. Subsequent Event	74
D. Contingent Liabilities	74
E. Joint Ventures	75
F. Retirement Commitments	77
G. Other Postemployment Benefits (OPEB)	94
H. Purchasing Laws	100

SEVIER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

Administrative Offices:

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

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

Sevier County Fair Association
P.O. Box 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, 2016.

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 1.2 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 and various receivables for revenues, which do not meet the availability criteria for governmental funds.

5. Compensated Absences

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

6. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and 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 (\$4,263,722) and business-type activities (\$30,921), of the primary government, as well as, a portion of the Restricted for Education in the discretely presented School Department (\$3,735,683), represents net position attributable to net pension assets.

As of June 30, 2016, Sevier County had \$68,361,102 in outstanding debt for capital purposes for the discretely presented Sevier County School Department. The debt is a liability of Sevier County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Sevier County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the finance director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the School Department’s General Purpose School Fund consists primarily of amounts for encumbrances (\$936,462) and fund balance appropriated for use in the 2016-17 year budget (\$7,795,839).

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.

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, 2016, the Sevier County School Department reported the following significant encumbrances:

Fund	Description	Amount
General Purpose School	Textbooks	\$ 219,985
"	School Buses	123,756
"	Chromebooks	149,990
"	Various capital improvements	302,413

B. Cash Shortage – Prior and Current Years

In 2009-10 fiscal year, 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, 2016, the outstanding balance for audit costs totaled \$1,578.50.

During the year, the Planning Office had a cash shortage of \$5,392. The cash shortage was liquidated on May 31, 2016. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Administration of Justice major appropriations category (the legal level of control) of the Law Library Fund by \$642, and in the Other Operations – Miscellaneous major appropriations category (the legal level of control) of the Special Purpose Fund by \$1,306. Expenditures that exceed appropriations are

a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These

investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2016.

B. Derivative Instruments

At June 30, 2016, 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, 2016, classified by type, and the changes in fair value using a pay-fixed interest rate swap, receive a percentage of LIBOR pricing model (Level 2 inputs for the GAAP fair value hierarchy) of such derivative instruments for the year then ended, as reported in the 2016 financial statements, are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2016</u>		6-30-16
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities (Cont.)					
Pay-fixed interest rate swaps:					
\$3M Hybrid Swap: \$ 3,000,000					
Cash Flow Hedge Portion	Deferred Inflow	\$ (168,974)	Debt	\$ (160,141)	
Non-hedge Portion	Investment Earnings	50,937	Debt	(533,968)	
Total \$3M Hybrid Swap		<u>\$ (118,037)</u>		<u>\$ (694,109)</u>	
\$4M Hybrid Swap: \$ 1,190,000					
Cash Flow Hedge Portion	Deferred Inflow	\$ (17,103)	Debt	\$ (3,840)	
Non-hedge Portion	Investment Earnings	49,421	Debt	(106,647)	
Total \$4M Hybrid Swap		<u>\$ 32,318</u>		<u>\$ (110,487)</u>	
\$13M Swap: \$13,000,000					
Investment Derivative	Investment Earnings	<u>\$ (546,652)</u>	Debt	<u>\$ (2,397,576)</u>	
\$14.435M Swap: \$ 9,600,000					
Investment Derivative	Investment Earnings	<u>\$ 11,073</u>	Debt	<u>\$ (1,085,483)</u>	
Total		<u><u>\$ (621,298)</u></u>		<u><u>\$ (4,287,655)</u></u>	

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

Derivative Swap Agreement Detail

\$3M Swap

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

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

been refunded with a portion of the proceeds of the Series VII-A-4 bonds, and the interest rate swap is now associated with the Series VII-A-4 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.44 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$3 million, and the original associated variable-rate bonds had a \$3 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-4 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement matures on June 1, 2025. As of June 30, 2016, 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>-0.621</u>
Net interest rate swap payments		3.819 %
Variable-rate bond coupon payments		<u>0.817</u>
Synthetic interest rate on bonds		<u><u>4.636 %</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$694,109. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ 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, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2017	\$ 0	\$ 24,498	\$ 114,560	\$ 139,058
2018	0	24,498	114,560	139,058
2019	0	24,498	114,560	139,058
2020	0	24,498	114,560	139,058
2021	530,000	24,498	114,560	669,058
2022-2025	2,470,000	51,853	242,486	2,764,339
Total	<u>\$ 3,000,000</u>	<u>\$ 174,343</u>	<u>\$ 815,286</u>	<u>\$ 3,989,629</u>

\$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, 2016, 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>-0.452</u>
Net interest rate swap payments		3.788 %
Variable-rate bond coupon payments		<u>0.817</u>
Synthetic interest rate on bonds		<u><u>4.605 %</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$110,487. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ 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, 2016, 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		
2017	\$ 275,000	\$ 9,717	\$ 45,074	\$	329,791
2018	290,000	7,472	34,658		332,130
2019	305,000	5,104	23,673		333,777
2020	320,000	2,613	12,121		334,734
Total	\$ 1,190,000	\$ 24,906	\$ 115,526	\$	1,330,432

\$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, 2016, 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>-0.657</u>
Net interest rate swap payments		3.313 %
Variable-rate bond coupon payments		<u>0.450</u>
Synthetic interest rate on bonds		<u><u>3.763 %</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$2,397,576. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ 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, 2016, 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		
2017	\$ 0	\$ 58,500	\$ 430,742	\$	489,242
2018	0	58,500	430,742		489,242
2019	0	58,500	430,742		489,242
2020	1,850,000	58,500	430,742		2,339,242
2021	1,950,000	50,175	369,444		2,369,619
2022-2025	9,200,000	106,425	783,619		10,090,044
Total	<u>\$ 13,000,000</u>	<u>\$ 390,600</u>	<u>\$ 2,876,031</u>	<u>\$</u>	<u>16,266,631</u>

\$14.435M Swap

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.38 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$14.435 million, and the original associated variable-rate bonds had a \$14.435 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-B-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement matures on June 1, 2025. As of June 30, 2016, 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>-0.621</u>
Net interest rate swap payments		3.759 %
Variable-rate bond coupon payments		<u>0.450</u>
Synthetic interest rate on bonds		<u><u>4.209 %</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$1,085,483. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ 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, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming

current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	
	Principal	Interest	Rate Swap Payment	Total
2017	\$ 1,850,000	\$ 43,200	\$ 360,833	\$ 2,254,033
2018	1,945,000	34,875	291,298	2,271,173
2019	2,055,000	26,123	218,191	2,299,314
2020	2,170,000	16,875	140,951	2,327,826
2021	285,000	7,110	59,387	351,497
2022-2025	1,295,000	14,940	124,788	1,434,728
Total	\$ 9,600,000	\$ 143,123	\$ 1,195,448	\$ 10,938,571

C. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Transfers Out	Balance 6-30-16
Capital Assets Not Depreciated:					
Land	\$ 6,339,092	\$ 0	\$ 0	\$ 0	\$ 6,339,092
Construction in Progress	857,533	1,060,767	(976,284)	(578,683)	363,333
Total Capital Assets Not Depreciated	\$ 7,196,625	\$ 1,060,767	\$ (976,284)	\$ (578,683)	\$ 6,702,425
Capital Assets Depreciated:					
Buildings and Improvements	\$ 66,272,472	\$ 869,428	\$ 0	\$ 0	\$ 67,141,900
Roads and Bridges	171,276,445	6,626,908	0	0	177,903,353
Other Capital Assets	15,793,705	1,500,547	(737,801)	(32,423)	16,524,028
Total Capital Assets Depreciated	\$ 253,342,622	\$ 8,996,883	\$ (737,801)	\$ (32,423)	\$ 261,569,281
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 24,442,728	\$ 2,043,750	\$ 0	\$ 0	\$ 26,486,478
Roads and Bridges	104,985,248	8,752,004	0	0	113,737,252
Other Capital Assets	11,122,983	1,346,139	(621,958)	0	11,847,164
Total Accumulated Depreciation	\$ 140,550,959	\$ 12,141,893	\$ (621,958)	\$ 0	\$ 152,070,894

Governmental Activities (Cont.):

	Balance 7-1-15	Increases	Decreases	Transfers Out	Balance 6-30-16
Total Capital Assets					
Depreciated, Net	\$ 112,791,663	\$ (3,145,010)	\$ (115,843)	\$ (32,423)	\$ 109,498,387
Governmental Activities					
Capital Assets, Net	\$ 119,988,288	\$ (2,084,243)	\$ (1,092,127)	\$ (611,106)	\$ 116,200,812

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	\$ 864,591
Finance	23,807
Administration of Justice	4,162
Public Safety	792,990
Public Health and Welfare	837,877
Social, Cultural, and Recreational Services	597,859
Agriculture and Natural Resources	9,466
Highways/Public Works	<u>9,011,141</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,141,893</u>

Business-Type Activities:

	Balance 7-1-15	Transfers In	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:					
Construction in Progress	\$ 1,324,162	\$ 578,683	\$ 0	\$ (651,752)	\$ 1,251,093
Total Capital Assets Not Depreciated	\$ 1,324,162	\$ 578,683	\$ 0	\$ (651,752)	\$ 1,251,093
Capital Assets Depreciated:					
Infrastructure	\$ 19,077,366	\$ 0	\$ 512,579	\$ 0	\$ 19,589,945
Other Capital Assets	223,326	32,423	139,173	(18,750)	376,172
Total Capital Assets Depreciated	\$ 19,300,692	\$ 32,423	\$ 651,752	\$ (18,750)	\$ 19,966,117

Business-Type Activities (Cont.):

	Balance 7-1-15	Transfers In	Increases	Decreases	Balance 6-30-16
Less Accumulated Depreciation For:					
Infrastructure	\$ 2,511,001	\$ 0	\$ 320,803	\$ 0	\$ 2,831,804
Other Capital Assets	48,173	0	46,603	(18,750)	76,026
Total Accumulated Depreciation	<u>\$ 2,559,174</u>	<u>\$ 0</u>	<u>\$ 367,406</u>	<u>\$ (18,750)</u>	<u>\$ 2,907,830</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,741,518</u>	<u>\$ 32,423</u>	<u>\$ 284,346</u>	<u>\$ 0</u>	<u>\$ 17,058,287</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,065,680</u>	<u>\$ 611,106</u>	<u>\$ 284,346</u>	<u>\$ (651,752)</u>	<u>\$ 18,309,380</u>

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

Depreciation expense totaling \$367,406 was charged to the Public Utility Fund.

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

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 16,742,489	\$ 211,076	\$ 0	\$ 16,953,565
Construction in Progress	707,519	655,942	(776,231)	587,230
Total Capital Assets Not Depreciated	<u>\$ 17,450,008</u>	<u>\$ 867,018</u>	<u>\$ (776,231)</u>	<u>\$ 17,540,795</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 146,738,847	\$ 3,278,310	\$ 0	\$ 150,017,157
Infrastructure	11,090,195	131,123	0	11,221,318
Other Capital Assets	20,388,798	2,029,769	(643,334)	21,775,233
Total Capital Assets Depreciated	<u>\$ 178,217,840</u>	<u>\$ 5,439,202</u>	<u>\$ (643,334)</u>	<u>\$ 183,013,708</u>

Governmental Activities (Cont.):

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Less Accumulated Depreciation For: Buildings and Improvements	\$ 56,532,714	\$ 3,425,438	\$ 0	\$ 59,958,152
Infrastructure	5,263,202	463,039	0	5,726,241
Other Capital Assets	14,044,314	1,509,790	(643,334)	14,910,770
Total Accumulated Depreciation	<u>\$ 75,840,230</u>	<u>\$ 5,398,267</u>	<u>\$ (643,334)</u>	<u>\$ 80,595,163</u>
Total Capital Assets Depreciated, Net	<u>\$ 102,377,610</u>	<u>\$ 40,935</u>	<u>\$ 0</u>	<u>\$ 102,418,545</u>
Governmental Activities Capital Assets, Net	<u>\$ 119,827,618</u>	<u>\$ 907,953</u>	<u>\$ (776,231)</u>	<u>\$ 119,959,340</u>

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

Governmental Activities:

Instruction	\$ 3,018,018
Support Services	2,279,272
Operation of Non-instructional Services	<u>100,977</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,398,267</u>

D. Construction Commitments

At June 30, 2016, the General Capital Projects Fund had uncompleted construction contracts of approximately \$63,398 for water line projects, \$37,706 for library expansion, and \$129,649 for courthouse improvements. Funding has been provided for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Public Utility Fund	\$ 284
"	Nonmajor governmental	2,592
"	Internal Service	87
General Debt Service Fund	General	779,403
Public Utility Fund	General	435
Nonmajor governmental	General	<u>22,750</u>
Total		<u>\$ 805,551</u>

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:		
General Purpose School	Primary Government: General	\$ 264
"	Public Utility	279

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In	
	Public Utility Fund	Nonmajor Governmental Funds
General Fund	\$ 85,000	\$ 3,965

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, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	.4 to 4.3 %	6-1-32	\$ 18,540,000	\$ 13,885,000
General Obligation Bonds - Refunding	.4 to 4.5	6-1-25	27,215,000	13,790,000
Other Loans - Fixed Rate - Refunding	3.5 to 5	6-1-25	13,625,000	8,440,000
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	40,760,000
Qualified School Construction Bonds	4.84	8-1-27	14,504,000	10,054,284
Energy Efficient Schools Initiative Loan	0	5-1-22	1,000,000	591,683
Capital Outlay Notes	0	9-1-16	600,000	200,000

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, 2016, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rate as of 6-30-16	Other Fees on Variable Rate Debt
Series VII-A-4 (Refunding)(1)	\$ 6,900,000	\$ 4,190,000	Variable	0.81%	0.27%
Series VII-B-1 (Refunding)(2)	42,495,000	36,570,000	Variable	0.45	0.85
Series VII-B-1	21,450,000	21,350,000	Variable	0.45	0.85
Series V-F-1 (Refunding)	13,625,000	<u>8,440,000</u>	Fixed	3.5 - 5	N/A
Total		<u>\$ 70,550,000</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, 2016, 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, 2016. 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
2017	\$ 3,280,027	\$ 1,415,210	\$ 4,695,237
2018	3,350,027	1,347,990	4,698,017
2019	4,305,027	1,278,510	5,583,537
2020	2,445,027	1,210,510	3,655,537
2021	3,200,027	1,158,785	4,358,812
2022-2026	14,740,135	4,982,244	19,722,379
2027-2031	5,474,014	1,267,194	6,741,208
2032	935,000	29,613	964,613
Total	<u>\$ 37,729,284</u>	<u>\$ 12,690,056</u>	<u>\$ 50,419,340</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 200,000	\$ 0	\$ 200,000
Total	\$ 200,000	\$ 0	\$ 200,000

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 4,569,996	\$ 693,279	\$ 503,633	\$ 5,766,908
2018	4,764,996	681,017	483,936	5,929,949
2019	4,074,996	589,605	463,390	5,127,991
2020	5,219,996	473,677	441,869	6,135,542
2021	4,504,996	389,535	403,605	5,298,136
2022-2026	23,916,703	1,226,730	1,536,180	26,679,613
2027-2031	19,535,000	375,120	708,559	20,618,679
2032	4,555,000	20,497	38,718	4,614,215
Total	\$ 71,141,683	\$ 4,449,460	\$ 4,579,890	\$ 80,171,033

There is \$25,577,383 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,213, based on the 2010 federal census.

During the year, based on budgetary appropriations, the School Department remitted \$6,350,708 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, 2016, was as follows:

Governmental Activities:

	Other		
	Bonds	Notes	Loans
Balance, July 1, 2015	\$ 42,604,311	\$ 400,000	\$ 73,611,679
Additions	9,670,000	0	0
Reductions	(14,545,027)	(200,000)	(2,469,996)
Balance, June 30, 2016	\$ 37,729,284	\$ 200,000	\$ 71,141,683
Balance Due Within One Year	\$ 3,280,027	\$ 200,000	\$ 4,569,996

Governmental Activities (Cont.):

	Other Postemployment Benefits
Balance, July 1, 2015	\$ 2,099,197
Additions	559,345
Reductions	(259,417)
	<hr/>
Balance, June 30, 2016	\$ 2,399,125
	<hr/>
Balance Due Within One Year	\$ 0
	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 111,470,092
Less: Balance Due Within One Year	(8,050,023)
Add: Unamortized Premium on Debt	846,808
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 104,266,877
	<hr/>

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

Advance Refunding

On September 15, 2015, Sevier County advance refunded two general obligation bond issues with a separate general obligation bond issue. The bonds advance refunded were \$7,565,000 of General Obligation Refunding Bonds, Series 2008 (callable June 1, 2018), and \$1,420,000 of General Obligation Bonds, Series 2009 (callable June 1, 2018). The county issued \$9,670,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 10 years will be reduced by \$544,284, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$500,409 was obtained.

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, 2016, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Teacher Legacy Plan - Net Pension Liability*
Balance, July 1, 2015	\$ 20,568,291	\$ (248,849)
Additions	4,973,311	22,083,250
Reductions	(2,449,578)	(21,182,115)
Balance, June 30, 2016	<u>\$ 23,092,024</u>	<u>\$ 652,286</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

* - At July 1, 2015, the Teacher Legacy Retirement Plan had a net pension asset balance.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 23,744,310
Less: Balance Due Within One Year	0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 23,744,310</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, 2016, were \$1,275. 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, 2016, were \$339,531 and \$58,075, 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 \$500,000 per occurrence and approximately \$3,000,000 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 \$203,046 for health coverage, \$125,327 for dental and vision coverage and \$523,664 for workers' compensation coverage at June 30, 2016. 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
2014-2015	\$	524,052	\$ 6,013,732	\$ (6,042,572)	495,212
2015-2016		495,212	6,346,933	(6,145,734)	696,411

Employee Insurance - Dental and Vision Fund

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2014-2015	\$	15,710	\$ 54,156	\$ (65,022)	4,844
2015-2016		4,844	82,313	(69,695)	17,462

Employee Insurance - Workers' Compensation Fund

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2014-2015	\$	143,937	\$ 294,111	\$ (374,720)	63,328
2015-2016		63,328	550,498	(529,201)	84,625

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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Event

On August 19, 2016, Sevier County issued \$9,750,000 in general obligation 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 (\$1,514,157 at June 30, 2016). The county would be obligated for this amount in the event of default on closure/postclosure care costs by Sevier Solid Waste, Inc., a joint venture discussed in Note V.E.

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

E. Joint Ventures

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

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

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

Sevier County and the City of Gatlinburg jointly constructed a youth sports complex, Rocky Top Sports World. The Youth Sports Complex Advisory Board/Authority was created by an interlocal agreement between Sevier

County and the City of Gatlinburg to oversee operations of the sports facility and to report to the Sevier County Commission and the City of Gatlinburg Commission. The board includes seven members, which include from the county: the county mayor, the director of schools, and one member nominated by the County Commission; and from the city: the city manager and three members nominated by the City Commission. Sevier County contributed \$2,000,000 during the 2012-13 year and \$1,000,000 during the 2015-16 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 the next three years. 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, 2016, 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 2015-16 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

F. 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 comprised 53.67 percent and the non-certified employees of the discretely presented School Department comprised 46.33 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.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 to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected

service credits. A variety of death benefits is available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	440
Inactive Employees Entitled to But Not Yet Receiving Benefits	608
Active Employees	1,331
Total	<u><u>2,379</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Sevier County 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, the Actuarial Determined Contribution (ADC) for Sevier County was \$3,595,625 based on a rate of 9.51 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sevier County's state shared taxes if required employer contributions are not remitted. The employer's 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, 2015, 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, 2015, 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, 2015, 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	4.61	8
Real Estate	0.98	29
Short-term Securities	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, 2014	\$ 107,398,569	\$ 115,617,768	\$ (8,219,199)
Changes for the year:			
Service Cost	\$ 3,246,116	\$ 0	\$ 3,246,116
Interest	8,172,691	0	8,172,691
Differences Between Expected and Actual Experience	(2,192,897)	0	(2,192,897)
Contributions-Employer	0	3,595,625	(3,595,625)
Contributions-Employees	0	1,891,110	(1,891,110)
Net Investment Income	0	3,588,942	(3,588,942)
Benefit Payments, Including Refunds of Employee Contributions	(3,350,941)	(3,350,941)	0
Administrative Expense	0	(67,022)	67,022
Other Changes	0	0	0
Net Changes	\$ 5,874,969	\$ 5,657,714	\$ 217,255
Balance, June 30, 2015	\$ 113,273,538	\$ 121,275,482	\$ (8,001,944)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	53.67%	\$ 60,793,908	\$ 65,088,551	\$ (4,294,643)
School Department	46.33%	52,479,630	56,186,931	(3,707,301)
Total		\$ 113,273,538	\$ 121,275,482	\$ (8,001,944)

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 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:

Sevier County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---------------	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 7,393,343 \$ (8,001,944) \$ (20,798,813)

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

Pension Expense. For the year ended June 30, 2016, Sevier County recognized negative pension expense of \$714,662.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Sevier County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 4,030,756
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,127,976	5,358,933
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	3,605,346	N/A
Total	\$ 7,733,322	\$ 9,389,689

1. The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 4,091,286	\$ 5,039,446
School Department	3,642,036	4,350,243
Total	<u>\$ 7,733,322</u>	<u>\$ 9,389,689</u>

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

Year Ending June 30	Amount
2017	\$ (1,560,469)
2018	(1,560,469)
2019	(1,560,469)
2020	225,842
2021	(806,152)
Thereafter	0

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 53.67 percent and the non-certified employees of the discretely presented School Department comprise 46.33 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sevier County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at 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 with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$175,921, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Sevier County School Department reported an asset of \$28,382 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Sevier County School Department's proportion was .705496 percent.

Pension Expense. For the year ended June 30, 2016, the Sevier County School Department recognized pension expense of \$37,195.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 9,238
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,294	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	175,921	N/A
Total	<u>\$ 178,215</u>	<u>\$ 9,238</u>

The Sevier County School Department's employer contributions of \$175,921, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (196)
2018	(196)
2019	(196)
2020	(196)
2021	(770)
Thereafter	(5,389)

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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, 2015, 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	
			100	%
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 all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the 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 the 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%
--	---------------------	-------------------------------	---------------------

Net Pension Liability \$ 5,033 \$ (28,382) \$ (52,889)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sevier County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$5,463,295, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Sevier County School Department reported a liability of \$652,286 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Sevier County School Department's proportion of the net pension liability (asset) was based on the Sevier County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Sevier County School Department's proportion was 1.592362 percent. The proportion measured at June 30, 2014, was 1.531426 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Sevier County School Department recognized negative pension expense of \$419,730.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 523,487	\$ 10,152,925
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,778,238	15,989,600
Changes in Proportion of Net Pension Liability (Asset)	654,815	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>5,463,295</u>	<u>N/A</u>
Total	<u>\$ 18,419,835</u>	<u>\$ 26,142,525</u>

The Sevier County School Department's employer contributions of \$5,463,295 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, 2017. 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
2017	\$ (4,180,232)
2018	(4,180,232)
2019	(4,180,232)
2020	1,149,635
2021	(1,794,925)
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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 adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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	4.61	8
Real Estate	0.98	29
Short-term Securities	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 all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the 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 the 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%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 44,470,646 \$ 652,286 \$ (35,624,149)

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

G. Other Postemployment Benefits (OPEB)

Primary Government

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

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

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, 2016, the county contributed \$174,950 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 319,000	\$ 158,000
Interest on the NOPEBO	52,000	30,345
Adjustment to the ARC	(54,000)	(30,467)
Annual OPEB cost	\$ 317,000	\$ 157,878
Amount of contribution	(173,000)	(1,950)
Increase/decrease in NOPEPO	\$ 144,000	\$ 155,928
Net OPEB obligation, 7-1-15	1,290,000	809,197
Net OPEB obligation, 6-30-16	\$ 1,434,000	\$ 965,125

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Self-insured	\$ 292,000	26.4	% \$ 1,119,000
6-30-15	Self-insured	317,000	46.1	1,290,000
6-30-16	Self-insured	317,000	54.6	1,434,000
6-30-14	Medicare Supplement	55,721	4.6	753,371
6-30-15	Medicare Supplement	57,776	3.4	809,197
6-30-16	Medicare Supplement	157,878	1.2	965,125

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, 2015, for the Medicare Supplement Plan was as follows:

	Self-Insured Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-14	7-1-15
Actuarial accrued liability (AAL)	\$ 3,127,000	\$ 1,532,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,127,000	\$ 1,532,000
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, 2015, 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 3.75 percent investment rate of return (net of administrative expenses). For the self-insured plan, an initial annual healthcare cost trend rate of eight percent was assumed, 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 2016, 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. Payroll is assumed to grow at a rate of 2.5 percent.

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/article/fa-accfin-cafr>.

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, 2016, the School Department contributed \$1,663,082 for the Local Education Group Plan and \$12,088 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,832,000	\$ 370,000
Interest on the NOPEBO	695,515	75,796
Adjustment to the ARC	(698,308)	(76,100)
Annual OPEB cost	\$ 3,829,207	\$ 369,696
Amount of contribution	(1,663,082)	(12,088)
Increase/decrease in NOPEBO	\$ 2,166,125	\$ 357,608
Net OPEB obligation, 7-1-15	18,547,070	2,021,221
Net OPEB obligation, 6-30-16	\$ 20,713,195	\$ 2,378,829

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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
6-30-16	Local Education Group	3,829,207	43.4	20,713,195
6-30-14	Medicare Supplement	274,533	4.6	1,749,568
6-30-15	Medicare Supplement	283,803	4.3	2,021,221
6-30-16	Medicare Supplement	369,696	3.3	2,378,829

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 33,851,000	\$ 4,599,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 33,851,000	\$ 4,599,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 86,232,636	N/A
UAAL as a % of covered payroll	39.3%	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, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in 2017 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The annual healthcare cost trend rate for the Medicare Supplement Plan was six percent for fiscal year 2016, 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. Payroll is assumed to grow at a rate of three percent.

H. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Sevier County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 3,022,637	\$ 3,246,116
Interest	7,814,520	8,172,691
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(3,084,680)	(2,192,897)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(3,049,729)	(3,350,941)
Net Change in Total Pension Liability (Asset)	\$ 4,702,748	\$ 5,874,969
Total Pension Liability (Asset), Beginning	102,695,821	107,398,569
Total Pension Liability (Asset), Ending (a)	\$ 107,398,569	\$ 113,273,538
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,540,475	\$ 3,595,625
Contributions - Employee	1,927,724	1,891,110
Net Investment Income	16,292,190	3,588,942
Benefit Payments, Including Refunds of Employee Contributions	(3,049,729)	(3,350,941)
Administrative Expense	(50,907)	(67,022)
Net Change in Plan Fiduciary Net Position	\$ 18,659,753	\$ 5,657,714
Plan Fiduciary Net Position, Beginning	96,958,015	115,617,768
Plan Fiduciary Net Position, Ending (b)	\$ 115,617,768	\$ 121,275,482
Net Pension Liability (Asset), Ending (a - b)	\$ (8,219,199)	\$ (8,001,944)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.65%	107.06%
Covered Employee Payroll	\$ 37,874,771	\$ 37,806,451
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(21.70%)	(21.17%)

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

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

Exhibit F-2

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

	2014	2015	2016
Actuarially Determined Contribution	\$ 3,540,475	\$ 3,595,625	\$ 3,605,346
Less Contributions in Relation to the Actuarially Determined Contribution	(3,540,475)	(3,595,625)	(3,605,346)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 37,874,771	\$ 37,806,451	\$ 37,911,042
Contributions as a Percentage of Covered Employee Payroll	9.35%	9.51%	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
Pension Plan of TCRS
Discretely Presented Sevier County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 36,646	\$ 109,951
Less Contributions in Relation to the Contractually Required Contribution	(58,633)	(175,921)
Contribution Deficiency (Excess)	<u>\$ (21,987)</u>	<u>\$ (65,970)</u>
 Covered Employee Payroll	 \$ 1,465,835	 \$ 4,398,032
 Contributions as a Percentage of Covered Employee Payroll	 4.00%	 4.00%

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

Exhibit F-4

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

	2014	2015	2016
Contractually Required Contribution	\$ 5,337,621	\$ 5,388,753	\$ 5,463,295
Less Contributions in Relation to the Contractually Required Contribution	(5,337,621)	(5,388,753)	(5,463,295)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 60,108,346	\$ 59,610,096	\$ 60,435,376
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%	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 Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Sevier County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.705496%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (28,382)
Covered Employee Payroll	\$ 1,465,835
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	(1.94%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

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

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	1.531426%	1.592362%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (248,850)	\$ 652,286
Covered Employee Payroll	\$ 60,108,346	\$ 59,610,096
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	(0.41%)	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

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

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

Exhibit F-7

Sevier County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sevier County School Department
June 30, 2016

(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	7-1-11	0	1,317	1,317	0	N/A	N/A
"	7-1-13	0	657	657	0	N/A	N/A
"	7-1-15	0	1,532	1,532	0	N/A	N/A
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	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
"	7-1-15	0	33,851	33,851	0	86,233	39.26
Medicare Supplement	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
"	7-1-15	0	4,599	4,599	0	N/A	N/A

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

Capital Projects Funds

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.

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, 2016

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Other Special Revenue
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	84,360	30,654	121,362	320,328	114,574	130,522
Accounts Receivable	0	3,965	0	0	0	0
Due from Other Governments	0	0	600,000	5,243	0	20,534
Due from Other Funds	0	0	22,750	0	0	0
Property Taxes Receivable	0	0	0	1,122,761	0	0
Allowance for Uncollectible Property Taxes	0	0	0	(26,141)	0	0
Total Assets	\$ 84,360	\$ 34,619	\$ 744,112	\$ 1,422,191	\$ 114,574	\$ 151,056
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 84,121	\$ 21,121	\$ 0	\$ 0
Accrued Payroll	0	0	33,698	0	0	0
Payroll Deductions Payable	0	0	4,911	0	0	0
Due to Other Funds	0	0	0	0	0	0
Total Liabilities	\$ 0	\$ 0	\$ 122,730	\$ 21,121	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 1,066,069	\$ 0	\$ 0
Deferred Delinquent Property Taxes	0	0	0	24,404	0	0
Other Deferred/Unavailable Revenue	0	0	300,000	0	0	0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 300,000	\$ 1,090,473	\$ 0	\$ 0

(Continued)

Exhibit G-1

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Other Special Revenue
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 84,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	0	34,619	0	0	0	151,056
Restricted for Public Safety	0	0	0	0	114,574	0
Restricted for Public Health and Welfare	0	0	0	0	0	0
Restricted for Capital Outlay	0	0	0	310,597	0	0
Committed:						
Committed for Public Health and Welfare	0	0	321,382	0	0	0
Committed for Capital Projects	0	0	0	0	0	0
Total Fund Balances	<u>\$ 84,360</u>	<u>\$ 34,619</u>	<u>\$ 321,382</u>	<u>\$ 310,597</u>	<u>\$ 114,574</u>	<u>\$ 151,056</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 84,360</u>	<u>\$ 34,619</u>	<u>\$ 744,112</u>	<u>\$ 1,422,191</u>	<u>\$ 114,574</u>	<u>\$ 151,056</u>

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds</u> (Cont.)		<u>Capital</u> <u>Projects Fund</u>		<u>Total</u>
	<u>Fees</u>	<u>Total</u>	<u>General</u> <u>Capital</u> <u>Projects</u>		<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 2,592	\$ 2,592	\$ 0	\$	2,592
Equity in Pooled Cash and Investments	0	801,800	4,619,656		5,421,456
Accounts Receivable	0	3,965	0		3,965
Due from Other Governments	0	625,777	0		625,777
Due from Other Funds	0	22,750	0		22,750
Property Taxes Receivable	0	1,122,761	0		1,122,761
Allowance for Uncollectible Property Taxes	0	(26,141)	0		(26,141)
Total Assets	\$ 2,592	\$ 2,553,504	\$ 4,619,656	\$	7,173,160
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 105,242	\$ 0	\$	105,242
Accrued Payroll	0	33,698	0		33,698
Payroll Deductions Payable	0	4,911	0		4,911
Due to Other Funds	2,592	2,592	0		2,592
Total Liabilities	\$ 2,592	\$ 146,443	\$ 0	\$	146,443
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 1,066,069	\$ 0	\$	1,066,069
Deferred Delinquent Property Taxes	0	24,404	0		24,404
Other Deferred/Unavailable Revenue	0	300,000	0		300,000
Total Deferred Inflows of Resources	\$ 0	\$ 1,390,473	\$ 0	\$	1,390,473

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for 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

Special Revenue Funds (Cont.)		Capital Projects Fund	Total Nonmajor Governmental Funds
Constitu - tional Officers - Fees	Total	General Capital Projects	
\$ 0	\$ 84,360	\$ 129,649	\$ 214,009
0	185,675	162,075	347,750
0	114,574	0	114,574
0	0	2,467,921	2,467,921
0	310,597	1,711,942	2,022,539
0	321,382	0	321,382
0	0	148,069	148,069
<u>\$ 0</u>	<u>\$ 1,016,588</u>	<u>\$ 4,619,656</u>	<u>\$ 5,636,244</u>
<u>\$ 2,592</u>	<u>\$ 2,553,504</u>	<u>\$ 4,619,656</u>	<u>\$ 7,173,160</u>

Exhibit G-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Other Special Revenue
<u>Revenues</u>						
Local Taxes	\$ 24,525	\$ 12,590	\$ 2,584,500	\$ 1,123,041	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	87,912	59,061
Charges for Current Services	0	0	22,750	0	0	0
Other Local Revenues	0	46	75,207	0	0	0
State of Tennessee	0	0	59,166	0	0	70,000
Federal Government	0	0	0	0	0	50,000
Total Revenues	\$ 24,525	\$ 12,636	\$ 2,741,623	\$ 1,123,041	\$ 87,912	\$ 179,061
<u>Expenditures</u>						
Current:						
General Government	\$ 9,892	\$ 0	\$ 0	\$ 96,871	\$ 0	\$ 0
Administration of Justice	0	16,792	0	55,380	0	249,178
Public Safety	0	0	0	235,973	50,941	0
Public Health and Welfare	0	0	2,668,627	439,718	0	0
Agriculture and Natural Resources	0	0	0	2,500	0	0
Other Operations	0	0	0	310,263	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 9,892	\$ 16,792	\$ 2,668,627	\$ 1,140,705	\$ 50,941	\$ 249,178
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,633	\$ (4,156)	\$ 72,996	\$ (17,664)	\$ 36,971	\$ (70,117)

(Continued)

Exhibit G-2

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Other Special Revenue
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 3,965	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 3,965	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 14,633	\$ (191)	\$ 72,996	\$ (17,664)	\$ 36,971	\$ (70,117)
Fund Balance, July 1, 2015	69,727	34,810	248,386	328,261	77,603	221,173
Fund Balance, June 30, 2016	\$ 84,360	\$ 34,619	\$ 321,382	\$ 310,597	\$ 114,574	\$ 151,056

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Fund	Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 3,744,656	\$ 0	\$ 3,744,656
Fines, Forfeitures, and Penalties	0	146,973	0	146,973
Charges for Current Services	986	23,736	0	23,736
Other Local Revenues	0	75,253	495,502	570,755
State of Tennessee	0	129,166	0	129,166
Federal Government	0	50,000	370,820	420,820
Total Revenues	\$ 986	\$ 4,169,784	\$ 866,322	\$ 5,036,106
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 106,763	\$ 0	\$ 106,763
Administration of Justice	986	322,336	0	322,336
Public Safety	0	286,914	0	286,914
Public Health and Welfare	0	3,108,345	0	3,108,345
Agriculture and Natural Resources	0	2,500	0	2,500
Other Operations	0	310,263	0	310,263
Capital Projects	0	0	1,666,522	1,666,522
Total Expenditures	\$ 986	\$ 4,137,121	\$ 1,666,522	\$ 5,803,643
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 32,663	\$ (800,200)	\$ (767,537)

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds</u> <u>(Cont.)</u>		<u>Capital</u> <u>Projects Fund</u>		<u>Total</u>
	Constitu - tional Officers - Fees	Total	General Capital Projects		Nonmajor Governmental Funds
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 3,965	\$ 0	\$ 0	\$ 3,965
Total Other Financing Sources (Uses)	\$ 0	\$ 3,965	\$ 0	\$ 0	\$ 3,965
Net Change in Fund Balances	\$ 0	\$ 36,628	\$ (800,200)	\$ (763,572)	
Fund Balance, July 1, 2015	0	979,960	5,419,856	6,399,816	
Fund Balance, June 30, 2016	\$ 0	\$ 1,016,588	\$ 4,619,656	\$ 5,636,244	

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 24,525	\$ 25,000	\$ 25,000	\$ (475)
Total Revenues	\$ 24,525	\$ 25,000	\$ 25,000	\$ (475)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 9,893	\$ 10,500	\$ 10,500	\$ 607
Total Expenditures	\$ 9,893	\$ 10,500	\$ 10,500	\$ 607
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,632	\$ 14,500	\$ 14,500	\$ 132
Net Change in Fund Balance	\$ 14,632	\$ 14,500	\$ 14,500	\$ 132
Fund Balance, July 1, 2015	69,728	66,987	66,987	2,741
Fund Balance, June 30, 2016	\$ 84,360	\$ 81,487	\$ 81,487	\$ 2,873

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 12,590	\$ 11,150	\$ 11,150	\$ 1,440
Other Local Revenues	46	0	0	46
Total Revenues	<u>\$ 12,636</u>	<u>\$ 11,150</u>	<u>\$ 11,150</u>	<u>\$ 1,486</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 16,792	\$ 11,150	\$ 16,150	\$ (642)
Total Expenditures	<u>\$ 16,792</u>	<u>\$ 11,150</u>	<u>\$ 16,150</u>	<u>\$ (642)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,156)	\$ 0	\$ (5,000)	\$ 844
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,965	\$ 0	\$ 0	\$ 3,965
Total Other Financing Sources	<u>\$ 3,965</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,965</u>
Net Change in Fund Balance	\$ (191)	\$ 0	\$ (5,000)	\$ 4,809
Fund Balance, July 1, 2015	<u>34,810</u>	<u>36,092</u>	<u>36,092</u>	<u>(1,282)</u>
Fund Balance, June 30, 2016	<u>\$ 34,619</u>	<u>\$ 36,092</u>	<u>\$ 31,092</u>	<u>\$ 3,527</u>

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,584,500	\$ 2,320,000	\$ 2,483,600	\$ 100,900
Charges for Current Services	22,750	25,000	25,000	(2,250)
Other Local Revenues	75,207	88,515	88,515	(13,308)
State of Tennessee	59,166	0	75,000	(15,834)
Total Revenues	<u>\$ 2,741,623</u>	<u>\$ 2,433,515</u>	<u>\$ 2,672,115</u>	<u>\$ 69,508</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,668,627	\$ 2,433,515	\$ 2,672,115	\$ 3,488
Total Expenditures	<u>\$ 2,668,627</u>	<u>\$ 2,433,515</u>	<u>\$ 2,672,115</u>	<u>\$ 3,488</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 72,996</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 72,996</u>
Net Change in Fund Balance	\$ 72,996	\$ 0	\$ 0	\$ 72,996
Fund Balance, July 1, 2015	<u>248,386</u>	<u>243,514</u>	<u>243,514</u>	<u>4,872</u>
Fund Balance, June 30, 2016	<u>\$ 321,382</u>	<u>\$ 243,514</u>	<u>\$ 243,514</u>	<u>\$ 77,868</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,123,041	\$ 0	\$ 1,123,041	\$ 1,060,600	\$ 1,069,100	\$ 53,941
Total Revenues	\$ 1,123,041	\$ 0	\$ 1,123,041	\$ 1,060,600	\$ 1,069,100	\$ 53,941
<u>Expenditures</u>						
<u>General Government</u>						
Election Commission	\$ 10,800	\$ 0	\$ 10,800	\$ 0	\$ 10,800	\$ 0
Register of Deeds	27,058	0	27,058	0	46,000	18,942
Geographical Information Systems	50,000	0	50,000	96,000	50,000	0
Other General Administration	9,013	0	9,013	10,000	10,000	987
<u>Administration of Justice</u>						
General Sessions Court	55,380	0	55,380	60,000	60,000	4,620
<u>Public Safety</u>						
Sheriff's Department	233,799	0	233,799	235,000	235,000	1,201
Juvenile Services	2,174	0	2,174	4,000	4,000	1,826
<u>Public Health and Welfare</u>						
Rabies and Animal Control	0	0	0	60,000	60,000	60,000
Ambulance/Emergency Medical Services	419,487	0	419,487	280,000	419,500	13
Sanitation Management	20,231	0	20,231	55,600	55,600	35,369
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	2,500	0	2,500	2,500	2,500	0
<u>Other Operations</u>						
Other Charges	21,873	0	21,873	15,500	24,000	2,127
Contributions to Other Agencies	150,000	0	150,000	150,000	150,000	0
Miscellaneous	138,390	(45,084)	93,306	92,000	92,000	(1,306)
Total Expenditures	\$ 1,140,705	\$ (45,084)	\$ 1,095,621	\$ 1,060,600	\$ 1,219,400	\$ 123,779

(Continued)

Exhibit G-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,664)	\$ 45,084	\$ 27,420	\$ 0	\$ (150,300)	\$ 177,720
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,500	\$ (89,500)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,500	\$ (89,500)
Net Change in Fund Balance Fund Balance, July 1, 2015	\$ (17,664) 328,261	\$ 45,084 (45,084)	\$ 27,420 283,177	\$ 0 187,949	\$ (60,800) 187,949	\$ 88,220 95,228
Fund Balance, June 30, 2016	\$ 310,597	\$ 0	\$ 310,597	\$ 187,949	\$ 127,149	\$ 183,448

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 87,912	\$ 51,000	\$ 51,000	\$ 36,912
Total Revenues	\$ 87,912	\$ 51,000	\$ 51,000	\$ 36,912
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 50,941	\$ 51,000	\$ 51,500	\$ 559
Total Expenditures	\$ 50,941	\$ 51,000	\$ 51,500	\$ 559
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,971	\$ 0	\$ (500)	\$ 37,471
Net Change in Fund Balance	\$ 36,971	\$ 0	\$ (500)	\$ 37,471
Fund Balance, July 1, 2015	77,603	62,535	62,535	15,068
Fund Balance, June 30, 2016	\$ 114,574	\$ 62,535	\$ 62,035	\$ 52,539

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 59,061	\$ 60,003	\$ 60,003	\$ (942)
State of Tennessee	70,000	70,000	70,000	0
Federal Government	50,000	60,000	60,000	(10,000)
Other Governments and Citizens Groups	0	50,000	50,000	(50,000)
Total Revenues	<u>\$ 179,061</u>	<u>\$ 240,003</u>	<u>\$ 240,003</u>	<u>\$ (60,942)</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 249,178	\$ 289,703	\$ 314,903	\$ 65,725
Total Expenditures	<u>\$ 249,178</u>	<u>\$ 289,703</u>	<u>\$ 314,903</u>	<u>\$ 65,725</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,117)</u>	<u>\$ (49,700)</u>	<u>\$ (74,900)</u>	<u>\$ 4,783</u>
Net Change in Fund Balance	\$ (70,117)	\$ (49,700)	\$ (74,900)	\$ 4,783
Fund Balance, July 1, 2015	<u>221,173</u>	<u>243,971</u>	<u>243,971</u>	<u>(22,798)</u>
Fund Balance, June 30, 2016	<u>\$ 151,056</u>	<u>\$ 194,271</u>	<u>\$ 169,071</u>	<u>\$ (18,015)</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,068,799	\$ 5,812,250	\$ 5,840,451	\$ 228,348
Other Local Revenues	823,535	833,796	833,796	(10,261)
Other Governments and Citizens Groups	6,350,708	6,539,881	6,539,881	(189,173)
Total Revenues	<u>\$ 13,243,042</u>	<u>\$ 13,185,927</u>	<u>\$ 13,214,128</u>	<u>\$ 28,914</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 7,025,000	\$ 6,860,000	\$ 7,025,000	\$ 0
Education	1,205,023	1,205,023	1,205,023	0
<u>Interest on Debt</u>				
General Government	2,731,096	4,592,915	4,592,915	1,861,819
Education	703,154	677,481	703,181	27
<u>Other Debt Service</u>				
General Government	310,214	138,905	314,461	4,247
Education	11,603	11,603	11,604	1
Total Expenditures	<u>\$ 11,986,090</u>	<u>\$ 13,485,927</u>	<u>\$ 13,852,184</u>	<u>\$ 1,866,094</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,256,952</u>	<u>\$ (300,000)</u>	<u>\$ (638,056)</u>	<u>\$ 1,895,008</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 9,670,000	\$ 0	\$ 9,670,000	\$ 0
Premiums on Debt Sold	357,573	0	357,573	0
Payments to Refunded Debt Escrow Agent	(9,881,589)	0	(9,881,589)	0
Total Other Financing Sources	<u>\$ 145,984</u>	<u>\$ 0</u>	<u>\$ 145,984</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,402,936	\$ (300,000)	\$ (492,072)	\$ 1,895,008
Fund Balance, July 1, 2015	<u>24,174,447</u>	<u>22,859,088</u>	<u>22,859,088</u>	<u>1,315,359</u>
Fund Balance, June 30, 2016	<u>\$ 25,577,383</u>	<u>\$ 22,559,088</u>	<u>\$ 22,367,016</u>	<u>\$ 3,210,367</u>

Proprietary Funds

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

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

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

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

Exhibit I-1

Sevier County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Internal Service Funds</u>			
	<u>Employee</u>	<u>Employee</u>	<u>Workers'</u>	<u>Total</u>
	<u>Insurance -</u>	<u>Insurance -</u>	<u>Compensation</u>	<u>Proprietary</u>
	<u>Health</u>	<u>Dental</u>	<u>and Vision</u>	<u>Funds</u>
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 899,457	\$ 142,789	\$ 608,289	\$ 1,650,535
Total Assets	<u>\$ 899,457</u>	<u>\$ 142,789</u>	<u>\$ 608,289</u>	<u>\$ 1,650,535</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 696,411	\$ 17,375	\$ 84,625	\$ 798,411
Due to Other Funds	0	87	0	87
Total Liabilities	<u>\$ 696,411</u>	<u>\$ 17,462</u>	<u>\$ 84,625</u>	<u>\$ 798,498</u>
<u>NET POSITION</u>				
Unrestricted	<u>\$ 203,046</u>	<u>\$ 125,327</u>	<u>\$ 523,664</u>	<u>\$ 852,037</u>
Total Net Position	<u>\$ 203,046</u>	<u>\$ 125,327</u>	<u>\$ 523,664</u>	<u>\$ 852,037</u>

Exhibit I-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-insurance Premiums	\$ 7,879,246	\$ 206,388	\$ 524,280	\$ 8,609,914
Patient Charges	197,695	0	0	197,695
Total Operating Revenues	<u>\$ 8,076,941</u>	<u>\$ 206,388</u>	<u>\$ 524,280</u>	<u>\$ 8,807,609</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 297,264	\$ 5,596	\$ 0	\$ 302,860
Employee and Dependent Insurance	0	138,802	0	138,802
Life Insurance	291,484	0	0	291,484
Disability Insurance	35,933	0	0	35,933
Bank Charges	540	49	0	589
Other Supplies and Materials	5,073	0	0	5,073
Excess Risk Insurance	530,485	0	0	530,485
Medical Claims	4,140,960	82,313	550,498	4,773,771
Other Self-insured Claims	2,205,973	0	0	2,205,973
Total Operating Expenses	<u>\$ 7,507,712</u>	<u>\$ 226,760</u>	<u>\$ 550,498</u>	<u>\$ 8,284,970</u>
Operating Income (Loss)	<u>\$ 569,229</u>	<u>\$ (20,372)</u>	<u>\$ (26,218)</u>	<u>\$ 522,639</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 309	\$ 227	\$ 985	\$ 1,521
Total Nonoperating Revenues (Expenses)	<u>\$ 309</u>	<u>\$ 227</u>	<u>\$ 985</u>	<u>\$ 1,521</u>
Change in Net Position	\$ 569,538	\$ (20,145)	\$ (25,233)	\$ 524,160
Net Position, July 1, 2015	(366,492)	145,472	548,897	327,877
Net Position, June 30, 2016	<u>\$ 203,046</u>	<u>\$ 125,327</u>	<u>\$ 523,664</u>	<u>\$ 852,037</u>

Exhibit I-3

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Employee Insurance - Health</u>	<u>Employee Insurance - Dental and Vision</u>	<u>Workers' Compen- sation</u>	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 7,879,246	\$ 215,593	\$ 526,006	\$ 8,620,845
Receipts for Patient Charges	213,810	0	0	213,810
Payments to Insurers	(858,442)	(138,802)	0	(997,244)
Payments for Claims	(6,145,734)	(69,695)	(529,201)	(6,744,630)
Payments for Administrative Costs	(302,337)	(5,645)	0	(307,982)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 786,543</u>	<u>\$ 1,451</u>	<u>\$ (3,195)</u>	<u>\$ 784,799</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 309	\$ 227	\$ 985	\$ 1,521
Net Cash Provided By (Used In) Investing Activities	<u>\$ 309</u>	<u>\$ 227</u>	<u>\$ 985</u>	<u>\$ 1,521</u>
Increase (Decrease) in Cash	\$ 786,852	\$ 1,678	\$ (2,210)	\$ 786,320
Cash, July 1, 2015	112,605	141,111	610,499	864,215
Cash, June 30, 2016	<u>\$ 899,457</u>	<u>\$ 142,789</u>	<u>\$ 608,289</u>	<u>\$ 1,650,535</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ 569,229	\$ (20,372)	\$ (26,218)	\$ 522,639
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	1,726	27,046
Increase (Decrease) in Accounts Payable	201,199	12,618	21,297	235,114
Net Cash Provided By (Used In) Operating Activities	<u>\$ 786,543</u>	<u>\$ 1,451</u>	<u>\$ (3,195)</u>	<u>\$ 784,799</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2016

	Agency Funds				
	Cities - Sales Tax	Constitu - tional Officers - Agency	Judicial District Drug	District Attorney General	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 3,723,107	\$ 100	\$ 0	\$ 3,723,207
Equity in Pooled Cash and Investments	0	0	257,289	44,257	301,546
Accounts Receivable	0	23,902	0	0	23,902
Due from Other Governments	7,538,293	0	3,695	2,126	7,544,114
Total Assets	<u>\$ 7,538,293</u>	<u>\$ 3,747,009</u>	<u>\$ 261,084</u>	<u>\$ 46,383</u>	<u>\$ 11,592,769</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 7,538,293	\$ 0	\$ 0	\$ 0	\$ 7,538,293
Due to Litigants, Heirs, and Others	0	3,747,009	0	46,383	3,793,392
Due to Joint Ventures	0	0	261,084	0	261,084
Total Liabilities	<u>\$ 7,538,293</u>	<u>\$ 3,747,009</u>	<u>\$ 261,084</u>	<u>\$ 46,383</u>	<u>\$ 11,592,769</u>

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 44,826,514	\$ 44,826,514	\$ 0
Due from Other Governments	6,891,724	7,538,293	6,891,724	7,538,293
Total Assets	<u>\$ 6,891,724</u>	<u>\$ 52,364,807</u>	<u>\$ 51,718,238</u>	<u>\$ 7,538,293</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,891,724	\$ 52,364,807	\$ 51,718,238	\$ 7,538,293
Total Liabilities	<u>\$ 6,891,724</u>	<u>\$ 52,364,807</u>	<u>\$ 51,718,238</u>	<u>\$ 7,538,293</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 5,059,669	\$ 22,392,270	\$ 23,728,832	\$ 3,723,107
Accounts Receivable	2,941	23,902	2,941	23,902
Total Assets	<u>\$ 5,062,610</u>	<u>\$ 22,416,172</u>	<u>\$ 23,731,773</u>	<u>\$ 3,747,009</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 5,062,610	\$ 22,416,172	\$ 23,731,773	\$ 3,747,009
Total Liabilities	<u>\$ 5,062,610</u>	<u>\$ 22,416,172</u>	<u>\$ 23,731,773</u>	<u>\$ 3,747,009</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 100	\$ 0	\$ 0	\$ 100
Equity in Pooled Cash and Investments	187,597	347,061	277,369	257,289
Due from Other Governments	766	3,695	766	3,695
Total Assets	<u>\$ 188,463</u>	<u>\$ 350,756</u>	<u>\$ 278,135</u>	<u>\$ 261,084</u>
<u>Liabilities</u>				
Accounts Payable	\$ 2,085	\$ 0	\$ 2,085	\$ 0
Due to Joint Ventures	186,378	350,756	276,050	261,084
Total Liabilities	<u>\$ 188,463</u>	<u>\$ 350,756</u>	<u>\$ 278,135</u>	<u>\$ 261,084</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	\$ 36,632	\$ 42,496	\$ 34,871	\$ 44,257
Due from Other Governments	2,457	2,126	2,457	2,126
Total Assets	<u>\$ 39,089</u>	<u>\$ 44,622</u>	<u>\$ 37,328</u>	<u>\$ 46,383</u>
<u>Liabilities</u>				
Due to Litigant, Heirs, and Others	\$ 39,089	\$ 44,622	\$ 37,328	\$ 46,383
Total Liabilities	<u>\$ 39,089</u>	<u>\$ 44,622</u>	<u>\$ 37,328</u>	<u>\$ 46,383</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 5,059,769	\$ 22,392,270	\$ 23,728,832	\$ 3,723,207
Equity in Pooled Cash and Investments	224,229	45,216,071	45,138,754	301,546
Accounts Receivable	2,941	23,902	2,941	23,902
Due from Other Governments	6,894,947	7,544,114	6,894,947	7,544,114
Total Assets	<u>\$ 12,181,886</u>	<u>\$ 75,176,357</u>	<u>\$ 75,765,474</u>	<u>\$ 11,592,769</u>
<u>Liabilities</u>				
Accounts Payable	\$ 2,085	\$ 0	\$ 2,085	\$ 0
Due to Other Taxing Units	6,891,724	52,364,807	51,718,238	7,538,293
Due to Litigants, Heirs, and Others	5,101,699	22,460,794	23,769,101	3,793,392
Due to Joint Ventures	186,378	350,756	276,050	261,084
Total Liabilities	<u>\$ 12,181,886</u>	<u>\$ 75,176,357</u>	<u>\$ 75,765,474</u>	<u>\$ 11,592,769</u>

Sevier County School Department

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

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

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

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

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

Exhibit K-1

Sevier County, Tennessee
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 88,000,660	\$ 201,137	\$ 5,371,927	\$ 767,376	\$ (81,660,220)
Support Services	45,651,610	47,697	524,190	431,976	(44,647,747)
Operation of Non-instructional Services	8,757,708	1,434,894	6,297,726	0	(1,025,088)
Interest on Long-term Debt	0	0	0	0	0
Total Governmental Activities	\$ 142,409,978	\$ 1,683,728	\$ 12,193,843	\$ 1,199,352	\$ (127,333,055)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 35,524,303
Local Option Sales Taxes					55,540,027
Other Local Taxes					219,832
Hotel/Motel Tax					3,128,025
Mixed Drink Tax					615,246
Grants and Contributions Not Restricted to Specific Programs					44,526,685
Unrestricted Investment Income					8,159
Miscellaneous					111,727
Total General Revenues					\$ 139,674,004
Change in Net Position					\$ 12,340,949
Net Position, July 1, 2015					112,438,725
Net Position, June 30, 2016					\$ 124,779,674

Exhibit K-2

Sevier County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Sevier County School Department
 June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 7,577	\$ 7,577
Equity in Pooled Cash and Investments	25,593,518	405,727	25,999,245
Accounts Receivable	533,569	0	533,569
Due from Other Governments	10,757,657	0	10,757,657
Due from Primary Government	543	0	543
Property Taxes Receivable	36,099,271	0	36,099,271
Allowance for Uncollectible Property Taxes	(840,877)	0	(840,877)
Total Assets	<u>\$ 72,143,681</u>	<u>\$ 413,304</u>	<u>\$ 72,556,985</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 14,773	\$ 0	\$ 14,773
Other Current Liabilities	5,159,450	0	5,159,450
Total Liabilities	<u>\$ 5,174,223</u>	<u>\$ 0</u>	<u>\$ 5,174,223</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 34,291,879	\$ 0	\$ 34,291,879
Deferred Delinquent Property Taxes	785,004	0	785,004
Other Deferred/Unavailable Revenue	5,693,162	0	5,693,162
Total Deferred Inflows of Resources	<u>\$ 40,770,045</u>	<u>\$ 0</u>	<u>\$ 40,770,045</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 12,291	\$ 413,304	\$ 425,595
Assigned:			
Assigned for Education	8,921,641	0	8,921,641
Unassigned	17,265,481	0	17,265,481
Total Fund Balances	<u>\$ 26,199,413</u>	<u>\$ 413,304</u>	<u>\$ 26,612,717</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 72,143,681</u>	<u>\$ 413,304</u>	<u>\$ 72,556,985</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, 2016

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)		\$ 26,612,717
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 16,953,565	
Add: construction in progress	587,230	
Add: buildings and improvements net of accumulated depreciation	90,059,005	
Add: infrastructure net of accumulated depreciation	5,495,077	
Add: other capital assets net of accumulated depreciation	<u>6,864,463</u>	119,959,340
(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	\$ (23,092,024)	
Less: net pension liability - teacher legacy retirement plan	<u>(652,286)</u>	(23,744,310)
(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	\$ 8,547,062	
Less: deferred inflows of resources related to pensions	<u>(16,808,984)</u>	(8,261,922)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		3,707,301
(5) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.		28,382
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>6,478,166</u>
Net position of governmental activities (Exhibit A)		<u>\$ 124,779,674</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, 2016

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 95,324,605	\$ 0	\$ 95,324,605
Licenses and Permits	130,628	0	130,628
Charges for Current Services	234,004	1,434,894	1,668,898
Other Local Revenues	353,349	8,159	361,508
State of Tennessee	42,122,753	60,903	42,183,656
Federal Government	301,681	13,088,248	13,389,929
Other Governments and Citizens Groups	831,236	0	831,236
Total Revenues	<u>\$ 139,298,256</u>	<u>\$ 14,592,204</u>	<u>\$ 153,890,460</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 74,620,689	\$ 7,270,886	\$ 81,891,575
Support Services	45,424,223	524,963	45,949,186
Operation of Non-Instructional Services	2,051,006	6,704,690	8,755,696
Capital Outlay	4,819,197	0	4,819,197
Debt Service:			
Other Debt Service	6,350,708	0	6,350,708
Capital Projects	0	97,686	97,686
Total Expenditures	<u>\$ 133,265,823</u>	<u>\$ 14,598,225</u>	<u>\$ 147,864,048</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,032,433</u>	<u>\$ (6,021)</u>	<u>\$ 6,026,412</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 8,906	\$ 0	\$ 8,906
Total Other Financing Sources (Uses)	<u>\$ 8,906</u>	<u>\$ 0</u>	<u>\$ 8,906</u>
Net Change in Fund Balances	\$ 6,041,339	\$ (6,021)	\$ 6,035,318
Fund Balance, July 1, 2015	<u>20,158,074</u>	<u>419,325</u>	<u>20,577,399</u>
Fund Balance, June 30, 2016	<u>\$ 26,199,413</u>	<u>\$ 413,304</u>	<u>\$ 26,612,717</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, 2016

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)		\$ 6,035,318
(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	\$ 5,098,013	
Less: current-year depreciation expense	<u>(5,398,267)</u>	(300,254)
(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		431,976
(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, 2016	\$ 6,478,166	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(6,013,543)</u>	464,623
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	\$ (2,523,733)	
Change in net pension liability/asset	(1,781,355)	
Change in deferred outflows related to pensions	822,086	
Change in deferred inflows related to pensions	<u>9,192,288</u>	<u>5,709,286</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 12,340,949</u>

Exhibit K-6

Sevier County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2016

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 7,577	\$ 7,577
Equity in Pooled Cash and Investments	90,314	315,413	405,727
Total Assets	\$ 90,314	\$ 322,990	\$ 413,304
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 90,314	\$ 322,990	\$ 413,304
Total Fund Balances	\$ 90,314	\$ 322,990	\$ 413,304

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, 2016

	Special Revenue Funds			Capital	Total
	School Federal Projects	Central Cafeteria	Total	Projects Fund Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,434,894	\$ 1,434,894	\$ 0	\$ 1,434,894
Other Local Revenues	0	8,159	8,159	0	8,159
State of Tennessee	0	60,903	60,903	0	60,903
Federal Government	7,795,849	5,292,399	13,088,248	0	13,088,248
Total Revenues	<u>\$ 7,795,849</u>	<u>\$ 6,796,355</u>	<u>\$ 14,592,204</u>	<u>\$ 0</u>	<u>\$ 14,592,204</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 7,270,886	\$ 0	\$ 7,270,886	\$ 0	\$ 7,270,886
Support Services	524,963	0	524,963	0	524,963
Operation of Non-Instructional Services	0	6,704,690	6,704,690	0	6,704,690
Capital Projects	0	0	0	97,686	97,686
Total Expenditures	<u>\$ 7,795,849</u>	<u>\$ 6,704,690</u>	<u>\$ 14,500,539</u>	<u>\$ 97,686</u>	<u>\$ 14,598,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 91,665</u>	<u>\$ 91,665</u>	<u>\$ (97,686)</u>	<u>\$ (6,021)</u>
Net Change in Fund Balances	\$ 0	\$ 91,665	\$ 91,665	\$ (97,686)	\$ (6,021)
Fund Balance, July 1, 2015	90,314	231,325	321,639	97,686	419,325
Fund Balance, June 30, 2016	<u>\$ 90,314</u>	<u>\$ 322,990</u>	<u>\$ 413,304</u>	<u>\$ 0</u>	<u>\$ 413,304</u>

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 95,324,605	\$ 0	\$ 0	\$ 95,324,605	\$ 86,990,788	\$ 93,494,697	\$ 1,829,908
Licenses and Permits	130,628	0	0	130,628	125,000	115,000	15,628
Charges for Current Services	234,004	0	0	234,004	212,500	219,500	14,504
Other Local Revenues	353,349	0	0	353,349	481,754	316,837	36,512
State of Tennessee	42,122,753	0	0	42,122,753	41,366,836	42,242,829	(120,076)
Federal Government	301,681	0	0	301,681	152,992	270,127	31,554
Other Governments and Citizens Groups	831,236	0	0	831,236	707,722	814,725	16,511
Total Revenues	\$ 139,298,256	\$ 0	\$ 0	\$ 139,298,256	\$ 130,037,592	\$ 137,473,715	\$ 1,824,541
Expenditures							
Instruction							
Regular Instruction Program	\$ 60,945,751	\$ (395,969)	\$ 440,232	\$ 60,990,014	\$ 63,890,445	\$ 64,311,495	\$ 3,321,481
Alternative Instruction Program	1,009,060	0	0	1,009,060	1,144,226	1,148,016	138,956
Special Education Program	9,624,432	0	0	9,624,432	9,871,740	9,871,740	247,308
Vocational Education Program	2,776,587	0	0	2,776,587	2,909,855	2,909,855	133,268
Student Body Education Program	8,682	0	0	8,682	5,000	21,890	13,208
Adult Education Program	256,177	0	0	256,177	270,768	279,768	23,591
Support Services							
Attendance	468,057	0	0	468,057	535,198	546,489	78,432
Health Services	1,683,196	0	855	1,684,051	1,686,425	1,759,401	75,350
Other Student Support	2,959,912	0	134,159	3,094,071	3,184,979	3,317,082	223,011
Regular Instruction Program	5,189,911	(29,227)	1,486	5,162,170	5,544,272	5,450,850	288,680
Alternative Instruction Program	33,081	0	0	33,081	34,081	34,081	1,000
Special Education Program	774,884	0	0	774,884	573,732	790,057	15,173
Vocational Education Program	174,333	0	0	174,333	179,221	180,221	5,888
Other Programs	397,606	0	0	397,606	0	397,831	225
Board of Education	4,714,785	0	0	4,714,785	4,875,414	5,034,236	319,451
Director of Schools	222,236	0	0	222,236	246,678	246,682	24,446
Office of the Principal	9,815,016	0	0	9,815,016	9,872,697	10,095,756	280,740

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 1,200,631	\$ 0	\$ 0	\$ 1,200,631	\$ 1,397,441	\$ 1,412,007	\$ 211,376
Operation of Plant	8,214,776	0	0	8,214,776	9,347,905	9,373,005	1,158,229
Maintenance of Plant	3,235,107	(22,108)	0	3,212,999	3,084,734	3,341,665	128,666
Transportation	6,340,692	(417,167)	123,756	6,047,281	6,185,647	6,471,048	423,767
<u>Operation of Non-Instructional Services</u>							
Food Service	1,150,417	0	0	1,150,417	1,555,897	1,558,497	408,080
Community Services	372,972	(7,099)	74	365,947	124,733	412,932	46,985
Early Childhood Education	527,617	0	0	527,617	527,617	527,617	0
<u>Capital Outlay</u>							
Regular Capital Outlay	4,819,197	(336,364)	235,900	4,718,733	4,462,550	10,150,314	5,431,581
<u>Principal on Debt</u>							
Education	0	0	0	0	4,290,023	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	2,024,907	0	0
<u>Other Debt Service</u>							
Education	6,350,708	0	0	6,350,708	0	6,514,930	164,222
Total Expenditures	\$ 133,265,823	\$ (1,207,934)	\$ 936,462	\$ 132,994,351	\$ 137,826,185	\$ 146,157,465	\$ 13,163,114
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 6,032,433	\$ 1,207,934	\$ (936,462)	\$ 6,303,905	\$ (7,788,593)	\$ (8,683,750)	\$ 14,987,655
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,906	\$ 0	\$ 0	\$ 8,906	\$ 0	\$ 0	\$ 8,906
Total Other Financing Sources	\$ 8,906	\$ 0	\$ 0	\$ 8,906	\$ 0	\$ 0	\$ 8,906
Net Change in Fund Balance							
Fund Balance, July 1, 2015	\$ 6,041,339	\$ 1,207,934	\$ (936,462)	\$ 6,312,811	\$ (7,788,593)	\$ (8,683,750)	\$ 14,996,561
	20,158,074	(1,207,934)	0	18,950,140	14,473,163	14,473,163	4,476,977
Fund Balance, June 30, 2016							
	\$ 26,199,413	\$ 0	\$ (936,462)	\$ 25,262,951	\$ 6,684,570	\$ 5,789,413	\$ 19,473,538

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 7,795,849	\$ 7,445,548	\$ 9,032,326	\$ (1,236,477)
Total Revenues	\$ 7,795,849	\$ 7,445,548	\$ 9,032,326	\$ (1,236,477)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,905,406	\$ 3,464,420	\$ 4,415,470	\$ 510,064
Special Education Program	3,218,708	3,020,806	3,464,700	245,992
Vocational Education Program	146,772	164,790	146,772	0
<u>Support Services</u>				
Other Student Support	186,421	327,952	443,423	257,002
Regular Instruction Program	322,323	464,080	544,616	222,293
Special Education Program	9,769	0	10,895	1,126
Vocational Education Program	6,450	3,500	6,450	0
<u>Capital Outlay</u>				
Regular Capital Outlay	0	90,314	90,314	90,314
Total Expenditures	\$ 7,795,849	\$ 7,535,862	\$ 9,122,640	\$ 1,326,791
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (90,314)	\$ (90,314)	\$ 90,314
Net Change in Fund Balance	\$ 0	\$ (90,314)	\$ (90,314)	\$ 90,314
Fund Balance, July 1, 2015	90,314	90,314	90,314	0
Fund Balance, June 30, 2016	\$ 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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,434,894	\$ 1,645,000	\$ 1,450,000	\$ (15,106)
Other Local Revenues	8,159	2,500	7,000	1,159
State of Tennessee	60,903	65,390	60,903	0
Federal Government	5,292,399	5,885,284	5,665,467	(373,068)
Total Revenues	<u>\$ 6,796,355</u>	<u>\$ 7,598,174</u>	<u>\$ 7,183,370</u>	<u>\$ (387,015)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 6,704,690	\$ 7,457,912	\$ 7,185,912	\$ 481,222
Total Expenditures	<u>\$ 6,704,690</u>	<u>\$ 7,457,912</u>	<u>\$ 7,185,912</u>	<u>\$ 481,222</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 91,665	\$ 140,262	\$ (2,542)	\$ 94,207
Net Change in Fund Balance	\$ 91,665	\$ 140,262	\$ (2,542)	\$ 94,207
Fund Balance, July 1, 2015	231,325	221,220	221,220	10,105
Fund Balance, June 30, 2016	<u>\$ 322,990</u>	<u>\$ 361,482</u>	<u>\$ 218,678</u>	<u>\$ 104,312</u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sevier County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Bonds Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-16
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Northview Academy Land	\$ 600,000	0 %	5-23-13	9-1-16	\$ 400,000	\$ 0	\$ 0	\$ 200,000	\$ 200,000
Total Payable through General Debt Service Fund					\$ 400,000	\$ 0	\$ 0	\$ 200,000	\$ 200,000
Total Notes Payable					\$ 400,000	\$ 0	\$ 0	\$ 200,000	\$ 200,000
<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	\$ 905,000	0	0	905,000	\$ 0
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000 (1)	Variable	08-28-08	6-1-25	4,450,000	0	0	260,000	4,190,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000 (1)	Variable	11-20-08	6-1-32	37,775,000	0	0	1,205,000	36,570,000
Public Building Authority, Series VII-B-1	21,450,000	Variable	11-20-08	6-1-32	21,350,000	0	0	0	21,350,000
Public Building Authority, Series V-F-1 (Refunding)	13,625,000	3.5 to 5	11-25-08	6-1-25	8,440,000	0	0	0	8,440,000
Energy Efficient Schools Initiative Loan, Series 2011	1,000,000	0	6-1-12	5-1-22	691,679	0	0	99,996	591,683
Total Payable through General Debt Service Fund					\$ 73,611,679	0	0	2,469,996	\$ 71,141,683
Total Other Loans Payable					\$ 73,611,679	0	0	2,469,996	\$ 71,141,683

(Continued)

Exhibit L-1

Sevier County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, and Bonds

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Bonds Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-16
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding Bonds, Series 2008	\$ 11,135,000	3 to 4.5 %	5-1-08	6-1-25	\$ 9,700,000	\$ 0	\$ 7,565,000	\$ 675,000	\$ 1,460,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	1,905,000	0	1,420,000	155,000	330,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-16	370,000	0	0	370,000	0
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	950,000	0	0	950,000	0
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	10,959,311	0	0	905,027	10,054,284
General Obligation Bonds, Series 2011	5,500,000	2.9	12-12-11	6-1-32	5,450,000	0	0	50,000	5,400,000
General Obligation Bonds, Series 2012	3,540,000	.4 to 2.4	11-5-12	4-1-32	3,325,000	0	0	100,000	3,225,000
General Obligation Refunding Bonds, Series 2012	6,410,000	.4 to 2	11-5-12	4-1-23	4,075,000	0	0	1,250,000	2,825,000
General Obligation Bonds, Series 2013	6,800,000	2.53	10-15-13	6-1-32	5,870,000	0	0	940,000	4,930,000
General Obligation Refunding Bonds, Series 2015	9,670,000	2 to 4	9-15-15	6-1-25	0	9,670,000	0	165,000	9,505,000
Total Payable through General Debt Service Fund					<u>\$ 42,604,311</u>	<u>\$ 9,670,000</u>	<u>\$ 8,985,000</u>	<u>\$ 5,560,027</u>	<u>\$ 37,729,284</u>
Total Bonds Payable					<u>\$ 42,604,311</u>	<u>9,670,000</u>	<u>8,985,000</u>	<u>5,560,027</u>	<u>\$ 37,729,284</u>

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

Exhibit L-2

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

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	4,569,996	693,279	503,633	5,766,908
2018	4,764,996	681,017	483,936	5,929,949
2019	4,074,996	589,605	463,390	5,127,991
2020	5,219,996	473,677	441,869	6,135,542
2021	4,504,996	389,535	403,605	5,298,136
2022	4,681,703	352,775	374,846	5,409,324
2023	4,870,000	301,638	344,591	5,516,229
2024	5,830,000	248,125	311,989	6,390,114
2025	5,220,000	191,370	271,811	5,683,181
2026	3,315,000	132,822	232,943	3,680,765
2027	3,515,000	108,405	204,765	3,828,170
2028	3,705,000	92,588	174,887	3,972,475
2029	3,905,000	75,915	143,395	4,124,310
2030	4,105,000	58,342	110,203	4,273,545
2031	4,305,000	39,870	75,310	4,420,180
2032	4,555,000	20,497	38,717	4,614,214
Total	\$ 71,141,683	\$ 4,449,460	\$ 4,579,890	\$ 80,171,033

(Continued)

Exhibit L-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	3,280,027	1,415,210	4,695,237
2018	3,350,027	1,347,990	4,698,017
2019	4,305,027	1,278,510	5,583,537
2020	2,445,027	1,210,510	3,655,537
2021	3,200,027	1,158,785	4,358,812
2022	3,320,027	1,098,910	4,418,937
2023	3,325,027	1,048,960	4,373,987
2024	2,940,027	996,248	3,936,275
2025	3,380,027	949,135	4,329,162
2026	1,775,027	888,991	2,664,018
2027	1,864,015	865,341	2,729,356
2028	875,000	143,189	1,018,189
2029	885,000	112,863	997,863
2030	910,000	86,638	996,638
2031	940,000	59,163	999,163
2032	935,000	29,613	964,613
Total	<u>\$ 37,729,284</u>	<u>\$ 12,690,056</u>	<u>\$ 50,419,340</u>

Exhibit L-3

Sevier County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Utility	Operations (from Hotel-Motel Tax revenues)	\$ 85,000
General	Law Library	Operations	<u>3,965</u>
Total Transfers			<u>\$ 88,965</u>

Exhibit L-4

Sevier County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 135,659 (1)	\$ 100,000	Cincinnati Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	106,303	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	147,632 (2, 3)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	94,093 (4)	5,410,000	"
Assessor of Property:	Section 8-24-102, <i>TCA</i>	94,093 (4)	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	94,093 (4)	100,000	"
Circuit Court Clerk	Section 8-24-102, <i>TCA</i>	94,093 (4)	100,000	"
General Sessions and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	94,093 (4)	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	94,093 (4, 5)	100,000	"
Register of Deeds:	Section 8-24-102, <i>TCA</i>	94,093 (4)	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	106,023 (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 \$2,000.
- (4) Includes supplemental pay of \$1,210.
- (5) Does not include special commissioner fees of \$986.
- (6) Includes a law enforcement training supplement of \$600 and a workhouse supplement of \$1,252.

Exhibit L-5

Sevier County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 18,511,425	\$ 0	\$ 0	\$ 0	\$ 1,039,304
Trustee's Collections - Prior Year	683,395	0	0	0	29,394
Circuit Clerk/Clerk and Master Collections - Prior Years	429,858	0	0	0	18,489
Interest and Penalty	120,347	0	0	0	5,574
Payments in-Lieu-of Taxes - T.V.A.	114	0	0	0	143
Payments in-Lieu-of Taxes - Local Utilities	304,449	0	0	0	17,071
Payments in-Lieu-of Taxes - Other	115,211	0	0	0	6,445
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,176,442	0	0	2,584,500	0
Hotel/Motel Tax	3,128,025	0	0	0	0
Litigation Tax - General	336,719	0	0	0	0
Litigation Tax - Special Purpose	0	0	12,590	0	0
Business Tax	2,708,602	0	0	0	0
Mixed Drink Tax	54,377	0	0	0	0
Other County Local Option Taxes	0	24,525	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	118,087	0	0	0	6,621
Wholesale Beer Tax	411,198	0	0	0	0
Interstate Telecommunications Tax	6,778	0	0	0	0
Total Local Taxes	\$ 29,105,027	\$ 24,525	\$ 12,590	\$ 2,584,500	\$ 1,123,041
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 488,089	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Building Permits	\$ 50,600	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	215,196	0	0	0	0
Total Licenses and Permits	\$ 753,885	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 12,072	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	15,109	0	0	0	0
Drug Control Fines	14,387	0	0	0	0
Drug Court Fees	0	0	0	0	0
Jail Fees	18,597	0	0	0	0
DUI Treatment Fines	6,232	0	0	0	0
Data Entry Fee - Circuit Court	9,113	0	0	0	0
Courtroom Security Fee	340	0	0	0	0
Victims Assistance Assessments	11,610	0	0	0	0
<u>General Sessions Court</u>					
Fines	112,826	0	0	0	0
Fines for Littering	550	0	0	0	0
Officers Costs	41,515	0	0	0	0
Game and Fish Fines	470	0	0	0	0
Drug Control Fines	21,818	0	0	0	0
Drug Court Fees	0	0	0	0	0
Jail Fees	69,731	0	0	0	0
DUI Treatment Fines	23,729	0	0	0	0
Data Entry Fee - General Sessions Court	28,641	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 14	\$ 0	\$ 0	\$ 0	0
Victims Assistance Assessments	19,795	0	0	0	0
<u>Juvenile Court</u>					
Fines	2,142	0	0	0	0
Officers Costs	1,129	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	3,396	0	0	0	0
Data Entry Fee - Chancery Court	10,663	0	0	0	0
Courtroom Security Fee	49	0	0	0	0
<u>Other Courts - In-county</u>					
Drug Court Fees	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	9,034	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 432,962	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 2,807,260	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	23,250	0	0	0	0
Health Department Collections	135,319	0	0	0	0
Other General Service Charges	3,180	0	0	22,750	0
<u>Fees</u>					
Copy Fees	21,027	0	0	0	0
Library Fees	29,224	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Greenbelt Late Application Fee	\$ 200	\$ 0	\$ 0	\$ 0	0
Telephone Commissions	91,540	0	0	0	0
Vending Machine Collections	339	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	110,668	0	0	0	0
Data Processing Fee - Sheriff	12,542	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,500	0	0	0	0
<u>Education Charges</u>					
TBI Criminal Background Fee	855	0	0	0	0
Total Charges for Current Services	\$ 3,241,904	\$ 0	\$ 0	\$ 22,750	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	10,001	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Sale of Maps	8,907	0	0	0	0
Sale of Recycled Materials	57	0	0	75,207	0
E-Rate Funding	19,039	0	0	0	0
Miscellaneous Refunds	9,627	0	46	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	27,305	0	0	0	0
Damages Recovered from Individuals	2,094	0	0	0	0
Contributions and Gifts	29,576	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 55,837	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 162,443	\$ 0	\$ 46	\$ 75,207	\$ 0
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 289,697	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	959,671	0	0	0	0
Circuit Court Clerk	593,333	0	0	0	0
General Sessions Court Clerk	522,495	0	0	0	0
Clerk and Master	272,543	0	0	0	0
Juvenile Court Clerk	35,405	0	0	0	0
Register	1,110,482	0	0	0	0
Sheriff	53,557	0	0	0	0
Trustee	3,011,198	0	0	0	0
Total Fees Received From County Officials	\$ 6,848,381	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	7,530	0	0	0	0
Aging Programs	18,903	0	0	0	0
Solid Waste Grants	0	0	0	59,166	0
On-behalf Contributions for OPEB	1,275	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 112,800	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	420,937	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	58,300	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	424,184	0	0	0	0
Beer Tax	18,488	0	0	0	0
Vehicle Certificate of Title Fees	70,719	0	0	0	0
Alcoholic Beverage Tax	145,499	0	0	0	0
State Revenue Sharing - T.V.A.	678,255	0	0	0	0
Contracted Prisoner Boarding	1,426,165	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	436,154	0	0	0	0
Other State Revenues	15,914	0	0	0	0
Total State of Tennessee	\$ 3,863,787	\$ 0	\$ 0	\$ 59,166	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	2,585	0	0	0	0
Homeland Security Grants	20,358	0	0	0	0
Other Federal through State	407,111	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Public Safety Partnership and Community Policing - COPS	\$ 97,498	\$ 0	\$ 0	\$ 0	\$ 0
Tax Credit Bond Rebate	653,621	0	0	0	0
Other Direct Federal Revenue	23,590	0	0	0	0
Total Federal Government	<u>\$ 1,204,763</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 4,125	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0
Contributions	891,278	0	0	0	0
Contracted Services	566	0	0	0	0
<u>Citizens Groups</u>					
Donations	140	0	0	0	0
<u>Other</u>					
Other	5,000	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 901,109</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 46,514,261</u>	<u>\$ 24,525</u>	<u>\$ 12,636</u>	<u>\$ 2,741,623</u>	<u>\$ 1,123,041</u>

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 6,610,847	\$ 5,535,857
Trustee's Collections - Prior Year	0	0	0	212,031	205,755
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	0	157,152	129,420
Interest and Penalty	0	0	0	43,678	36,181
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	906	763
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	108,122	91,050
Payments in-Lieu-of Taxes - Other	0	0	0	40,928	34,458
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0
Business Tax	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0
Other County Local Option Taxes	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	41,937	35,315
Wholesale Beer Tax	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 7,215,601	\$ 6,068,799
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	0	0	0	0	0
Drug Control Fines	10,457	642	0	0	0
Drug Court Fees	0	4,210	0	0	0
Jail Fees	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0
Victims Assistance Assessments	0	0	0	0	0
<u>General Sessions Court</u>					
Fines	0	0	0	0	0
Fines for Littering	0	0	0	0	0
Officers Costs	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	0	9,926	0	0	0
Jail Fees	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	0	0	0	0	0
<u>Juvenile Court</u>					
Fines	0	0	0	0	0
Officers Costs	0	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0
<u>Other Courts - In-county</u>					
Drug Court Fees	0	44,283	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	77,455	0	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 87,912	\$ 59,061	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	0	0	0	0	0
Health Department Collections	0	0	0	0	0
Other General Service Charges	0	0	0	0	0
<u>Fees</u>					
Copy Fees	0	0	0	0	0
Library Fees	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Greenbelt Late Application Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	986	0	0
Data Processing Fee - Register	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0
<u>Education Charges</u>					
TBI Criminal Background Fee	0	0	0	0	0
Total Charges for Current Services	\$ 0	\$ 0	\$ 986	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 823,535
Lease/Rentals	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	560	0
Sale of Maps	0	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0
E-Rate Funding	0	0	0	0	0
Miscellaneous Refunds	0	0	0	1,748	0
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	79,005	0
Damages Recovered from Individuals	0	0	0	14,472	0
Contributions and Gifts	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 95,785	\$ 823,535
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	0	0	0	0	0
Circuit Court Clerk	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0
Clerk and Master	0	0	0	0	0
Juvenile Court Clerk	0	0	0	0	0
Register	0	0	0	0	0
Sheriff	0	0	0	0	0
Trustee	0	0	0	0	0
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	0	0	0	0	0
Aging Programs	0	0	0	0	0
Solid Waste Grants	0	0	0	0	0
On-behalf Contributions for OPEB	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	0	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	731,516	0
Litter Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	0
Beer Tax	0	0	0	0	0
Vehicle Certificate of Title Fees	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,445,077	0
Petroleum Special Tax	0	0	0	64,859	0
Registrar's Salary Supplement	0	0	0	0	0
Other State Grants	0	70,000	0	5,648	0
Other State Revenues	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 70,000	\$ 0	\$ 3,247,100	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	64,008	0
Homeland Security Grants	0	0	0	0	0
Other Federal through State	0	50,000	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds				Debt Service Fund
	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Public Safety Partnership and Community Policing - COPS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tax Credit Bond Rebate	0	0	0	0	0
Other Direct Federal Revenue	0	0	0	0	0
Total Federal Government	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 64,008</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	99,769	0
Contributions	0	0	0	0	6,350,708
Contracted Services	0	0	0	0	0
<u>Citizens Groups</u>					
Donations	0	0	0	0	0
<u>Other</u>					
Other	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,769</u>	<u>\$ 6,350,708</u>
Total	<u>\$ 87,912</u>	<u>\$ 179,061</u>	<u>\$ 986</u>	<u>\$ 10,722,263</u>	<u>\$ 13,243,042</u>

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General	
	Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 31,697,433
Trustee's Collections - Prior Year	0	1,130,575
Circuit Clerk/Clerk and Master Collections - Prior Years	0	734,919
Interest and Penalty	0	205,780
Payments in-Lieu-of Taxes - T.V.A.	0	1,926
Payments in-Lieu-of Taxes - Local Utilities	0	520,692
Payments in-Lieu-of Taxes - Other	0	197,042
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	4,760,942
Hotel/Motel Tax	0	3,128,025
Litigation Tax - General	0	336,719
Litigation Tax - Special Purpose	0	12,590
Business Tax	0	2,708,602
Mixed Drink Tax	0	54,377
Other County Local Option Taxes	0	24,525
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	201,960
Wholesale Beer Tax	0	411,198
Interstate Telecommunications Tax	0	6,778
Total Local Taxes	<u>\$ 0</u>	<u>\$ 46,134,083</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 488,089

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>		<u>Capital Projects</u>	<u>General</u>	<u>Total</u>
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Building Permits	\$	0	\$	50,600	
Other Permits				0	215,196
Total Licenses and Permits	\$	0	\$	753,885	
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$	0	\$	12,072	
Officers Costs				0	15,109
Drug Control Fines				0	25,486
Drug Court Fees				0	4,210
Jail Fees				0	18,597
DUI Treatment Fines				0	6,232
Data Entry Fee - Circuit Court				0	9,113
Courtroom Security Fee				0	340
Victims Assistance Assessments				0	11,610
<u>General Sessions Court</u>					
Fines				0	112,826
Fines for Littering				0	550
Officers Costs				0	41,515
Game and Fish Fines				0	470
Drug Control Fines				0	21,818
Drug Court Fees				0	9,926
Jail Fees				0	69,731
DUI Treatment Fines				0	23,729
Data Entry Fee - General Sessions Court				0	28,641

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Courtroom Security Fee	\$	0	\$	14
Victims Assistance Assessments		0		19,795
<u>Juvenile Court</u>				
Fines		0		2,142
Officers Costs		0		1,129
<u>Chancery Court</u>				
Officers Costs		0		3,396
Data Entry Fee - Chancery Court		0		10,663
Courtroom Security Fee		0		49
<u>Other Courts - In-county</u>				
Drug Court Fees		0		44,283
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property		0		77,455
Other Fines, Forfeitures, and Penalties		0		9,034
Total Fines, Forfeitures, and Penalties	\$	0	\$	579,935
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Patient Charges	\$	0	\$	2,807,260
Work Release Charges for Board		0		23,250
Health Department Collections		0		135,319
Other General Service Charges		0		25,930
<u>Fees</u>				
Copy Fees		0		21,027
Library Fees		0		29,224

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Greenbelt Late Application Fee	\$	0	\$	200
Telephone Commissions		0		91,540
Vending Machine Collections		0		339
Special Commissioner Fees/Special Master Fees		0		986
Data Processing Fee - Register		0		110,668
Data Processing Fee - Sheriff		0		12,542
Sexual Offender Registration Fee - Sheriff		0		6,500
<u>Education Charges</u>				
TBI Criminal Background Fee		0		855
Total Charges for Current Services	\$	0	\$	3,265,640
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$	0	\$	823,535
Lease/Rentals		0		10,001
Sale of Materials and Supplies		0		560
Sale of Maps		0		8,907
Sale of Recycled Materials		0		75,264
E-Rate Funding		0		19,039
Miscellaneous Refunds		0		11,421
<u>Nonrecurring Items</u>				
Sale of Equipment		0		106,310
Damages Recovered from Individuals		0		16,566
Contributions and Gifts		495,502		525,078

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>		<u>Capital Projects</u>	<u>Total</u>
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$	0	\$	55,837
Total Other Local Revenues	\$	495,502	\$	1,652,518
<u>Fees Received From County Officials</u>				
<u>Excess Fees</u>				
County Clerk	\$	0	\$	289,697
<u>Fees In-Lieu-of Salary</u>				
County Clerk		0		959,671
Circuit Court Clerk		0		593,333
General Sessions Court Clerk		0		522,495
Clerk and Master		0		272,543
Juvenile Court Clerk		0		35,405
Register		0		1,110,482
Sheriff		0		53,557
Trustee		0		3,011,198
Total Fees Received From County Officials	\$	0	\$	6,848,381
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	13,500
Child Restraint Program		0		7,530
Aging Programs		0		18,903
Solid Waste Grants		0		59,166
On-behalf Contributions for OPEB		0		1,275

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	\$	0	\$	112,800
<u>Health and Welfare Grants</u>				
Other Health and Welfare Grants		0		420,937
<u>Public Works Grants</u>				
State Aid Program		0		731,516
Litter Program		0		58,300
<u>Other State Revenues</u>				
Income Tax		0		424,184
Beer Tax		0		18,488
Vehicle Certificate of Title Fees		0		70,719
Alcoholic Beverage Tax		0		145,499
State Revenue Sharing - T.V.A.		0		678,255
Contracted Prisoner Boarding		0		1,426,165
Gasoline and Motor Fuel Tax		0		2,445,077
Petroleum Special Tax		0		64,859
Registrar's Salary Supplement		0		15,164
Other State Grants		0		511,802
Other State Revenues		0		15,914
Total State of Tennessee	\$	0	\$	7,240,053
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$	370,820	\$	370,820
Disaster Relief		0		66,593
Homeland Security Grants		0		20,358
Other Federal through State		0		457,111

(Continued)

Exhibit L-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Federal Government (Cont.)</u>		
<u>Direct Federal Revenue</u>		
Public Safety Partnership and Community Policing - COPS	\$ 0	\$ 97,498
Tax Credit Bond Rebate	0	653,621
Other Direct Federal Revenue	0	23,590
Total Federal Government	<u>\$ 370,820</u>	<u>\$ 1,689,591</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 4,125
Paving and Maintenance	0	99,769
Contributions	0	7,241,986
Contracted Services	0	566
<u>Citizens Groups</u>		
Donations	0	140
<u>Other</u>		
Other	0	5,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 7,351,586</u>
Total	<u>\$ 866,322</u>	<u>\$ 75,515,672</u>

Exhibit L-6

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Sevier County School Department
 For the Year Ended June 30, 2016

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 33,560,027	\$ 0	\$ 0	\$ 33,560,027
Trustee's Collections - Prior Year	1,041,452	0	0	1,041,452
Circuit Clerk/Clerk and Master Collections - Prior Years	771,897	0	0	771,897
Interest and Penalty	216,355	0	0	216,355
Payments in-Lieu-of Taxes - T.V.A.	4,601	0	0	4,601
Payments in-Lieu-of Taxes - Local Utilities	549,145	0	0	549,145
Payments in-Lieu-of Taxes - Other	208,049	0	0	208,049
<u>County Local Option Taxes</u>				
Local Option Sales Tax	55,009,976	0	0	55,009,976
Hotel/Motel Tax	3,128,025	0	0	3,128,025
Mixed Drink Tax	615,246	0	0	615,246
<u>Statutory Local Taxes</u>				
Bank Excise Tax	212,997	0	0	212,997
Interstate Telecommunications Tax	6,835	0	0	6,835
Total Local Taxes	\$ 95,324,605	\$ 0	\$ 0	\$ 95,324,605
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 130,628	\$ 0	\$ 0	\$ 130,628
Total Licenses and Permits	\$ 130,628	\$ 0	\$ 0	\$ 130,628
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Adult Education	\$ 360	\$ 0	\$ 0	\$ 360

(Continued)

Exhibit L-6

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	\$ 948,261	\$ 948,261
Lunch Payments - Adults	0	0	132,212	132,212
Income from Breakfast	0	0	143,584	143,584
A la Carte Sales	0	0	210,837	210,837
Receipts from Individual Schools	233,644	0	0	233,644
Total Charges for Current Services	\$ 234,004	\$ 0	\$ 1,434,894	\$ 1,668,898
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8,159	\$ 8,159
Lease/Rentals	14,795	0	0	14,795
Sale of Materials and Supplies	35	0	0	35
E-Rate Funding	90,613	0	0	90,613
Miscellaneous Refunds	29,815	0	0	29,815
<u>Nonrecurring Items</u>				
Sale of Equipment	105,755	0	0	105,755
Damages Recovered from Individuals	12,289	0	0	12,289
Contributions and Gifts	87,761	0	0	87,761
<u>Other Local Revenues</u>				
Other Local Revenues	12,286	0	0	12,286
Total Other Local Revenues	\$ 353,349	\$ 0	\$ 8,159	\$ 361,508

(Continued)

Exhibit L-6

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	\$ 397,606	\$ 0	\$ 0	\$ 397,606
<u>State Education Funds</u>				
Basic Education Program	39,387,000	0	0	39,387,000
Early Childhood Education	426,477	0	0	426,477
School Food Service	0	0	60,903	60,903
Driver Education	50,299	0	0	50,299
Other State Education Funds	454,087	0	0	454,087
Career Ladder Program	506,338	0	0	506,338
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	668,083	0	0	668,083
Other State Grants	232,863	0	0	232,863
Total State of Tennessee	\$ 42,122,753	\$ 0	\$ 60,903	\$ 42,183,656
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,584,571	\$ 3,584,571
USDA - Commodities	0	0	312,025	312,025
Breakfast	0	0	1,358,584	1,358,584
USDA - Other	0	0	37,219	37,219
Adult Education State Grant Program	173,017	0	0	173,017
Vocational Education - Basic Grants to States	0	210,722	0	210,722
Title I Grants to Local Education Agencies	0	3,464,485	0	3,464,485
Special Education - Grants to States	37,134	3,151,967	0	3,189,101
Special Education Preschool Grants	0	76,511	0	76,511

(Continued)

Exhibit L-6

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>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
English Language Acquisition Grants	\$ 0	\$ 67,003	\$ 0	\$ 67,003
Rural Education	0	360,945	0	360,945
Eisenhower Professional Development State Grants	0	464,216	0	464,216
Other Federal through State	76,883	0	0	76,883
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	14,647	0	0	14,647
Total Federal Government	<u>\$ 301,681</u>	<u>\$ 7,795,849</u>	<u>\$ 5,292,399</u>	<u>\$ 13,389,929</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 753,621	\$ 0	\$ 0	\$ 753,621
Contracted Services	63,860	0	0	63,860
<u>Citizens Groups</u>				
Donations	13,755	0	0	13,755
Total Other Governments and Citizens Groups	<u>\$ 831,236</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 831,236</u>
Total	<u>\$ 139,298,256</u>	<u>\$ 7,795,849</u>	<u>\$ 6,796,355</u>	<u>\$ 153,890,460</u>

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	139,120	
Social Security		6,984	
Pensions		7,870	
Employee and Dependent Insurance		284,341	
Employer Medicare		1,634	
Audit Services		39,093	
Dues and Memberships		9,787	
Travel		17,516	
Other Contracted Services		3,080	
Office Supplies		1,763	
Total County Commission	\$		511,188

Beer Board

Board and Committee Members Fees	\$	3,600	
Social Security		152	
Pensions		195	
Employer Medicare		36	
Advertising		204	
Legal Services		1,850	
Total Beer Board			6,037

Other Boards and Committees

County Official/Administrative Officer	\$	48,166	
Assistant(s)		101,353	
Dispatchers/Radio Operators		362,988	
Longevity Pay		7,750	
Other Salaries and Wages		23,961	
Social Security		32,407	
Pensions		49,927	
Employee and Dependent Insurance		94,325	
Employer Medicare		7,579	
Communication		414	
Data Processing Services		894	
Maintenance and Repair Services - Office Equipment		1,000	
Gasoline		377	
Office Supplies		3,046	
Other Supplies and Materials		6,919	
Total Other Boards and Committees			741,106

County Mayor/Executive

County Official/Administrative Officer	\$	133,659	
Assistant(s)		80,946	
Accountants/Bookkeepers		216,327	
Secretary(ies)		33,454	
Clerical Personnel		41,105	
Longevity Pay		9,000	
Other Salaries and Wages		100,919	

(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.)

Social Security	\$	35,549	
Pensions		57,251	
Employee and Dependent Insurance		86,308	
Unemployment Compensation		16	
Employer Medicare		8,499	
Advertising		150	
Communication		5,074	
Dues and Memberships		7,063	
Maintenance and Repair Services - Office Equipment		5,822	
Postal Charges		4,014	
Travel		10,638	
Gasoline		2,203	
Office Supplies		15,739	
Total County Mayor/Executive			\$ 853,736

Election Commission

County Official/Administrative Officer	\$	74,261	
Deputy(ies)		143,493	
Clerical Personnel		26,865	
Longevity Pay		3,500	
Other Salaries and Wages		15,498	
Election Commission		23,754	
Election Workers		39,449	
Social Security		17,467	
Pensions		23,442	
Employee and Dependent Insurance		32,140	
Employer Medicare		4,085	
Advertising		11,771	
Communication		15,908	
Dues and Memberships		4,700	
Maintenance and Repair Services - Office Equipment		386	
Postal Charges		7,468	
Travel		9,413	
Other Contracted Services		34,295	
Electricity		5,612	
Natural Gas		1,500	
Office Supplies		119,085	
Water and Sewer		718	
Total Election Commission			614,810

Register of Deeds

County Official/Administrative Officer	\$	92,883	
Deputy(ies)		48,038	
Clerical Personnel		236,339	
Longevity Pay		8,960	
Social Security		22,253	
Pensions		36,506	

(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.)

Employee and Dependent Insurance	\$	77,520	
Employer Medicare		5,204	
Communication		793	
Dues and Memberships		2,966	
Maintenance and Repair Services - Office Equipment		2,932	
Postal Charges		1,523	
Travel		5,127	
Other Contracted Services		7,565	
Office Supplies		9,571	
Other Supplies and Materials		6,000	
Other Equipment		7,871	
Total Register of Deeds	\$		572,051

Planning

County Official/Administrative Officer	\$	57,333	
Assistant(s)		32,160	
Supervisor/Director		34,718	
Longevity Pay		3,750	
Other Salaries and Wages		35,255	
Board and Committee Members Fees		13,250	
Social Security		9,534	
Pensions		15,622	
Employee and Dependent Insurance		30,081	
Employer Medicare		2,230	
Advertising		2,101	
Communication		3,001	
Dues and Memberships		320	
Legal Services		300	
Travel		1,512	
Electricity		3,622	
Office Supplies		15,337	
Water and Sewer		196	
Total Planning			260,322

Building

County Official/Administrative Officer	\$	46,281	
Assistant(s)		27,828	
Secretary(ies)		28,518	
Longevity Pay		1,000	
Social Security		6,064	
Pensions		7,513	
Employee and Dependent Insurance		19,150	
Employer Medicare		1,418	
Advertising		228	
Communication		2,466	
Dues and Memberships		2,273	
Postal Charges		519	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Other Contracted Services	\$	667	
Electricity		2,294	
Gasoline		4,300	
Office Supplies		4,685	
Water and Sewer		124	
Other Supplies and Materials		1,815	
Refunds		278	
Total Building			\$ 157,421

Geographical Information Systems

Supervisor/Director	\$	39,347	
Longevity Pay		500	
Other Salaries and Wages		29,696	
Social Security		3,701	
Pensions		6,570	
Employee and Dependent Insurance		21,520	
Employer Medicare		866	
Communication		1,155	
Maintenance and Repair Services - Office Equipment		7,717	
Postal Charges		94	
Travel		2,550	
Electricity		2,294	
Office Supplies		8,687	
Water and Sewer		124	
Total Geographical Information Systems			124,821

County Buildings

County Official/Administrative Officer	\$	50,427	
Supervisor/Director		40,116	
Custodial Personnel		316,763	
Longevity Pay		9,500	
Social Security		24,090	
Pensions		38,198	
Employee and Dependent Insurance		95,430	
Employer Medicare		5,634	
Advertising		32	
Communication		86,721	
Maintenance and Repair Services - Buildings		181,781	
Maintenance and Repair Services - Vehicles		299	
Pest Control		3,140	
Travel		1,782	
Electricity		179,547	
Gasoline		5,003	
Natural Gas		40,533	
Office Supplies		461	
Uniforms		4,821	
Water and Sewer		9,567	
Other Supplies and Materials		21,469	
Total County Buildings			1,115,314

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Communication	\$	2,444	
Contracts with Private Agencies		3,640	
Legal Services		1,680	
Maintenance and Repair Services - Buildings		3,161	
Other Contracted Services		350	
Electricity		214,467	
Natural Gas		78,348	
Water and Sewer		5,903	
Total Other Facilities			\$ 309,993

Other General Administration

Mechanic(s)	\$	185,288	
Longevity Pay		6,000	
Social Security		10,912	
Pensions		16,789	
Employee and Dependent Insurance		43,760	
Employer Medicare		2,552	
Communication		5,564	
Maintenance and Repair Services - Vehicles		98,139	
Electricity		6,864	
Gasoline		2,655	
Lubricants		16,831	
Natural Gas		1,885	
Tires and Tubes		50,101	
Water and Sewer		259	
Other Supplies and Materials		10,668	
Total Other General Administration			458,267

Preservation of Records

County Official/Administrative Officer	\$	44,266	
Assistant(s)		62,546	
Longevity Pay		2,500	
Social Security		6,169	
Pensions		10,328	
Employee and Dependent Insurance		26,700	
Employer Medicare		1,443	
Communication		943	
Maintenance and Repair Services - Office Equipment		194	
Travel		443	
Other Contracted Services		24,726	
Electricity		4,434	
Office Supplies		780	
Other Supplies and Materials		6,249	
Total Preservation of Records			191,721

(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	\$	92,883	
Deputy(ies)		90,736	
Clerical Personnel		219,407	
Longevity Pay		16,710	
Other Salaries and Wages		285,024	
Board and Committee Members Fees		4,710	
Social Security		41,867	
Pensions		66,578	
Employee and Dependent Insurance		130,467	
Employer Medicare		9,791	
Audit Services		63,083	
Communication		6,512	
Dues and Memberships		3,382	
Maintenance and Repair Services - Office Equipment		16,185	
Maintenance and Repair Services - Vehicles		18	
Postal Charges		10,792	
Travel		3,287	
Other Contracted Services		53,955	
Electricity		2,173	
Gasoline		8,105	
Office Supplies		18,297	
Water and Sewer		118	
Refunds		36	
Motor Vehicles		32,551	
Total Property Assessor's Office			\$ 1,176,667

Reappraisal Program

Other Salaries and Wages	\$	8,864	
Social Security		508	
Pensions		837	
Employee and Dependent Insurance		2,223	
Employer Medicare		119	
Total Reappraisal Program			12,551

County Trustee's Office

County Official/Administrative Officer	\$	92,883	
Deputy(ies)		36,913	
Accountants/Bookkeepers		36,343	
Clerical Personnel		194,603	
Longevity Pay		6,460	
Social Security		21,556	
Pensions		32,024	
Employee and Dependent Insurance		63,360	
Unemployment Compensation		3,090	
Employer Medicare		5,041	
Audit Services		11,487	
Communication		2,034	

(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.)

Dues and Memberships	\$	1,391	
Maintenance and Repair Services - Office Equipment		1,977	
Postal Charges		50,692	
Travel		2,930	
Other Contracted Services		13,392	
Office Supplies		13,267	
Total County Trustee's Office	\$		589,443

County Clerk's Office

County Official/Administrative Officer	\$	92,883	
Deputy(ies)		43,989	
Accountants/Bookkeepers		37,957	
Clerical Personnel		537,102	
Longevity Pay		15,460	
Social Security		40,287	
Pensions		66,262	
Employee and Dependent Insurance		181,562	
Employer Medicare		9,422	
Communication		7,134	
Dues and Memberships		1,331	
Legal Services		738	
Maintenance and Repair Services - Office Equipment		310	
Postal Charges		27,585	
Travel		2,600	
Other Contracted Services		31,766	
Data Processing Supplies		1,231	
Office Supplies		35,566	
Total County Clerk's Office			1,133,185

Data Processing

County Official/Administrative Officer	\$	55,468	
Assistant(s)		77,115	
Longevity Pay		1,000	
Social Security		7,590	
Pensions		10,998	
Employee and Dependent Insurance		28,112	
Employer Medicare		1,775	
Communication		5,032	
Dues and Memberships		125	
Maintenance and Repair Services - Vehicles		18	
Postal Charges		35	
Travel		702	
Data Processing Supplies		34,531	
Gasoline		741	
Office Supplies		383	
Other Supplies and Materials		3,241	
In Service/Staff Development		2,085	
Total Data Processing			228,951

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	92,883	
Deputy(ies)		36,307	
Accountants/Bookkeepers		33,006	
Clerical Personnel		447,831	
Longevity Pay		12,710	
Other Salaries and Wages		2,100	
Jury and Witness Expense		25,607	
Social Security		36,760	
Pensions		58,354	
Employee and Dependent Insurance		118,490	
Employer Medicare		8,597	
Communication		2,307	
Contracts with Other Public Agencies		714	
Dues and Memberships		1,226	
Maintenance and Repair Services - Office Equipment		10,829	
Postal Charges		8,029	
Travel		2,437	
Other Contracted Services		17,321	
Office Supplies		19,041	
Total Circuit Court			\$ 934,549

General Sessions Court

County Official/Administrative Officer	\$	92,883	
Deputy(ies)		48,999	
Accountants/Bookkeepers		32,989	
Clerical Personnel		270,339	
Longevity Pay		10,460	
Other Salaries and Wages		63,435	
Social Security		29,849	
Pensions		49,062	
Employee and Dependent Insurance		109,340	
Employer Medicare		6,981	
Communication		2,932	
Contracts with Other Public Agencies		5,708	
Dues and Memberships		956	
Maintenance and Repair Services - Office Equipment		4,808	
Postal Charges		4,660	
Travel		2,124	
Other Contracted Services		15,241	
Office Supplies		21,329	
Total General Sessions Court			772,095

General Sessions Judge

Judge(s)	\$	329,432	
Secretary(ies)		37,521	
Longevity Pay		3,250	
Other Salaries and Wages		12,960	

(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.)

Social Security	\$	17,838	
Pensions		34,765	
Employee and Dependent Insurance		38,040	
Employer Medicare		5,411	
Communication		4,064	
Dues and Memberships		3,270	
Postal Charges		276	
Travel		5,966	
Other Contracted Services		5,665	
Office Supplies		6,934	
Total General Sessions Judge			\$ 505,392

Chancery Court

County Official/Administrative Officer	\$	92,883	
Deputy(ies)		31,611	
Clerical Personnel		125,825	
Longevity Pay		8,460	
Other Salaries and Wages		36,413	
Social Security		17,653	
Pensions		27,907	
Employee and Dependent Insurance		48,970	
Employer Medicare		4,129	
Communication		1,220	
Dues and Memberships		726	
Maintenance and Repair Services - Office Equipment		9,087	
Postal Charges		4,957	
Office Supplies		6,119	
Total Chancery Court			415,960

Juvenile Court

Deputy(ies)	\$	36,307	
Clerical Personnel		60,303	
Longevity Pay		1,750	
Social Security		5,955	
Pensions		9,294	
Employee and Dependent Insurance		11,120	
Employer Medicare		1,393	
Maintenance and Repair Services - Office Equipment		749	
Postal Charges		1,709	
Other Contracted Services		2,801	
Office Supplies		8,174	
Total Juvenile Court			139,555

District Attorney General

Assistant(s)	\$	50,534	
Social Security		3,100	
Pensions		4,666	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Employee and Dependent Insurance	\$	5,400	
Employer Medicare		725	
Dues and Memberships		330	
Travel		1,226	
Office Supplies		410	
Total District Attorney General			\$ 66,391

Judicial Commissioners

County Official/Administrative Officer	\$	140,457	
Supervisor/Director		44,461	
Longevity Pay		1,750	
Social Security		11,057	
Pensions		10,961	
Employee and Dependent Insurance		37,820	
Employer Medicare		2,586	
Communication		1,205	
Travel		420	
Office Supplies		6,574	
In Service/Staff Development		399	
Total Judicial Commissioners			257,690

Victim Assistance Programs

Supervisor/Director	\$	41,355	
Longevity Pay		1,000	
Social Security		2,586	
Pensions		4,002	
Employee and Dependent Insurance		5,560	
Employer Medicare		605	
Communication		1,940	
Office Supplies		669	
Total Victim Assistance Programs			57,717

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	103,423	
Assistant(s)		60,046	
Deputy(ies)		2,344,587	
Investigator(s)		504,371	
Lieutenant(s)		65,734	
Sergeant(s)		291,615	
Accountants/Bookkeepers		26,875	
Dispatchers/Radio Operators		331,916	
Guards		196,575	
Secretary(ies)		154,465	
Longevity Pay		64,000	
Other Salaries and Wages		63,921	
In-service Training		54,145	

(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.)

Social Security	\$	249,871	
Pensions		376,166	
Employee and Dependent Insurance		759,848	
Employer Medicare		58,438	
Other Fringe Benefits		54,386	
Communication		32,000	
Contracts with Other Public Agencies		10,095	
Data Processing Services		42,227	
Dues and Memberships		3,200	
Legal Services		162	
Licenses		433	
Maintenance and Repair Services - Equipment		42,948	
Maintenance and Repair Services - Office Equipment		3,995	
Transportation - Other than Students		1,704	
Travel		18,825	
Electricity		25,456	
Gasoline		234,506	
Law Enforcement Supplies		376	
Natural Gas		3,344	
Water and Sewer		4,317	
Other Supplies and Materials		81,266	
In Service/Staff Development		36,731	
Motor Vehicles		21,242	
Other Equipment		5,190	
Total Sheriff's Department			\$ 6,328,399

Drug Enforcement

Lieutenant(s)	\$	62,767	
Longevity Pay		3,000	
Other Salaries and Wages		90,739	
Social Security		9,074	
Pensions		14,790	
Employee and Dependent Insurance		25,858	
Employer Medicare		2,122	
Other Supplies and Materials		27,150	
Total Drug Enforcement			235,500

Jail

Assistant(s)	\$	64,472	
Supervisor/Director		34,070	
Medical Personnel		159	
Guards		2,409,253	
Cafeteria Personnel		122,166	
Longevity Pay		27,500	
Other Salaries and Wages		32,064	
In-service Training		17,400	
Social Security		158,009	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Pensions	\$	226,396	
Employee and Dependent Insurance		554,265	
Unemployment Compensation		1,986	
Employer Medicare		36,954	
Other Fringe Benefits		44,378	
Communication		5,671	
Contracts with Other Public Agencies		8,145	
Contracts with Private Agencies		17,836	
Data Processing Services		23,557	
Maintenance and Repair Services - Buildings		54,794	
Maintenance and Repair Services - Equipment		32,182	
Maintenance and Repair Services - Office Equipment		12,278	
Medical and Dental Services		1,243,846	
Postal Charges		3,589	
Rentals		5,046	
Transportation - Other than Students		9,669	
Electricity		165,721	
Food Supplies		486,750	
Natural Gas		59,490	
Office Supplies		34,153	
Water and Sewer		94,900	
Other Supplies and Materials		257,338	
In Service/Staff Development		3,109	
Other Capital Outlay		119,455	
Total Jail			\$ 6,366,601

Juvenile Services

Supervisor/Director	\$	56,201	
Youth Service Officer(s)		159,020	
Secretary(ies)		30,391	
Longevity Pay		5,000	
Social Security		14,030	
Pensions		23,679	
Employee and Dependent Insurance		56,295	
Employer Medicare		3,281	
Communication		2,162	
Dues and Memberships		899	
Postal Charges		1,176	
Travel		3,632	
Other Contracted Services		4,676	
Office Supplies		5,634	
Office Equipment		2,187	
Total Juvenile Services			368,263

Fire Prevention and Control

Contributions	\$	967,000	
Total Fire Prevention and Control			967,000

(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	\$ 48,750	
Total Rescue Squad		48,750

Other Emergency Management

Supervisor/Director	\$ 52,373	
Longevity Pay	250	
Other Salaries and Wages	37,166	
Social Security	5,414	
Pensions	7,841	
Employee and Dependent Insurance	9,241	
Employer Medicare	1,266	
Communication	3,667	
Dues and Memberships	2,680	
Postal Charges	140	
Travel	4,781	
Gasoline	2,785	
Office Supplies	5,221	
Other Supplies and Materials	7,795	
Communication Equipment	4,386	
Total Other Emergency Management		145,006

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 7,796	
Social Security	483	
Employer Medicare	113	
Communication	412	
Travel	277	
Other Contracted Services	194,324	
Total County Coroner/Medical Examiner		203,405

Other Public Safety

County Official/Administrative Officer	\$ 51,171	
Assistant(s)	43,312	
Sergeant(s)	120,796	
Medical Personnel	12,000	
Guards	219,597	
Secretary(ies)	27,614	
Longevity Pay	6,250	
In-service Training	3,455	
Social Security	28,865	
Pensions	42,244	
Employee and Dependent Insurance	90,140	
Employer Medicare	6,751	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Other Fringe Benefits	\$	4,996	
Communication		6,209	
Contracts with Private Agencies		11,280	
Data Processing Services		7,214	
Dues and Memberships		175	
Maintenance and Repair Services - Buildings		4,489	
Maintenance and Repair Services - Equipment		2,552	
Maintenance and Repair Services - Office Equipment		3,056	
Medical and Dental Services		14,871	
Postal Charges		115	
Rentals		597	
Travel		951	
Other Contracted Services		418	
Electricity		15,183	
Gasoline		1,196	
Natural Gas		2,231	
Office Supplies		5,509	
Water and Sewer		1,877	
Other Supplies and Materials		3,878	
In Service/Staff Development		3,183	
Total Other Public Safety			\$ 742,175

Public Health and Welfare

Local Health Center

Unemployment Compensation	\$	845	
Communication		40,699	
Maintenance and Repair Services - Buildings		1,576	
Maintenance and Repair Services - Office Equipment		807	
Medical and Dental Services		900	
Pest Control		624	
Postal Charges		356	
Office Supplies		3,308	
Other Supplies and Materials		3,917	
Other Charges		49,501	
Total Local Health Center			102,533

Rabies and Animal Control

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

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	69,567	
Assistant(s)		55,894	
Medical Personnel		2,118,922	
Clerical Personnel		135,591	
Longevity Pay		42,500	
Other Salaries and Wages		485,963	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Social Security	\$	171,215	
Pensions		219,577	
Employee and Dependent Insurance		410,529	
Employer Medicare		40,042	
Advertising		48	
Communication		44,056	
Contracts with Private Agencies		154,529	
Contributions		100,000	
Legal Services		468	
Licenses		5,192	
Maintenance and Repair Services - Equipment		3,310	
Maintenance and Repair Services - Office Equipment		3,636	
Maintenance and Repair Services - Vehicles		2,658	
Postal Charges		5,870	
Travel		1,284	
Tuition		12,096	
Other Contracted Services		45,702	
Custodial Supplies		6,404	
Drugs and Medical Supplies		129,080	
Gasoline		69,392	
Office Supplies		6,518	
Uniforms		27,223	
Utilities		39,953	
Other Supplies and Materials		35,612	
Liability Insurance		500	
Refunds		23,549	
Total Ambulance/Emergency Medical Services			\$ 4,466,880

Maternal and Child Health Services

Medical Personnel	\$	67,135	
Clerical Personnel		458,764	
Longevity Pay		6,000	
Social Security		30,660	
Pensions		44,641	
Employee and Dependent Insurance		121,435	
Employer Medicare		7,171	
Transportation - Other than Students		11,943	
Travel		189	
Other Charges		1,838	
Total Maternal and Child Health Services			749,776

Other Local Health Services

Contributions	\$	98,777	
Other Charges		34,681	
Total Other Local Health Services			133,458

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$	84,658	
Other Supplies and Materials		1,503	
Total Appropriation to State			\$ 86,161

Other Local Welfare Services

Contributions	\$	15,709	
Pauper Burials		9,400	
Total Other Local Welfare Services			25,109

Other Public Health and Welfare

Supervisor/Director	\$	55,219	
Secretary(ies)		22,985	
Longevity Pay		2,750	
Other Salaries and Wages		114,833	
Social Security		11,619	
Pensions		17,580	
Employee and Dependent Insurance		30,950	
Employer Medicare		2,717	
Communication		4,528	
Maintenance and Repair Services - Office Equipment		100	
Travel		19,900	
Other Contracted Services		4,974	
Electricity		3,622	
Office Supplies		2,608	
Water and Sewer		196	
Refunds		1,225	
Total Other Public Health and Welfare			295,806

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	40,935	
Assistant(s)		28,433	
Supervisor/Director		11,511	
Dispatchers/Radio Operators		19,893	
Secretary(ies)		30,006	
Cafeteria Personnel		20,363	
Maintenance Personnel		22,210	
Longevity Pay		2,000	
Social Security		10,145	
Pensions		16,022	
Employee and Dependent Insurance		44,025	
Unemployment Compensation		3,929	
Employer Medicare		2,373	
Advertising		11,306	
Communication		4,650	
Legal Services		8,416	
Maintenance and Repair Services - Buildings		14,083	

(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.)

Travel	\$	610	
Other Contracted Services		7,567	
Electricity		41,859	
Natural Gas		5,415	
Office Supplies		2,440	
Water and Sewer		7,911	
Other Supplies and Materials		12,267	
Other Charges		3,901	
Motor Vehicles		9,850	
Total Senior Citizens Assistance			\$ 382,120

Libraries

County Official/Administrative Officer	\$	59,801	
Assistant(s)		253,612	
Supervisor/Director		221,676	
Accountants/Bookkeepers		29,562	
Custodial Personnel		26,421	
Longevity Pay		9,750	
Other Salaries and Wages		101,498	
Social Security		41,156	
Pensions		60,325	
Employee and Dependent Insurance		142,600	
Employer Medicare		9,625	
Advertising		628	
Communication		30,487	
Dues and Memberships		2,879	
Janitorial Services		25,022	
Legal Services		88	
Maintenance and Repair Services - Equipment		21,717	
Maintenance and Repair Services - Office Equipment		778	
Postal Charges		1,692	
Printing, Stationery, and Forms		1,074	
Rentals		2,688	
Travel		7,007	
Tuition		4,113	
Other Contracted Services		56,997	
Data Processing Supplies		2,839	
Duplicating Supplies		4,272	
Electricity		62,517	
Equipment and Machinery Parts		15,912	
Instructional Supplies and Materials		14,057	
Library Books/Media		43,638	
Office Supplies		32,356	
Periodicals		3,518	
Utilities		4,455	
Water and Sewer		17,028	
Other Supplies and Materials		3,280	
Refunds		40	
Total Libraries			1,315,108

(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.)

Parks and Fair Boards

Maintenance Personnel	\$	13,688	
Social Security		849	
Employer Medicare		198	
Contributions		79,600	
Total Parks and Fair Boards			\$ 94,335

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	55,339	
Longevity Pay		1,750	
Other Salaries and Wages		128,129	
Social Security		3,283	
Pensions		5,394	
Employee and Dependent Insurance		10,760	
Employer Medicare		768	
Communication		6,758	
Contributions		2,500	
Pest Control		180	
Postal Charges		1,500	
Travel		4,583	
Electricity		3,722	
Water and Sewer		709	
Other Supplies and Materials		3,911	
Total Agricultural Extension Service			229,286

Forest Service

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

Soil Conservation

Clerical Personnel	\$	30,360	
Longevity Pay		1,000	
Social Security		1,602	
Pensions		2,963	
Employee and Dependent Insurance		10,760	
Employer Medicare		375	
Total Soil Conservation			47,060

Storm Water Management

County Official/Administrative Officer	\$	49,322	
Secretary(ies)		14,880	
Longevity Pay		2,250	
Other Salaries and Wages		38,612	
Social Security		6,348	
Pensions		9,936	
Employee and Dependent Insurance		14,045	
Employer Medicare		1,485	

(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.)

Communication	\$	1,817	
Contracts with Government Agencies		667	
Legal Services		38	
Postal Charges		235	
Travel		7,148	
Electricity		2,634	
Office Supplies		4,321	
Water and Sewer		421	
Total Storm Water Management			\$ 154,159

Other Operations

Tourism

County Official/Administrative Officer	\$	44,432	
Longevity Pay		500	
Social Security		2,689	
Pensions		4,246	
Employee and Dependent Insurance		6,598	
Employer Medicare		629	
Advertising		36,609	
Contracts with Private Agencies		986,088	
Contributions		115,300	
Dues and Memberships		1,420	
Legal Services		1,062	
Postal Charges		252	
Travel		4,516	
Office Supplies		1,746	
Other Supplies and Materials		2,131	
Total Tourism			1,208,218

Veterans' Services

Supervisor/Director	\$	32,037	
Secretary(ies)		39,716	
Longevity Pay		1,500	
Social Security		4,188	
Pensions		6,541	
Employee and Dependent Insurance		15,940	
Employer Medicare		980	
Communication		6,759	
Contributions		6,000	
Dues and Memberships		330	
Postal Charges		285	
Travel		1,776	
Other Contracted Services		1,416	
Gasoline		769	
Office Supplies		1,218	
Other Supplies and Materials		450	
Total Veterans' Services			119,905

(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	\$ 280,641	
Total Contributions to Other Agencies		\$ 280,641

Employee Benefits

Social Security	\$ 24,277	
Pensions	1,950	
Employee and Dependent Insurance	1,361,466	
Communication	3,793	
Maintenance and Repair Services - Office Equipment	1,378	
Office Supplies	8,548	
Workers' Compensation Insurance	279,552	
Total Employee Benefits		1,680,964

Miscellaneous

On-behalf Payments to OPEB	\$ 1,275	
Advertising	6,566	
Contributions	213,100	
Legal Services	7,970	
Legal Notices, Recording, and Court Costs	12	
Maintenance and Repair Services - Office Equipment	4,567	
Pest Control	1,300	
Postal Charges	2,576	
Other Contracted Services	19,360	
Other Supplies and Materials	13,473	
Building and Contents Insurance	99,437	
Liability Insurance	500,213	
Refunds	10	
Trustee's Commission	709,038	
Vehicle and Equipment Insurance	89,116	
Other Charges	256	
Other Debt Service	653,621	
Other Capital Outlay	3,000	
Total Miscellaneous		2,324,890

Highways

Litter and Trash Collection

Deputy(ies)	\$ 173,799	
Longevity Pay	3,750	
In-service Training	1,800	
Social Security	10,263	
Pensions	16,770	
Employee and Dependent Insurance	34,497	
Employer Medicare	2,400	
Communication	1,664	
Other Contracted Services	14,500	
Electricity	2,468	
Water and Sewer	318	
Other Supplies and Materials	5,709	
Total Litter and Trash Collection		267,938

(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	\$ 4,989	
Other Contracted Services	18,524	
Total Other Charges	<u>23,513</u>	\$ 23,513

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$ 22,482	
Other Contracted Services	48,300	
Other Charges	4,500	
Other Capital Outlay	3,080,125	
Total Other General Government Projects	<u>3,155,407</u>	<u>3,155,407</u>

Total General Fund \$ 44,845,299

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 9,642	
Trustee's Commission	251	
Total County Buildings	<u>9,893</u>	<u>\$ 9,893</u>

Total Courthouse and Jail Maintenance Fund 9,893

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$ 16,661	
Trustee's Commission	130	
Total Other Administration of Justice	<u>16,791</u>	<u>\$ 16,791</u>

Total Law Library Fund 16,791

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 48,272
Laborers	762,293
Longevity Pay	18,250
Social Security	48,818
Pensions	72,357
Employee and Dependent Insurance	230,675
Employer Medicare	11,417
Communication	6,780
Contracts with Government Agencies	966,015
Contributions	54,343
Legal Services	163
Maintenance and Repair Services - Equipment	26,889

(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 - Vehicles	\$	58,424	
Rentals		14,440	
Other Contracted Services		15,321	
Electricity		25,809	
Gasoline		73,545	
Natural Gas		3,587	
Tires and Tubes		33,917	
Uniforms		9,794	
Water and Sewer		899	
Other Supplies and Materials		45,198	
Trustee's Commission		752	
Other Charges		700	
Solid Waste Equipment		71,180	
Other Capital Outlay		68,789	
Total Sanitation Management			\$ 2,668,627

Total Solid Waste/Sanitation Fund \$ 2,668,627

Special Purpose Fund

General Government

Election Commission

Other Capital Outlay	\$	10,800	
Total Election Commission			\$ 10,800

Register of Deeds

Other Equipment	\$	27,058	
Total Register of Deeds			27,058

Geographical Information Systems

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

Other General Administration

Maintenance Equipment	\$	9,013	
Total Other General Administration			9,013

Administration of Justice

General Sessions Court

Office Equipment	\$	55,380	
Total General Sessions Court			55,380

Public Safety

Sheriff's Department

Motor Vehicles	\$	199,999	
Other Equipment		33,800	
Total Sheriff's Department			233,799

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Office Equipment	\$ 2,174	
Total Juvenile Services		\$ 2,174

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 400,856	
Other Equipment	18,631	
Total Ambulance/Emergency Medical Services		419,487

Sanitation Management

Solid Waste Equipment	\$ 20,231	
Total Sanitation Management		20,231

Agriculture and Natural Resources

Agricultural Extension Service

Office Equipment	\$ 2,500	
Total Agricultural Extension Service		2,500

Other Operations

Other Charges

Trustee's Commission	\$ 21,873	
Total Other Charges		21,873

Contributions to Other Agencies

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

Miscellaneous

Refunds	\$ 3,867	
Motor Vehicles	134,523	
Total Miscellaneous		138,390

Total Special Purpose Fund \$ 1,140,705

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 50,000	
Trustee's Commission	941	
Total Sheriff's Department		\$ 50,941

Total Drug Control Fund 50,941

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$ 45,000	
---------------------	-----------	--

(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.)

Probation Officer(s)	\$	40,144	
Social Security		4,872	
Pensions		7,553	
Employee and Dependent Insurance		19,880	
Employer Medicare		1,140	
Advertising		7,299	
Communication		6,576	
Dues and Memberships		385	
Licenses		1,010	
Maintenance and Repair Services - Buildings		495	
Maintenance and Repair Services - Equipment		56	
Maintenance and Repair Services - Office Equipment		1,745	
Medical and Dental Services		722	
Pest Control		690	
Postal Charges		92	
Rentals		40,100	
Travel		9,958	
Drug Treatment		2,200	
Other Contracted Services		7,142	
Crushed Stone		620	
Electricity		3,108	
Gasoline		6,169	
Office Supplies		25,407	
Propane Gas		2,449	
Liability Insurance		9,485	
Trustee's Commission		690	
Vehicle and Equipment Insurance		3,716	
In Service/Staff Development		425	
Criminal Investigation of Applicants - TBI		50	
Total Drug Court			\$ 249,178
Total Other Special Revenue Fund			\$ 249,178

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	986	
Total Chancery Court			\$ 986

Total Constitutional Officers - Fees Fund

986

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	106,303	
Accountants/Bookkeepers		55,195	
Secretary(ies)		18,795	

(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.)

Social Security	\$	10,211	
Pensions		17,146	
Employee and Dependent Insurance		10,380	
Employer Medicare		2,388	
Data Processing Services		8,314	
Dues and Memberships		4,199	
Legal Services		5,362	
Legal Notices, Recording, and Court Costs		6,838	
Maintenance and Repair Services - Office Equipment		365	
Postal Charges		1,208	
Printing, Stationery, and Forms		938	
Travel		1,433	
Office Supplies		2,789	
Other Charges		6,590	
Total Administration			\$ 258,454

Highway and Bridge Maintenance

Foremen	\$	413,308	
Equipment Operators		405,284	
Equipment Operators - Light		229,378	
Truck Drivers		382,149	
Laborers		195,183	
Social Security		93,695	
Pensions		148,800	
Employee and Dependent Insurance		335,392	
Employer Medicare		21,912	
Rentals		40	
Other Contracted Services		894,015	
Asphalt		4,574,111	
Concrete		46,978	
Crushed Stone		34,356	
Fertilizer, Lime, and Seed		3,918	
General Construction Materials		7,252	
Pipe - Metal		45,645	
Road Signs		14,437	
Salt		68,580	
Small Tools		1,265	
Wood Products		838	
Other Supplies and Materials		2,638	
Refunds		32,872	
Other Charges		7,524	
Total Highway and Bridge Maintenance			7,959,570

Operation and Maintenance of Equipment

Foremen	\$	136,679
Mechanic(s)		152,627
Laborers		70,301

(Continued)

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.)

Social Security	\$	21,577	
Pensions		30,316	
Employee and Dependent Insurance		51,520	
Employer Medicare		5,046	
Maintenance and Repair Services - Equipment		38,624	
Rentals		244	
Diesel Fuel		115,668	
Electricity		11,963	
Equipment and Machinery Parts		230,235	
Garage Supplies		77,918	
Gasoline		71,328	
Lubricants		38,045	
Natural Gas		1,713	
Office Supplies		352	
Propane Gas		2,932	
Small Tools		10,699	
Tires and Tubes		54,799	
Water and Sewer		1,457	
Other Supplies and Materials		2,425	
Other Charges		180	
Total Operation and Maintenance of Equipment			\$ 1,126,648

Quarry Operations

Foremen	\$	35,173	
Equipment Operators		26,854	
Laborers		23,625	
Social Security		4,774	
Pensions		8,145	
Employee and Dependent Insurance		21,426	
Employer Medicare		1,116	
Explosive and Drilling Services		45,869	
Maintenance and Repair Services - Equipment		1,091	
Permits		4,455	
Electricity		17,378	
Equipment and Machinery Parts		9,484	
Other Supplies and Materials		127	
Other Charges		552	
Total Quarry Operations			200,069

Other Charges

Communication	\$	13,752	
Liability Insurance		85,294	
Trustee's Commission		165,726	
Vehicle and Equipment Insurance		75,855	
Total Other Charges			340,627

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$	161,552	
Medical and Dental Services		3,690	
Workers' Compensation Insurance		51,648	
Total Employee Benefits	\$		216,890

Capital Outlay

Bridge Construction	\$	850,351	
Furniture and Fixtures		485	
Highway Equipment		501,763	
Motor Vehicles		37,200	
Other Equipment		8,681	
Total Capital Outlay			1,398,480

Total Highway/Public Works Fund \$ 11,500,738

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	4,655,000	
Principal on Other Loans		2,370,000	
Total General Government	\$		7,025,000

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	\$	767,116	
Interest on Other Loans		1,963,980	
Total General Government			2,731,096

Education

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

Other Debt Service

General Government

Fiscal Agent Charges	\$	11,555	
Refunds		27,072	
Trustee's Commission		125,603	
Underwriter's Discount		48,350	
Other Debt Issuance Charges		97,634	
Total General Government			310,214

(Continued)

Exhibit L-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service (Cont.)</u>		
<u>Education</u>		
Fiscal Agent Charges	\$ 11,603	
Total Education		\$ 11,603
Total General Debt Service Fund		\$ 11,986,090
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Architects	\$ 13,690	
Other Contracted Services	406,315	
Total General Administration Projects		\$ 420,005
 <u>Public Utility Projects</u>		
Consultants	\$ 21,000	
Engineering Services	67,375	
Other Contracted Services	3,689	
Other Supplies and Materials	76,412	
Other Capital Outlay	418,707	
Total Public Utility Projects		587,183
 <u>Other General Government Projects</u>		
Architects	\$ 5,700	
Building Improvements	637,134	
Total Other General Government Projects		642,834
 <u>Highway and Street Capital Projects</u>		
Legal Services	\$ 1,400	
Legal Notices, Recording, and Court Costs	15,100	
Total Highway and Street Capital Projects		16,500
Total General Capital Projects Fund		<u>1,666,522</u>
Total Governmental Funds - Primary Government		<u>\$ 74,135,770</u>

Exhibit L-8

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 41,224,412	
Career Ladder Program	238,690	
Homebound Teachers	68,070	
Educational Assistants	1,449,042	
Other Salaries and Wages	152,702	
Certified Substitute Teachers	78,720	
Non-certified Substitute Teachers	738,883	
Social Security	2,544,600	
Pensions	3,816,572	
Life Insurance	20,488	
Medical Insurance	5,846,105	
Dental Insurance	103,235	
Employer Medicare	606,484	
Other Fringe Benefits	159,833	
Maintenance and Repair Services - Equipment	44,389	
Tuition	96,202	
Other Contracted Services	493,577	
Instructional Supplies and Materials	1,476,334	
Textbooks	1,064,566	
Fee Waivers	43,257	
Other Charges	260,764	
Regular Instruction Equipment	418,826	
Total Regular Instruction Program		\$ 60,945,751

Alternative Instruction Program

Teachers	\$ 627,919	
Career Ladder Program	7,000	
Clerical Personnel	38,940	
Educational Assistants	76,416	
Certified Substitute Teachers	240	
Non-certified Substitute Teachers	620	
Social Security	41,625	
Pensions	64,163	
Life Insurance	380	
Medical Insurance	120,269	
Dental Insurance	2,366	
Employer Medicare	10,409	
Other Fringe Benefits	2,848	
Instructional Supplies and Materials	15,865	
Total Alternative Instruction Program		1,009,060

Special Education Program

Teachers	\$ 5,080,300	
Career Ladder Program	30,920	
Educational Assistants	386,962	
Speech Pathologist	695,647	

(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	\$	128,273	
Certified Substitute Teachers		7,840	
Non-certified Substitute Teachers		166,375	
Social Security		530,573	
Pensions		788,770	
Life Insurance		6,507	
Medical Insurance		1,289,116	
Dental Insurance		31,765	
Employer Medicare		125,265	
Other Fringe Benefits		35,052	
Maintenance and Repair Services - Equipment		726	
Tuition		40,515	
Other Contracted Services		174,817	
Instructional Supplies and Materials		88,418	
Other Supplies and Materials		2,288	
Special Education Equipment		14,303	
Total Special Education Program			\$ 9,624,432

Vocational Education Program

Teachers	\$	2,008,195	
Career Ladder Program		14,500	
Certified Substitute Teachers		2,505	
Non-certified Substitute Teachers		36,015	
Social Security		121,453	
Pensions		180,598	
Life Insurance		894	
Medical Insurance		265,672	
Dental Insurance		4,475	
Employer Medicare		28,797	
Other Fringe Benefits		7,946	
Maintenance and Repair Services - Equipment		9,604	
Other Contracted Services		80	
Instructional Supplies and Materials		86,104	
Other Supplies and Materials		4,854	
Fee Waivers		3,000	
Other Charges		1,895	
Total Vocational Education Program			2,776,587

Student Body Education Program

Other Charges	\$	8,682	
Total Student Body Education Program			8,682

Adult Education Program

Teachers	\$	170,000	
Other Salaries and Wages		27,867	
Social Security		11,247	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Pensions	\$	16,733	
Life Insurance		69	
Medical Insurance		18,111	
Dental Insurance		280	
Employer Medicare		2,739	
Other Fringe Benefits		613	
Other Contracted Services		1,666	
Instructional Supplies and Materials		6,852	
Total Adult Education Program			\$ 256,177

Support Services

Attendance

Supervisor/Director	\$	101,089	
Career Ladder Program		3,500	
Social Workers		159,847	
Clerical Personnel		56,100	
Other Salaries and Wages		39,288	
Social Security		19,052	
Pensions		29,195	
Life Insurance		115	
Medical Insurance		47,024	
Dental Insurance		840	
Employer Medicare		5,033	
Other Fringe Benefits		1,197	
Travel		1,561	
Other Supplies and Materials		4,216	
Total Attendance			468,057

Health Services

Medical Personnel	\$	1,188,989	
Other Salaries and Wages		112,326	
Social Security		75,350	
Pensions		97,404	
Life Insurance		230	
Medical Insurance		78,786	
Dental Insurance		1,400	
Employer Medicare		17,944	
Other Fringe Benefits		1,991	
Maintenance and Repair Services - Equipment		23,057	
Travel		7,279	
Other Contracted Services		21,893	
Drugs and Medical Supplies		12,797	
Other Supplies and Materials		34,769	
In Service/Staff Development		8,906	
Health Equipment		75	
Total Health Services			1,683,196

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	15,500	
Guidance Personnel		1,727,667	
Psychological Personnel		390,124	
Clerical Personnel		46,740	
Other Salaries and Wages		43,054	
Social Security		125,989	
Pensions		191,998	
Life Insurance		851	
Medical Insurance		254,855	
Dental Insurance		5,082	
Employer Medicare		30,934	
Other Fringe Benefits		8,213	
Evaluation and Testing		58,190	
Travel		4,290	
Other Contracted Services		211	
Other Supplies and Materials		6,914	
Other Equipment		49,300	
Total Other Student Support	\$		2,959,912

Regular Instruction Program

Supervisor/Director	\$	671,550	
Career Ladder Program		28,000	
Librarians		1,315,512	
Materials Supervisor		91,888	
Education Media Personnel		363,178	
Instructional Computer Personnel		795,066	
Clerical Personnel		214,332	
Other Salaries and Wages		169,370	
Social Security		212,904	
Pensions		326,937	
Life Insurance		1,630	
Medical Insurance		464,476	
Dental Insurance		8,974	
Employer Medicare		50,760	
Other Fringe Benefits		13,654	
Travel		75,736	
Other Contracted Services		15,467	
Library Books/Media		167,962	
Periodicals		1,450	
Other Supplies and Materials		34,896	
In Service/Staff Development		157,186	
Other Charges		1,726	
Other Equipment		7,257	
Total Regular Instruction Program			5,189,911

(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.)

Alternative Instruction Program

Supervisor/Director	\$	32,608	
Employer Medicare		473	
Total Alternative Instruction Program			\$ 33,081

Special Education Program

Supervisor/Director	\$	135,365	
Career Ladder Program		4,500	
Clerical Personnel		58,780	
Other Salaries and Wages		368,747	
Social Security		29,629	
Pensions		45,410	
Life Insurance		276	
Medical Insurance		78,469	
Dental Insurance		1,120	
Employer Medicare		7,888	
Other Fringe Benefits		1,949	
Travel		26,160	
Other Supplies and Materials		4,729	
In Service/Staff Development		11,862	
Total Special Education Program			774,884

Vocational Education Program

Supervisor/Director	\$	87,454	
Career Ladder Program		2,000	
Secretary(ies)		38,535	
Social Security		7,540	
Pensions		11,751	
Life Insurance		46	
Medical Insurance		15,290	
Dental Insurance		420	
Employer Medicare		1,763	
Other Fringe Benefits		491	
Travel		3,694	
Other Supplies and Materials		434	
In Service/Staff Development		3,941	
Other Charges		974	
Total Vocational Education Program			174,333

Other Programs

On-behalf Payments to OPEB	\$	397,606	
Total Other Programs			397,606

Board of Education

Secretary to Board	\$	1,200	
Other Salaries and Wages		1,336,545	
Board and Committee Members Fees		24,000	

(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.)

Social Security	\$	68,440	
Pensions		101,183	
Life Insurance		500	
Medical Insurance		697,674	
Dental Insurance		1,358	
Employer Medicare		19,940	
Other Fringe Benefits		2,208	
Audit Services		36,150	
Dues and Memberships		20,528	
Legal Services		107,207	
Travel		86	
Liability Insurance		136,350	
Trustee's Commission		1,521,682	
Workers' Compensation Insurance		494,888	
In Service/Staff Development		10,389	
Other Charges		134,457	
Total Board of Education	\$		4,714,785

Director of Schools

County Official/Administrative Officer	\$	144,632	
Career Ladder Extended Contracts		1,000	
Social Security		7,539	
Pensions		12,932	
Life Insurance		23	
Medical Insurance		7,870	
Dental Insurance		933	
Employer Medicare		2,095	
Other Fringe Benefits		564	
Communication		27,179	
Dues and Memberships		489	
Postal Charges		8,500	
Travel		4,371	
Other Contracted Services		72	
In Service/Staff Development		4,037	
Total Director of Schools			222,236

Office of the Principal

Principals	\$	2,391,193	
Career Ladder Program		50,750	
Assistant Principals		2,314,648	
Clerical Personnel		2,233,529	
Other Salaries and Wages		20,000	
Social Security		408,128	
Pensions		631,836	
Life Insurance		2,992	
Medical Insurance		874,894	

(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.)

Dental Insurance	\$	16,100	
Employer Medicare		97,154	
Other Fringe Benefits		26,103	
Communication		279,369	
Maintenance and Repair Services - Equipment		6,961	
Other Contracted Services		285,062	
Other Supplies and Materials		23,230	
In Service/Staff Development		7,250	
Other Charges		6,217	
Administration Equipment		139,600	
Total Office of the Principal	\$		9,815,016

Fiscal Services

Supervisor/Director	\$	100,878	
Accountants/Bookkeepers		452,326	
Purchasing Personnel		32,608	
Secretary(ies)		110,340	
Other Salaries and Wages		93,420	
Social Security		45,020	
Pensions		71,074	
Life Insurance		276	
Medical Insurance		91,530	
Dental Insurance		1,974	
Employer Medicare		11,002	
Other Fringe Benefits		2,944	
Data Processing Services		148,848	
Travel		821	
Other Contracted Services		13,268	
Office Supplies		10,782	
In Service/Staff Development		9,092	
Other Charges		454	
Administration Equipment		3,974	
Total Fiscal Services			1,200,631

Operation of Plant

Guards	\$	91,692	
Custodial Personnel		2,505,240	
Social Security		152,281	
Pensions		233,542	
Life Insurance		2,219	
Medical Insurance		553,476	
Dental Insurance		7,918	
Employer Medicare		36,161	
Other Fringe Benefits		9,952	
Janitorial Services		580,914	
Other Contracted Services		83,487	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Supplies	\$	283,365	
Electricity		2,574,195	
Natural Gas		311,859	
Water and Sewer		314,483	
Other Supplies and Materials		1,201	
Building and Contents Insurance		424,640	
Plant Operation Equipment		48,151	
Total Operation of Plant			\$ 8,214,776

Maintenance of Plant

Supervisor/Director	\$	117,123	
Secretary(ies)		67,500	
Maintenance Personnel		1,637,235	
Social Security		107,638	
Pensions		161,657	
Life Insurance		1,024	
Medical Insurance		259,229	
Dental Insurance		2,493	
Employer Medicare		25,471	
Other Fringe Benefits		6,866	
Communication		14,999	
Laundry Service		21,874	
Maintenance and Repair Services - Buildings		31,889	
Maintenance and Repair Services - Equipment		27,436	
Maintenance and Repair Services - Vehicles		22,915	
Travel		137	
Other Contracted Services		98,918	
Equipment and Machinery Parts		47,597	
Other Supplies and Materials		321,974	
In Service/Staff Development		1,180	
Other Charges		1,200	
Maintenance Equipment		258,752	
Total Maintenance of Plant			3,235,107

Transportation

Supervisor/Director	\$	67,792	
Mechanic(s)		460,709	
Bus Drivers		2,014,285	
Clerical Personnel		41,580	
Social Security		142,062	
Pensions		226,921	
Life Insurance		1,849	
Medical Insurance		507,480	
Dental Insurance		6,748	
Employer Medicare		34,786	
Other Fringe Benefits		5,648	

(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.)

Communication	\$	9,736	
Laundry Service		8,358	
Travel		885	
Other Contracted Services		159,999	
Diesel Fuel		238,278	
Equipment and Machinery Parts		1,000	
Garage Supplies		42,633	
Gasoline		130,313	
Lubricants		36,546	
Tires and Tubes		87,578	
Vehicle Parts		404,974	
Vehicle and Equipment Insurance		226,220	
Other Charges		19,871	
Transportation Equipment		1,464,441	
Total Transportation	\$		6,340,692

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	85,561	
Pensions		245,477	
Medical Insurance		779,449	
Dental Insurance		14,322	
Other Fringe Benefits		11,166	
Food Supplies		14,442	
Total Food Service			1,150,417

Community Services

Supervisor/Director	\$	30,106	
Other Salaries and Wages		211,615	
Social Security		14,300	
Pensions		21,489	
Life Insurance		16	
Medical Insurance		6,219	
Dental Insurance		98	
Employer Medicare		3,358	
Other Fringe Benefits		117	
Travel		6,682	
Instructional Supplies and Materials		40,412	
Other Supplies and Materials		910	
In Service/Staff Development		3,025	
Other Charges		34,625	
Total Community Services			372,972

Early Childhood Education

Teachers	\$	299,465	
Career Ladder Program		1,000	

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Educational Assistants	\$	90,439	
Certified Substitute Teachers		140	
Non-certified Substitute Teachers		5,235	
Social Security		24,148	
Pensions		35,760	
Life Insurance		253	
Medical Insurance		45,501	
Dental Insurance		1,120	
Employer Medicare		5,647	
Other Fringe Benefits		1,512	
Travel		2,683	
Instructional Supplies and Materials		13,714	
In Service/Staff Development		1,000	
Total Early Childhood Education			\$ 527,617

Capital Outlay

Regular Capital Outlay

Architects	\$	154,064	
Building Improvements		4,454,057	
Land		211,076	
Total Regular Capital Outlay			4,819,197

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	6,350,708	
Total Education			6,350,708

Total General Purpose School Fund \$ 133,265,823

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	2,361,310	
Educational Assistants		176,669	
Other Salaries and Wages		5,880	
Social Security		150,824	
Pensions		229,948	
Life Insurance		1,398	
Medical Insurance		347,019	
Dental Insurance		6,090	
Unemployment Compensation		6,500	
Employer Medicare		35,273	
Other Fringe Benefits		9,877	
Instructional Supplies and Materials		184,553	
Regular Instruction Equipment		390,065	
Total Regular Instruction Program			\$ 3,905,406

(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

Teachers	\$	43,530	
Educational Assistants		2,581,079	
Medical Insurance		364,468	
Tuition		15,210	
Instructional Supplies and Materials		214,421	
Total Special Education Program	\$		3,218,708

Vocational Education Program

Educational Assistants	\$	36,136	
Social Security		2,232	
Pensions		3,424	
Life Insurance		46	
Employer Medicare		522	
Other Fringe Benefits		140	
Instructional Supplies and Materials		5,903	
Vocational Instruction Equipment		98,369	
Total Vocational Education Program			146,772

Support Services

Other Student Support

Other Salaries and Wages	\$	67,673	
Social Security		4,149	
Pensions		6,061	
Life Insurance		23	
Medical Insurance		6,037	
Dental Insurance		140	
Employer Medicare		970	
Other Fringe Benefits		262	
Travel		36,470	
Other Supplies and Materials		43,606	
In Service/Staff Development		21,030	
Total Other Student Support			186,421

Regular Instruction Program

Supervisor/Director	\$	87,264	
Secretary(ies)		42,840	
Other Salaries and Wages		24,132	
Non-certified Substitute Teachers		8,770	
Social Security		9,208	
Pensions		14,144	
Life Insurance		46	
Medical Insurance		21,480	
Dental Insurance		280	
Employer Medicare		2,154	
Other Fringe Benefits		507	
Consultants		30,000	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	2,250	
Other Supplies and Materials		6,781	
In Service/Staff Development		70,170	
Other Equipment		2,297	
Total Regular Instruction Program			\$ 322,323

Special Education Program

Other Supplies and Materials	\$	8,269	
In Service/Staff Development		1,500	
Total Special Education Program			9,769

Vocational Education Program

Travel	\$	2,717	
In Service/Staff Development		2,319	
Other Equipment		1,414	
Total Vocational Education Program			6,450

Total School Federal Projects Fund \$ 7,795,849

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,392	
Clerical Personnel		189,125	
Cafeteria Personnel		2,750,786	
Social Security		171,906	
Pensions		23,536	
Life Insurance		3,434	
Medical Insurance		42,000	
Employer Medicare		40,857	
Communication		10,757	
Maintenance and Repair Services - Equipment		53,293	
Transportation - Other than Students		16,563	
Travel		1,736	
Other Contracted Services		85,855	
Food Preparation Supplies		192,249	
Food Supplies		2,705,835	
USDA - Commodities		312,025	
Other Supplies and Materials		28,636	
In Service/Staff Development		3,034	
Food Service Equipment		11,671	
Total Food Service			\$ 6,704,690

Total Central Cafeteria Fund 6,704,690

(Continued)

Exhibit L-8

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Building Improvements	\$	<u>97,686</u>	
Total Education Capital Projects			<u>\$ 97,686</u>
 Total Education Capital Projects Fund			 <u>\$ 97,686</u>
 Total Governmental Funds - School Department			 <u><u>\$ 147,864,048</u></u>

Exhibit L-9

Sevier County, Tennessee
Schedule of Utility Rates
Sevier County Water Department
June 30, 2016

Utility Rates in Effect

Residential

Residential Rates

First 1,500 gallons	\$ 23.00	minimum charge
Over 1,500 gallons	8.50	per 1,000 gallons

Commercial Rates

Base Rate	\$ 30.00	minimum charge
Each 1,000 gallons of usage	12.50	per 1,000 gallons

Number of Customers	1,726
---------------------	-------

Sevier County, Tennessee
 Schedule of Unaccounted for Water
 Sevier County Water Department
 June 30, 2016

AWWA Free Water Audit Software: Reporting Worksheet						WAS v5.0 American Water Works Association. Copyright © 2014, All Rights Reserved.	
<input type="button" value="Click to access definition"/> <input type="button" value="Click to add a comment"/>		Water Audit Report for: <u>Sevier County Water</u> Reporting Year: <u>2016</u> <u>7/2015 - 6/2016</u>					
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades							
All volumes to be entered as: MILLION GALLONS (US) PER YEAR							
To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below							
WATER SUPPLIED			Enter grading in column 'E' and 'J'		Master Meter and Supply Error Adjustments		
Volume from own sources: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.000"/> MG/Yr			<input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.000"/> MG/Yr		<input type="button" value="+"/> <input <input="" type="text" value=""/> <input type="text" value=""/> MG/Yr		
Water imported: <input type="button" value="+"/> <input <input="" type="button" value="10"/> <input type="text" value="187.505"/> MG/Yr			<input type="button" value="+"/> <input <input="" type="text" value=""/> <input type="text" value=""/> MG/Yr		<input type="button" value="+"/> <input <input="" type="text" value=""/> <input type="text" value=""/> MG/Yr		
Water exported: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.000"/> MG/Yr			<input type="button" value="+"/> <input <input="" type="text" value=""/> <input type="text" value=""/> MG/Yr		<input type="button" value="+"/> <input <input="" type="text" value=""/> <input type="text" value=""/> MG/Yr		
WATER SUPPLIED: <input <input="" type="text" value="187.505"/> MG/Yr					Enter negative % or value for under-registration Enter positive % or value for over-registration		
AUTHORIZED CONSUMPTION							
Billed metered: <input type="button" value="+"/> <input <input="" type="button" value="9"/> <input type="text" value="78.437"/> MG/Yr			<input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/> MG/Yr		Pcnt: <input type="text" value="1.25%"/> <input type="button" value="0"/> <input type="button" value="100"/> Value: <input type="text" value=""/> MG/Yr		
Billed unmetered: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/> MG/Yr			<input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/> MG/Yr		Use buttons to select percentage of water supplied OR value		
Unbilled metered: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/> MG/Yr			<input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/> MG/Yr		<input type="text" value="0.25%"/> <input type="button" value="0"/> <input type="button" value="100"/> MG/Yr		
Unbilled unmetered: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="2.344"/> MG/Yr			<input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/> MG/Yr		<input type="text" value="0.25%"/> <input type="button" value="0"/> <input type="button" value="100"/> MG/Yr		
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed							
AUTHORIZED CONSUMPTION: <input <input="" type="text" value="80.781"/> MG/Yr							
WATER LOSSES (Water Supplied - Authorized Consumption)							
Apparent Losses			Unauthorized consumption: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.469"/> MG/Yr		Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed		
Customer metering inaccuracies: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.000"/> MG/Yr			Systematic data handling errors: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.196"/> MG/Yr		Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed		
Systematic data handling errors: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value="0.196"/> MG/Yr			Apparent Losses: <input <input="" type="text" value="0.665"/> MG/Yr				
Real Losses (Current Annual Real Losses or CARL)							
Real Losses = Water Losses - Apparent Losses: <input <input="" type="text" value="106.059"/> MG/Yr							
WATER LOSSES: <input <input="" type="text" value="106.724"/> MG/Yr							
NON-REVENUE WATER							
NON-REVENUE WATER: <input <input="" type="text" value="109.068"/> MG/Yr							
= Water Losses + Unbilled Metered + Unbilled Unmetered							
SYSTEM DATA							
Length of mains: <input type="button" value="+"/> <input <input="" type="button" value="8"/> <input type="text" value="62.0"/> miles			Number of active AND inactive service connections: <input type="button" value="+"/> <input <input="" type="button" value="8"/> <input type="text" value="1,732"/>		Service connection density: <input <input="" type="text" value="28"/> conn./mile main		
Are customer meters typically located at the curbsto/p or property line? <input type="text" value="Yes"/> (length of service line, beyond the property boundary, that is the responsibility of the utility)							
Average length of customer service line: <input type="button" value="+"/> <input <input="" type="button" value="n/a"/> <input type="text" value=""/>			Average operating pressure: <input type="button" value="+"/> <input <input="" type="button" value="8"/> <input type="text" value="85.0"/> psi				
Average length of customer service line has been set to zero and a data grading score of 10 has been applied							
COST DATA							
Total annual cost of operating water system: <input type="button" value="+"/> <input <input="" type="button" value="10"/> <input type="text" value="\$1,815,312"/> \$/Year			Customer retail unit cost (applied to Apparent Losses): <input type="button" value="+"/> <input <input="" type="button" value="10"/> <input type="text" value="\$10.50"/> \$/1000 gallons (US)		Variable production cost (applied to Real Losses): <input type="button" value="+"/> <input <input="" type="button" value="10"/> <input type="text" value="\$4,700.00"/> \$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses		
WATER AUDIT DATA VALIDITY SCORE:							
*** YOUR SCORE IS: 90 out of 100 ***							
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score							
PRIORITY AREAS FOR ATTENTION:							
Based on the information provided, audit accuracy can be improved by addressing the following components:							
1: Unauthorized consumption							
2: Systematic data handling errors							
3: Billed metered							

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: <input style="width: 600px;" type="text" value="Sevier County Water"/>		
Reporting Year: <input style="width: 50px;" type="text" value="2016"/> <input style="width: 100px;" type="text" value="7/2015 - 6/2016"/>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 90 out of 100 ***		
System Attributes:		
	Apparent Losses:	<input style="width: 100px;" type="text" value="0.665"/> MG/yr
	+ Real Losses:	<input style="width: 100px;" type="text" value="106.059"/> MG/yr
	= Water Losses:	<input style="width: 100px;" type="text" value="106.724"/> MG/yr
	<input style="width: 20px;" type="text" value="7"/> Unavoidable Annual Real Losses (UARL):	<input style="width: 100px;" type="text" value="18.47"/> MG/yr
	Annual cost of Apparent Losses:	<input style="width: 100px;" type="text" value="\$6,981"/>
	Annual cost of Real Losses:	<input style="width: 100px;" type="text" value="\$498,479"/> Valued at Variable Production Cost <small>Return to Reporting Worksheet to change this assumption</small>
Performance Indicators:		
Financial:	Non-revenue water as percent by volume of Water Supplied:	<input style="width: 100px;" type="text" value="58.2%"/>
	Non-revenue water as percent by cost of operating system:	<input style="width: 100px;" type="text" value="28.5%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<input style="width: 100px;" type="text" value="1.05"/> gallons/connection/day
	Real Losses per service connection per day:	<input style="width: 100px;" type="text" value="N/A"/> gallons/connection/day
	Real Losses per length of main per day*:	<input style="width: 100px;" type="text" value="4,686.67"/> gallons/mile/day
	Real Losses per service connection per day per psi pressure:	<input style="width: 100px;" type="text" value="N/A"/> gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	<input style="width: 100px;" type="text" value="106.06"/> million gallons/year
	<input style="width: 20px;" type="text" value="7"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input style="width: 100px;" type="text" value="5.74"/>
<small>* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline</small>		

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, 2016

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 44,826,514
Total Cash Receipts	<u>\$ 44,826,514</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 44,378,249
Trustee's Commission	448,265
Total Cash Disbursements	<u>\$ 44,826,514</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Independent Auditor's 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***

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, 2016, 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 5, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2016-002.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2016-001.

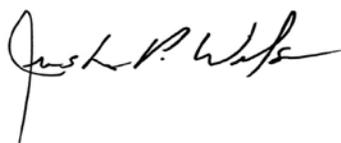
Sevier County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 5, 2016

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

**Independent Auditor's 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 Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sevier County's compliance.

Opinion on Each Major Federal Program

In our opinion, Sevier County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

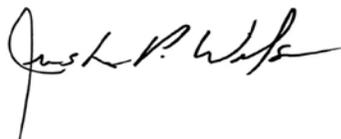
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Sevier County's basic financial statements. We issued our report thereon dated October 5, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 5, 2016

JPW/yu

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2016

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 1,358,584
National School Lunch Program	10.555	N/A	3,621,790 (4)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Noncash Assistance)	10.555	N/A	312,025 (4)
Passed-through State Department of Health and Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	113,402
Total U.S. Department of Agriculture			<u>\$ 5,405,801</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	\$ 370,820
Total U.S. Department of Housing and Urban Development			<u>\$ 370,820</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	(3)	\$ 348,348
Total U.S. Department of the Interior			<u>\$ 348,348</u>
U.S. Department of Justice:			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	(3)	\$ 97,498
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(3)	3,043
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	(3)	41,537
Passed-through State Department of Mental Health and Substance Abuse:			
Drug Court Discretionary Grant Program	16.585	(3)	50,000
Total U.S. Department of Justice			<u>\$ 192,078</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	N/A	\$ 35,074
Total U.S. Department of Transportation			<u>\$ 35,074</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(3)	\$ 173,017
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	3,464,485
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,189,101
Special Education - Preschool Grants	84.173	N/A	76,511
Career and Technical Education-Basic Grants to States	84.048	N/A	210,722
Twenty-first Century Community Learning Centers	84.287	N/A	76,883
Rural Education	84.358	N/A	360,945
English Language Acquisition Grants	84.365	N/A	67,003
Improving Teacher Quality State Grants	84.367	N/A	464,216
Total U.S. Department of Education			<u>\$ 8,082,883</u>

(Continued)

Sevier County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. 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	Z-06-027158-00	\$ 52,409
Passed-through State Department of Health and Human Services:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	N/A	1,106
Family Planning - Services	93.217	N/A	19,301
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	N/A	13,334
Medical Assistance Program	93.778	N/A	55,691
HIV Prevention Activities - Health Department Based	93.940	N/A	3,634
Maternal and Child Health Services Block Grant to the States	93.994	N/A	36,015
Total U.S. Department of Health and Human Services			<u>\$ 181,490</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 66,593
Emergency Management Performance Grants	97.042	(3)	40,500
Homeland Security Grant Program	97.067	(3)	20,358
Total U.S. Department of Homeland Security			<u>\$ 127,451</u>
Total Expenditures of Federal Grants			<u>\$ 14,743,945</u>
		Contract Number	
State Grants			
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 13,500
Driver's Education - State Commission of Education	N/A	(3)	50,299
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	(3)	70,000
Adult Education - State Department of Labor and Workforce Development	N/A	(3)	52,025
Aging Program - State Office on Aging	N/A	(3)	18,903
Lottery for Education - State Department of Education	N/A	(3)	216,623
Safe Schools Act - State Department of Education	N/A	(3)	44,240
Litter Program - State Department of Transportation	N/A	(3)	58,300
Health Department Program - State Department of Health	N/A	(3)	420,937
Rehabilitation Grant - State Department of Human Services	N/A	(3)	165,830
Early Childhood Education - Lottery - State Department of Education	N/A	(3)	426,477
Total State Grants			<u>\$ 1,537,134</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) Sevier county elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) Total CFDA No. 10.555 is \$3,933,815.

Sevier County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Sevier County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	230	2015-001	The Employee Insurance - Health Fund had a deficit in unrestricted net position at June 30, 2015	N/A	Corrected
2015	231	2015-002	Multiple employees operated from the same cash drawer - Office of Clerk and Master	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

SEVIER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Sevier County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States, and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, of the financial statements of Sevier County, Tennessee, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The finance director and clerk and master provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

OFFICE OF COUNTY MAYOR

FINDING 2016-001 **A CASH SHORTAGE OF \$5,392 EXISTED IN THE PLANNING OFFICE AT OCTOBER 16, 2015**
(Noncompliance Under *Government Auditing Standards*)

On October 9, 2015, the county mayor was informed of a potential cash shortage in the county's Planning Office. The county mayor immediately notified the district attorney general, and the county finance director contacted representatives with the Comptroller's Office. The finance director performed an internal review of receipts and deposits of the Planning Office and determined that \$5,392 in building permit collections had not been remitted to the county trustee during the period February 2014, through October 16, 2015. The district attorney general and the Tennessee Bureau of Investigation were notified of the alleged cash shortage. On November 2, 2015, the Sevier County Grand Jury returned indictments charging a former employee of the Planning Office with one count of theft over \$1,000 and one count of official misconduct. On April 19, 2016, the former employee agreed to judicial diversion and restitution of \$5,392. The employee paid the \$5,392 in restitution on May 31, 2016. This cash shortage is in part the result of the failure of management to segregate duties adequately among employees in the Planning Office.

RECOMMENDATION

Management should ensure duties are segregated adequately.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

Although internal controls were in place to take away the opportunity aspect of fraud, a breakdown in management at the Planning Department allowed one employee to take funds over the course of several months. Management has ensured training for those supervisors and management across the county to better recognize discrepancies when performing reconciliations in order to limit the opportunity aspect of the fraud model. In addition, although the opportunity of fraud cannot be completely eliminated, management is taking precautions to prevent extensive time periods for detection of fraud. Sevier County feels that it executed and responded well to this theft and appreciates the District Attorney's Office and Comptroller's Office for their assistance, professionalism and guidance on this situation.

OFFICE OF CLERK AND MASTER

FINDING 2016-002

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.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I disagree with your finding in the audit as listed above. We have operated with one cash drawer forever, without one cent missing. We are all in one room and within sight of each other. We all have our own batch of cash or checks on the computer from which the deposit is started. We do not need extra cash in each drawer for making change – which means more cash in each desk. Since you didn't notice or report, we deposit each day, not every three days as required by state statute. If there is a mistake, it is easy to find and reconcile. Extra money boxes (a/k/a cash drawers) for each employee have been ordered to correct your finding. I do not agree with your finding but will live with it.

AUDITOR'S COMMENT

As noted in the finding above, good internal controls dictate that each employee should have a separate cash drawer, start the day with a standard fixed amount of cash in their cash drawer to make change, and reconcile back with this fixed amount at the end of the day. Allowing employees to access cash in only one drawer increases the risks that a cash shortage may occur. If only one cash drawer is in use, and a cash shortage does occur, the official may be solely responsible since it would not be possible to identify the employee involved.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and recommendations, as a result of our audit of federal awards of Sevier County, Tennessee, for the year ended June 30, 2016.

**Sevier County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICE OF COUNTY MAYOR

**FINDING 2016-001 **A CASH SHORTAGE OF \$5,392 EXISTED IN THE
PLANNING OFFICE AT OCTOBER 16, 2015****

Response and Corrective Action Plan Prepared by:	Bryan McCarter, Sevier County Finance Director, Sevier County, Tennessee
Person Responsible for Implementing the Corrective Action:	Bryan McCarter/Jeff Ownby
Anticipated Completion Date of Corrective Action:	February 1, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

This finding was resolved by the resignation and criminal prosecution of the County Planning Technician. We have instituted strict policies to ensure internal controls are followed and proper segregation of duties exist for the transfer of funds from the planning office to the Trustee.

OFFICE OF CLERK AND MASTER

**FINDING 2016-002 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME
CASH DRAWER****

Response and Corrective Action Plan Prepared by:	Carolyn P. McMahan, Sevier County Clerk and Master, Sevier County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	September 26, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	We are all in the same office, not separate offices and there is no need for each desk to have extra cash for change.

Planned Corrective Action:

I do not agree with the audit finding, but we all now have separate boxes at our desk.

Corrective Action – Federal Award Findings

There were no current-year federal award findings to report.

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.