

CITY OF GATLINBURG, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014

Prepared by Finance Department

CITY OF GATLINBURG, TENNESSEE

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-5
Organizational Structure	6
List of Publicly Elected and Principal Officials	7
FINANCIAL SECTION	
Independent Auditor's Report	8-9
Management's Discussion and Analysis.....	10-19
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	25
Statement of General Fund Budgetary Comparison	26
Statement of Special Tax Fund Budgetary Comparison.....	27
Statement of Tourism Fund Budgetary Comparison.....	28
Statement of Net Position - Proprietary Funds.....	29
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	30
Statement of Cash Flows - Proprietary Funds	31
Notes to Financial Statements.....	32-47
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedule of Funding Progress - Political Subdivision Pension Plan	48
SUPPLEMENTARY INFORMATION SECTION	
Combining and Individual Fund Statements	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	49-62
Special Revenue Funds	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	64
State Street Aid Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	65
Special Tax Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	66
Asset Forfeiture/Donation Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	67
Contingency Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	68
Hotel/Motel Tax Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	69
Parking and Mass Transit Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	70-72
School Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	73
Tourism Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	74-76

CITY OF GATLINBURG, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

Debt Service Funds

Combining Balance Sheet 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 78
 Sinking Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual..... 79
 Convention Center Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual..... 80

Capital Projects Funds

Combining Balance Sheet 81
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 82
 Public Works Construction Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual..... 83
 Vehicle Replacement Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual..... 84
 Grant Financed Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual..... 85

Enterprise Funds

Wastewater Fund
 Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual 86-88
Water Fund
 Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual 89-91

OTHER INFORMATION SECTION

Solid Waste/Sanitation Fund -
 Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual 92-93
Schedule of Investments 94
Schedule of Utility Rates..... 95
AWWA Water Audit Reporting Worksheet for the Year Ended June 30, 2014 96
Schedule of Bonded Debt Service Requirements 97
Schedule of Bond Obligations to Maturity 98-102

STATISTICAL SECTION

Listing of Statistical Tables 103
Table 1 – Net Position by Component – Last Ten Fiscal Years 104
Table 2 – Changes in Net Position – Last Ten Fiscal Years..... 105-106
Table 3 – Fund Balances – Governmental Funds – Last Ten Fiscal Years 107
Table 4 – Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years 108
Table 5 – Assessed and Estimated Actual Value of Property – Last Ten Fiscal Years..... 109
Table 6 – Property Tax Rates – Direct and Overlapping Governments (Per \$100 of Assessed Value)
 – Last Ten Fiscal Years..... 110
Table 7 – Principal Property Taxpayers – Current Year and Nine Years Ago 111
Table 8 – Property Tax Levies and Collections – Last Ten Fiscal Years 112
Table 9 – Ratio of Outstanding Debt by Type – Last Ten Fiscal Years..... 113
Table 10 – Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years..... 114
Table 11 – Direct and Overlapping Governmental Activities Debt –For the Fiscal Year Ended June 30, 2014.... 115
Table 12 – Taxable Sales by Category – Last Ten Fiscal Years 116
Table 13 – Tax Revenue Payers by Industry/Category – Last Two Fiscal Years 117
Table 14 – Principal Employers – Current Year and Seven Years Ago 118
Table 15 – Demographic Statistics – Last Ten Fiscal Years..... 119
Table 16 – Full-Time Government Employees by Function/Program – Last Ten Fiscal Years..... 120
Table 17 – Operating Indicators by Function/Program – Last Ten Fiscal Years..... 121
Table 18 – Capital Asset Statistics by Function/Program – Last Ten Fiscal Years 122

CITY OF GATLINBURG, TENNESSEE

TABLE OF CONTENTS (Continued)

Page

OTHER REPORTS AND SCHEDULE

Schedule of Expenditures of Federal and State Awards.....	123-124
Note to the Schedule of Expenditures of Federal and State Awards.....	125
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.....	126-127
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by OMB Circular A-133.....	128-129
Schedule of Findings and Questioned Costs	130-132
Corrective Action Plan	133

INTRODUCTORY SECTION



FINANCE DEPARTMENT

Letter of Transmittal

December 16, 2014

To the Honorable Mayor, members of the City Commission, and the Citizens of the City of Gatlinburg, Tennessee:

The comprehensive annual financial report of the City of Gatlinburg, Tennessee (“the City”) for the year ended June 30, 2014, is hereby submitted as mandated by both local Ordinances and State Statutes. These Ordinances require that the City issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City’s principal elected and appointed officials. The financial section includes management’s discussion and analysis, the basic financial statements, required supplementary information, combining and individual fund statements and schedules, as well as the independent auditor’s report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section presents the schedule of expenditures of federal and state awards along with the independent auditor’s report on internal controls and compliance with applicable laws and regulations. A schedule of findings and questioned costs is also included in this section.

The financial reporting entity (the government) includes all funds of the primary government (i.e. the City of Gatlinburg, Tennessee as legally defined). The government provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities; water and sewer service; and the operation and maintenance of the City’s Convention Center and Mills Conference Center Complex.

Governmental Structure, Local Economic Condition and Outlook

The City, incorporated March 31, 1945, is located in southeastern Sevier County, which is in eastern Tennessee. The City is the primary entrance to the Great Smoky Mountain National Park, which is the most visited park in the National Park System with more than 9.3 million visitors for the 2013 calendar year which far outpaces the second most visited National Park, Grand Canyon at 4.5 million visitors. The City currently has a land area of 10.4 square miles and a population of 3,944 (according to the 2010 U. S. Census Bureau population statistics). The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by State Statute to extend its corporate limits by annexation, which is done when deemed appropriate by the City Commission.

The City operates under the Manager-Commission form of government. Policy making and legislative authority are vested in the governing Commission, which consists of a Mayor and a four member Commission. The governing Commission is responsible for passing Ordinances, adopting the Budget, appointing committees and hiring the City's Manager, among other things. The City Manager is responsible for carrying out the policies and Ordinances of the governing Commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the City's Departments. The Commission is elected on a nonpartisan basis. Commission members are elected to four-year staggered terms with two members elected in one year and three elected two years later. All five members of the Commission are elected at large and the members of the Board of Commissioners choose the Mayor among themselves on an annual basis.

By virtue of its location at the entrance to the Great Smoky Mountain National Park, the City's major industry is tourism. Located near the center of the eastern half of the United States and, thus, being within one day's drive of 75% of the country's population, the Great Smoky Mountain National Park each year draws the largest attendance of any of the National Parks. The City, through its numerous hotel, motel, campground, chalet, timeshare, and condominium units, can accommodate approximately 60,100 people per night. There are approximately 91 restaurants and many shops and malls in the City. For recreation, the City and the Great Smoky Mountain National Park offer hiking, fishing, swimming, golf, tennis, tram rides, camping, sight-seeing, snow skiing, ice skating, shopping, horseback riding and a world class Aquarium. In addition, Gatlinburg's world-famous artists and craftspeople comprise the largest group of independent artisans in North America, and are proud to be preserving the craft heritage of the Great Smoky Mountains. During calendar 2012 the City was named by Forbes Magazine as one of the top ten prettiest towns in America. The City also operates and maintains a trout rearing facility and stocks designated streams with trout on a weekly basis from April through November. Also, the City has a "delayed harvest" program from December through March during which the City stocks the streams with trophy trout monthly and allows fishing on a catch and release basis.

For the calendar year 2013, the average unemployment rate for Sevier County of 8.7% was slightly higher than the State of Tennessee's average rate of 8.2% and also higher than the national average rate of 7.4%. A large portion of the workforce is seasonal due to our area being primarily a tourism destination. The County had an annual average employed labor force of approximately 48,630 for calendar year 2013.

Major Initiatives

The City has in place a Capital Improvements Program, Vehicle Replacement Program, and Street Improvement Program. During the current Fiscal Year, the City also began the implementation of a Computer Replacement Program. These programs are a direct result of the City's continuing long range planning efforts.

The intent is to provide the policy makers and citizens with the best known capital needs of the City along with the most logical financial information available. As with Strategic Planning, these programs are updated and monitored annually so that they maintain an integrity of appropriateness and accuracy.

For the Year. The City's staff, following specific directives of the City Commission and the City Manager, have been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that its citizens and visitors are able to enjoy a fulfilling environment.

In the previous year of 2013, the City entered into a joint venture with Sevier County to build a Youth Sports Complex within the City to attract youth sports tournaments to the City. The cost of the complex (including land purchases) was approximately \$24 million with the funding and ownership of this facility being on a 70% City and 30% County basis. This facility markets youth soccer tournaments, youth basketball tournaments and other youth sports activities that lend themselves to this type facility. With the Tourism amenities that the City has to offer, it is believed that this facility could certainly be one of the premier facilities of its type in the Southeast if not the Country. The Sports Facilities Advisory, LLC was retained by the Joint Venture Partners to market the facility during the construction phase and contracts for use of the facility point to a very favorable first year of operations that will meet or exceed initial projections.

The City also completed the purchase of a Green Space Easement in the downtown district of the City. The purchase of this easement significantly aided the efforts of the historical Arrowmont School of Arts and Crafts to acquire fee simple ownership of its campus which is located within the Green Space Easement area.

For the Future. The Youth Sports Complex, which was completed on schedule and within budget, opened in July 2014 and is expected to have a very positive impact upon the local economy. In addition, the City is committed to the overall updating and enhancing of existing infrastructure as evidenced by the significant amount of funds allocated in the FY 2015 budget for this purpose.

Financial Information

The City's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management.

Tests were made of the City's internal control structure and of its compliance with applicable laws and regulations, including those related to federal and state awards. Although this testing was not

sufficient to support an opinion on the City's internal control system or its compliance with laws and regulations, the audit for the year ended June 30, 2014, disclosed no instances of material weaknesses, and there were no instances of material violations of laws and regulations.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated Budget approved by the City Commission. Activities of the general fund, certain special revenue funds, and certain debt service funds are included in the annual appropriated Budget. Project-length budgets are prepared for capital projects funds. The level of budgetary control i.e., the level at which expenditures cannot legally exceed the appropriated amount is at the Departmental level within the general fund and on the fund level for the special revenue and debt service funds. Additional financial control is exercised over Departmental expenditures by the City Manager and Finance Director by requiring that Department Heads cover line item expenditures by a budgetary transfer between line items within the Departmental budget. Each transfer must be approved by the City Manager after available funds certification by the Finance Director. The City also maintains an encumbrance accounting system as another method of maintaining budgetary control. Encumbered amounts lapse at year-end, however, outstanding encumbrances generally are appropriated as part of the following year's Budget.

As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

Deferred Compensation Plan. The City offers its employees a deferred compensation plan. During the 2014 Fiscal Year, employee account totals increased by \$651,765 or 12.7% of the beginning balance.

Cash Management Policies and Practices. Cash temporarily idle during the year was held as cash in the City's checking accounts or in allowable government-related investments. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's current Banking Services Agreement calls for the City's cash accounts to earn .03 basis points above the 91 day T-Bill adjusted monthly based on the last auction of the previous month. All investments held by the City at June 30, 2014, are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Risk Management. During the 1980 Fiscal Year, the City joined with other governments to form the Tennessee Municipal League (TML) Risk Management Pool, a public entity risk pool currently operating as a common risk management and insurance program for Tennessee municipalities. The City pays an annual premium to the Pool and the pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining, however, no additional assessments are expected at this time.

Other Information

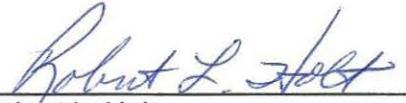
Independent Audit. State statutes require an annual audit by independent certified public accountants. The City's governing board selected the firm of Pugh & Company, P.C. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the independent auditor in conducting the engagement. The independent auditor's report on the basic general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The independent auditor's report on internal controls and compliance with applicable laws and regulations can be found in the single audit section of this report.

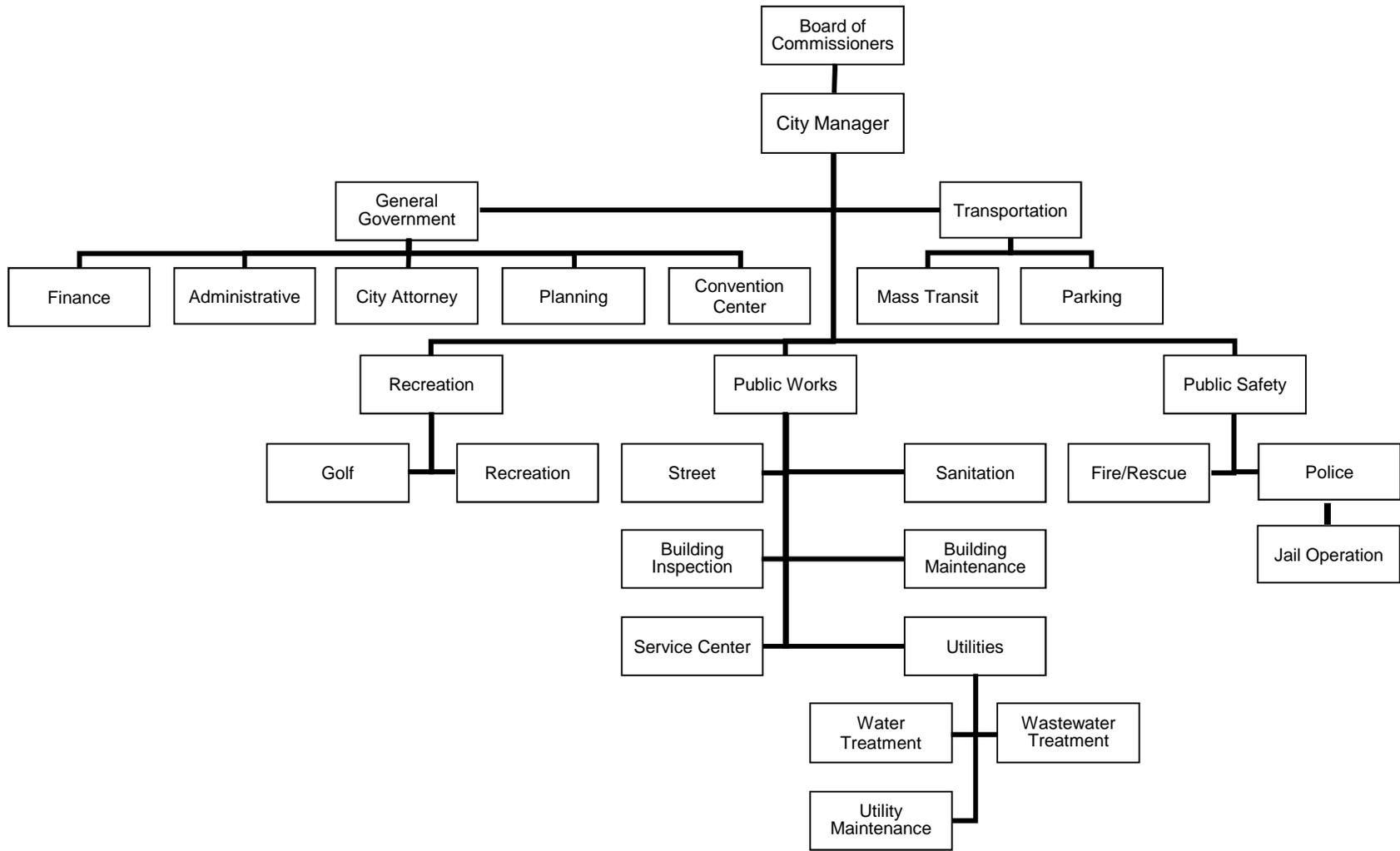
Acknowledgments. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance and Administrative Departments. We would like to express our appreciation to all members of these Departments who assisted and contributed to the preparation of this report. Due credit also should be given to the Mayor and City Commission for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,


Cindy Cameron Ogle
City Manager


Robert L. Holt
Finance Director

CITY OF GATLINBURG, TENNESSEE ORGANIZATIONAL STRUCTURE



CITY OF GATLINBURG, TENNESSEE

List of Publicly Elected and Principal Officials

June 30, 2014

Elected Officials

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

Mike Helton
Mike Werner
Mark McCown
Jerry Hays
Don Smith

Principal Officials

City Manager
Finance Director
Chief of Police
Fire Chief
Recreation Director
City Planner

Cindy C. Ogle
Robert L. Holt
Randall J. Brackins
Greg Miller
Marty Nicely
David Ball

FINANCIAL SECTION

KNOXVILLE OFFICE:
315 NORTH CEDAR BLUFF ROAD – SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660



PUGH & COMPANY, P.C.
www.pughcpas.com

OAK RIDGE OFFICE:
800 OAK RIDGE TURNPIKE – SUITE A404
OAK RIDGE, TENNESSEE 37830
TELEPHONE 865-769-1657

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners and Senior Management
City of Gatlinburg, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund, special tax fund, and tourism fund, and the aggregate remaining fund information of the City of Gatlinburg, Tennessee as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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, each major fund, and the aggregate remaining fund information of the City of Gatlinburg, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, special tax fund, and tourism fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 19 and the schedule of funding progress on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gatlinburg's basic financial statements. The introductory, supplementary information, other information sections and statistical sections and the schedule of expenditures of federal and state awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations on pages 123-124, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplementary information section as listed in the table of contents and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information included in the introductory, other information and statistical sections as listed in the table of contents 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 December 16, 2014 on our consideration of the City of Gatlinburg'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 City of Gatlinburg's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 16, 2014

Management's Discussion and Analysis

The management of the City of Gatlinburg, Tennessee, ("the City"), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the Fiscal Year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages 1 to 5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent Fiscal Year by \$97,576,189 (net position). Of this amount, \$26,479,816 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,639,980 which is primarily attributable to an increase in tax revenue streams from improved business climate.
- As of the close of the current Fiscal Year, the City governmental funds reported combined ending fund balances of \$24,458,974, a decrease of \$4,279,829 in comparison with the prior year due to expenditures related to construction projects, primarily the Youth Sports Complex, that occurred during the Fiscal Year.
- At the end of the current Fiscal Year, unassigned fund balance for the General Fund was \$9,978,514, or 53% of total General Fund expenditures and operating transfers out.
- The City's total debt increased by \$13,532,372 (26.5%) during the current Fiscal Year. This increase is primarily the result of the remaining two debt issues for the Youth Sports Complex project occurring during the Fiscal Year.
- The City maintained the Moody's Investor Service rating of "A1" and the S & P rating of AA on all of the City's outstanding debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) single audit section. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's position and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Public Works, including Streets and Sanitation, Recreation, and Tourism Promotion. The business-type activities of the City include a Water Department and a Wastewater Department.

The government-wide financial statements can be found on pages 20 - 21 of this report.

Proprietary funds. Enterprise funds are a type of proprietary fund used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Wastewater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 29 - 31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 48 of this report.

The combining statements are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 49 - 91 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$97,576,189 at the close of the most recent Fiscal Year.

The largest portion of the City's net position (71.1%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Gatlinburg Net Position as of June 30, 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and Other Assets	\$ 29,796,104	\$ 32,276,739	\$ 8,061,265	\$ 9,035,350	\$ 37,857,369	\$ 41,312,089
Capital Assets, Net of Accumulated Depreciation	109,228,238	88,576,293	23,232,410	23,395,449	132,460,648	111,971,742
Deferred Outflows of Resources	<u>349,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>349,802</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 139,374,144</u>	<u>\$ 120,853,032</u>	<u>\$ 31,293,675</u>	<u>\$ 32,430,799</u>	<u>\$ 170,667,819</u>	<u>\$ 153,283,831</u>
Liabilities:						
Long-term Liabilities						
Outstanding	\$ 59,698,680	\$ 45,518,687	\$ 1,926,591	\$ 2,667,675	\$ 61,625,271	\$ 48,186,362
Other Liabilities	8,031,226	5,996,095	1,498,766	1,626,127	9,529,992	7,622,222
Deferred Inflows of Resources	<u>1,903,024</u>	<u>2,452,683</u>	<u>33,343</u>	<u>86,355</u>	<u>1,936,367</u>	<u>2,539,038</u>
Total Liabilities and Deferred Inflows	<u>69,632,930</u>	<u>53,967,465</u>	<u>3,458,700</u>	<u>4,380,157</u>	<u>73,091,630</u>	<u>58,347,622</u>
Net Position:						
Net Investment in Capital Assets	48,612,348	46,248,490	20,754,311	20,085,094	69,366,659	66,333,584
Restricted	1,729,714	6,091,619	0	0	1,729,714	6,091,619
Unrestricted	<u>19,399,152</u>	<u>14,545,458</u>	<u>7,080,664</u>	<u>7,965,548</u>	<u>26,479,816</u>	<u>22,511,006</u>
Total Net Position	<u>69,741,214</u>	<u>66,885,567</u>	<u>27,834,975</u>	<u>28,050,642</u>	<u>97,576,189</u>	<u>94,936,209</u>
Total Liabilities and Net Position	<u>\$ 139,374,144</u>	<u>\$ 120,853,032</u>	<u>\$ 31,293,675</u>	<u>\$ 32,430,799</u>	<u>\$ 170,667,819</u>	<u>\$ 153,283,831</u>

An additional portion of the City's net position (1.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$26,479,816 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current Fiscal Year, the City of Gatlinburg is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior Fiscal Year.

The government's total net position increased by \$2,639,980 during the current Fiscal Year. The majority of this increase is due to increases in revenue from various taxes that occurred during the Fiscal Year. The balance of the increase is related to Program and General Revenues exceeding expenses in Governmental Activities.

City of Gatlinburg Changes in Net Position

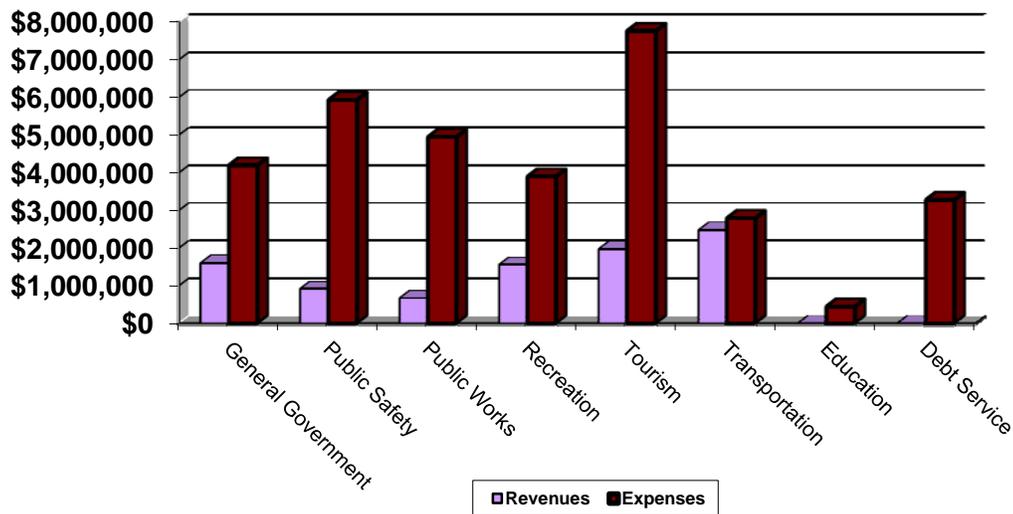
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,152,872	\$ 6,982,659	\$ 5,529,499	\$ 5,540,130	\$ 12,682,371	\$ 12,522,789
Operating Grants and Contributions	1,114,075	1,199,084	0	0	1,114,075	1,199,084
Capital Grants and Contributions	913,115	4,233,501	0	0	913,115	4,233,501
General Revenues:						
Property Taxes	1,276,912	1,297,351	0	0	1,276,912	1,297,351
Other Taxes	25,349,915	23,915,140	0	0	25,349,915	23,915,140
Other	268,711	528,948	42,719	79,917	311,430	608,865
Total Revenues	<u>36,075,600</u>	<u>38,156,683</u>	<u>5,572,218</u>	<u>5,620,047</u>	<u>41,647,818</u>	<u>43,776,730</u>
Expenses:						
General Government	4,193,676	4,272,209	0	0	4,193,676	4,272,209
Public Safety	5,927,140	5,669,665	0	0	5,927,140	5,669,665
Public Works	4,944,254	4,275,409	0	0	4,944,254	4,275,409
Recreation	3,893,278	3,558,435	0	0	3,893,278	3,558,435
Tourism	7,759,239	7,191,204	0	0	7,759,239	7,191,204
Transportation	2,786,660	3,111,839	0	0	2,786,660	3,111,839
Education	440,855	395,282	0	0	440,855	395,282
Debt Service Interest	3,274,851	2,090,168	0	0	3,274,851	2,090,168
Wastewater	0	0	2,695,877	3,023,568	2,695,877	3,023,568
Water	0	0	3,092,008	2,480,464	3,092,008	2,480,464
Total Expenses	<u>33,219,953</u>	<u>30,564,211</u>	<u>5,787,885</u>	<u>5,504,032</u>	<u>39,007,838</u>	<u>36,068,243</u>
Increase in Net Position Before Transfer & Special Items	2,855,647	7,592,472	(215,667)	116,015	2,639,980	7,708,487
Transfers, Extraordinary & Special Items	<u>0</u>	<u>(761,449)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(761,449)</u>
Increase (Decrease) in Net Position	2,855,647	6,831,023	(215,667)	116,015	2,639,980	6,947,038
Net Position - Beginning of Year	<u>66,885,567</u>	<u>60,054,544</u>	<u>28,050,642</u>	<u>27,934,627</u>	<u>94,936,209</u>	<u>87,989,171</u>
Net position - End of Year	<u>\$ 69,741,214</u>	<u>\$ 66,885,567</u>	<u>\$ 27,834,975</u>	<u>\$ 28,050,642</u>	<u>\$ 97,576,189</u>	<u>\$ 94,936,209</u>

Governmental activities increased the City of Gatlinburg's net position by \$2,855,647. Key elements of this increase are as follows:

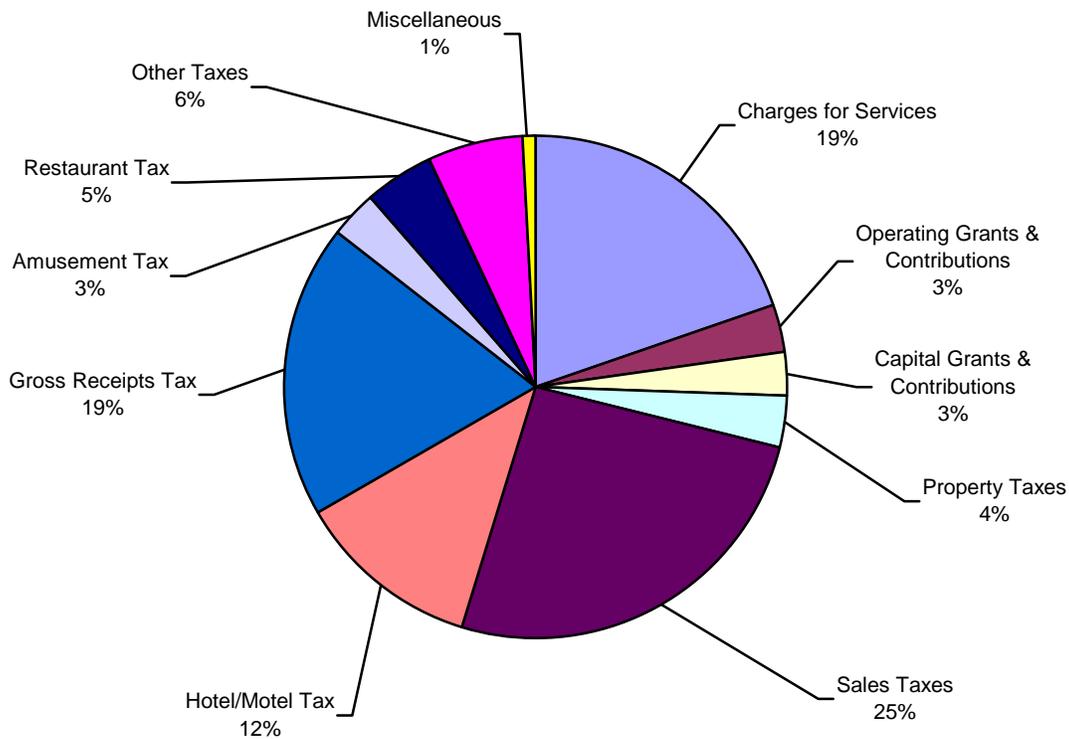
Other Taxes increased by \$1,434,775 (6%) during the year. Most of this increase is the result of improved business activity that occurred during the Fiscal Year.

Capital Grants and Contributions decreased by \$3,320,386 due to several nonrecurring projects that took place in the previous Fiscal Year.

Expenses and Program Revenues – Governmental Activities



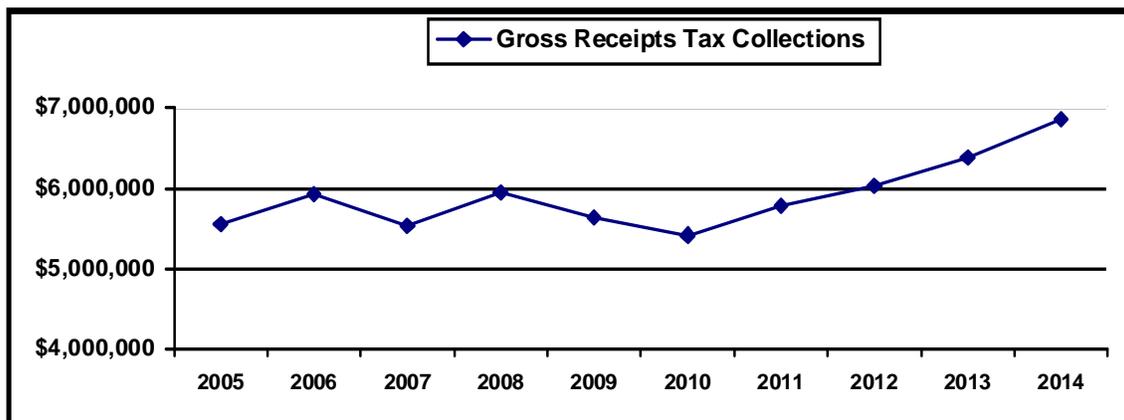
Revenues by Source – Governmental Activities



The Revenues by Source – Governmental Activities chart shows property tax revenues as a much smaller percentage of total revenues than is found in most other cities. Because the City is a premier type tourist destination, service levels are geared to provide services to a transient population which is in excess of ten times the City's permanent population. Because of this large transient population, the City has chosen to derive the majority of its revenues from the users of these services through add-on taxes and the City's Gross Receipts Tax. The Gross Receipts Tax is a tax levied on the gross income of all business in the City. These add-on taxes and the Gross Receipts Tax account for 64% of the governmental activities total revenues.

Because the Gross Receipts Tax is a tax on the gross income of all businesses in the City, it is a good barometer of the economic health of the City. For the most part, the City has enjoyed steady moderate growth over the last ten years. You will particularly note in the chart below that the City showed a decrease as a result of the severe economic decline that began in the first half of FY2008 but has now surpassed the pre-recession level. The City's Gross Receipts Tax collection in FY2014 of \$6,871,181 is an increase of 7.6% over collections in FY2013 and a 14.4% increase over collections in FY2007, the last full Fiscal Year prior to the start of the most recent economic recession. The following chart shows the City's Gross Receipts Tax collections for the last ten years.

Gross Receipts Tax Collections – Last Ten Years

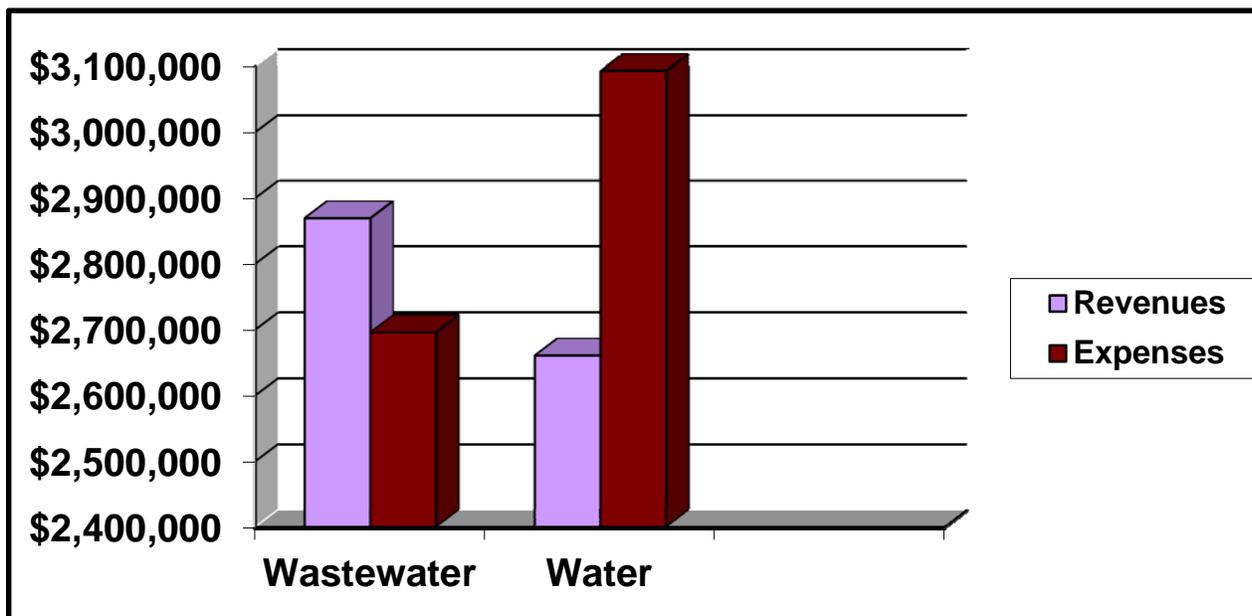


Business-type activities. Business-type activities decreased the City's net position by \$215,667.

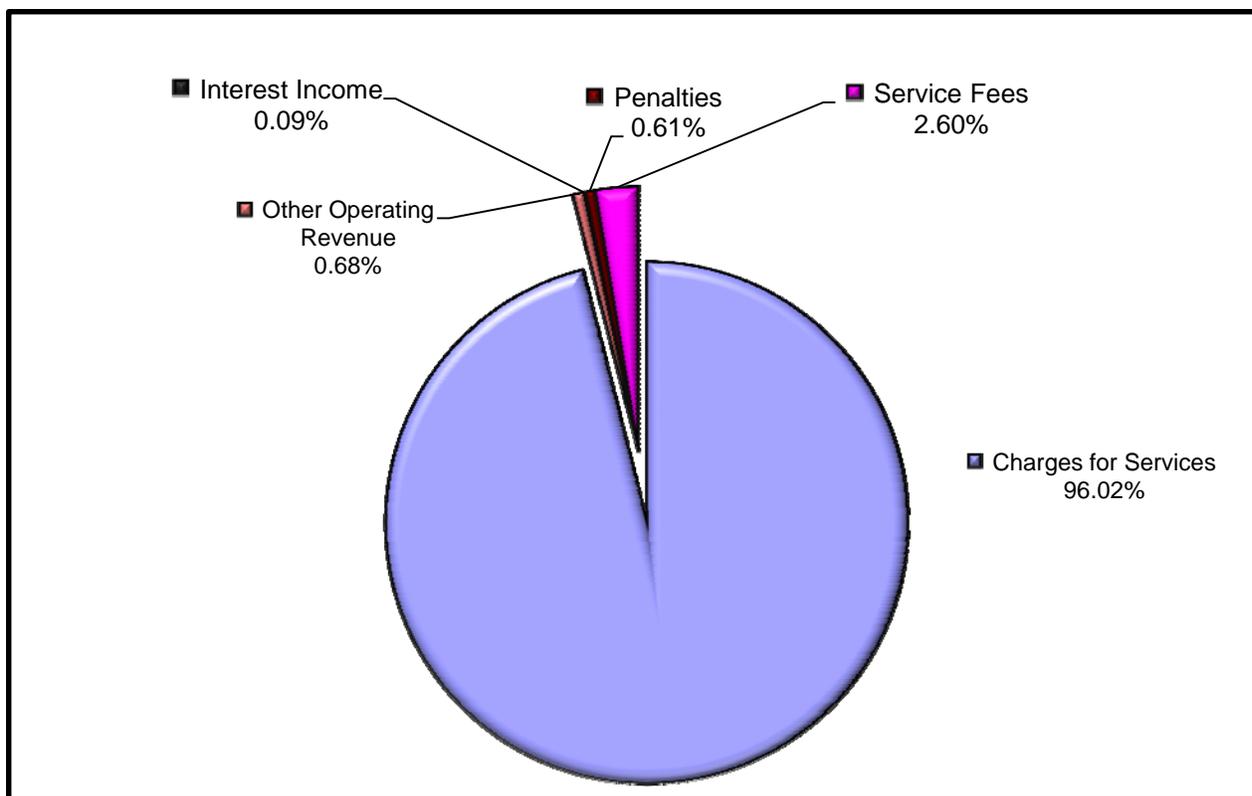
Key elements of this decrease are as follows:

- The Water and Wastewater Funds had a combined operating loss of (\$165,589) and combined non-operating loss of (\$50,078).
- The above items resulted in a decrease in net position of \$215,667 for the Wastewater and Water funds combined as compared to an increase of \$116,015 for the previous year.
- The primary reason for the decrease in net position is an increase in depreciation and maintenance expense, combined with significant decrease in interest income.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the Fiscal Year.

As of the end of the current Fiscal Year, the City's governmental funds reported combined ending fund balances of \$24,458,974, a decrease of \$4,279,829 in comparison with the prior year. Approximately 41% of this total amount (\$9,978,514) constitutes unassigned fund balance, which is available for spending at the government's discretion. The assigned fund balance (\$414,188) represents the portion of fund balance the City has set aside for an intended use. A small portion (2%) of fund balance is non-spendable in the form of inventories. The remaining fund balance is restricted (\$1,562,427), or committed (\$11,989,244) to indicate that it is not available for new spending because it has restrictions placed upon its use or it has already been committed to the funding of capital projects, streets and highways, police protection, tourism promotion, education and city court.

The General Fund is the chief operating fund of the City. At the end of the current Fiscal Year, unassigned fund balance of the General Fund was \$9,978,514. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund revenues. The Government Finance Officers Association recommends that general purpose governments maintain unassigned fund balances in the General Fund of no less than two months of regular General Fund operating revenues or two months of regular General Fund operating expenditures. The above-mentioned unassigned fund balance represents 6 months of total General Fund revenues and 7 months of General Fund expenditures.

The General Fund had an increase in operating revenues of \$905,857 in 2014. Operating Transfers Out increased from the prior year by approximately \$422,533 due primarily to an increase in the amount provided to the State Street Aid Fund.

The fund balance of the City's General Fund increased by \$1,514,784 during the current Fiscal Year. Key factors of this change are as follows:

- Local Taxes of the General Fund increased by \$930,909 primarily due to improvements in the local economy during the Fiscal Year.
- Principal payments on General Fund debt decreased by \$120,000.
- There was a significant decrease in Capital Outlay in this budget year since nonrecurring purchases such as \$400,737 for property adjacent to Service Center Complex was done last year as well as purchase of Quint Fire Truck for \$436,837.

The City's Convention Center Debt Service Fund services debt issues for the City's Convention Center and Youth Sports Complex, provides additional operation and maintenance funds for the Convention Center as needed, and provides funding for the promotion of Tourism. The fund balance in this Fund decreased by \$989,924 from \$5.15 million to \$4.16 million. The Local Taxes category increased by \$226,058 which was followed by a net increase of \$95,057 in Operating Transfers Out to the Department of Tourism for Operation and Maintenance of the Convention Center and expenditures for the promotion of Tourism. The Intergovernmental Revenues decreased by \$2 million since the contribution from Sevier County for the Youth Sports Complex Joint Venture Project took place in prior year and there was no similar contribution this year. This fund also recorded debt issue proceeds of \$17.3 million to fund the completion of the Sport Complex and to purchase a Green Space Easement for \$3.5 million in the downtown district of the City.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water, and Wastewater Funds at the end of the year amounted to \$27,834,975. The total change in net position for these funds was (\$392,911) and \$177,244 respectively. Other factors concerning the finances of these Funds have already been addressed in the discussion of these business-type activities.

General Fund Budgetary Highlights

There was a net decrease of \$291,255 in expenditures and transfers out for the current year compared to prior year in the general fund. This decrease was primarily due to capital acquisition activity that occurred during the previous year that was not repeated in the current year. The significant decrease in capital outlay was partially offset by increased transfers out to the Tourism Fund and State Street Aid Fund.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$132,460,648 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, and park facilities. The total increase in the City of Gatlinburg's investment in capital assets for the current Fiscal Year was \$20,488,906 (18.3%).

Major capital asset events during the current Fiscal Year included the following:

- \$3.5 Million was spent for a Green Space Easement in downtown area of City.
- \$835,154 was spent on various building and infrastructure projects.
- \$16,277,571 was spent on the Youth Sports Complex and GP Fields Synthetic Turf Project.
- \$867,773 was spent on new equipment and vehicles for the City.
- Current year resources were applied to various equipment purchases, building and system improvements in the Wastewater and Water Funds in the amount of \$434,267.

Capital assets net of depreciation are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 15,115,381	\$ 11,593,981	\$ 224,947	\$ 224,947	\$ 15,340,328	\$ 11,818,928
Buildings	58,112,105	57,741,617	17,055,802	16,621,535	75,167,907	74,363,152
Vehicles	9,381,261	9,274,702	0	0	9,381,261	9,274,702
Main System	0	0	26,751,604	26,432,409	26,751,604	26,432,409
Equipment	6,148,874	6,114,317	2,508,170	2,253,855	8,657,044	8,368,172
Infrastructure	40,763,216	40,615,528	0	0	40,763,216	40,615,528
Construction in Progress	24,361,540	5,279,319	82,122	164,746	24,443,662	5,444,065
Accumulated Depreciation	(44,654,139)	(42,043,171)	(23,390,235)	(22,302,043)	(68,044,374)	(64,345,214)
Total Net of Depreciation	\$ <u>109,228,238</u>	\$ <u>88,576,293</u>	\$ <u>23,232,410</u>	\$ <u>23,395,449</u>	\$ <u>132,460,648</u>	\$ <u>111,971,742</u>

Additional information on the City's capital assets can be found in Note 7 on pages 39 - 40 of this report.

Long-term debt. At the end of the current Fiscal Year, the City had total bonded debt outstanding of \$64,626,372. The City's long-term debt as of June 30, 2014 is as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
\$ <u>62,181,616</u>	\$ <u>47,870,000</u>	\$ <u>2,444,756</u>	\$ <u>3,224,000</u>	\$ <u>64,626,372</u>	\$ <u>51,094,000</u>

The City's total debt increased by \$13,532,372 (26.5%) during the current Fiscal Year.

During the Fiscal Year, the City issued new debt for the completion of construction of the Youth Sports Complex Project and the purchase of the aforementioned Green Space Easement in downtown Gatlinburg. The City made all scheduled debt payments.

The City maintains a debt rating of "A1" from Moody's Investor Service and "AA" from Standard & Poor's for general obligation debt. Part of the outstanding general obligation debt was issued on an insured basis and, therefore, all City debt carries an "A" or higher rating.

Additional information regarding the City's long term debt activity during the current Fiscal Year can be found in Note 9 on pages 41 - 43 of this report.

Next Year's Budget

The overall General Fund revenue estimates for next year were projected to remain level with those of FY2014. Using this revenue estimate as a guide, the General Fund Budget was prepared by funding the necessary operating needs of the various Departments. During the current Fiscal Year, unassigned fund balance in the General Fund increased to \$9,978,514. The 2014 Fiscal Year General Fund budget has been approved without the use of Fund Balance.

The City has committed a much greater amount of funds towards capital improvements than in recent years. The General Fund includes appropriated funds of \$646,228 while there is \$425,044 set aside in the Special Revenue/CIP Fund. These investments are primarily to update and enhance the infrastructure of the City.

The Water and Wastewater Budgets were also prepared using conservative level revenue growth estimates. Funds in the amount of \$291,500 have been appropriated to fund roofs replacement at the new utilities administration building at the Shilling Center and the Water Treatment Facility as well as the purchase of a trackhoe and various other pieces of equipment.

In fiscal year 2015 the City will adopt GASB Statement No. 68, which establishes financial reporting standards for governmental employers who provide pensions to their employees through plans administered as trusts, such as TCRS. An actuarial valuation for accounting purposes will be performed on an annual basis. Based on the results of the actuarial valuation, TCRS will provide the City with its Net Position (NPL), which is the difference between the total pension liability and the market value of assets held in trust for the participants. With the adoption of GASB 68, the City will be required to include its NPL (often called unfunded liability) and pension expense in its financial statements. In addition, expanded disclosures regarding the pension plan and additional required supplementary information are required by this Statement. The amount of the adjustment to the City's net position to record its NPL cannot be reasonably determined at this time by TCRS.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Gatlinburg, Office of the Finance Director, P. O. Box 5, Gatlinburg, TN, 37738.

BASIC FINANCIAL STATEMENTS

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
- ASSETS -			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 9,350,807	\$ 2,379,222	\$ 11,730,029
Investments	8,502,676	1,500,472	10,003,148
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$56,167	160,000	489,830	649,830
Property Taxes Receivable, Net of Allowance for Doubtful Accounts of \$173,086	861,225	0	861,225
Other Tax and Nonexchange Revenue Receivable	2,602,234	0	2,602,234
Other Receivables	5,823	1,028	6,851
Due From Other Governments	1,306,564	0	1,306,564
Due From Other Funds	40,000	0	40,000
Inventories	514,601	127,549	642,150
Total Current Assets	23,343,930	4,498,101	27,842,031
NONCURRENT ASSETS:			
Investment in Joint Venture	0	3,563,164	3,563,164
Cash Restricted or Held for Long-Term Purposes	6,452,174	0	6,452,174
Capital Assets:			
Nondepreciable	36,365,064	307,069	36,672,133
Depreciable, Net of Accumulated Depreciation	72,863,174	22,925,341	95,788,515
Total Capital Assets, Net of Depreciation	109,228,238	23,232,410	132,460,648
Total Noncurrent Assets	115,680,412	26,795,574	142,475,986
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	349,802	0	349,802
TOTAL ASSETS	\$ 139,374,144	\$ 31,293,675	\$ 170,667,819
- LIABILITIES AND NET POSITION -			
CURRENT LIABILITIES:			
Accounts Payable	\$ 2,906,779	\$ 231,063	\$ 3,137,842
Accrued Liabilities	252,877	31,340	284,217
Accrued Interest Payable	227,120	6,704	233,824
Customer Deposits	234,450	444,659	679,109
Due to Other Funds	40,000	0	40,000
Current Portion of Long Term-Debt	4,370,000	785,000	5,155,000
Total Current Liabilities	8,031,226	1,498,766	9,529,992
NONCURRENT LIABILITIES:			
Compensated Absences Payable	1,887,064	266,835	2,153,899
Long-Term Debt	57,811,616	1,659,756	59,471,372
Total Noncurrent Liabilities	59,698,680	1,926,591	61,625,271
TOTAL LIABILITIES	67,729,906	3,425,357	71,155,263
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	782,825	0	782,825
Deferred Sales Tax	1,120,199	0	1,120,199
Deferred Amount of Refunding	0	33,343	33,343
Total Deferred Inflows of Resources	1,903,024	33,343	1,936,367
NET POSITION:			
Net Investment in Capital Assets	48,612,348	20,754,311	69,366,659
Restricted	1,729,714	0	1,729,714
Unrestricted	19,399,152	7,080,664	26,479,816
Total Net Position	69,741,214	27,834,975	97,576,189
TOTAL LIABILITIES AND NET POSITION	\$ 139,374,144	\$ 31,293,675	\$ 170,667,819

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General Government	\$ 4,193,676	\$ 1,598,504	\$ 0	\$ 0	\$ (2,595,172)	\$ 0	\$ (2,595,172)
Public Safety	5,927,140	751,511	164,032	0	(5,011,597)	0	(5,011,597)
Public Works	4,944,254	6,950	227,054	432,565	(4,277,685)	0	(4,277,685)
Recreation	3,893,278	1,229,649	0	326,551	(2,337,078)	0	(2,337,078)
Tourism Promotion	7,759,239	1,970,140	0	0	(5,789,099)	0	(5,789,099)
Transportation	2,786,660	1,596,118	722,989	153,999	(313,554)	0	(313,554)
Education	440,855	0	0	0	(440,855)	0	(440,855)
Debt Service	3,274,851	0	0	0	(3,274,851)	0	(3,274,851)
Total Governmental Activities	33,219,953	7,152,872	1,114,075	913,115	(24,039,891)	0	(24,039,891)
Business-Type:							
Wastewater	2,695,877	2,869,130	0	0	0	173,253	173,253
Water	3,092,008	2,660,369	0	0	0	(431,639)	(431,639)
Total Business-Type Activities	5,787,885	5,529,499	0	0	0	(258,386)	(258,386)
Total Primary Government	\$ 39,007,838	\$ 12,682,371	\$ 1,114,075	\$ 913,115	(24,039,891)	(258,386)	(24,298,277)
General Revenues:							
Taxes:							
Property Taxes					1,276,912	0	1,276,912
Sales Taxes					9,279,350	0	9,279,350
Hotel/Motel Tax					4,293,161	0	4,293,161
Gross Receipts Tax					6,871,181	0	6,871,181
Amusement Tax					1,026,363	0	1,026,363
Restaurant Tax					1,632,395	0	1,632,395
Business Tax					572,770	0	572,770
Franchise and Income Taxes					447,470	0	447,470
Wholesale Beer, Liquor Licenses, Beer Permits, State Beer, and State Mixed Drink Taxes					1,227,225	0	1,227,225
Interest Income					32,695	4,859	37,554
Miscellaneous					236,016	37,860	273,876
Total General Revenues					26,895,538	42,719	26,938,257
Change in Net Position					2,855,647	(215,667)	2,639,980
Net Position-Beginning					66,885,567	28,050,642	94,936,209
Net Position-Ending					\$ 69,741,214	\$ 27,834,975	\$ 97,576,189

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Tourism Fund	Public Works Construction Fund	Other Governmental Funds	Total Governmental Funds
- ASSETS -							
Cash and Cash Equivalents	\$ 4,212,852	\$ 1,610,378	\$ 1,277,299	\$ 2,038,451	\$ 0	\$ 211,827	\$ 9,350,807
Investments	5,001,574	1,000,315	2,500,787	0	0	0	8,502,676
Accounts Receivable, Net	120,768	685	0	33,943	0	5,290	160,686
Property Taxes Receivable, Net	861,225	0	0	0	0	0	861,225
Other Tax and Nonexchange Revenue Receivable	1,434,894	448,994	483,991	0	0	234,355	2,602,234
Due From Other Governments	457,622	0	219,163	0	0	629,779	1,306,564
Due From Other Funds	0	0	0	0	0	40,000	40,000
Other Accounts Receivable	3,426	0	1,713	0	0	0	5,139
Inventories	502,994	0	0	11,607	0	0	514,601
Cash Restricted or Held for Long-Term Purposes	40,467	0	0	0	5,064,156	1,347,551	6,452,174
TOTAL ASSETS	\$ 12,635,822	\$ 3,060,372	\$ 4,482,953	\$ 2,084,001	\$ 5,064,156	\$ 2,468,802	\$ 29,796,106
- LIABILITIES AND FUND BALANCES -							
LIABILITIES:							
Accounts Payable	\$ 283,213	\$ 1,868	\$ 0	\$ 129,296	\$ 2,384,674	\$ 107,728	\$ 2,906,779
Accrued Liabilities	216,020	0	0	22,164	0	14,695	252,879
Due to Other Funds	40,000	0	0	0	0	0	40,000
Customer Deposits	0	0	0	234,450	0	0	234,450
Total Liabilities	539,233	1,868	0	385,910	2,384,674	122,423	3,434,108
DEFERRED INFLOWS OF RESOURCES	1,511,926	0	320,367	0	0	70,731	1,903,024
FUND BALANCES:							
Nonspendable:							
Inventory	502,994	0	0	11,607	0	0	514,601
Restricted	40,467	0	0	0	775,924	746,036	1,562,427
Unrestricted:							
Committed	62,688	3,058,504	4,162,586	1,686,484	1,903,558	1,115,424	11,989,244
Assigned	0	0	0	0	0	414,188	414,188
Unassigned	9,978,514	0	0	0	0	0	9,978,514
Total Fund Balances	10,584,663	3,058,504	4,162,586	1,698,091	2,679,482	2,275,648	24,458,974
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,635,822	\$ 3,060,372	\$ 4,482,953	\$ 2,084,001	\$ 5,064,156	\$ 2,468,802	\$ 29,796,106

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2014

Total Fund Balances for Governmental Funds \$ 24,458,974

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 12,003,524	
Land Improvements, Net of \$480,442 Accumulated Depreciation	2,631,415	
Buildings and Improvements, Net of \$24,973,776		
Accumulated Depreciation	33,138,329	
Equipment, Net of \$2,987,336 Accumulated Depreciation	3,161,538	
Vehicles, Net of \$4,945,553 Accumulated Depreciation	4,435,708	
Construction in Progress	24,361,540	
Infrastructure, Net of \$11,267,032 Accumulated Depreciation	<u>29,496,184</u>	
Total Capital Assets (See Note 7)		109,228,238

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Long-Term Debt	(62,181,616)	
Deferred Charge on Refunding	349,802	
Accrued Interest on Long-Term Debt	(227,120)	
Compensated Absences	<u>(1,887,064)</u>	
		<u>(63,945,998)</u>

Net Position of Governmental Activities \$ 69,741,214

CITY OF GATLINBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Tourism Fund	Public Works Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Local Taxes	\$ 14,988,709	\$ 4,032,994	\$ 3,590,669	\$ 0	\$ 0	\$ 1,431,054	\$ 24,043,426
Licenses and Permits	1,416,891	0	0	0	0	0	1,416,891
Intergovernmental	1,472,703	0	839,607	0	0	1,832,168	4,144,478
Miscellaneous Income	0	0	0	0	0	50,696	50,696
Use of Money and Property	1,096,236	655,682	6,375	1,111	0	18,569	1,777,973
Charges for Services	1,109,322	0	0	1,998,591	0	1,079,932	4,187,845
Fines, Forfeitures and Penalties	209,157	0	0	0	0	4,337	213,494
Contributions and Donations	0	554,550	0	0	0	0	554,550
Total Revenues	20,293,018	5,243,226	4,436,651	1,999,702	0	4,416,756	36,389,353
EXPENDITURES:							
General Government	4,154,133	0	0	0	0	30,639	4,184,772
Public Safety	5,615,327	0	0	0	0	5,330	5,620,657
Public Works	3,525,298	0	0	0	0	90,879	3,616,177
Recreation	2,948,967	0	0	0	0	0	2,948,967
Tourism Promotion	0	0	0	6,570,234	0	0	6,570,234
Parking / Mass Transit	0	0	0	0	0	2,034,379	2,034,379
Education	0	0	0	0	0	440,856	440,856
Capital Outlay	96,800	719,845	0	252,944	22,600,609	1,771,180	25,441,378
Debt Service:							
Principal	115,000	2,045,000	2,025,000	0	0	0	4,185,000
Interest	28,250	801,968	1,000,634	0	0	0	1,830,852
Paying Agent Fees	0	0	2,190	0	0	0	2,190
Legal and Issue Costs	0	105,485	291,084	0	0	0	396,569
Dr. Robert F. Thomas Foundation	0	0	0	0	0	1,000,000	1,000,000
Total Expenditures	16,483,775	3,672,298	3,318,908	6,823,178	22,600,609	5,373,263	58,272,031
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,809,243	1,570,928	1,117,743	(4,823,476)	(22,600,609)	(956,507)	(21,882,678)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	0	0	0	5,142,244	18,823,764	1,344,205	25,310,213
Operating Transfers Out	(2,294,459)	(1,920,288)	(19,607,756)	(1,667)	(65,000)	(1,421,043)	(25,310,213)
Bond Refunding Proceeds	0	8,465,000	17,315,000	0	0	0	25,780,000
Premium Received on Bond Proceeds	0	252,760	185,089	0	0	0	437,849
Payoff to Refunding Bond Agent	0	(8,615,000)	0	0	0	0	(8,615,000)
Net Other Financing Sources (Uses)	(2,294,459)	(1,817,528)	(2,107,667)	5,140,577	18,758,764	(76,838)	17,602,849
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,514,784	(246,600)	(989,924)	317,101	(3,841,845)	(1,033,345)	(4,279,829)
FUND BALANCE - BEGINNING OF YEAR	9,069,879	3,305,104	5,152,510	1,380,990	6,521,327	3,308,993	28,738,803
FUND BALANCE - END OF YEAR	\$ 10,584,663	\$ 3,058,504	\$ 4,162,586	\$ 1,698,091	\$ 2,679,482	\$ 2,275,648	\$ 24,458,974

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds \$ (4,279,829)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,282,144) and loss on sales and disposals (\$799) and proceeds from sales of capital assets (\$49,714) are exceeded by capital outlay (\$23,984,602) in the current period. 20,651,945

The issuance of long term debt (e.g. bonds, 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 assets. Governmental funds also report interest expense in the period it is paid. However, in the statement of activities, interest expense is recorded on the accrual basis of accounting in the period to which the interest relates. Also, governmental funds report the effect of premiums, discounts, refunding losses and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. (13,463,092)

The current year increase in the liability for compensated absences does not require the use of current financial resources and therefore is not reported in the governmental funds. (53,377)

Change in Net Position of Governmental Activities \$ 2,855,647

CITY OF GATLINBURG, TENNESSEE
STATEMENT OF GENERAL FUND BUDGETARY COMPARISON
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Local Taxes	\$ 14,012,391	\$ 14,012,391	\$ 14,988,709	\$ 976,318
Licenses and Permits	1,236,470	1,236,470	1,416,891	180,421
Intergovernmental	1,446,298	1,446,298	1,472,703	26,405
Use of Money and Property	1,078,083	1,078,083	1,096,236	18,153
Charges for Service	1,035,674	1,035,674	1,109,322	73,648
Fines, Forfeitures and Penalties	203,531	203,531	209,157	5,626
Total Revenues	<u>19,012,447</u>	<u>19,012,447</u>	<u>20,293,018</u>	<u>1,280,571</u>
EXPENDITURES:				
General Government:				
Manager	373,634	373,634	308,652	64,982
Attorney	138,575	138,575	126,665	11,910
Finance	694,862	694,862	676,203	18,659
Nondepartmental	2,337,897	2,314,671	2,250,991	63,680
Planning	259,281	259,281	248,813	10,468
Legislative	622,670	622,670	542,809	79,861
Total General Government	<u>4,426,919</u>	<u>4,403,693</u>	<u>4,154,133</u>	<u>249,560</u>
Public Safety:				
Police	2,784,106	2,795,641	2,737,592	58,049
Jail Operations	367,871	367,871	365,423	2,448
Fire / Rescue	2,504,759	2,525,759	2,512,312	13,447
Total Public Safety	<u>5,656,736</u>	<u>5,689,271</u>	<u>5,615,327</u>	<u>73,944</u>
Public Works:				
Service Center	425,964	425,964	412,356	13,608
Building Maintenance	247,078	262,164	262,086	78
Building Inspection	210,059	257,373	246,517	10,856
Street	896,422	912,108	910,788	1,320
Sanitation	1,696,924	1,696,924	1,693,551	3,373
Total Public Works	<u>3,476,447</u>	<u>3,554,533</u>	<u>3,525,298</u>	<u>29,235</u>
Recreation:				
Golf	1,094,554	1,094,554	1,055,648	38,906
Recreation	1,974,202	1,974,202	1,893,319	80,883
Total Recreation	<u>3,068,756</u>	<u>3,068,756</u>	<u>2,948,967</u>	<u>119,789</u>
Debt Service	<u>143,890</u>	<u>143,890</u>	<u>143,250</u>	<u>640</u>
Capital Outlay - Equipment				
Purchase/Replacement	<u>118,066</u>	<u>118,066</u>	<u>96,800</u>	<u>21,266</u>
Total Expenditures	<u>16,890,814</u>	<u>16,978,209</u>	<u>16,483,775</u>	<u>494,434</u>
Excess of Revenues Over Expenses	<u>2,121,633</u>	<u>2,034,238</u>	<u>3,809,243</u>	<u>1,775,005</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	<u>(2,202,267)</u>	<u>(2,242,267)</u>	<u>(2,294,459)</u>	<u>(52,192)</u>
Total Other Financing Sources (Uses)	<u>(2,202,267)</u>	<u>(2,242,267)</u>	<u>(2,294,459)</u>	<u>(52,192)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(80,634)</u>	<u>(208,029)</u>	<u>1,514,784</u>	<u>1,722,813</u>
Fund Balance - Beginning	<u>9,069,879</u>	<u>9,069,879</u>	<u>9,069,879</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 8,989,245</u>	<u>\$ 8,861,850</u>	<u>\$ 10,584,663</u>	<u>\$ 1,722,813</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE
STATEMENT OF SPECIAL TAX FUND
BUDGETARY COMPARISON

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 3,742,678	\$ 3,742,678	\$ 4,032,994	\$ 290,316
Use of Money and Property	700,412	700,412	655,682	(44,730)
Contributions	596,320	596,320	554,550	(41,770)
Total Revenues	<u>5,039,410</u>	<u>5,039,410</u>	<u>5,243,226</u>	<u>203,816</u>
EXPENDITURES:				
Debt Service	2,851,969	2,851,969	2,952,453	(100,484)
Capital Outlay	1,239,483	1,239,483	719,845	519,638
Total Expenditures	<u>4,091,452</u>	<u>4,091,452</u>	<u>3,672,298</u>	<u>419,154</u>
Excess of Revenues Over Expenditures	<u>947,958</u>	<u>947,958</u>	<u>1,570,928</u>	<u>622,970</u>
OTHER FINANCING SOURCES (USES):				
Transfer to Department of Tourism	(1,132,997)	(1,132,997)	(1,210,251)	(77,254)
Transfer to Public Works Construction Fund	(668,798)	(679,398)	(679,398)	0
Transfer to Grant Financed Projects Fund	(30,639)	(30,639)	(30,639)	0
Bond Refunding Proceeds	0	0	8,465,000	8,465,000
Premium Received on Bond Proceeds	0	0	252,760	252,760
Payment to Refunded Bond Agent	0	0	(8,615,000)	(8,615,000)
Total Other Financing Sources (Uses)	<u>(1,832,434)</u>	<u>(1,843,034)</u>	<u>(1,817,528)</u>	<u>25,506</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(884,476)</u>	<u>(895,076)</u>	<u>(246,600)</u>	<u>648,476</u>
Fund Balance - Beginning	<u>3,305,104</u>	<u>3,305,104</u>	<u>3,305,104</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 2,420,628</u>	<u>\$ 2,410,028</u>	<u>\$ 3,058,504</u>	<u>\$ 648,476</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF TOURISM FUND
BUDGETARY COMPARISON

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Convention Center Rentals	\$ 1,204,851	\$ 1,207,851	\$ 1,222,643	\$ 14,792
Convention Center Utility Hookups	160,050	160,050	187,135	27,085
Convention Center Equipment Rental	127,272	127,272	144,709	17,437
Concession Income	116,475	116,475	145,794	29,319
Wine and Liquor Sales	10,896	10,896	15,082	4,186
Beer Sales	5,229	5,229	5,745	516
Parking Lot Income	22,006	22,006	13,327	(8,679)
Advertising Fees	0	0	21,305	21,305
Directory Advertising Income	0	0	500	500
Security Income	117,273	117,273	123,130	5,857
Interest Income	4,408	4,408	1,111	(3,297)
Other Revenue	138,253	138,253	119,221	(19,032)
Total Revenues	<u>1,906,713</u>	<u>1,909,713</u>	<u>1,999,702</u>	<u>89,989</u>
EXPENDITURES:				
Convention Center:				
Personnel	992,138	992,138	949,645	42,493
Supplies	79,500	79,500	46,544	32,956
Maintenance	108,772	108,772	73,282	35,490
General Services	1,613,420	1,613,420	1,567,016	46,404
Capital Outlay	318,954	318,954	252,944	66,010
Total Convention Center	<u>3,112,784</u>	<u>3,112,784</u>	<u>2,889,431</u>	<u>223,353</u>
Tourism Department:				
Personnel	17,413	17,413	7,630	9,783
Supplies	0	0	0	0
Maintenance	26,100	26,100	21,221	4,879
General Services	4,045,873	4,045,873	3,904,896	140,977
Total Tourism Department	<u>4,089,386</u>	<u>4,089,386</u>	<u>3,933,747</u>	<u>155,639</u>
Total Expenditures	<u>7,202,170</u>	<u>7,202,170</u>	<u>6,823,178</u>	<u>378,992</u>
Excess of Expenditures Over Revenues	<u>(5,295,457)</u>	<u>(5,292,457)</u>	<u>(4,823,476)</u>	<u>468,981</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(1,667)	(1,667)	(1,667)	0
Transfers From Other Funds	4,907,851	4,907,851	5,142,244	234,393
Total Other Financing Sources (Uses)	<u>4,906,184</u>	<u>4,906,184</u>	<u>5,140,577</u>	<u>234,393</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(389,273)</u>	<u>(386,273)</u>	<u>317,101</u>	<u>703,374</u>
Fund Balance - Beginning	<u>1,380,990</u>	<u>1,380,990</u>	<u>1,380,990</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 991,717</u>	<u>\$ 994,717</u>	<u>\$ 1,698,091</u>	<u>\$ 703,374</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	Wastewater Fund	Water Fund	Total
-ASSETS-			
Current Assets:			
Cash and Cash Equivalents	\$ 1,560,383	\$ 818,839	\$ 2,379,222
Investments	1,500,472	0	1,500,472
Receivables:			
Customer Accounts, Net of Allowance for Doubtful Accounts of \$56,167	242,131	247,699	489,830
Other Receivables	1,028	0	1,028
Inventories	25,484	102,065	127,549
Total Current Assets	<u>3,329,498</u>	<u>1,168,603</u>	<u>4,498,101</u>
Noncurrent Assets:			
Investment in Joint Venture	0	3,563,164	3,563,164
Capital Assets:			
Land and Right of Way	108,329	116,618	224,947
Buildings	15,617,221	1,438,581	17,055,802
Main System	13,599,328	13,152,276	26,751,604
Equipment	1,737,618	770,552	2,508,170
Allowance for Depreciation	(15,189,728)	(8,200,507)	(23,390,235)
Construction in Progress	31,333	50,789	82,122
Total Capital Assets	<u>15,904,101</u>	<u>7,328,309</u>	<u>23,232,410</u>
Total Noncurrent Assets	<u>15,904,101</u>	<u>10,891,473</u>	<u>26,795,574</u>
TOTAL ASSETS	<u>\$ 19,233,599</u>	<u>\$ 12,060,076</u>	<u>\$ 31,293,675</u>
-LIABILITIES AND NET POSITION-			
Current Liabilities:			
Accounts Payable	\$ 43,467	\$ 187,596	\$ 231,063
Accrued Liabilities	18	31,322	31,340
Accrued Interest Payable	2,524	4,180	6,704
Customer Deposits	0	444,659	444,659
Current Maturities of Long-Term Debt	525,000	260,000	785,000
Total Current Liabilities	<u>571,009</u>	<u>927,757</u>	<u>1,498,766</u>
Noncurrent Liabilities:			
Compensated Absences	49,772	217,063	266,835
Long-Term Debt	512,175	1,147,581	1,659,756
Total Noncurrent Liabilities	<u>561,947</u>	<u>1,364,644</u>	<u>1,926,591</u>
TOTAL LIABILITIES	<u>1,132,956</u>	<u>2,292,401</u>	<u>3,425,357</u>
DEFERRED INFLOW OF RESOURCES	<u>0</u>	<u>33,343</u>	<u>33,343</u>
NET POSITION			
Net Investment in Capital Assets	14,866,926	5,887,385	20,754,311
Unrestricted	3,233,717	3,846,947	7,080,664
Total Net Position	<u>18,100,643</u>	<u>9,734,332</u>	<u>27,834,975</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 19,233,599</u>	<u>\$ 12,060,076</u>	<u>\$ 31,293,675</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2014

	Wastewater Fund	Water Fund	Total
OPERATING REVENUES:			
Charges for Services	\$ 2,812,041	\$ 2,538,600	\$ 5,350,641
Penalties	16,179	18,068	34,247
Service Fees	40,910	103,701	144,611
Other Operating Revenue	0	37,860	37,860
Total Operating Revenues	<u>2,869,130</u>	<u>2,698,229</u>	<u>5,567,359</u>
OPERATING EXPENSES:			
Cost of Sales and Services of Plant and Systems	1,551,162	1,586,853	3,138,015
Maintenance	378,313	1,128,428	1,506,741
Depreciation and Amortization	740,811	347,381	1,088,192
Total Operating Expenses	<u>2,670,286</u>	<u>3,062,662</u>	<u>5,732,948</u>
OPERATING INCOME (LOSS)	<u>198,844</u>	<u>(364,433)</u>	<u>(165,589)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	3,991	868	4,859
Interest Expense	(25,591)	(29,346)	(54,937)
Total Non-Operating Revenues (Expenses)	<u>(21,600)</u>	<u>(28,478)</u>	<u>(50,078)</u>
CHANGE IN NET POSITION	177,244	(392,911)	(215,667)
TOTAL NET POSITION, BEGINNING OF YEAR	<u>17,923,399</u>	<u>10,127,243</u>	<u>28,050,642</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 18,100,643</u>	<u>\$ 9,734,332</u>	<u>\$ 27,834,975</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2014

	Wastewater Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 2,912,898	\$ 2,734,628	\$ 5,647,526
Payments to Suppliers	(297,493)	(1,193,392)	(1,490,885)
Payments to or on Behalf of Employees	(1,871,858)	(1,338,898)	(3,210,756)
Other Receipts (Payments)	0	37,860	37,860
Net Cash Provided by (Used in) Operating Activities	<u>743,547</u>	<u>240,198</u>	<u>983,745</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(822,522)	(102,631)	(925,153)
Principal Paid on Long-Term Debt	(559,000)	(255,000)	(814,000)
Interest Paid on Long-Term Debt	(35,327)	(41,700)	(77,027)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,416,849)</u>	<u>(399,331)</u>	<u>(1,816,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(1,500,000)	0	(1,500,000)
Interest on Investments and Cash Deposits	2,489	868	3,357
Net Cash Provided by Investing Activities	<u>(1,497,511)</u>	<u>868</u>	<u>(1,496,643)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,170,813)	(158,265)	(2,329,078)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,731,196</u>	<u>977,104</u>	<u>4,708,300</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,560,383</u>	<u>\$ 818,839</u>	<u>\$ 2,379,222</u>
RECONCILIATION OF OPERATING INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 198,844	\$ (364,433)	\$ (165,589)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	740,810	347,382	1,088,192
(Increase) Decrease in Assets:			
Accounts Receivable	43,768	49,824	93,592
Inventories	7,632	45,283	52,915
Increase (Decrease) in Liabilities:			
Accounts Payable	(248,258)	128,933	(119,325)
Accrued Liabilities	18	347	365
Customer Deposits	0	24,435	24,435
Compensated Absences Payable	733	8,427	9,160
Total Adjustments	<u>544,703</u>	<u>604,631</u>	<u>1,149,334</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 743,547</u>	<u>\$ 240,198</u>	<u>\$ 983,745</u>
Supplemental Schedule of Non-cash Activities:			
Amortization of Deferred Amount of Refunding	\$ 0	\$ (6,339)	\$ (6,339)
Amortization of Bond Premium	\$ (9,447)	\$ (2,470)	\$ (11,917)
Change in Fair Value of Investments	\$ 472	\$ 0	\$ 472

The accompanying notes are an integral part of these financial statements.

CITY OF GATLINBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - GENERAL INFORMATION

Reporting Entity - The City of Gatlinburg, Tennessee (the City) is a primary government entity governed by an elected five-member board of commissioners from whom the mayor is chosen.

Accounting Pronouncements - The accounting and reporting policies of the City relating to the accounts included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the *Financial Accounting Standards Board* (when applicable). All applicable GASB Statements have been implemented. The City classifies its net position as defined below:

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position - This component of net position consists of restrictions placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Unrestricted net position consist of net positions that do not meet the definition of "restricted" or "net investment in capital assets." These are available for current use by the City.

Implementation of GASB Statement No. 63 - During the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting the balance sheets and statements of revenues, expenses and changes in net position. The only changes in financial reporting as a result of this implementation was replacing the term "net assets" with "net position" and reclassifying certain items as deferred inflows and deferred outflows of resources.

Implementation of GASB Statement No. 65 - During the fiscal year ended June 30, 2013, the City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

Government-Wide Statements - The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1 - GENERAL INFORMATION (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various fund categories and fund types presented in the financial statements are described below:

DESCRIPTION OF FUNDS

In accordance with the City's charter and ordinances, several different types of funds are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

Governmental Fund Types:

General Fund - To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources that are restricted by law to expenditures for specific purposes.

Debt Service Funds - To account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital Projects Funds - To account for the financial resources to be used for the construction or renovation of major capital facilities.

Proprietary Fund Type:

Enterprise Funds - To account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund financial statements. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and interest income.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenue is recorded when it becomes susceptible to accrual (measurable and available):

- A. Revenue considered susceptible to accrual includes: property taxes, shared revenues, licenses, interest revenue and charges for services (collected within thirty days after year end).
- B. Interest and principal on general long-term debt indebtedness are not accrued but are recorded as an expenditure on their due date.
- C. Accrued vacation leave is not recorded as an expenditure.
- D. Disbursements for purchase of capital assets providing future benefits are considered expenditures; bond proceeds are reported as other financing sources.
- E. Other tax and nonexchange revenue receivable include state sales tax, state beer tax, state franchise and income tax, state gasoline and motor fuel tax, and state mixed drink tax. Certain other nonexchange transaction revenue was not recognized due to immateriality or not being susceptible to accrual.

The City reports the following major governmental funds: The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The special tax fund is used to account for the monies levied by the City for the restaurant tax, a portion of the gross receipts tax, and the amusement tax. The revenues from this fund are to be used for advertising and capital improvements. The convention center debt service fund is used to account for revenues designated for operation, maintenance expenses, and retirement of debt related to the City's convention center. The tourism fund is used to account for the revenues and expenses related to tourism promotion. The public works construction fund, a capital projects fund, is used to account for financial resources related to the constructions or renovation of major capital projects.

The City's proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The City reports the following major proprietary funds: the water fund and the wastewater fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for enterprise funds include the cost of sales and services, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy that committed amounts would be reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

Internal Activity - As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Restricted Cash - Cash and cash equivalents consist of certificates of deposit, money market investment accounts and other temporary investments maturing within 90 days of original purchase.

Cash and cash equivalents in certain funds are classified as restricted or held for long-term purposes because the restriction is either imposed by enabling legislation or the source of funds restricts their use to specific purposes such as capital projects, education, police protection, state street aid or city court fees.

Investments - Investments are carried at fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

Inventories - Inventories are valued at lower of average cost (first-in, first-out) or market. Inventories are determined by physical count. Inventories in the general fund consist of parts held for consumption. The costs thereof are recorded as an expenditure when consumed rather than when purchased.

Capital Assets -

Governmental Funds: Capital outlay is recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the City’s capitalization threshold of \$5,000 is met. Depreciation on capital assets has been recorded over the estimated useful lives using the straight-line method, as follows:

Land Improvements	40 years
Buildings and Improvements	40-60 years
Equipment, Furniture and Fixtures	5-40 years
Vehicles	5-20 years
Infrastructure	40-80 years

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated.

Proprietary Fund Types: Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on independent consultant studies, net of accumulated depreciation. Donated capital assets are recorded at their fair value at the date of receipt. Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and a gain or loss is recognized. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation rates are as follows:

Infrastructure (Main Lines)	50 years
Buildings and Improvements	50 years
Equipment, Furniture and Fixtures	3 - 10 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. This consists of deferred charges on debt restructurings resulting from the difference in carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Fund Balances - GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, GASB 54 clarified the definitions of the General Fund and the special revenue, capital projects, and debt service fund types. These classifications are defined as follows:

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. These amounts include inventories and prepaid items.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 City Council, the City's highest level of decision-making authority. The distinction between restricted and committed fund balances is the source and strength of the constraints placed on them.

Assigned Fund Balance – includes amounts that the City intends to use for a specific purpose, but for which the use is not legislatively mandated. City Council is the authorized body to make assignments.

Unassigned Fund Balance – the residual classification of the General Fund. 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 Fund.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits.

Vacation pay which is payable to the employee in the event of termination is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for unused vacation amounts is reported in governmental funds only if the amounts have matured, for example as a result of employee resignations and retirements.

The City's policy is to allow retiring employees to receive payment for one-half of their accumulated sick leave at retirement, or the unused sick leave can be applied toward the calculation of the employee's retirement benefits. The City also allows all employees to receive a payment each year for any accumulated sick pay in excess of a predetermined base amount. The liability associated with the City's policies related to accumulated unused sick leave is accrued in the government-wide and proprietary funds as the employee earns the rights to the benefits. A liability is reported in governmental funds only if it has matured.

Long-Term Obligations - The City reports long-term debt of governmental funds at face value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and at the government-wide level for governmental funds, bond premiums and discounts, the difference between the carrying amount of defeased debt and its reacquisition price are deferred and amortized. Bond premiums and discounts are amortized proportionately to the amount of principal paid in a given year on the debt. The difference between the carrying amount of defeased debt and its reacquisition price is amortized over the shorter of the life of the refunded debt or the life of the refunding debt. Bonds payable are reported net of the applicable bond premium or discount and any difference between the carrying amount of the defeased debt and its reacquisition price.

Budgetary Principles - Annual budgets are prepared in accordance with the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. The City Council may amend the budget by a majority vote on the amendment.

Prior to the beginning of the fiscal year, the city manager submits an operating budget for all funds to the City Commission. Public hearings are held and the City Commission legally adopts the budget through passage of an appropriation ordinance. All supplemental appropriations must also be approved by the City Commission. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level. Appropriations lapse at the close of the fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Although not required to present a budget for proprietary funds, the City has chosen to present budget information. Budgets for the proprietary funds are prepared on the accrual basis of accounting.

Receivables and Payables - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of its fiscal year are referred to as "interfund receivables/payables." All other outstanding balances between funds are reported as "due to/from other funds" in the governmental and proprietary fund financial statements.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The City records revenue as billed to its customers based on a monthly meter reading cycle. Any service rendered from the latest billing cycle date to the end of the month is unbilled and is not reflected in the financial statements.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Property Taxes - Property taxes become a lien on January 1 on property values assessed on the same date (the lien date). The tax levy is billed on or about October 1 of the same year, and taxpayers qualify for a 2% discount if paid before the first day of November. Taxes become delinquent on the first day of March and are subject to penalties of 2% per month, not to exceed 24%. Property assessments are provided by the Sevier County Tax Assessor; however, the City bills and collects its own property taxes.

Deferred Inflows of Resources - As noted above, property taxes for 2014 (\$782,825) are recognized as an enforceable legal claim on January 1, 2014. However, the revenue net of estimated refunds and estimated uncollectible amounts is recognized in the year in which the levy occurs and therefore is deferred until the following year. Deferred sales tax revenue (\$1,120,199) is reported as deferred inflows of resources. Deferred amount of refunding consists of deferred charges on debt refundings resulting from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Tap Fees - All tap fees are recorded as operating revenue and the related cost of setting taps is expensed.

Presentation of Certain Taxes - The City collects various taxes from customers and remits these amounts to applicable taxing authorities. The City's accounting policy is to exclude these taxes from revenues and cost of sales.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of June 30, 2014, the book balances of the reporting entity's cash, cash equivalents, and restricted cash totaled \$18,182,203 and the bank balances totaled \$20,647,000 (\$269,038 of which was covered by FDIC Insurance and \$20,377,962 which was insured by the Tennessee Bank Collateral Pool Board of the State of Tennessee Treasury Department). The City has entered into an agreement with Citizens National Bank, Tennessee State Bank, SmartBank, Sevier County Bank, and Home Federal Bank, all of whom participate in the Tennessee Bank Collateral Pool.

Custodial Credit Risk - Deposits - For cash and cash equivalents, this is the risk that, in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City follows State law regarding collateralization of deposits, which requires collateral to be obtained on any deposits exceeding insurance coverage of the Federal Deposit Insurance Corporation (FDIC). At June 30, 2014 and during the year then ended, the City's deposits were entirely covered by FDIC Insurance or by pledged collateral held by the City's agent bank in the City's name.

NOTE 4 - INVESTMENTS

Investments - Investments are stated at estimated fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

Investment Policies

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policies limit investments to terms of no more than four years. As of June 30, 2014, the average weighted maturity of the City's portfolio was 29 months.

Credit Risk - Credit risk is the risk that the issuer, or other counterparty to an investment, will not fulfill its obligations. Investing is performed in accordance with investment policies which comply with applicable state statutes. The City's Investment Policy allows only investments in the highest-grade securities. As of June 30, 2014, the City's investment holdings were in compliance with state statutes.

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that, in the event of failure of the custodian, the City will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The City's investments are typically uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the City's name. Certificates of deposit are secured by collateral held by the State's Collateral Pool. These would again include uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the State's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City and Board place no limit on the amount it may invest in any one issuer. As of June 30, 2014, 90% of the City's investments are in United States Treasury Bills which are securities issued by the government of the United States of America. All U.S. Government Treasury and Agency investments have an Aaa credit rating.

As of June 30, 2014, the City had the following investments and maturities.

Investments:	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 4 Years</u>
U.S. Government Agencies:				
Federal Home Loan Bank (FHLB)	\$ 998,850	\$ 998,850	\$ 0	\$ 0
U.S. Treasuries	9,004,298	0	4,037,568	4,966,730
	<u>\$ 10,003,148</u>	<u>\$ 998,850</u>	<u>\$ 4,037,568</u>	<u>\$ 4,966,730</u>

NOTE 5 - OTHER TAX AND NONEXCHANGE REVENUE RECEIVABLE

Other tax and nonexchange revenue receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Tax Fund</u>	<u>Convention Center Debt Service Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Other Tax and Nonexchange Revenue Receivable					
Taxes					
Sales	\$ 673,882	\$ 0	\$ 320,367	\$ 0	\$ 994,249
Gross Receipts	597,388	149,347	0	0	746,735
Amusement	0	125,560	0	0	125,560
Hotel/Motel	163,624	0	163,624	163,624	490,872
Gasoline (Restricted for Streets and Highways)	0	0	0	20,289	20,289
Mixed Drink	0	0	0	50,442	50,442
Restaurant	0	174,087	0	0	174,087
Total Other Tax and Nonexchange Revenue Receivable	<u>\$ 1,434,894</u>	<u>\$ 448,994</u>	<u>\$ 483,991</u>	<u>\$ 234,355</u>	<u>\$ 2,602,234</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances comprise \$40,000 due from the general fund to the parking and mass transit fund. These balances relate primarily to the reimbursement of expenditures incurred, or income earned, by one fund but paid by, or received by, another fund. All interfund balances are short term and scheduled to be collected/paid in the subsequent year.

Interfund transfers during the fiscal year were as follows:

Transfers To:	Transfers From:						Total
	General Fund	Convention Center Debt Service Fund	Special Tax Fund	Tourism Fund	Public Works Construction Fund	All Other Funds	
Tourism Fund	\$ 1,048,875	\$ 1,463,390	\$ 1,210,251	\$ 0	\$ 0	\$ 1,419,728	\$ 5,142,244
Public Works Construction Fund	0	18,144,366	679,398	0	0	0	18,823,764
All Other Funds	1,245,584	0	30,639	1,667	65,000	1,315	1,344,205
Total	\$ 2,294,459	\$ 19,607,756	\$ 1,920,288	\$ 1,667	\$ 65,000	\$ 1,421,043	\$ 25,310,213

Interfund 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 or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	Balance July 01, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,503,524	\$ 3,500,000	\$ 0	\$ 12,003,524
Construction in Progress	5,279,319	19,087,321	(5,100)	24,361,540
Total Capital Assets, Not Being Depreciated	13,782,843	22,587,321	(5,100)	36,365,064
Capital Assets, Being Depreciated:				
Land Improvements	3,090,457	21,400	0	3,111,857
Buildings and Improvements	57,741,617	370,488	0	58,112,105
Equipment, Furniture and Fixtures	6,114,317	309,831	(275,274)	6,148,874
Vehicles	9,274,702	552,974	(446,415)	9,381,261
Infrastructure	40,615,528	147,688	0	40,763,216
Total Capital Assets, Being Depreciated	116,836,621	1,402,381	(721,689)	117,517,313
Less Accumulated Depreciation for:				
Land Improvements	(415,408)	(65,034)	0	(480,442)
Buildings and Improvements	(23,561,607)	(1,412,169)	0	(24,973,776)
Equipment, Furniture and Fixtures	(2,955,237)	(296,816)	264,717	(2,987,336)
Vehicles	(4,704,923)	(647,089)	406,459	(4,945,553)
Infrastructure	(10,405,996)	(861,036)	0	(11,267,032)
Total Accumulated Depreciation	(42,043,171)	(3,282,144)	671,176	(44,654,139)
Total Capital Assets, Being Depreciated, Net	74,793,450	(1,879,763)	(50,513)	72,863,174
Governmental Activities Capital Assets, Net	\$ 88,576,293	\$ 20,707,558	\$ (55,613)	\$ 109,228,238

NOTE 7 - CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

General Government	\$ 221,913
Public Safety	271,716
Public Works	966,748
Recreation	270,508
Transportation	615,188
Tourism	936,071
	<u>\$ 3,282,144</u>

The City's policy is to capitalize interest costs when incurred by proprietary funds on debt where proceeds are used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. During 2014, the City did not capitalize any interest costs.

	Balance <u>July 01, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2014</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 224,947	\$ 0	\$ 0	\$ 224,947
Construction in Progress	<u>164,746</u>	<u>31,333</u>	<u>(113,957)</u>	<u>82,122</u>
Total Capital Assets, Not Being Depreciated	<u>389,693</u>	<u>31,333</u>	<u>(113,957)</u>	<u>307,069</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	16,621,535	434,267		17,055,802
Equipment, Furniture and Fixtures	2,253,855	254,315	0	2,508,170
Infrastructure	<u>26,432,409</u>	<u>319,195</u>	<u>0</u>	<u>26,751,604</u>
Total Capital Assets, Being Depreciated	<u>45,307,799</u>	<u>1,007,777</u>	<u>0</u>	<u>46,315,576</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(8,524,482)	(402,833)		(8,927,315)
Equipment, Furniture and Fixtures	(1,685,315)	(54,275)	0	(1,739,590)
Infrastructure	<u>(12,092,246)</u>	<u>(631,084)</u>	<u>0</u>	<u>(12,723,330)</u>
Total Accumulated Depreciation	<u>(22,302,043)</u>	<u>(1,088,192)</u>	<u>0</u>	<u>(23,390,235)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,005,756</u>	<u>(80,415)</u>	<u>0</u>	<u>22,925,341</u>
Business-Type Activities Capital Assets, Net	<u>\$ 23,395,449</u>	<u>\$ (49,082)</u>	<u>\$ (113,957)</u>	<u>\$ 23,232,410</u>

NOTE 8 - LEASES

The City leases property and facilities to Gatlinburg Ski Corporation. The lease payment is \$1,000 per year for 99 years and expires August 14, 2060. At any time, the lessee has the option to purchase the property before the expiration of the lease for \$400,000, provided twelve months' notice of intent to exercise the option is given.

The City leases property and facilities to the United States Postal Service. The lease payment is \$76,609 per year through December 31, 2018.

The City leases property to Ripley's Aquarium (Gatlinburg), LLC. The lease is \$50,000 per year for 20 years and expires in November 2020. The lessor has the right to renew the lease incrementally for an additional 78 years.

Additionally, the City receives lease revenue from various service providers for cell phone and radio towers. The leases extend through March 2024.

NOTE 8 - LEASES (Continued)

Anticipated rental income from these leases is as follows:

2015	\$	159,645
2016		159,928
2017		159,019
2018		158,119
2019		107,144
Thereafter		166,823
	\$	<u>910,678</u>

NOTE 9 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2014, are as follows:

	Balance July 01, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
Governmental Activities:					
General Obligation Bonds	\$ 47,870,000	\$ 25,780,000	\$ 12,800,000	\$ 60,850,000	\$ 4,370,000
Premium (Discount) on Issuance	988,806	437,849	95,039	1,331,616	0
	<u>48,858,806</u>	<u>26,217,849</u>	<u>12,895,039</u>	<u>62,181,616</u>	<u>4,370,000</u>
Compensated absences	1,833,687	704,742	651,365	1,887,064	0
	<u>\$ 50,692,493</u>	<u>\$ 26,922,591</u>	<u>\$ 13,546,404</u>	<u>\$ 64,068,680</u>	<u>\$ 4,370,000</u>
Business-Type Activities:					
General Obligation Bonds	\$ 3,224,000	\$ 0	\$ 814,000	\$ 2,410,000	\$ 785,000
Premium (Discount) on Issuance	46,673	0	11,917	34,756	0
	<u>3,270,673</u>	<u>0</u>	<u>825,917</u>	<u>2,444,756</u>	<u>785,000</u>
Compensated Absences	257,675	108,584	99,424	266,835	0
	<u>\$ 3,528,348</u>	<u>\$ 108,584</u>	<u>\$ 925,341</u>	<u>\$ 2,711,591</u>	<u>\$ 785,000</u>

Governmental Activities

The City issues general obligation bonds and capital outlay notes and incurs loans payable to provide funds for the acquisition and construction of major capital items. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 to 20 year bonds with varying amounts of principal maturing each year.

During 2014, the City issued \$9,850,000 of General Obligation Bonds for the purpose of financing, in whole or in part, the acquisition, construction and equipping of a sports complex. Total issue costs were \$148,723. The City received a premium on the bonds of \$58,914 which is being amortized on the government-wide financial statements over the lives of the bonds.

During 2014, the City issued \$7,465,000 of General Obligation Bonds. Approximately \$3,930,000 of this issuance was used to fund the construction of a sports complex. Approximately \$3,535,000 of this issuance was used to fund the acquisition of the Arrowmont Easement. Total issue costs were \$140,700. The City received a premium on the bonds of \$126,174 which is being amortized on the government-wide financial statements over the lives of the bonds.

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

During 2014, the City issued \$8,465,000 of General Obligation Bonds to refund all or a portion of the Series 2004 General Obligation Bonds in the amount of \$8,615,000. The City received a premium on the bonds of \$252,760 which is being amortized on the government-wide financial statements over the lives of the bonds. The refunding reduced cash flows required for future debt service to be repaid by the City by \$802,702 and resulted in an economic gain of \$777,094.

General obligation bonds currently outstanding are as follows:

Debt Issue	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance June 30, 2014
General Obligation Refunding Bond	2.00-4.15%	02/19/09	06/01/25	\$ 2,025,000	\$ 1,665,000
General Obligation Refunding Bond	2.00-4.00%	02/19/09	06/01/20	1,585,000	440,000
General Obligation Refunding Bond	4.00%	02/19/09	06/01/19	4,575,000	4,575,000
General Obligation Refunding Bond	3.00-4.25%	12/01/09	06/01/17	10,690,000	6,480,000
General Obligation Bond	2.00-3.50%	09/01/11	05/01/31	7,600,000	7,385,000
General Obligation Bond	2.00-3.00%	12/12/12	06/01/37	9,730,000	9,680,000
General Obligation Refunding Bond	2.00%	03/01/13	05/01/22	** 5,425,000	4,845,000
General Obligation Bond	2.00 - 4.25%	09/20/13	06/01/37	9,850,000	9,850,000
General Obligation Bond	2.00-4.00%	03/31/14	06/01/37	7,465,000	7,465,000
General Obligation Refunding Bond	1.75 - 3.00%	04/30/14	06/30/20	8,465,000	8,465,000
					<u>\$ 60,850,000</u>

**Total issue \$6,325,000 - allocated between governmental and business-type activities.

Annual debt service requirements to maturity of the primary government for the bonds are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 4,370,000	\$ 1,854,798
2016	4,550,000	1,709,825
2017	4,760,000	1,573,675
2018	4,865,000	1,411,600
2019	5,050,000	1,264,000
2020-2024	11,950,000	4,984,100
2025-2029	10,470,000	3,565,810
2030-2034	9,450,000	1,910,880
2035-2037	5,385,000	401,983
Total	<u>\$ 60,850,000</u>	<u>\$ 18,676,671</u>

Additionally, the City has pledged future Premier Resort Tax and Local Option Sales Tax revenues from the Convention Center Debt Service Fund to repay \$250,000 and \$4,575,000 in general obligation bonds issued in February 2009. Proceeds from the bonds partially refunded debt that originally provided financing for the purchase of a fire truck and the Mills Auditorium renovation. The bonds related to the fire truck purchase matured in 2013. The remaining bonds are payable through 2019. Annual principal and interest payments on the bonds are expected to require no more than 97% of Premier Resort Tax and Local Option Sales Tax revenues recorded in the Convention Center Debt Service Fund. The total principal and interest remaining to be paid on the bonds is \$5,401,000. Principal and interest paid for the current year and total pledged tax revenue were \$183,000 and \$3,590,699 respectively. The City also pledged Premier Resort Tax and Local Option Sales Tax revenues recorded in other funds, to the extent not already pledged, to repay \$10,690,000 in general obligation bonds issues in 2010. Annual principal and interest payments on the bonds are expected to require no more than 40% of Premier Resort Tax and Local Option Sales Tax revenues recorded in other funds. The total principal and interest remaining to be paid on the bonds is \$6,997,400.

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Business-Type Activities

The City issues general obligation bonds to provide funds for acquisition and construction of major capital items. All bonds and loans are backed by the full faith and credit of the City.

Additionally, the City had pledged future water and wastewater customer revenues to repay \$3,835,000 in Revenue and Tax Refunding Bonds issued in March 2003 and \$1,200,000 in general obligation bonds issued in November 2006. Proceeds from the bonds provided financing for water and wastewater system improvements. The bonds issued in March 2003 matured during 2013 and the Bonds issued in 2006 were refunded during 2013.

The bonds and loans payable outstanding as of June 30, 2014 are as follows:

Debt Issue	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance June 30, 2014
General Obligation Refunding Bonds	2.00-3.00%	02/19/09	06/01/15	\$ 1,110,000	\$ 170,000
General Obligation Bonds	2.00-3.00%	12/01/10	06/01/17	1,500,000	1,425,000
General Obligation Refunding Bond	2.00%	03/01/13	05/01/22	** 900,000	815,000
					<u>\$ 2,410,000</u>

**Total issue \$6,325,000 - allocated between governmental and business-type activities.

Annual debt service requirements to maturity of the proprietary funds for the bonds and loans payable are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 785,000	\$ 64,150
2016	825,000	41,500
2017	275,000	17,750
2018	100,000	10,500
2019	100,000	8,500
2020-2022	325,000	13,200
Total	<u>\$ 2,410,000</u>	<u>\$ 155,600</u>

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City carries commercial insurance covering boiler and machinery property damage, employee dishonesty and performance, automobiles, and fire damage. Coverage for all other risks is through a risk management pool sponsored by the Tennessee Municipal League. In December 1979, the City joined with other governments to form the Tennessee Municipal League (TML) Risk Management Pool, a public entity risk pool currently operating as a common risk management and insurance program for Tennessee municipalities. The City pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the TML Risk Management Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$250,000 for each insured event. No significant reductions were made in insurance coverage from the previous year. No insurance settlements exceeded coverage in any of the prior three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments. The TML Risk Management Pool has published its own financial report for the year ended June 30, 2014, which can be obtained from the TML Risk Management Pool, 7 Maryland Way, Brentwood, TN 37027.

NOTE 11 - JOINT VENTURES AND OTHER AGREEMENTS

Sevier Solid Waste, Inc.

In 1988, the City entered into a joint venture with the City of Pigeon Forge, the City of Sevierville, and Sevier County to create Sevier Solid Waste, Inc. Sevier Solid Waste, Inc. is a nonprofit organization created under the laws of the State of Tennessee for the purposes of developing and implementing a comprehensive program for the collection, transportation, disposal, and recycling of solid waste generated within the cities of Gatlinburg, Pigeon Forge, Sevierville, and Sevier County, Tennessee. The Corporation received a pro-rata contribution from each of the governmental units when the management of the operation was assumed from the City of Gatlinburg in July 1990. Sevier Solid Waste, Inc. was formed pursuant to a mutual Interlocal Cooperation Agreement between each of the governmental entities.

Sevier Solid Waste, Inc. is governed by a board of directors which consists of one representative appointed from each governmental unit. Each director has a vote equal to his/her jurisdiction's pro-rata portion of the total tonnage of solid waste generated by the four governmental entities. During 1995 the Public Building Authority of Sevier County issued Solid Waste Facility Bonds, Series 1995 in the amount of \$12,500,000 to finance the capital needs of Sevier Solid Waste, Inc. In 2005, the remaining balance of these Series 1995 bonds was refinanced through the Public Building Authority of Sevier County with new bonds, Series VI-E-1 with the City's pro-rata portion being 22.02%. In 1999, the Public Building Authority of Sevier County issued Solid Waste Facility Bonds, Series III-E-3 in the amount of \$2,500,000 to also finance the capital needs of Sevier Solid Waste, Inc. with the City's pro-rata portion being 21.52%. During 2009 these debt issuances were refinanced with each governmental unit issuing debt for their pro-rata share of the outstanding debt. The City of Gatlinburg issued \$1,585,000 in fixed rate bonds for its portion of the original outstanding Sevier Solid Waste Facility Bonds (see Note 9). As of June 30, 2014, the remaining balance on these bonds was \$440,000. Each governmental unit is assessed for its share of the operational costs of Sevier Solid Waste based on a preset tipping fee multiplied by the total tonnage of solid waste taken to the facility each month by the governmental entity. The City's portion of solid waste disposal services provided during the fiscal year ended June 30, 2014 was \$485,838. Complete financial statements for Sevier Solid Waste, Inc. may be obtained from their administrative office at 943 Center View Road, Sevierville, Tennessee 37862.

Sevier Water Authority, Inc.

In 1994, the City entered into a joint venture with the City of Pigeon Forge, the City of Sevierville, and Sevier County to create the Sevier Water Board, Inc. Sevier Water Board, Inc. is a nonprofit organization created under the laws of the State of Tennessee. The purpose of the joint venture is to secure future sources of raw water for the use and benefit of the participants' citizens. An Interlocal Cooperation Agreement was entered into on December 14, 1994, providing for the development of facilities for the intake of raw water from Douglas Lake and transmission of the raw water to treatment facilities servicing the participants' respective distribution systems.

The City of Gatlinburg, through an interlocal agreement with Sevier County, the City of Pigeon Forge, and the City of Sevierville agreed that it was in the best interest of these cooperative governments to jointly construct and operate water intake, pumping, treatment, and transmission facilities for the use and benefit of these entities. To finance the project, an agreement was reached with the Public Building Authority of Sevier County, TN to issue Adjustable Rate Local Government Public Improvement Bonds, Series A. Through a loan agreement between the participating governments dated June 1, 1996, the City of Gatlinburg's percentage of ownership and liability was determined to be 30%. During 2009, the outstanding bonds were refinanced by each participating entity issuing debt for their pro-rata share of the outstanding debt. The City of Gatlinburg issued \$1,110,000 in fixed rate bonds for the refinancing of the City's share of the debt. As of June 30, 2014, the remaining balance on these bonds was \$170,000. Total investment in the Sevier Water Board, Inc. by the City of Gatlinburg as of June 30, 2014 was \$3,563,164 (cost). Financial statements of the Sevier Water Board, Inc. are available at 123 Commerce Street, P.O. Box 4530, Sevierville, Tennessee 37864-4630.

Gatlinburg Airport Authority, Inc.

The City of Gatlinburg officials are responsible for appointing members to the board of The Gatlinburg Airport Authority, Inc.; however, the City's accountability for this organization does not extend beyond making the appointments. The Gatlinburg Airport Authority, Inc.'s five-member board is appointed by the City; however, only two members are nominated by the City. The remaining members are nominated by another area government (the City of Pigeon Forge) and industry. The City appropriated \$100,000 to The Gatlinburg Airport Authority, Inc. for the year ended June 30, 2014. Complete financial statements for The Gatlinburg Airport Authority, Inc. can be obtained from the City of Gatlinburg or the Authority's administrative office at Sevier County Industrial Park, Dolly Parton Parkway, Sevierville, Tennessee 37862.

NOTE 12 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, which is available to non-seasonal employees, permits employees to defer a portion of their salaries to future years upon completion of six consecutive months of employment. This deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. In October 1997, the Governmental Accounting Standards Board issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Service Code Section 457 Deferred Compensation Plans. The statement established accounting and reporting standards for deferred compensation plans of state and local government employees. In accordance with the regulations, the assets of the plan are not included in the City of Gatlinburg's financial statements.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Tennessee Consolidated Retirement System

Plan Description

Certain employees of the City of Gatlinburg are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's highest five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of his/her duty. Members joining the system after July 1, 1979 become vested after five years of service and members who joined prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Gatlinburg participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their Plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The City has adopted a noncontributory retirement plan for its employees. The City is required to contribute at an actuarially determined rate, which for the fiscal year ending June 30, 2014 was 16.53% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, the City's annual pension cost of \$1,705,792 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 3 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

<u>Trend Information</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/14	\$1,705,792	100.00%	\$0
06/30/13	\$1,685,674	100.00%	\$0
06/30/12	\$1,731,605	100.00%	\$0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 98.32% funded. The actuarial accrued liability for benefits was \$45.53 million, and the actuarial value of assets was \$44.77 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.77 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.80 million, and the ratio of the UAAL to the covered payroll was 7.81%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

GASB Statement No. 68 Adoption in 2015

In fiscal year 2015 the City will adopt GASB Statement No. 68, which establishes financial reporting standards for governmental employers who provide pensions to their employees through plans administered as trusts, such as TCRS. An actuarial valuation for accounting purposes will be performed on an annual basis. Based on the results of the actuarial valuation, TCRS will provide the City with its Net Position Liability (NPL), which is the difference between the total pension liability and the market value of assets held in trust for the participants. With the adoption of GASB 68, the City will be required to include its NPL (often called unfunded liability) and pension expense in its financial statements. In addition, expanded disclosures regarding the pension plan and additional required supplementary information are required by this Statement. The amount of the adjustment to the City's net position to record its NPL cannot be reasonably determined at this time by TCRS.

Defined Contribution Retirement Plan

The City of Gatlinburg sponsors a defined contribution retirement plan for certain employees. Each employee of the City, who is not a seasonal or leased employee and who has not elected to be a member in the TCRS, is eligible to participate in this plan after completing six consecutive months of employment. Covered employees become 100% vested in their accounts after accumulating five or more years of credited employment. A year of credited employment for vesting purposes is defined as any plan year in which an employee completes 1,000 hours of service. Covered employees are fully vested in their accounts if they die, become disabled, or on the first day of the month after they reach age 55. The City has elected to contribute 16.53% of each eligible participant's compensation for the year. The City contributed \$4,829 to the Plan during 2014 which represents 16.53% of covered payroll. Covered payroll and total payroll for the year ended June 30, 2014 were \$29,212 and \$11,800,674, respectively.

NOTE 14 - LITIGATION/SUBSEQUENT EVENT

The City was a defendant in two lawsuits arising out of the collapse of the equalization basin located at the Gatlinburg Wastewater Treatment Plant on April 5, 2011. The collapse killed two employees working at the plant and employed by one of the City's subcontractors. Several other parties are involved as defendants in the litigation. Both lawsuits sought damages of \$17 million each; however the caps of the Tennessee Governmental Tort Liability Act applied in these cases, whereby damages for a single incident are limited to \$700,000. The City is insured through its policy with the Tennessee Municipal League Risk Management Pool. In December 2014, the claims against the City were dismissed.

Various other claims and lawsuits are pending against the City. In the opinion of City management, the potential loss on these other claims will not be significant to the City's financial statements.

NOTE 15 - SPORTS COMPLEX JOINT PROJECT

In December 2012, the City entered into a joint venture with Sevier County to develop, construct, equip and operate a Youth Sports Complex (the "Project"), consisting of soccer fields, indoor sports complex and parking facilities. The County committed to fund \$6,000,000 of the project. During 2013, the County contributed \$2,000,000 of its total committed amount, with the remaining to be paid to the City in four \$1,000,000 installments beginning fiscal year 2016. As of June 30, 2014, the City had issued bonds totaling \$23,050,000 for construction costs and other costs associated with the Project. Total construction and land costs through June 30, 2014 are included in the City's statement of net position in the amount of approximately \$22.1 million. Subsequent costs not included in this amount, for completion of the project, are approximately \$1.9 million.

In accordance with the Memorandum of Understanding dated September 2012 and Inter Local Agreement dated December 2012, the joint venture created a Youth Sports Complex Advisory Board/Authority (the "Board"), with the City appointing 4 members and the County appointing 3 members. This Board will advise and make recommendations regarding the operation and management of the facility. The facility is to be managed by a contracted third party to run the day-to-day operation and marketing of the facility. All expenses and liabilities arising from the operation of the facility, including expenses associated with the employment of the manager, shall be paid 70% by the City and 30% by the County.

The Youth Sports Complex is named "Rocky Top Sports World" and in December 2013 this joint venture entity was incorporated as a not-for-profit corporation. The City and County have an interest in the corporation of 70% and 30%, respectively. The directors of Rocky Top Sports World consist of the City Manager, County Mayor, and a City Commissioner.

Construction of the facilities was essentially completed and the complex opened in July, 2014. The asset will be transferred in fiscal year 2015 from the City to Rocky Top Sports World, at which time there will be an Investment In Rocky Top Sports World recorded on the books of the City for their 70% interest. The outstanding bonds incurred to finance the project will remain on the books of the City.

As part of the project, the City also made improvements to the athletic fields of Gatlinburg-Pittman High School. These improvements total approximately \$1.4 million dollars and are to be contributed in 2015 to the school.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF FUNDING PROGRESS FOR THE CITY OF GATLINBURG'S
POLITICAL SUBDIVISION PENSION PLAN

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/13	\$44,766	\$45,532	\$766	98.32%	\$9,804	7.81%
07/01/11	\$39,066	\$41,207	\$2,141	94.80%	\$10,123	21.15%
07/01/09	\$30,865	\$33,443	\$2,578	92.29%	\$11,289	22.84%

SUPPLEMENTARY INFORMATION SECTION

COMBINING AND INDIVIDUAL FUND STATEMENTS

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Local Taxes:				
Current Year Property Taxes	\$ 787,857	\$ 787,857	\$ 787,161	\$ (696)
Property Tax Discount	(7,694)	(7,694)	(6,451)	1,243
Ad Valorem Public Utilities	48,935	48,935	47,299	(1,636)
Prior Years Property Taxes	63,437	63,437	56,213	(7,224)
Penalties Current Taxes	1,196	1,196	715	(481)
Penalties Prior Years Taxes	19,028	19,028	8,353	(10,675)
Sevier County Electric System	384,814	384,814	372,677	(12,137)
Sevier County Utility District	74,479	74,479	120,437	45,958
Local Option Sales Tax	4,797,074	4,797,074	5,039,101	242,027
Wholesale Beer Tax	693,021	693,021	655,270	(37,751)
Liquor Inspection Fee	768,372	768,372	968,988	200,616
Gross Receipts Tax	5,056,145	5,056,145	5,496,944	440,799
1/3 Hotel/Motel Tax	1,314,781	1,314,781	1,431,056	116,275
Water and Sewer Property Tax	10,946	10,946	10,946	0
Total Local Taxes	<u>14,012,391</u>	<u>14,012,391</u>	<u>14,988,709</u>	<u>976,318</u>
Licenses and Permits:				
Trout Permits	29,870	29,870	29,355	(515)
Tourist Resident Permits	384,958	384,958	404,675	19,717
Building Permits	40,000	40,000	94,232	54,232
Business Tax Act Taxes	477,724	477,724	572,770	95,046
Liquor Licenses	45,195	45,195	37,080	(8,115)
Franchise Fees	248,773	248,773	269,329	20,556
Beer Permits	9,950	9,950	9,450	(500)
Total Licenses and Permits	<u>1,236,470</u>	<u>1,236,470</u>	<u>1,416,891</u>	<u>180,421</u>
Intergovernmental:				
State Sales Tax	1,241,027	1,241,027	1,241,028	1
Law Enforcement Grant	0	0	16,282	16,282
County Ambulance Grant	100,000	100,000	100,000	0
Sevier County Volunteer Fire Grant	44,000	44,000	47,750	3,750
Franchise and Income Tax	51,228	51,228	57,704	6,476
Tax Sharing for Streets	8,088	8,088	8,073	(15)
State Beer and Alcohol Tax	1,955	1,955	1,866	(89)
Total Intergovernmental	<u>1,446,298</u>	<u>1,446,298</u>	<u>1,472,703</u>	<u>26,405</u>
Use of Money and Property:				
Ski Lodge Rental	1,000	1,000	1,000	0
Aquarium Site Lease	50,000	50,000	50,000	0
Post Office Rent	79,609	79,609	79,609	0
Golf Course Greens Fees	729,623	729,623	795,767	66,144
Golf Course Dues	30,600	30,600	23,700	(6,900)
Golf Course Lockers	624	624	672	48
Golf Course Concession	132,919	132,919	133,228	309
Interest Income	53,708	53,708	12,260	(41,448)
Total Use of Money and Property	<u>1,078,083</u>	<u>1,078,083</u>	<u>1,096,236</u>	<u>18,153</u>
Charges for Services:				
Ambulance Income	496,446	496,446	538,016	41,570
Miscellaneous Income	151,945	151,945	198,010	46,065
Recreation Program Fees	106,466	106,466	103,110	(3,356)
Solid Waste Disposal	264,817	264,817	263,236	(1,581)
Property Maintenance Inspection Fees	16,000	16,000	6,950	(9,050)
Total Charges for Services	<u>1,035,674</u>	<u>1,035,674</u>	<u>1,109,322</u>	<u>73,648</u>
Fines, Forfeitures and Penalties	<u>203,531</u>	<u>203,531</u>	<u>209,157</u>	<u>5,626</u>
Total Revenues	<u>19,012,447</u>	<u>19,012,447</u>	<u>20,293,018</u>	<u>1,280,571</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES:				
General Government:				
City Manager:				
Personnel Costs:				
Salaries, Classified	228,999	227,999	202,971	25,028
Salaries, Temporary	750	750	0	750
Salaries, Other	500	500	0	500
Salaries, Contract	13,000	13,000	13,000	0
Car Allowance	14,289	14,289	13,207	1,082
Payroll Taxes	20,197	20,197	15,267	4,930
Retirement	37,854	37,854	28,217	9,637
Total Personnel Costs	315,589	314,589	272,662	41,927
Supplies:				
Office Supplies	2,580	2,580	2,762	(182)
Total Supplies	2,580	2,580	2,762	(182)
General Services:				
Telephone	5,068	5,068	5,825	(757)
Travel	4,000	6,700	6,675	25
Contracted Services	13,794	13,794	13,484	310
Public Relations	1,267	1,267	725	542
Dues and Subscriptions	3,000	3,100	3,014	86
Total General Services	27,129	29,929	29,723	206
Contingency:				
Lobbying Expense	25,000	23,200	0	23,200
Equipment Lease	3,336	3,336	3,505	(169)
Total Contingency	28,336	26,536	3,505	23,031
Total City Manager	373,634	373,634	308,652	64,982
City Attorney:				
Personnel Costs:				
City Attorney's Fees	135,000	135,000	123,491	11,509
Total Personnel Costs	135,000	135,000	123,491	11,509
General Services:				
Travel	3,200	3,200	2,799	401
Dues and Subscriptions	375	375	375	0
Total General Services	3,575	3,575	3,174	401
Total City Attorney	138,575	138,575	126,665	11,910

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Finance:				
Personnel Costs:				
Salaries, Classified	477,890	476,960	460,185	16,775
Salaries, Other	4,338	3,151	3,151	0
Car Allowance	5,190	5,624	5,623	1
Payroll Taxes	39,664	39,664	36,431	3,233
Retirement	75,431	69,356	72,282	(2,926)
Total Personnel Costs	<u>602,513</u>	<u>594,755</u>	<u>577,672</u>	<u>17,083</u>
Supplies:				
Office Supplies	28,894	30,344	29,897	447
Total Supplies	<u>28,894</u>	<u>30,344</u>	<u>29,897</u>	<u>447</u>
Maintenance:				
Machinery Maintenance	2,000	2,000	1,437	563
Total Maintenance	<u>2,000</u>	<u>2,000</u>	<u>1,437</u>	<u>563</u>
General Services:				
Telephone	5,281	6,656	6,543	113
Travel	2,500	3,900	3,932	(32)
Contracted Services	51,894	55,427	55,021	406
Dues and Subscriptions	500	500	385	115
Education	1,280	1,280	1,316	(36)
Total General Services	<u>61,455</u>	<u>67,763</u>	<u>67,197</u>	<u>566</u>
Total Finance	<u>694,862</u>	<u>694,862</u>	<u>676,203</u>	<u>18,659</u>
Nondepartmental:				
Personnel Costs:				
Employment Physical	4,500	4,500	4,467	33
Employee Recognition Program	2,993	3,133	3,094	39
Employee Wellness Program	475	475	150	325
Safety Incentive Program	3,490	3,490	2,442	1,048
Workers' Compensation Deductible	4,938	4,938	5,794	(856)
Workers' Compensation Insurance	241,440	250,640	250,640	0
Hospitalization Insurance	936,654	906,602	906,311	291
Dental Insurance	53,172	53,172	52,700	472
Life, AD&D, Disability Insurance	31,917	32,408	32,395	13
Longevity Program	377,671	370,706	370,706	0
Total Personnel Costs	<u>1,657,250</u>	<u>1,630,064</u>	<u>1,628,699</u>	<u>1,365</u>
Maintenance:				
Buildings and Grounds Maintenance	75,394	75,394	59,910	15,484
Flood Warning System	2,700	2,700	574	2,126
Total Maintenance	<u>78,094</u>	<u>78,094</u>	<u>60,484</u>	<u>17,610</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
General Services:				
Contracted Services	47,707	53,160	36,512	16,648
General Liability Insurance	243,142	241,649	226,997	14,652
Utilities	268,090	268,090	255,193	12,897
Property & Casualty Insurance	41,114	41,114	40,756	358
Total General Services	<u>600,053</u>	<u>604,013</u>	<u>559,458</u>	<u>44,555</u>
Contingency:				
Service / Retirement Awards	2,500	2,500	2,350	150
Total Contingency	<u>2,500</u>	<u>2,500</u>	<u>2,350</u>	<u>150</u>
Total Nondepartmental	<u>2,337,897</u>	<u>2,314,671</u>	<u>2,250,991</u>	<u>63,680</u>
Planning:				
Personnel Costs:				
Salaries, Classified	189,363	189,363	181,961	7,402
Car Allowance	7,788	7,788	7,572	216
Payroll Taxes	15,874	15,874	14,863	1,011
Retirement	31,302	31,302	29,994	1,308
Total Personnel Costs	<u>244,327</u>	<u>244,327</u>	<u>234,390</u>	<u>9,937</u>
Supplies:				
Office Supplies	709	709	566	143
Total Supplies	<u>709</u>	<u>709</u>	<u>566</u>	<u>143</u>
General Services:				
Telephone	358	358	388	(30)
Contracted Services	400	400	400	0
Advertising	350	350	305	45
Dues and Subscriptions	300	300	275	25
State Planning	8,530	8,530	8,530	0
ETDD	2,397	2,397	2,397	0
Education	950	950	741	209
Total General Services	<u>13,285</u>	<u>13,285</u>	<u>13,036</u>	<u>249</u>
Contingency:				
Equipment Lease	960	960	821	139
Total Contingency	<u>960</u>	<u>960</u>	<u>821</u>	<u>139</u>
Total Planning	<u>259,281</u>	<u>259,281</u>	<u>248,813</u>	<u>10,468</u>
Legislative:				
Personnel Costs:				
Mayor and Commissioners	31,200	31,200	31,200	0
Payroll Taxes	2,387	2,387	2,387	0
Retirement	4,166	4,166	4,166	0
Total Personnel Costs	<u>37,753</u>	<u>37,753</u>	<u>37,753</u>	<u>0</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Supplies:				
Office Supplies	1,450	1,550	1,467	83
Total Supplies	1,450	1,550	1,467	83
General Services:				
Audit	16,734	16,734	16,734	0
Travel	4,000	4,000	3,214	786
Contracted Services	150,781	150,781	147,957	2,824
Total General Services	171,515	171,515	167,905	3,610
Contingency:				
Contingency / Donations	1,500	1,400	505	895
Gatlinburg - Pigeon Forge Airport	69,361	69,361	69,361	0
TWRA Wildlife Officer	42,341	42,341	18,818	23,523
Anna Porter Library	258,750	258,750	207,000	51,750
Walter State Scholarship Program	20,000	20,000	20,000	0
ETSU Medical School Program	20,000	20,000	20,000	0
Total Contingency	411,952	411,852	335,684	76,168
Total Legislative	622,670	622,670	542,809	79,861
Total General Government	4,426,919	4,403,693	4,154,133	249,560
Public Safety:				
Police:				
Personnel Costs:				
Salaries, Classified	1,808,828	1,808,828	1,786,575	22,253
Salaries, Other	99,287	91,353	92,911	(1,558)
Workers' Compensation Deductible	2,450	2,450	974	1,476
Uniforms	14,000	14,000	12,250	1,750
Car Allowance	20,784	20,784	20,784	0
Payroll Taxes	156,273	156,273	149,593	6,680
Retirement	315,353	315,353	304,812	10,541
Total Personnel Costs	2,416,975	2,409,041	2,367,899	41,142
Supplies:				
Office Supplies	7,100	7,100	3,158	3,942
Janitorial Supplies	750	750	569	181
Vehicle Operation	94,770	94,770	93,015	1,755
Departmental Supplies	21,197	21,197	20,896	301
K-9 Operation	2,000	2,000	1,314	686
Total Supplies	125,817	125,817	118,952	6,865

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Maintenance:				
Buildings and Grounds Maintenance	2,500	2,900	2,774	126
Vehicle Maintenance	56,280	67,521	69,667	(2,146)
Communication System Maintenance	2,958	2,458	1,774	684
Total Maintenance	<u>61,738</u>	<u>72,879</u>	<u>74,215</u>	<u>(1,336)</u>
General Services:				
Telephone	18,500	26,434	27,148	(714)
Travel	8,000	8,000	5,947	2,053
Contracted Services	56,003	44,762	25,048	19,714
Dues and Subscriptions	1,025	1,025	890	135
Education	13,000	13,000	8,802	4,198
Accreditation Program	650	750	691	59
Rental on NCIC	8,000	8,000	5,200	2,800
Total General Services	<u>105,178</u>	<u>101,971</u>	<u>73,726</u>	<u>28,245</u>
Contingency:				
Miscellaneous	2,898	2,898	2,395	503
Total Contingency	<u>2,898</u>	<u>2,898</u>	<u>2,395</u>	<u>503</u>
Capital Outlay:				
Equipment Purchase / Replacement	71,500	83,035	100,405	(17,370)
Total Capital Outlay	<u>71,500</u>	<u>83,035</u>	<u>100,405</u>	<u>(17,370)</u>
Total Police	<u>2,784,106</u>	<u>2,795,641</u>	<u>2,737,592</u>	<u>58,049</u>
Jail Operations:				
Personnel Costs:				
Salaries, Classified	278,646	278,646	278,667	(21)
Salaries, Other	13,500	13,500	13,404	96
Payroll Taxes	23,933	23,933	23,809	124
Retirement	48,292	48,292	47,958	334
Total Personnel Costs	<u>364,371</u>	<u>364,371</u>	<u>363,838</u>	<u>533</u>
Supplies:				
Departmental Supplies	2,500	2,500	975	1,525
Total Supplies	<u>2,500</u>	<u>2,500</u>	<u>975</u>	<u>1,525</u>
General Services:				
Travel	700	700	474	226
Education	200	200	130	70
Prisoner Care	100	100	6	94
Total General Services	<u>1,000</u>	<u>1,000</u>	<u>610</u>	<u>390</u>
Total Jail Operations	<u>367,871</u>	<u>367,871</u>	<u>365,423</u>	<u>2,448</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Fire / Rescue:				
Personnel Costs:				
Salaries, Classified	1,468,861	1,468,861	1,469,105	(244)
Salaries, Temporary	216,466	216,466	236,829	(20,363)
Salaries, Other	77,420	77,420	73,337	4,083
Volunteer Firemen	4,000	4,000	1,440	2,560
Workers' Compensation Deductible	3,000	3,000	660	2,340
Uniforms	13,530	13,530	7,888	5,642
Car Allowance	5,196	5,196	5,196	0
Payroll Taxes	147,642	147,642	146,680	962
Retirement	255,956	255,956	249,809	6,147
Total Personnel Costs	<u>2,192,071</u>	<u>2,192,071</u>	<u>2,190,944</u>	<u>1,127</u>
Supplies:				
Office Supplies	5,400	5,400	5,985	(585)
Janitorial Supplies	3,600	3,600	3,427	173
Vehicle Operation	40,963	40,963	40,744	219
Ambulance Supplies	41,522	41,522	42,240	(718)
Safety Equipment	1,000	1,000	427	573
Volunteer Fire Supplies/Equipment	20,000	20,000	18,116	1,884
Total Supplies	<u>112,485</u>	<u>112,485</u>	<u>110,939</u>	<u>1,546</u>
Maintenance:				
Machinery Maintenance	2,200	2,200	301	1,899
Buildings and Grounds Maintenance	20,380	20,380	17,521	2,859
Vehicle Maintenance	36,260	36,260	56,430	(20,170)
Communication System Maintenance	2,500	2,500	858	1,642
Total Maintenance	<u>61,340</u>	<u>61,340</u>	<u>75,110</u>	<u>(13,770)</u>
General Services:				
Telephone	23,500	44,500	35,011	9,489
Travel	2,000	2,000	1,087	913
Contracted Services	55,836	55,836	50,503	5,333
Education	12,655	12,655	12,754	(99)
Utilities	37,691	37,691	35,964	1,727
Total General Services	<u>131,682</u>	<u>152,682</u>	<u>135,319</u>	<u>17,363</u>
Capital Outlay:				
Equipment Purchase / Replacement	7,181	7,181	0	7,181
Total Capital Outlay	<u>7,181</u>	<u>7,181</u>	<u>0</u>	<u>7,181</u>
Total Fire / Rescue	<u>2,504,759</u>	<u>2,525,759</u>	<u>2,512,312</u>	<u>13,447</u>
Total Public Safety	<u>5,656,736</u>	<u>5,689,271</u>	<u>5,615,327</u>	<u>73,944</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Public Works:				
Service Center:				
Personnel Costs:				
Salaries, Classified	290,097	287,997	278,509	9,488
Salaries, Other	6,452	6,452	6,419	33
Workers' Compensation Deductible	750	750	54	696
Uniforms	4,700	5,100	5,309	(209)
Car Allowance	5,196	5,196	5,196	0
Payroll Taxes	24,604	24,604	23,455	1,149
Retirement	47,517	47,517	46,845	672
Total Personnel Costs	<u>379,316</u>	<u>377,616</u>	<u>365,787</u>	<u>11,829</u>
Supplies:				
Office Supplies	1,200	862	757	105
Janitorial Supplies	975	475	271	204
Vehicle Operation	5,075	6,675	7,475	(800)
Safety Equipment	300	300	323	(23)
Tools	1,001	1,001	622	379
Total Supplies	<u>8,551</u>	<u>9,313</u>	<u>9,448</u>	<u>(135)</u>
Maintenance:				
Machinery Maintenance	2,700	4,038	3,610	428
Buildings and Grounds Maintenance	3,980	3,980	3,946	34
Vehicle Maintenance	1,478	2,228	2,342	(114)
Total Maintenance	<u>8,158</u>	<u>10,246</u>	<u>9,898</u>	<u>348</u>
General Services:				
Telephone	1,063	1,263	1,220	43
Contracted Services	3,400	3,400	2,377	1,023
Education	1,000	250	98	152
Utilities	24,476	23,876	23,528	348
Total General Services	<u>29,939</u>	<u>28,789</u>	<u>27,223</u>	<u>1,566</u>
Total Service Center	<u>425,964</u>	<u>425,964</u>	<u>412,356</u>	<u>13,608</u>
Building Maintenance:				
Personnel Costs:				
Salaries, Classified	176,760	176,760	176,772	(12)
Salaries, Other	1,806	1,806	1,766	40
Workers' Compensation Deductible	750	750	250	500
Uniforms	1,100	1,081	1,069	12
Payroll Taxes	14,650	14,650	13,896	754
Retirement	29,516	29,516	29,372	144
Total Personnel Costs	<u>224,582</u>	<u>224,563</u>	<u>223,125</u>	<u>1,438</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Supplies:				
Office Supplies	1,100	943	915	28
Janitorial Supplies	558	558	526	32
Vehicle Operation	6,177	6,177	6,667	(490)
Safety Equipment	672	672	617	55
Tools	500	500	577	(77)
Total Supplies	<u>9,007</u>	<u>8,850</u>	<u>9,302</u>	<u>(452)</u>
Maintenance:				
Buildings and Grounds Maintenance	5,360	5,314	5,329	(15)
Vehicle Maintenance	4,000	3,786	4,420	(634)
Total Maintenance	<u>9,360</u>	<u>9,100</u>	<u>9,749</u>	<u>(649)</u>
General Services:				
Telephone	1,037	1,037	1,189	(152)
Education	2,660	2,876	2,876	0
Utilities	399	399	506	(107)
Contracted Services	15,085	15,299	15,299	0
Total General Services	<u>4,096</u>	<u>19,611</u>	<u>19,870</u>	<u>(259)</u>
Contingency:				
Miscellaneous	33	40	40	0
Total Contingency	<u>33</u>	<u>40</u>	<u>40</u>	<u>0</u>
Total Building Maintenance	<u>247,078</u>	<u>262,164</u>	<u>262,086</u>	<u>78</u>
Building Inspection:				
Personnel Costs:				
Salaries, Classified	83,043	83,043	83,043	0
Car Allowance	10,392	10,392	10,392	0
Payroll Taxes	7,544	7,544	6,241	1,303
Retirement	13,727	13,727	13,727	0
Total Personnel Costs	<u>114,706</u>	<u>114,706</u>	<u>113,403</u>	<u>1,303</u>
Capital Outlay:				
Equipment Purchases	55,000	47,314	47,584	(270)
Total Capital Outlay	<u>55,000</u>	<u>47,314</u>	<u>47,584</u>	<u>(270)</u>
Supplies:				
Office Supplies	3,827	3,827	1,768	2,059
Safety Equipment	400	400	137	263
Total Supplies	<u>4,227</u>	<u>4,227</u>	<u>1,905</u>	<u>2,322</u>
General Services:				
Telephone	3,225	3,225	3,618	(393)
Travel	500	500	0	500
Dues and Subscriptions	245	245	175	70
Education	2,015	2,015	1,793	222
Codes Enforcement	84,181	84,181	77,080	7,101
Total General Services	<u>90,166</u>	<u>90,166</u>	<u>82,666</u>	<u>7,500</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Contingency:				
Equipment Lease	960	960	959	1
Total Contingency	960	960	959	1
Total Building Inspection	210,059	257,373	246,517	10,856
Street:				
Personnel Costs:				
Salaries, Classified	514,295	514,295	514,328	(33)
Salaries, Other	5,721	5,721	3,242	2,479
Workers' Compensation Deductible	500	500	0	500
Uniforms	3,250	3,250	3,181	69
Payroll Taxes	42,554	42,554	40,650	1,904
Retirement	85,959	85,959	86,320	(361)
Total Personnel Costs	652,279	652,279	647,721	4,558
Supplies:				
Office Supplies	700	700	480	220
Janitorial Supplies	1,350	1,350	1,276	74
Vehicle Operation	51,662	59,662	64,512	(4,850)
Safety Equipment	2,500	2,500	2,389	111
Tools	4,000	4,000	2,525	1,475
Department Supplies	15,000	15,000	14,241	759
Total Supplies	75,212	83,212	85,423	(2,211)
Maintenance:				
Buildings and Grounds Maintenance	775	775	584	191
Vehicle Maintenance	96,936	96,936	104,761	(7,825)
Communication System Maintenance	1,500	1,500	487	1,013
Bridge Repair	1,000	1,000	0	1,000
Snow Removal	27,000	41,686	41,110	576
Total Maintenance	127,211	141,897	146,942	(5,045)
General Services:				
Telephone	3,350	3,350	3,882	(532)
Travel	100	100	0	100
Contracted Services	4,900	4,900	4,844	56
Education	100	100	135	(35)
Utilities	5,720	5,720	5,872	(152)
Total General Services	14,170	14,170	14,733	(563)
Contingency:				
Miscellaneous	2,500	2,500	525	1,975
Total Contingency	2,500	2,500	525	1,975
Capital Outlay:				
Guardrails, Handrails, Fences	21,550	14,550	13,601	949
Business Directional Signs	1,500	1,500	1,584	(84)
Drainage Tile and Storm Grates	2,000	2,000	259	1,741
Total Capital Outlay	25,050	18,050	15,444	2,606
Total Street	896,422	912,108	910,788	1,320

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Sanitation:				
Personnel Costs:				
Salaries, Classified	654,076	645,276	633,049	12,227
Salaries, Temporary	26,265	35,065	34,814	251
Salaries, Other	37,372	37,372	39,869	(2,497)
Workers' Compensation Deductible	1,000	1,000	1,000	0
Uniforms	5,000	5,000	4,006	994
Hospitalization Insurance	104,654	104,654	98,220	6,434
Dental Insurance	5,697	5,697	5,853	(156)
Life, AD&D, Disability	2,929	2,929	3,139	(210)
Payroll Taxes	61,332	61,332	57,965	3,367
Retirement	114,297	114,297	105,767	8,530
Total Personnel Costs	<u>1,012,622</u>	<u>1,012,622</u>	<u>983,682</u>	<u>28,940</u>
Supplies:				
Office Supplies	500	500	496	4
Vehicle Operation	86,834	86,834	93,610	(6,776)
Safety Equipment	4,000	4,000	3,496	504
Tools	410	660	644	16
Department Supplies	2,350	2,350	2,856	(506)
Total Supplies	<u>94,094</u>	<u>94,344</u>	<u>101,102</u>	<u>(6,758)</u>
Maintenance:				
Buildings and Grounds Maintenance	13,399	13,399	13,120	279
Vehicle Maintenance	69,694	69,694	84,723	(15,029)
Communication System Maintenance	0	0	928	(928)
Total Maintenance	<u>83,093</u>	<u>83,093</u>	<u>98,771</u>	<u>(15,678)</u>
General Services:				
Telephone	6,375	6,125	6,997	(872)
Contracted Services	487,965	487,965	485,838	2,127
Utilities	10,200	10,200	7,529	2,671
Total General Services	<u>504,540</u>	<u>504,290</u>	<u>500,364</u>	<u>3,926</u>
Contingency:				
Miscellaneous	2,575	2,575	1,685	890
Bad Debt Expense	0	0	7,947	(7,947)
Total Contingency	<u>2,575</u>	<u>2,575</u>	<u>9,632</u>	<u>(7,057)</u>
Total Sanitation	<u>1,696,924</u>	<u>1,696,924</u>	<u>1,693,551</u>	<u>3,373</u>
Total Public Works	<u>3,476,447</u>	<u>3,554,533</u>	<u>3,525,298</u>	<u>29,235</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Recreation:				
Golf:				
Personnel Costs:				
Salaries, Classified	448,714	448,714	439,062	9,652
Salaries, Temporary	123,160	123,160	118,108	5,052
Salaries, Other	20,000	20,000	17,246	2,754
Workers' Compensation Deductible	1,492	1,492	0	1,492
Uniforms	1,200	1,586	1,585	1
Payroll Taxes	50,113	50,113	48,177	1,936
Retirement	77,478	77,478	71,120	6,358
Total Personnel Costs	<u>722,157</u>	<u>722,543</u>	<u>695,298</u>	<u>27,245</u>
Supplies:				
Office Supplies	3,000	4,000	4,030	(30)
Janitorial Supplies	1,000	700	522	178
Vehicle Operation	20,000	20,000	18,538	1,462
Tools	1,000	1,000	976	24
Botanical and Agricultural	53,000	53,000	52,819	181
Concession Supplies	55,000	54,500	58,184	(3,684)
Total Supplies	<u>133,000</u>	<u>133,200</u>	<u>135,069</u>	<u>(1,869)</u>
Maintenance:				
Machinery Maintenance	23,859	23,859	21,406	2,453
Buildings and Grounds Maintenance	7,700	9,840	9,608	232
Land Maintenance	31,171	31,171	31,315	(144)
Irrigation System Maintenance	3,000	3,500	2,277	1,223
Total Maintenance	<u>65,730</u>	<u>68,370</u>	<u>64,606</u>	<u>3,764</u>
General Services:				
Telephone	5,407	5,407	6,206	(799)
Travel	2,820	2,120	2,109	11
Contracted Services	106,700	104,110	93,495	10,615
Dues and Subscriptions	1,100	1,100	875	225
Utilities	42,640	42,640	43,050	(410)
Total General Services	<u>158,667</u>	<u>155,377</u>	<u>145,735</u>	<u>9,642</u>
Contingency:				
Miscellaneous	0	64	64	0
Total Contingency	<u>0</u>	<u>64</u>	<u>64</u>	<u>0</u>
Capital Outlay:				
Equipment Purchase / Replacement	15,000	15,000	14,876	124
Total Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>14,876</u>	<u>124</u>
Total Golf	<u>1,094,554</u>	<u>1,094,554</u>	<u>1,055,648</u>	<u>38,906</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Recreation:				
Personnel Costs:				
Salaries, Classified	1,020,423	1,020,423	998,601	21,822
Salaries, Temporary	100,693	100,693	91,931	8,762
Salaries, Other	17,000	17,000	18,084	(1,084)
Workers' Compensation Deductible	1,000	1,000	376	624
Uniforms	4,500	4,500	4,898	(398)
Car Allowance	11,688	11,688	11,688	0
Payroll Taxes	103,048	103,048	91,655	11,393
Retirement	171,486	171,486	165,415	6,071
Total Personnel Costs	<u>1,429,838</u>	<u>1,429,838</u>	<u>1,382,648</u>	<u>47,190</u>
Supplies:				
Office Supplies	5,000	5,000	5,073	(73)
Janitorial Supplies	28,000	28,000	28,497	(497)
Vehicle Operation	24,886	24,886	26,005	(1,119)
Tools	1,500	1,500	2,140	(640)
Botanical and Agricultural	49,848	49,848	51,446	(1,598)
Concession Supplies	12,000	12,000	6,347	5,653
Department Supplies	26,580	26,580	28,666	(2,086)
Trout Supplies	38,000	38,000	37,452	548
Total Supplies	<u>185,814</u>	<u>185,814</u>	<u>185,626</u>	<u>188</u>
Maintenance:				
Machinery Maintenance	9,100	9,100	7,417	1,683
Buildings and Grounds Maintenance	102,346	102,346	74,065	28,281
Vehicle Maintenance	12,000	12,000	12,875	(875)
Pool Maintenance	2,700	2,700	2,354	346
Total Maintenance	<u>126,146</u>	<u>126,146</u>	<u>96,711</u>	<u>29,435</u>
General Services:				
Telephone	6,791	6,791	7,501	(710)
Travel	1,800	1,800	2,110	(310)
Contracted Services	52,998	52,998	47,941	5,057
Dues and Subscriptions	1,600	1,600	1,679	(79)
Education	1,200	1,200	1,395	(195)
Utilities	160,000	160,000	160,708	(708)
Total General Services	<u>224,389</u>	<u>224,389</u>	<u>221,334</u>	<u>3,055</u>
Contingency:				
Special Events / Community Projects	8,015	8,015	7,000	1,015
Total Contingency	<u>8,015</u>	<u>8,015</u>	<u>7,000</u>	<u>1,015</u>
Total Recreation	<u>1,974,202</u>	<u>1,974,202</u>	<u>1,893,319</u>	<u>80,883</u>
Total Recreation and Golf	<u>3,068,756</u>	<u>3,068,756</u>	<u>2,948,967</u>	<u>119,789</u>

CITY OF GATLINBURG, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Capital Outlay:				
Equipment Purchase / Replacement	118,066	118,066	96,800	21,266
Total Capital Outlay	<u>118,066</u>	<u>118,066</u>	<u>96,800</u>	<u>21,266</u>
Debt Service:				
Debt Service - Principal	115,000	115,000	115,000	0
Debt Service - Interest	28,250	28,250	28,250	0
Debt Service - Paying Agent Fees	640	640	0	640
Total Debt Service	<u>143,890</u>	<u>143,890</u>	<u>143,250</u>	<u>640</u>
Total Expenditures	<u>16,890,814</u>	<u>16,978,209</u>	<u>16,483,775</u>	<u>494,434</u>
Excess of Revenues Over Expenditures	<u>2,121,633</u>	<u>2,034,238</u>	<u>3,809,243</u>	<u>1,775,005</u>
Other Financing Sources (Uses):				
Operating Transfers Out:				
To Trolley Operation	(58,119)	(98,119)	(98,119)	0
To Street Aid Fund	(406,226)	(406,226)	(406,226)	0
To Vehicle Replacement Fund	(741,239)	(741,239)	(741,239)	0
To Department of Tourism	(996,683)	(996,683)	(1,048,875)	(52,192)
Total Operating Transfers Out	<u>(2,202,267)</u>	<u>(2,242,267)</u>	<u>(2,294,459)</u>	<u>(52,192)</u>
Total Other Financing Sources (Uses)	<u>(2,202,267)</u>	<u>(2,242,267)</u>	<u>(2,294,459)</u>	<u>(52,192)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(80,634)</u>	<u>(208,029)</u>	<u>1,514,784</u>	<u>1,722,813</u>
Fund Balance at Beginning of Year	<u>9,069,879</u>	<u>9,069,879</u>	<u>9,069,879</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,989,245</u>	<u>\$ 8,861,850</u>	<u>\$ 10,584,663</u>	<u>\$ 1,722,813</u>

CITY OF GATLINBURG, TENNESSEE

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2014

	State Street Aid Fund	Special Tax Fund	Asset Forfeiture / Donation Fund	Contingency Fund	Hotel / Motel Tax Fund	Parking & Mass Transit Fund	School Fund	Tourism Fund	Total
-ASSETS-									
Cash and Cash Equivalents	\$ 0	\$ 1,610,378	\$ 1,407	\$ 0	\$ 20	\$ (203,788)	\$ 0	\$ 2,038,451	\$ 3,446,468
Cash Restricted or Held for Long-Term Purposes	112,727	0	0	38,010	0	0	247,516	0	398,253
Investments	0	1,000,315	0	0	0	0	0	0	1,000,315
Receivables:									
Accounts Receivable	0	685	0	0	0	5,290	0	33,943	39,918
Other Tax and Nonexchange Revenue	20,289	448,994	0	0	163,624	0	50,442	0	683,349
Due From Other Funds	0	0	0	0	0	40,000	0	0	40,000
Due From Other Governments	20,736	0	0	0	0	253,390	43,462	0	317,588
Inventories	0	0	0	0	0	0	0	11,607	11,607
TOTAL ASSETS	\$ 153,752	\$ 3,060,372	\$ 1,407	\$ 38,010	\$ 163,644	\$ 94,892	\$ 341,420	\$ 2,084,001	\$ 5,937,498
-LIABILITIES AND FUND BALANCE -									
LIABILITIES									
Accounts Payable:									
Trade	\$ 22,562	\$ 1,868	\$ 0	\$ 0	\$ 0	\$ 2,566	\$ 0	\$ 129,296	\$ 156,292
Accrued Liabilities	0	0	0	0	0	14,695	0	22,164	36,859
Customer Deposits	0	0	0	0	0	0	0	234,450	234,450
TOTAL LIABILITIES	22,562	1,868	0	0	0	17,261	0	385,910	427,601
DEFERRED INFLOWS OF RESOURCES	20,289	0	0	0	0	0	50,442	0	70,731
FUND BALANCE									
Nonspendable									
Inventories	0	0	0	0	0	0	0	11,607	11,607
Restricted	110,901	0	1,407	38,010	0	77,631	290,978	0	518,927
Unrestricted									
Committed	0	3,058,504	0	0	163,644	0	0	1,686,484	4,908,632
TOTAL FUND BALANCE	110,901	3,058,504	1,407	38,010	163,644	77,631	290,978	1,698,091	5,439,166
TOTAL LIABILITIES AND FUND BALANCE	\$ 153,752	\$ 3,060,372	\$ 1,407	\$ 38,010	\$ 163,644	\$ 94,892	\$ 341,420	\$ 2,084,001	\$ 5,937,498

CITY OF GATLINBURG, TENNESSEE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2014

	State Street Aid Fund	Special Tax Fund	Asset Forfeiture / Donation Fund	Contingency Fund	Hotel / Motel Tax Fund	Parking & Mass Transit Fund	School Fund	Tourism Fund	Total
REVENUES:									
Local Taxes	\$ 0	\$ 4,032,994	\$ 0	\$ 0	\$ 1,431,054	\$ 0	\$ 0	\$ 0	\$ 5,464,048
Intergovernmental	227,054	0	0	0	0	722,989	523,559	0	1,473,602
Use of Money and Property	13	655,682	2	31	0	17,483	291	1,111	674,613
Charges for Services	0	0	0	0	0	1,079,932	0	1,998,591	3,078,523
Fines, Forfeitures and Penalties	0	0	0	4,337	0	0	0	0	4,337
Contributions and Donations	0	554,550	0	0	0	0	0	0	554,550
Total Revenues	<u>227,067</u>	<u>5,243,226</u>	<u>2</u>	<u>4,368</u>	<u>1,431,054</u>	<u>1,820,404</u>	<u>523,850</u>	<u>1,999,702</u>	<u>11,249,673</u>
EXPENDITURES:									
Public Safety	0	0	0	5,330	0	0	0	0	5,330
Public Works	90,879	0	0	0	0	0	0	0	90,879
Tourism Promotion	0	0	0	0	0	0	0	6,570,234	6,570,234
Parking / Mass Transit	0	0	0	0	0	2,034,379	0	0	2,034,379
Education	0	0	0	0	0	0	440,856	0	440,856
Capital Outlay	515,301	719,845	0	0	0	0	0	252,944	1,488,090
Debt Service	0	2,952,453	0	0	0	0	0	0	2,952,453
Total Expenditures	<u>606,180</u>	<u>3,672,298</u>	<u>0</u>	<u>5,330</u>	<u>0</u>	<u>2,034,379</u>	<u>440,856</u>	<u>6,823,178</u>	<u>13,582,221</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(379,113)</u>	<u>1,570,928</u>	<u>2</u>	<u>(962)</u>	<u>1,431,054</u>	<u>(213,975)</u>	<u>82,994</u>	<u>(4,823,476)</u>	<u>(2,332,548)</u>
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	406,226	0	0	0	0	98,119	0	5,142,244	5,646,589
Operating Transfers Out	0	(1,920,288)	0	0	(1,419,728)	(1,315)	0	(1,667)	(3,342,998)
Bond Proceeds	0	8,465,000	0	0	0	0	0	0	8,465,000
Premium Received on Bond Proceeds	0	252,760	0	0	0	0	0	0	252,760
Payoff to Refunded Bond Agent	0	(8,615,000)	0	0	0	0	0	0	(8,615,000)
Total Other Financing Sources (Uses)	<u>406,226</u>	<u>(1,817,528)</u>	<u>0</u>	<u>0</u>	<u>(1,419,728)</u>	<u>96,804</u>	<u>0</u>	<u>5,140,577</u>	<u>2,406,351</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>27,113</u>	<u>(246,600)</u>	<u>2</u>	<u>(962)</u>	<u>11,326</u>	<u>(117,171)</u>	<u>82,994</u>	<u>317,101</u>	<u>73,803</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>83,788</u>	<u>3,305,104</u>	<u>1,405</u>	<u>38,972</u>	<u>152,318</u>	<u>194,802</u>	<u>207,984</u>	<u>1,380,990</u>	<u>5,365,363</u>
FUND BALANCE AT END OF YEAR	<u>\$ 110,901</u>	<u>\$ 3,058,504</u>	<u>\$ 1,407</u>	<u>\$ 38,010</u>	<u>\$ 163,644</u>	<u>\$ 77,631</u>	<u>\$ 290,978</u>	<u>\$ 1,698,091</u>	<u>\$ 5,439,166</u>

CITY OF GATLINBURG, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
State City Street and Transportation Funds	\$ 204,145	\$ 204,145	\$ 206,117	\$ 1,972
Additional 3 Cent Gas Tax	20,557	20,557	20,937	380
Total Intergovernmental	<u>224,702</u>	<u>224,702</u>	<u>227,054</u>	<u>2,352</u>
Use of Money and Property:				
Interest Income	830	830	13	(817)
Total Use of Money and Property	<u>830</u>	<u>830</u>	<u>13</u>	<u>(817)</u>
Total Revenues	<u>225,532</u>	<u>225,532</u>	<u>227,067</u>	<u>1,535</u>
EXPENDITURES:				
Maintenance:				
Street Repair and Maintenance	9,353	9,353	8,442	911
Traffic Signal Maintenance	9,018	14,018	13,800	218
Street Striping and Painting	109,419	104,419	68,637	35,782
Total Maintenance	<u>127,790</u>	<u>127,790</u>	<u>90,879</u>	<u>36,911</u>
Capital Outlay:				
Street Improvement Program	577,691	577,691	501,527	76,164
Bridge Replacement Local Share	0	0	13,774	(13,774)
Total Capital Outlay	<u>577,691</u>	<u>577,691</u>	<u>515,301</u>	<u>62,390</u>
Total Expenditures	<u>705,481</u>	<u>705,481</u>	<u>606,180</u>	<u>99,301</u>
Excess (Deficiency) of Revenues (Over) Under Expenditures	<u>(479,949)</u>	<u>(479,949)</u>	<u>(379,113)</u>	<u>100,836</u>
Other Financing Sources (Uses)				
Transfer From Other Funds	406,226	406,226	406,226	0
Total Other Financing Sources (Uses)	<u>406,226</u>	<u>406,226</u>	<u>406,226</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(73,723)</u>	<u>(73,723)</u>	<u>27,113</u>	<u>100,836</u>
Fund Balance at Beginning of Year	<u>83,788</u>	<u>83,788</u>	<u>83,788</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,065</u>	<u>\$ 10,065</u>	<u>\$ 110,901</u>	<u>\$ 100,836</u>

CITY OF GATLINBURG, TENNESSEE
SPECIAL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Local Taxes:				
Gross Receipts Tax	\$ 1,264,036	\$ 1,264,036	\$ 1,374,236	\$ 110,200
Amusement Tax	953,734	953,734	1,026,363	72,629
Restaurant Tax	1,524,908	1,524,908	1,632,395	107,487
Total Local Taxes	3,742,678	3,742,678	4,032,994	290,316
Use of Money and Property:				
Interest Income	56,595	56,595	11,865	(44,730)
Green Fees Add on for C.I.P.	143,817	143,817	143,817	0
Parking Lot Income	500,000	500,000	500,000	0
Total Use of Money and Property	700,412	700,412	655,682	(44,730)
Contributions:				
Underground Utilities Assessment	281,313	281,313	227,999	(53,314)
Pedestrian Bridge Project	0	0	10,600	10,600
Sevier County Youth Sports Facility	315,007	315,007	315,951	944
Total Contributions	596,320	596,320	554,550	(41,770)
Total Revenues	5,039,410	5,039,410	5,243,226	203,816
EXPENDITURES:				
Debt Service:				
Principal	2,045,000	2,045,000	2,045,000	0
Interest	801,969	801,969	801,968	1
Legal and Issue Costs	5,000	5,000	105,485	(100,485)
Total Debt Service	2,851,969	2,851,969	2,952,453	(100,484)
General Services:				
Sidewalk Maintenance	74,500	74,500	29,855	44,645
Youth Sports Park Facility	1,164,983	1,164,983	689,990	474,993
Total General Services	1,239,483	1,239,483	719,845	519,638
Total Expenditures	4,091,452	4,091,452	3,672,298	419,154
Excess of Revenues Over Expenditures	947,958	947,958	1,570,928	622,970
Other Financing Sources (Uses):				
Transfer to Public Works Construction Fund	(668,798)	(679,398)	(679,398)	0
Transfer to Department of Tourism	(1,132,997)	(1,132,997)	(1,210,251)	(77,254)
Transfer to Grant Financed Projects Fund	(30,639)	(30,639)	(30,639)	0
Bond Proceeds	0	0	8,465,000	8,465,000
Premium Received on Bond Proceeds	0	0	252,760	252,760
Payoff to Refunded Bond Agent	0	0	(8,615,000)	(8,615,000)
Total Other Financing Sources (Uses)	(1,832,434)	(1,843,034)	(1,817,528)	25,506
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(884,476)	(895,076)	(246,600)	648,476
Fund Balance at Beginning of Year	3,305,104	3,305,104	3,305,104	0
Fund Balance at End of Year	\$ 2,420,628	\$ 2,410,028	\$ 3,058,504	\$ 648,476

CITY OF GATLINBURG, TENNESSEE
ASSET FORFEITURE / DONATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Use of Money and Property:				
Interest Income	\$ 0	\$ 0	\$ 1	\$ 1
Contributions and Donations	0	0	1	1
Total Use of Money and Property	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
EXPENDITURES:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	0	0	2	2
Fund Balance at Beginning of Year	<u>1,405</u>	<u>1,405</u>	<u>1,405</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,405</u>	<u>\$ 1,405</u>	<u>\$ 1,407</u>	<u>\$ 2</u>

CITY OF GATLINBURG, TENNESSEE

CONTINGENCY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Use of Money and Property:				
Interest Income	\$ 281	\$ 281	\$ 31	\$ (250)
Total Use of Money and Property	<u>281</u>	<u>281</u>	<u>31</u>	<u>(250)</u>
Fines, Forfeitures and Penalties:				
Fines and Forfeitures and Penalties	5,533	5,533	4,337	(1,196)
Total Fines, Forfeitures and Penalties	<u>5,533</u>	<u>5,533</u>	<u>4,337</u>	<u>(1,196)</u>
Total Revenues	<u>5,814</u>	<u>5,814</u>	<u>4,368</u>	<u>(1,446)</u>
EXPENDITURES:				
Public Safety:				
Miscellaneous	21,640	21,640	5,330	16,310
Total Public Safety	<u>21,640</u>	<u>21,640</u>	<u>5,330</u>	<u>16,310</u>
Total Expenditures	<u>21,640</u>	<u>21,640</u>	<u>5,330</u>	<u>16,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,826)	(15,826)	(962)	14,864
Fund Balance at Beginning of Year	<u>38,972</u>	<u>38,972</u>	<u>38,972</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,146</u>	<u>\$ 23,146</u>	<u>\$ 38,010</u>	<u>\$ 14,864</u>

CITY OF GATLINBURG, TENNESSEE

HOTEL / MOTEL TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Local Taxes:				
1/3 Hotel / Motel Tax	\$ 1,314,781	\$ 1,314,781	\$ 1,431,054	\$ 116,273
Total Local Taxes	<u>1,314,781</u>	<u>1,314,781</u>	<u>1,431,054</u>	<u>116,273</u>
Total Revenues	<u>1,314,781</u>	<u>1,314,781</u>	<u>1,431,054</u>	<u>116,273</u>
EXPENDITURES:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>1,314,781</u>	<u>1,314,781</u>	<u>1,431,054</u>	<u>116,273</u>
Other Financing Uses:				
Transfer to Department of Tourism	<u>(1,314,781)</u>	<u>(1,314,781)</u>	<u>(1,419,728)</u>	<u>(104,947)</u>
Total Other Financing Uses	<u>(1,314,781)</u>	<u>(1,314,781)</u>	<u>(1,419,728)</u>	<u>(104,947)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>11,326</u>	<u>11,326</u>
Fund Balance at Beginning of Year	<u>152,318</u>	<u>152,318</u>	<u>152,318</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 152,318</u>	<u>\$ 152,318</u>	<u>\$ 163,644</u>	<u>\$ 11,326</u>

CITY OF GATLINBURG, TENNESSEE
PARKING AND MASS TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
State Mass Transit Grants	\$ 830,633	\$ 830,633	\$ 722,989	\$ (107,644)
Total Intergovernmental	<u>830,633</u>	<u>830,633</u>	<u>722,989</u>	<u>(107,644)</u>
Use of Money and Property:				
Interest Income	20	20	0	(20)
Advertising Fees	18,675	18,675	16,185	(2,490)
Miscellaneous Income	2,762	2,762	1,298	(1,464)
Total Use of Money and Property	<u>21,457</u>	<u>21,457</u>	<u>17,483</u>	<u>(3,974)</u>
Charges for Services:				
Parking Lot Income	620,237	620,237	628,045	7,808
Trolley Fares	419,254	419,254	451,887	32,633
Total Charges for Services	<u>1,039,491</u>	<u>1,039,491</u>	<u>1,079,932</u>	<u>40,441</u>
Total Revenues	<u>1,891,581</u>	<u>1,891,581</u>	<u>1,820,404</u>	<u>(71,177)</u>
EXPENDITURES:				
Parking Lots:				
Personnel Costs:				
Salaries, Classified	194,588	194,588	194,589	(1)
Salaries, Temporary	189,821	189,821	188,523	1,298
Salaries, Other	4,500	4,500	3,966	534
Uniforms	900	50	0	50
Car Allowance	5,196	5,196	5,196	0
Workers' Compensation Insurance	5,072	5,072	5,626	(554)
Hospitalization Insurance	68,025	68,025	66,052	1,973
Dental Insurance	1,520	1,520	1,534	(14)
Life, AD&D, Disability Insurance	914	914	921	(7)
Payroll Taxes	33,606	33,606	33,032	574
Retirement	32,910	32,910	32,172	738
Longevity Pay	11,171	11,171	9,688	1,483
Total Personnel Costs	<u>548,223</u>	<u>547,373</u>	<u>541,299</u>	<u>6,074</u>
Supplies:				
Office Supplies	7,500	7,250	7,441	(191)
Janitorial Supplies	800	800	674	126
Vehicle Operation	5,800	5,800	5,291	509
Total Supplies	<u>14,100</u>	<u>13,850</u>	<u>13,406</u>	<u>444</u>

CITY OF GATLINBURG, TENNESSEE
PARKING AND MASS TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Maintenance:				
Machinery Maintenance	1,500	2,900	2,564	336
Buildings & Grounds Maintenance	11,660	11,360	10,737	623
Vehicle Maintenance	1,500	1,500	1,651	(151)
Total Maintenance	<u>14,660</u>	<u>15,760</u>	<u>14,952</u>	<u>808</u>
General Services:				
Telephone	2,000	2,000	2,002	(2)
Contracted Services	7,700	7,700	6,480	1,220
General Liability Insurance	2,080	2,080	2,080	0
Utilities	39,372	39,372	38,813	559
Property & Casualty Insurance	203	203	203	0
Total General Services	<u>51,355</u>	<u>51,355</u>	<u>49,578</u>	<u>1,777</u>
Contingency:				
Miscellaneous	250	250	64	186
Total Contingency	<u>250</u>	<u>250</u>	<u>64</u>	<u>186</u>
Total Parking Lots	<u>628,588</u>	<u>628,588</u>	<u>619,299</u>	<u>9,289</u>
Mass Transit:				
Personnel Costs:				
Salaries, Classified	425,806	425,806	422,848	2,958
Salaries, Temporary	396,809	406,809	394,438	12,371
Salaries, Other	7,500	7,500	4,999	2,501
Uniforms	5,000	4,500	3,063	1,437
Workers' Compensation Insurance	24,241	27,342	27,342	0
Workers' Compensation Deductible	1,350	1,350	1,350	0
Hospitalization Insurance	83,723	83,723	80,206	3,517
Dental Insurance	3,646	3,646	3,628	18
Life, AD&D, Disability Insurance	2,052	2,052	1,939	113
Payroll Taxes	73,310	73,310	70,249	3,061
Retirement	71,387	71,387	70,012	1,375
Longevity Pay	28,138	28,138	20,890	7,248
Total Personnel Costs	<u>1,122,962</u>	<u>1,135,563</u>	<u>1,100,964</u>	<u>34,599</u>
Supplies:				
Office Supplies	1,900	2,400	2,310	90
Vehicle Operation	173,000	173,000	171,495	1,505
Concession Supplies	2,000	2,000	1,256	744
Total Supplies	<u>176,900</u>	<u>177,400</u>	<u>175,061</u>	<u>2,339</u>

CITY OF GATLINBURG, TENNESSEE
PARKING AND MASS TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Maintenance:				
Buildings & Grounds Maintenance	1,500	5,500	5,973	(473)
Vehicle Maintenance	100,000	100,000	83,379	16,621
Community System Maintenance	250	250	130	120
Total Maintenance	101,750	105,750	89,482	16,268
General Services:				
Telephone	7,059	3,958	3,006	952
Travel	750	750	0	750
Contracted Services	26,265	12,265	9,789	2,476
Advertising	1,500	1,600	1,536	64
General Liability Insurance	5,292	5,292	5,292	0
Utilities	1,400	1,200	104	1,096
Property & Casualty Insurance	23,762	23,762	23,762	0
Dues and Subscriptions	4,300	4,300	4,137	163
Total General Services	70,328	53,127	47,626	5,501
Contingency:				
Miscellaneous	2,000	2,100	1,947	153
Total Contingency	2,000	2,100	1,947	153
Total Mass Transit	1,473,940	1,473,940	1,415,080	58,860
Total Expenditures	2,102,528	2,102,528	2,034,379	68,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,947)	(210,947)	(213,975)	(3,028)
Other Financing Sources (Uses):				
Transfers Out to Other Funds	(1,315)	(1,315)	(1,315)	0
Transfers From Other Funds	58,119	58,119	98,119	40,000
Total Other Financing Sources (Uses)	56,804	56,804	96,804	40,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(154,143)	(154,143)	(117,171)	36,972
Fund Balance at Beginning of Year	194,802	194,802	194,802	0
Fund Balance at End of Year	\$ 40,659	\$ 40,659	\$ 77,631	\$ 36,972

CITY OF GATLINBURG, TENNESSEE
SCHOOL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
State Mixed Drink Tax	\$ 502,306	\$ 502,306	\$ 523,559	\$ 21,253
Total Intergovernmental	<u>502,306</u>	<u>502,306</u>	<u>523,559</u>	<u>21,253</u>
Use of Money and Property:				
Interest Income	1,681	1,681	291	(1,390)
Total Use of Money and Property	<u>1,681</u>	<u>1,681</u>	<u>291</u>	<u>(1,390)</u>
Total Revenues	<u>503,987</u>	<u>503,987</u>	<u>523,850</u>	<u>19,863</u>
EXPENDITURES:				
Education:				
Gatlinburg-Pittman High School	241,893	241,893	239,415	2,478
Pi Beta Phi Elementary School	208,848	208,848	201,441	7,407
Total Education	<u>450,741</u>	<u>450,741</u>	<u>440,856</u>	<u>9,885</u>
Total Expenditures	<u>450,741</u>	<u>450,741</u>	<u>440,856</u>	<u>9,885</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,246	53,246	82,994	29,748
Fund Balance at Beginning of Year	<u>207,984</u>	<u>207,984</u>	<u>207,984</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 261,230</u>	<u>\$ 261,230</u>	<u>\$ 290,978</u>	<u>\$ 29,748</u>

CITY OF GATLINBURG, TENNESSEE
TOURISM FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Convention Center Rentals	\$ 1,204,851	\$ 1,207,851	\$ 1,222,643	\$ 14,792
Convention Center Utility Hookups	160,050	160,050	187,135	27,085
Convention Center Equipment Rental	127,272	127,272	144,709	17,437
Concession Income	116,475	116,475	145,794	29,319
Wine and Liquor Sales	10,896	10,896	15,082	4,186
Beer Sales	5,229	5,229	5,745	516
Parking Lot Income	22,006	22,006	13,327	(8,679)
Advertising Fees	0	0	21,305	21,305
Directory Advertising Income	0	0	500	500
Security Income	117,273	117,273	123,130	5,857
Interest Income	4,408	4,408	1,111	(3,297)
Other Revenue	138,253	138,253	119,221	(19,032)
Total Revenues	<u>1,906,713</u>	<u>1,909,713</u>	<u>1,999,702</u>	<u>89,989</u>
EXPENDITURES:				
Convention Center:				
Personnel:				
Salaries, Classified	631,467	631,467	616,225	15,242
Salaries, Temporary	18,443	18,443	12,696	5,747
Salaries, Other	9,000	9,000	5,464	3,536
Uniforms	4,150	4,150	4,038	112
Car Allowance	1,296	1,296	972	324
Workers' Compensation Insurance	19,480	19,480	21,607	(2,127)
Hospitalization Insurance	109,887	109,887	99,507	10,380
Dental Insurance	6,381	6,381	5,906	475
Life, AD&D, Disability Insurance	3,305	3,305	3,141	164
Payroll Taxes	55,214	55,214	52,426	2,788
Retirement	106,119	106,119	100,875	5,244
Longevity Pay	27,396	27,396	26,788	608
Total Personnel	<u>992,138</u>	<u>992,138</u>	<u>949,645</u>	<u>42,493</u>
Supplies:				
Office Supplies	2,000	2,000	1,914	86
Janitorial Supplies	27,000	27,000	26,993	7
Vehicle Operation	500	500	210	290
Concession Supplies	35,000	35,000	14,213	20,787
Department Supplies	6,000	6,000	(1,871)	7,871
Beer/Liquor Sales Commission	9,000	9,000	5,085	3,915
Total Supplies	<u>79,500</u>	<u>79,500</u>	<u>46,544</u>	<u>32,956</u>
Maintenance:				
Machinery Maintenance	18,000	18,000	7,578	10,422
Buildings and Grounds Maintenance	79,247	74,247	49,753	24,494
Maintenance Supplies	11,525	16,525	15,951	574
Total Maintenance	<u>108,772</u>	<u>108,772</u>	<u>73,282</u>	<u>35,490</u>

CITY OF GATLINBURG, TENNESSEE
TOURISM FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
General Services:				
Postage and Shipping	200	200	76	124
Telephone	25,159	25,159	27,793	(2,634)
Audit	20,866	20,866	20,866	0
Travel	4,000	4,000	1,390	2,610
Contracted Services	182,580	182,580	172,871	9,709
Security Services	117,000	117,000	106,943	10,057
Advertising	642,122	642,122	642,122	0
Dues and Subscriptions	1,150	1,150	1,155	(5)
General Liability Insurance	46,012	46,012	45,779	233
Education	3,000	3,000	1,396	1,604
Utilities	446,949	446,949	445,961	988
Property & Casualty Insurance	64,063	64,063	64,063	0
Promotions	60,319	60,319	36,601	23,718
Total General Services	<u>1,613,420</u>	<u>1,613,420</u>	<u>1,567,016</u>	<u>46,404</u>
Capital Outlay:				
Equipment Purchase / Replacement	318,954	318,954	252,944	66,010
Total Capital Outlay	<u>318,954</u>	<u>318,954</u>	<u>252,944</u>	<u>66,010</u>
Total Convention Center	<u>3,112,784</u>	<u>3,112,784</u>	<u>2,889,431</u>	<u>223,353</u>
Tourism Department:				
Personnel:				
Salaries, Temporary	16,509	16,509	7,088	9,421
Payroll Taxes	904	904	542	362
Total Personnel	<u>17,413</u>	<u>17,413</u>	<u>7,630</u>	<u>9,783</u>
Maintenance:				
Buildings and Grounds Maintenance	26,100	26,100	21,221	4,879
Total Maintenance	<u>26,100</u>	<u>26,100</u>	<u>21,221</u>	<u>4,879</u>

CITY OF GATLINBURG, TENNESSEE
TOURISM FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
General Services:				
Advertising	3,557,149	3,557,149	3,557,149	0
Utilities	10,941	10,941	10,431	510
Co-Op Advertising	449,389	449,389	308,901	140,488
Winter Lighting Program	28,394	28,394	28,415	(21)
Total General Services	<u>4,045,873</u>	<u>4,045,873</u>	<u>3,904,896</u>	<u>140,977</u>
Total Tourism Department	<u>4,089,386</u>	<u>4,089,386</u>	<u>3,933,747</u>	<u>155,639</u>
Total Expenditures	<u>7,202,170</u>	<u>7,202,170</u>	<u>6,823,178</u>	<u>378,992</u>
Excess of Expenditures Over Revenues	<u>(5,295,457)</u>	<u>(5,292,457)</u>	<u>(4,823,476)</u>	<u>468,981</u>
Other Financing Sources (Uses):				
Transfers To Other Funds	(1,667)	(1,667)	(1,667)	0
Transfers From Other Funds	4,907,851	4,907,851	5,142,244	234,393
Total Other Financing Sources (Uses)	<u>4,906,182</u>	<u>4,906,184</u>	<u>5,140,577</u>	<u>234,393</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(389,275)</u>	<u>(386,273)</u>	<u>317,101</u>	<u>703,374</u>
Fund Balance, Beginning of Year	<u>1,380,990</u>	<u>1,380,990</u>	<u>1,380,990</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 991,715</u>	<u>\$ 994,717</u>	<u>\$ 1,698,091</u>	<u>\$ 703,374</u>

CITY OF GATLINBURG, TENNESSEE

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

June 30, 2014

	Sinking Fund	Convention Center Debt Service	Total
-ASSETS-			
Cash and Cash Equivalents	\$ 414,188	\$ 1,277,299	\$ 1,691,487
Investments	0	2,500,787	2,500,787
Receivables:			
Other Tax and Nonexchange Revenue	0	483,991	483,991
Interest	0	1,713	1,713
Intergovernmental	0	219,163	219,163
TOTAL ASSETS	\$ 414,188	\$ 4,482,953	\$ 4,897,141
- LIABILITIES AND FUND BALANCE -			
DEFERRED INFLOWS OF RESOURCES	\$ 0	\$ 320,367	\$ 320,367
FUND BALANCE			
Unrestricted:			
Committed	0	4,162,586	4,162,586
Assigned	414,188	0	414,188
TOTAL FUND BALANCE	414,188	4,162,586	4,576,774
TOTAL LIABILITIES AND FUND BALANCE	\$ 414,188	\$ 4,482,953	\$ 4,897,141

CITY OF GATLINBURG, TENNESSEE
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2014

	<u>Sinking Fund</u>	<u>Convention Center Debt Service Fund</u>	<u>Total</u>
REVENUES:			
Local Taxes	\$ 0	\$ 3,590,669	\$ 3,590,669
Use of Money and Property	749	6,375	7,124
Intergovernmental	0	839,607	839,607
	<hr/>	<hr/>	<hr/>
Total Revenues	749	4,436,651	4,437,400
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Principal	0	2,025,000	2,025,000
Interest	0	1,000,634	1,000,634
Paying Agent Fees	0	2,190	2,190
Dr. Robert F. Thomas Foundation	1,000,000	0	1,000,000
Legal and Issue Costs	0	291,084	291,084
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,000,000	3,318,908	4,318,908
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(999,251)	1,117,743	118,492
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Operating Transfers Out	0	(19,607,756)	(19,607,756)
Bond Refunding Proceeds	0	17,315,000	17,315,000
Premium Received on Bond Proceeds	0	185,089	185,089
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	(2,107,667)	(2,107,667)
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(999,251)	(989,924)	(1,989,175)
	<hr/>	<hr/>	<hr/>
FUND BALANCE AT BEGINNING OF YEAR	1,413,439	5,152,510	6,565,949
	<hr/>	<hr/>	<hr/>
FUND BALANCE AT END OF YEAR	\$ 414,188	\$ 4,162,586	\$ 4,576,774
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF GATLINBURG, TENNESSEE
SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Use of Money and Property:				
Interest Income	\$ 8,317	\$ 8,317	\$ 749	\$ (7,568)
Total Use of Money and Property	<u>8,317</u>	<u>8,317</u>	<u>749</u>	<u>(7,568)</u>
Total Revenues	<u>8,317</u>	<u>8,317</u>	<u>749</u>	<u>(7,568)</u>
EXPENDITURES				
Debt Service:				
Dr. Robert F. Thomas Foundation	1,000,000	1,000,000	1,000,000	0
Total Debt Service	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(991,683)	(991,683)	(999,251)	(7,568)
Fund Balance at Beginning of Year	<u>1,413,439</u>	<u>1,413,439</u>	<u>1,413,439</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 421,756</u>	<u>\$ 421,756</u>	<u>\$ 414,188</u>	<u>\$ (7,568)</u>

CITY OF GATLINBURG, TENNESSEE
CONVENTION CENTER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes:				
3/4 % Local Option Tax Increase	\$ 2,057,261	\$ 2,057,261	\$ 2,159,615	\$ 102,354
1/3 Hotel / Motel Tax	1,314,781	1,314,781	1,431,054	116,273
Total Taxes	3,372,042	3,372,042	3,590,669	218,627
Use of Money and Property:				
Interest Income	33,224	33,224	6,375	(26,849)
Total Use of Money and Property	33,224	33,224	6,375	(26,849)
Intergovernmental:				
State Sales Tax	839,778	839,778	839,607	(171)
Total Intergovernmental	839,778	839,778	839,607	(171)
Total Revenues	4,245,044	4,245,044	4,436,651	191,607
EXPENDITURES:				
Debt Service:				
Principal	2,025,000	2,025,000	2,025,000	0
Interest	1,058,564	1,058,564	1,000,634	57,930
Paying Agent Fees	5,000	5,000	2,190	2,810
Legal and Issue Costs	328,402	328,402	291,084	37,318
Total Debt Service	3,416,966	3,416,966	3,318,908	98,058
Total Expenditures	3,416,966	3,416,966	3,318,908	98,058
Excess of Revenues Over Expenditures	828,078	828,078	1,117,743	289,665
Other Financing Sources (Uses):				
Transfer to Department of Tourism	(1,463,390)	(1,463,390)	(1,463,390)	0
Transfer to Public Works Construction Fund	(12,965,000)	(16,500,000)	(18,144,366)	(1,644,366)
Bond Proceeds	14,070,000	14,070,000	17,315,000	3,245,000
Premium Received on Bond Proceeds	0	0	185,089	185,089
Total Other Financing Uses	(358,390)	(3,893,390)	(2,107,667)	1,785,723
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	469,688	(3,065,312)	(989,924)	2,075,388
Fund Balance at Beginning of Year	5,152,510	5,152,510	5,152,510	0
Fund Balance at End of Year	\$ 5,622,198	\$ 2,087,198	\$ 4,162,586	\$ 2,075,388

CITY OF GATLINBURG, TENNESSEE

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

June 30, 2014

	Vehicle Replacement Fund	Public Works Construction Fund	Grant Financed Projects Fund	Total
-ASSETS-				
Cash Restricted or Held for Long-Term Purposes	\$ 951,780	\$ 5,064,156	\$ (2,482)	\$ 6,013,454
Due From Other Governments	<u>0</u>	<u>0</u>	<u>312,191</u>	<u>312,191</u>
TOTAL ASSETS	<u>\$ 951,780</u>	<u>\$ 5,064,156</u>	<u>\$ 309,709</u>	<u>\$ 6,325,645</u>
- LIABILITIES AND FUND BALANCE -				
LIABILITIES				
Accounts Payable	\$ <u>0</u>	\$ <u>2,384,674</u>	\$ <u>82,600</u>	\$ <u>2,467,274</u>
FUND BALANCE:				
Restricted	0	775,924	227,109	1,003,033
Unrestricted:				
Committed	<u>951,780</u>	<u>1,903,558</u>	<u>0</u>	<u>2,855,338</u>
Total Fund Balance	<u>951,780</u>	<u>2,679,482</u>	<u>227,109</u>	<u>3,858,371</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 951,780</u>	<u>\$ 5,064,156</u>	<u>\$ 309,709</u>	<u>\$ 6,325,645</u>

CITY OF GATLINBURG, TENNESSEE
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2014

	Vehicle Replacement Fund	Public Works Construction Fund	Grant Financed Projects Fund	Total
REVENUES:				
Intergovernmental	\$ 0	\$ 0	\$ 358,566	\$ 358,566
Miscellaneous Income	50,696	0	0	50,696
Total Revenues	<u>50,696</u>	<u>0</u>	<u>358,566</u>	<u>409,262</u>
EXPENDITURES:				
Capital Outlay	646,310	22,600,609	609,569	23,856,488
Grant Match for Gatlinburg-Pigeon Forge Airport Authority	0	0	30,639	30,639
Total Expenditures	<u>646,310</u>	<u>22,600,609</u>	<u>640,208</u>	<u>23,887,127</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(595,614)</u>	<u>(22,600,609)</u>	<u>(281,642)</u>	<u>(23,477,865)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	744,221	18,823,764	95,639	19,663,624
Operating Transfers Out	0	(65,000)	0	(65,000)
Total Other Financing Sources (Uses)	<u>744,221</u>	<u>18,758,764</u>	<u>95,639</u>	<u>19,598,624</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	148,607	(3,841,845)	(186,003)	(3,879,241)
FUND BALANCE AT BEGINNING OF YEAR	<u>803,173</u>	<u>6,521,327</u>	<u>413,112</u>	<u>7,737,612</u>
FUND BALANCE AT END OF YEAR	<u>\$ 951,780</u>	<u>\$ 2,679,482</u>	<u>\$ 227,109</u>	<u>\$ 3,858,371</u>

CITY OF GATLINBURG, TENNESSEE
PUBLIC WORKS CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES:				
Intergovernmental:				
Grants			\$ 0	
Trout Raceway Walls			0	
Total Intergovernmental			0	
Public Donations for Library Construction			0	
Total Revenues			0	
EXPENDITURES:				
Capital Outlay:				
New Greenhouse	\$ 167,520	68,133	37,879	106,012
Wayfinding Program	203,293	64,785	9,767	74,552
G-P Athletic Fields	1,485,709	668,303	751,155	1,419,458
Youth Sports Complex Pr	24,106,000	4,150,000	17,886,215	22,036,215
Winter Lights Warehouse	75,000	5,100	69,595	74,695
Winter Lights Refurbishing	157,700	24,000	110,630	134,630
Aquarium Pedestrian Bridge Repair	149,400	0	147,688	147,688
Convention Center Restroom Renovation	27,000	0	26,173	26,173
Spur Welcome Center Restroom Renovation	32,000	0	28,522	28,522
Aquarium Garage LED Lighting	22,000	0	21,033	21,033
Herbert Holt Pavilion Roof Replacement	15,000	0	10,663	10,663
Aquarium Garage Floor Sealant	86,000	0	1,289	1,289
Arrowmont Open Space Easement	3,500,000	0	3,500,000	3,500,000
Total Capital Outlay		\$ 4,980,321	22,600,609	\$ 27,580,930
Total Expenditures			22,600,609	
Deficiency of Revenues				
Under Expenditures			(22,600,609)	
Operating Transfers In (Out):				
Transfers From Other Funds			18,823,764	
Transfers To Other Funds			(65,000)	
Total Other Financing Sources (Uses)			18,758,764	
Excess (Deficiency) of Revenues and Other				
Financing Sources Over (Under) Expenditures				
and Other Financing Uses			(3,841,845)	
Fund Balance at Beginning of Year			6,521,327	
Fund Balance at End of Year			\$ 2,679,482	

CITY OF GATLINBURG, TENNESSEE

VEHICLE REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Current Year</u>
REVENUES:		
Miscellaneous		
Miscellaneous Income		\$ 50,696
Total Miscellaneous		<u>50,696</u>
Total Revenues		<u>50,696</u>
EXPENDITURES:		
Capital Outlay:		
Equipment Purchase/ Replacement	\$ 1,114,559	<u>646,310</u>
Total Capital Outlay		<u>646,310</u>
Total Expenditures		<u>646,310</u>
Deficiency of Revenues Under Expenditures		<u>(595,614)</u>
Operating Transfers In:		
Transfers From Other Funds		<u>744,221</u>
Total Other Financing Sources (Uses)		<u>744,221</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		148,607
Fund Balance at Beginning of Year		<u>803,173</u>
Fund Balance at End of Year		<u>\$ 951,780</u>

CITY OF GATLINBURG, TENNESSEE

GRANT FINANCED PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>
REVENUES:				
Intergovernmental:				
TDOT Grant - 2011 Capital Assistance			\$ 10,266	
TDOT Grant - 2010 Capital Assistance			21,107	
Parkway Visitor Grant			204,565	
ARRA TDOT Mass Transit Capital Assistance Grant			<u>122,628</u>	
Total Intergovernmental			<u>358,566</u>	
Total Revenues			<u>358,566</u>	
EXPENDITURES:				
Capital Outlay:				
TDOT Grant - 2011 Capital Assistance	\$ 183,681	\$ 157,245	3,436	\$ 160,681
TDOT Grant - 2010 Capital Assistance	420,820	72,212	38,189	110,401
TDOT Grant - Parkway Visitor Pedestrian Plaza	822,269	361,621	445,316	806,937
TDOT Grant - ARRA Mass Transit Capital Assistance	1,042,517	<u>0</u>	<u>122,628</u>	<u>122,628</u>
Total Capital Outlay		<u>\$ 591,078</u>	<u>609,569</u>	<u>\$ 1,200,647</u>
Other:				
Grant Match for Gatlinburg-Pigeon Forge				
Airport Authority	30,639		<u>30,639</u>	
Total Expenditures			<u>640,208</u>	
Deficiency of Revenues Under Expenditures			<u>(281,642)</u>	
Other Financing Sources (Uses):				
Operating Transfers In:				
Transfers From Other Funds			<u>95,639</u>	
Total Other Financing Sources (Uses)			<u>95,639</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(186,003)	
Fund Balance at Beginning of Year			<u>413,112</u>	
Fund Balance at End of Year			<u>\$ 227,109</u>	

CITY OF GATLINBURG, TENNESSEE
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES:				
Sewer Sales	\$ 2,868,632	\$ 2,868,632	\$ 2,812,041	\$ (56,591)
Penalties	18,206	18,206	16,179	(2,027)
Connections and Cut-Ons	6,169	6,169	26,400	20,231
Administrative Charge	14,653	14,653	14,510	(143)
Total Operating Revenues	<u>2,907,660</u>	<u>2,907,660</u>	<u>2,869,130</u>	<u>(38,530)</u>
OPERATING EXPENSES:				
Operations:				
Maintenance:				
Machinery Maintenance	25,000	25,000	18,921	6,079
Building and Grounds Maintenance	2,500	2,500	2,700	(200)
Total Maintenance	<u>27,500</u>	<u>27,500</u>	<u>21,621</u>	<u>5,879</u>
General Services:				
Audit	12,508	12,508	12,508	0
Contracted Services	85,106	85,106	65,791	19,315
General Liability Insurance	25,255	25,255	25,255	0
Utilities	7,800	7,800	6,509	1,291
Property & Casualty Insurance	3,550	3,550	3,550	0
Billing Expense	11,596	11,596	12,855	(1,259)
Total General Services	<u>145,815</u>	<u>145,815</u>	<u>126,468</u>	<u>19,347</u>
Contingency:				
Property Taxes	5,737	5,737	5,737	0
Sewer Plant Operation Contract	1,355,718	1,355,718	1,384,041	(28,323)
Debt Service - Paying Agent Fee	6,500	6,500	3,510	2,990
Total Contingency	<u>1,367,955</u>	<u>1,367,955</u>	<u>1,393,288</u>	<u>(25,333)</u>
Capital Outlay:				
Equipment Purchase / Replacement	655,419	655,419	9,785	645,634
Total Capital Outlay	<u>655,419</u>	<u>655,419</u>	<u>9,785</u>	<u>645,634</u>
Total Operations	<u>2,196,689</u>	<u>2,196,689</u>	<u>1,551,162</u>	<u>645,527</u>

CITY OF GATLINBURG, TENNESSEE
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
Maintenance:				
Personnel:				
Salaries, Classified	200,360	200,360	195,371	4,989
Salaries, Other	5,500	5,500	7,113	(1,613)
Workers' Compensation Deductible	500	500	369	131
Vacation Benefits	0	0	1,504	(1,504)
Uniforms	900	900	1,105	(205)
Workers' Compensation Insurance	4,620	4,620	5,124	(504)
Hospitalization Insurance	26,164	26,164	24,984	1,180
Dental Insurance	1,519	1,519	1,489	30
Life, AD&D, and Disability Insurance	934	934	937	(3)
Payroll Taxes	16,726	16,726	15,974	752
Retirement	34,003	34,003	33,472	531
Longevity Pay	10,788	10,788	10,784	4
Total Personnel	<u>302,014</u>	<u>302,014</u>	<u>298,226</u>	<u>3,788</u>
Supplies:				
Office Supplies	1,000	1,000	1,218	(218)
Janitorial Supplies	300	300	400	(100)
Vehicle Operation	10,500	10,025	11,140	(1,115)
Safety Equipment	1,875	1,725	1,517	208
Tools	875	875	1,285	(410)
Total Supplies	<u>14,550</u>	<u>13,925</u>	<u>15,560</u>	<u>(1,635)</u>
Maintenance:				
Machinery Maintenance	500	500	402	98
Buildings and Grounds Maintenance	2,250	2,250	2,174	76
Vehicle Maintenance	6,500	6,975	12,276	(5,301)
Communication System Maintenance	0	0	88	(88)
Safety Incentive Program	93	93	27	66
Wastewater System	35,765	35,765	35,140	625
Total Maintenance	<u>45,108</u>	<u>45,583</u>	<u>50,107</u>	<u>(4,524)</u>
General Services:				
Telephone	175	175	194	(19)
Dues and Subscriptions	196	196	140	56
Education	275	275	165	110
Miscellaneous	125	275	138	137
Total General Services	<u>771</u>	<u>921</u>	<u>637</u>	<u>284</u>

CITY OF GATLINBURG, TENNESSEE
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Capital Outlay:				
Capital Outlay - Other	884,276	884,276	13,783	870,493
Total Capital Outlay	<u>884,276</u>	<u>884,276</u>	<u>13,783</u>	<u>870,493</u>
Total Maintenance	<u>1,246,719</u>	<u>1,246,719</u>	<u>378,313</u>	<u>868,406</u>
Depreciation and Amortization	<u>0</u>	<u>0</u>	<u>740,811</u>	<u>(740,811)</u>
Total Operating Expenses	<u>3,443,408</u>	<u>3,443,408</u>	<u>2,670,286</u>	<u>773,122</u>
Operating Income (Loss)	<u>(535,748)</u>	<u>(535,748)</u>	<u>198,844</u>	<u>734,592</u>
Non-Operating Revenues (Expenses):				
Interest Income	36,236	36,236	3,991	(32,245)
Interest Expense	(42,624)	(42,624)	(25,591)	17,033
Debt Service Principal	(559,000)	(559,000)	0	559,000
Total Non-Operating Revenues (Expenses)	<u>(565,388)</u>	<u>(565,388)</u>	<u>(21,600)</u>	<u>543,788</u>
Change in Net Position	<u>(1,101,136)</u>	<u>(1,101,136)</u>	<u>177,244</u>	<u>1,278,380</u>
Net Position, Beginning of Year	<u>17,923,399</u>	<u>17,923,399</u>	<u>17,923,399</u>	<u>0</u>
Net Position, End of Year	<u>\$ 16,822,263</u>	<u>\$ 16,822,263</u>	<u>\$ 18,100,643</u>	<u>\$ 1,278,380</u>

CITY OF GATLINBURG, TENNESSEE
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES:				
Water Sales	\$ 2,526,031	\$ 2,526,031	\$ 2,538,600	\$ 12,569
Penalties	18,332	18,332	18,068	(264)
Connections and Cut-Ons	32,185	32,185	74,619	42,434
Administrative Charge	29,418	29,418	29,082	(336)
Other Operating Revenue	36,949	36,949	37,860	911
Total Operating Revenues	2,642,915	2,642,915	2,698,229	55,314
OPERATING EXPENSES:				
Operations:				
Personnel:				
Salaries, Classified	344,909	344,849	343,385	1,464
Salaries, Other	21,500	21,500	22,161	(661)
Uniforms	1,400	1,400	846	554
Car Allowance	12,984	12,984	12,984	0
Workers' Compensation Insurance	12,411	12,411	13,766	(1,355)
Hospitalization Insurance	41,862	41,862	39,889	1,973
Dental Insurance	2,431	2,431	2,376	55
Life, AD&D, Disability Insurance	1,577	1,577	1,601	(24)
Payroll Taxes	30,608	30,608	29,830	778
Retirement	59,326	59,326	58,698	628
Longevity Pay	18,427	18,487	18,487	0
Total Personnel	547,435	547,435	544,023	3,412
Supplies:				
Office Supplies	5,500	5,500	5,486	14
Janitorial Supplies	1,000	1,000	762	238
Vehicle Operation	750	750	445	305
Safety Equipment	3,000	3,000	3,339	(339)
Tools	750	750	366	384
Chemical Supplies	130,000	130,000	126,077	3,923
Laboratory	12,000	12,000	14,290	(2,290)
Total Supplies	153,000	153,000	150,765	2,235
Maintenance:				
Machinery Maintenance	24,447	24,247	26,937	(2,690)
Buildings and Grounds Maintenance	1,500	1,700	1,823	(123)
Vehicle Maintenance	1,000	1,000	236	764
Communication System Maintenance	500	500	482	18
Water Tank Maintenance	66,690	66,690	38,420	28,270
Total Maintenance	94,137	94,137	67,898	26,239

CITY OF GATLINBURG, TENNESSEE
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
General Services:				
Telephone	15,000	15,000	16,935	(1,935)
Audit	12,392	12,392	12,392	0
Travel	150	150	0	150
Contracted Services	97,414	97,414	94,894	2,520
Purchase of Water From Pigeon Forge	269,000	269,000	346,244	(77,244)
General Liability Insurance	14,402	14,402	11,080	3,322
Education	2,500	2,500	1,305	1,195
Utilities	295,701	295,701	302,838	(7,137)
Property & Casualty Insurance	19,525	19,525	19,525	0
Billing Expense	12,277	12,277	12,979	(702)
Total General Services	<u>738,361</u>	<u>738,361</u>	<u>818,192</u>	<u>(79,831)</u>
Contingency:				
Property Taxes	5,577	5,577	5,209	368
Debt Service - Paying Agent Fee	2,000	2,000	706	1,294
Total Contingency	<u>7,577</u>	<u>7,577</u>	<u>5,915</u>	<u>1,662</u>
Capital Outlay:				
Equipment Purchase / Replacement	65,000	65,000	60	64,940
Total Capital Outlay	<u>65,000</u>	<u>65,000</u>	<u>60</u>	<u>64,940</u>
Total Operations	<u>1,605,510</u>	<u>1,605,510</u>	<u>1,586,853</u>	<u>18,657</u>
Maintenance:				
Personnel:				
Salaries, Classified	601,080	601,080	587,211	13,869
Salaries, Other	16,500	16,500	21,340	(4,840)
Workers' Compensation Deductible	1,500	1,500	1,107	393
Vacation Benefits	0	0	9,639	(9,639)
Uniforms	2,700	2,700	3,315	(615)
Payroll Taxes	50,178	50,178	47,923	2,255
Retirement	102,008	102,008	100,415	1,593
Longevity Pay	32,364	32,364	32,352	12
Total Personnel	<u>806,330</u>	<u>806,330</u>	<u>803,302</u>	<u>3,028</u>
Supplies:				
Office Supplies	3,000	3,000	3,654	(654)
Janitorial Supplies	900	900	1,200	(300)
Vehicle Operation	31,500	30,075	33,420	(3,345)
Safety Equipment	5,625	5,175	4,552	623
Tools	2,625	2,625	3,856	(1,231)
Total Supplies	<u>43,650</u>	<u>41,775</u>	<u>46,682</u>	<u>(4,907)</u>

CITY OF GATLINBURG, TENNESSEE
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Maintenance:				
Machinery Maintenance	1,500	1,500	1,206	294
Buildings and Grounds Maintenance	6,750	6,750	6,521	229
Vehicle Maintenance	19,500	20,925	36,827	(15,902)
Communication System Maintenance	0	0	265	(265)
Safety Incentive Program	278	278	81	197
Water System Maintenance	32,256	32,256	81,894	(49,638)
Total Maintenance	<u>60,284</u>	<u>61,709</u>	<u>126,794</u>	<u>(65,085)</u>
General Services:				
Telephone	525	525	583	(58)
Workers' Compensation Insurance	13,859	13,859	15,372	(1,513)
Dues and Subscriptions	589	589	419	170
Hospitalization Insurance	78,491	78,491	74,952	3,539
Dental Insurance	4,558	4,558	4,467	91
Life, AD&D, and Disability Insurance	2,801	2,801	2,811	(10)
Education	825	825	495	330
Miscellaneous	375	825	415	410
Total General Services	<u>102,023</u>	<u>102,473</u>	<u>99,514</u>	<u>2,959</u>
Capital Outlay:				
Capital Outlay - Other	101,286	101,286	52,136	49,150
Total Capital Outlay	<u>101,286</u>	<u>101,286</u>	<u>52,136</u>	<u>49,150</u>
Total Maintenance	<u>1,113,573</u>	<u>1,113,573</u>	<u>1,128,428</u>	<u>(14,855)</u>
Depreciation and Amortization	<u>0</u>	<u>0</u>	<u>347,381</u>	<u>(347,381)</u>
Total Operating Expenses	<u>2,719,083</u>	<u>2,719,083</u>	<u>3,062,662</u>	<u>(343,579)</u>
Operating Income (Loss)	<u>(76,168)</u>	<u>(76,168)</u>	<u>(364,433)</u>	<u>(288,265)</u>
Non-Operating Revenues (Expenses):				
Interest Income	5,384	5,384	868	(4,516)
Interest Expense	(41,700)	(41,700)	(29,346)	12,354
Debt Service Principal	(255,000)	(255,000)	0	255,000
Total Non-Operating Revenues (Expenses)	<u>(291,316)</u>	<u>(291,316)</u>	<u>(28,478)</u>	<u>262,838</u>
Change in Net Position	<u>(367,484)</u>	<u>(367,484)</u>	<u>(392,911)</u>	<u>(25,427)</u>
Net Position, Beginning of Year	<u>10,127,243</u>	<u>10,127,243</u>	<u>10,127,243</u>	<u>0</u>
Net Position, End of Year	<u>\$ 9,759,759</u>	<u>\$ 9,759,759</u>	<u>\$ 9,734,332</u>	<u>\$ (25,427)</u>

OTHER INFORMATION SECTION

CITY OF GATLINBURG, TENNESSEE
SOLID WASTE / SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Use of Money and Property:				
Interest Income	\$ 0	\$ 0	\$ 47	\$ 47
Total Use of Money and Property	<u>0</u>	<u>0</u>	<u>47</u>	<u>47</u>
Charges for Services:				
Solid Waste Disposal / Pick Up Fees	264,817	264,817	263,236	(1,581)
Total Charges for Services	<u>264,817</u>	<u>264,817</u>	<u>263,236</u>	<u>(1,581)</u>
Total Revenues	<u>264,817</u>	<u>264,817</u>	<u>263,283</u>	<u>(1,534)</u>
EXPENDITURES:				
Sanitation:				
Personnel Costs:				
Salaries, Classified	654,076	645,276	633,049	12,227
Salaries, Temporary	26,265	35,065	34,814	251
Salaries, Other	37,372	37,372	39,869	(2,497)
Workers' Compensation Deductible	1,000	1,000	1,000	0
Uniforms	5,000	5,000	4,006	994
Hospitalization Insurance	104,654	104,654	98,220	6,434
Dental Insurance	5,697	5,697	5,853	(156)
Life, AD&D, Disability Insurance	2,929	2,929	3,139	(210)
Payroll Taxes	61,332	61,332	57,965	3,367
Retirement	114,297	114,297	105,767	8,530
Total Personnel Costs	<u>1,012,622</u>	<u>1,012,622</u>	<u>983,682</u>	<u>28,940</u>
Supplies:				
Office Supplies	500	500	496	4
Vehicle Operation	86,834	86,834	93,610	(6,776)
Safety Equipment	4,000	4,000	3,496	504
Tools	410	660	644	16
Department Supplies	2,350	2,350	2,856	(506)
Total Supplies	<u>94,094</u>	<u>94,344</u>	<u>101,102</u>	<u>(6,758)</u>
Maintenance:				
Buildings & Grounds Maintenance	13,399	13,399	13,120	279
Vehicle Maintenance	69,694	69,694	84,723	(15,029)
Communication System Maintenance	3,500	1,500	928	572
Total Maintenance	<u>86,593</u>	<u>84,593</u>	<u>98,771</u>	<u>(14,178)</u>
General Services:				
Telephone	2,875	4,625	6,997	(2,372)
Contracted Services	487,965	487,965	485,838	2,127
Utilities	10,200	10,200	7,529	2,671
Total General Services	<u>501,040</u>	<u>502,790</u>	<u>500,364</u>	<u>2,426</u>

CITY OF GATLINBURG, TENNESSEE
SOLID WASTE / SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Contingency:				
Miscellaneous	2,575	2,575	1,685	890
Bad Debt Expense	0	0	7,947	(7,947)
Total Contingency	<u>2,575</u>	<u>2,575</u>	<u>9,632</u>	<u>(7,057)</u>
Total Sanitation	<u>1,696,924</u>	<u>1,696,924</u>	<u>1,693,551</u>	<u>3,373</u>
Capital Outlay:				
Equipment Purchase / Replacement	4,473	4,473	3,513	960
Total Capital Outlay	<u>4,473</u>	<u>4,473</u>	<u>3,513</u>	<u>960</u>
Debt Service:				
Principal	65,000	65,000	65,000	0
Interest	18,550	18,550	18,550	0
Total Debt Service	<u>83,550</u>	<u>83,550</u>	<u>83,550</u>	<u>0</u>
Total Expenditures	<u>1,784,947</u>	<u>1,784,947</u>	<u>1,780,614</u>	<u>4,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,520,130)</u>	<u>(1,520,130)</u>	<u>(1,517,331)</u>	<u>2,799</u>
Other Financing Sources (Uses):				
Transfer From General Fund	1,637,186	1,637,186	1,637,186	0
Transfer To Other Funds	(118,529)	(118,529)	(118,529)	0
Total Other Financing Sources (Uses)	<u>1,518,657</u>	<u>1,518,657</u>	<u>1,518,657</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures	<u>(1,473)</u>	<u>(1,473)</u>	<u>1,326</u>	<u>2,799</u>
Fund Balance at Beginning of Year	<u>(9,714)</u>	<u>(9,714)</u>	<u>(9,714)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (11,187)</u>	<u>\$ (11,187)</u>	<u>\$ (8,388)</u>	<u>\$ 2,799</u>

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF INVESTMENTS

As of June 30, 2014

Investments:	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 4 Years</u>
U.S. Government Agencies:				
Federal Home Loan Bank (FHLB)	\$ 998,850	\$ 998,850	\$ 0	\$ 0
U.S. Treasuries	<u>9,004,298</u>	<u>0</u>	<u>4,037,568</u>	<u>4,966,730</u>
	<u>\$ 10,003,148</u>	<u>\$ 998,850</u>	<u>\$ 4,037,568</u>	<u>\$ 4,966,730</u>

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF UTILITY RATES

June 30, 2014

Water Rates:

First 2,000 gallons per month, based on meter size:

<u>Meter Size</u>	<u>Charge (for < 1,750 ft. elevation)</u>
5/8"-3/4"	\$ 6.46 minimum charge
1"	16.55 minimum charge
1 1/2"-2"	22.06 minimum charge
3"	33.10 minimum charge
4"	44.14 minimum charge
6"	66.20 minimum charge
>= 8"	99.30 minimum charge

Usage in excess of 2,000 gallons per month for all meter sizes at an elevation below 1,750 feet is \$3.23 per 1,000 gallons. At or above an elevation of 1,750 feet is \$3.73 per 1,000 gallons. Rates outside the City are 25% higher.

Number of Water Customers: 3,632

Wastewater Rates:

First 2,000 gallons per month, based on meter size:

<u>Meter Size</u>	<u>Charge (for ≤ 1,750 ft. elevation)</u>
5/8"-3/4"	\$ 8.82 minimum charge
1"	21.00 minimum charge
1 1/2"-2"	28.00 minimum charge
3"	38.00 minimum charge
4"	56.00 minimum charge
6"	84.00 minimum charge

Usage in excess of 2,000 gallons per month is \$4.41 per 1,000 gallons. Rates outside the City are 25% higher.

Number of Wastewater Customers: 2,403

The Administrative charge per month for each customer with one or both services is \$1.00.

AWWA WLCC Free Water Audit Software: Reporting Worksheet

Copyright © 2010, American Water Works Association. All Rights Reserved.

WAS v4.2

[Back to Instructions](#)

Water Audit Report for:
 Reporting Year:

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 (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

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	<input type="text" value="8"/>	<input type="text" value="734.081"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value="7"/>	<input type="text" value="0.000"/>	over-registered MG/Yr
Water imported:	<input type="text" value="9"/>	<input type="text" value="115.623"/>	MG/Yr
Water exported:	<input type="text" value="5"/>	<input type="text" value="37.477"/>	MG/Yr
WATER SUPPLIED:		<input type="text" value="812.227"/>	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="7"/>	<input type="text" value="682.416"/>	MG/Yr
Billed unmetered:	<input type="text" value="9"/>	<input type="text" value="0.882"/>	MG/Yr
Unbilled metered:	<input type="text" value="9"/>	<input type="text" value="10.886"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="9"/>	<input type="text" value="10.153"/>	MG/Yr
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed			
AUTHORIZED CONSUMPTION:		<input type="text" value="704.337"/>	MG/Yr

Click here: for help using option buttons below

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption:	<input type="text" value="6"/>	<input type="text" value="2.031"/>	MG/Yr	Pcnt: <input type="text" value="0.25%"/>
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed				
Customer metering inaccuracies:	<input type="text" value="6"/>	<input type="text" value="28.888"/>	MG/Yr	<input type="text" value="4.00%"/>
Systematic data handling errors:	<input type="text" value="6"/>	<input type="text" value="8.800"/>	MG/Yr	
Apparent Losses:		<input type="text" value="39.718"/>		

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	<input type="text" value="9"/>	<input type="text" value="68.172"/>	MG/Yr
WATER LOSSES:		<input type="text" value="107.890"/>	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="text" value="6"/>	<input type="text" value="97.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="4"/>	<input type="text" value="4,545"/>	
Connection density:		<input type="text" value="47"/>	conn./mile main
Average length of customer service line:	<input type="text" value="10"/>	<input type="text" value="0.0"/>	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="5"/>	<input type="text" value="95.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="9"/>	<input type="text" value="\$2,967,095"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="8"/>	<input type="text" value="\$7.64"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="8"/>	<input type="text" value="\$1,946.00"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="15.9%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="16.1%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$303,447"/>
Annual cost of Real Losses:	<input type="text" value="\$132,663"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="23.94"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="41.09"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="0.43"/>	gallons/connection/day/psi
<input type="text" value="9"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="41.84"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="68.17"/>	million gallons/year
<input type="text" value="9"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="1.63"/>	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 75 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:

- Volume from own sources**
- Water exported**
- Billed metered**

[For more information, click here to see the Grading Matrix worksheet](#)

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS

As of June 30, 2014

Fiscal Year Ended June 30th	Principal	Existing Debt Interest	Total
2015	\$ 5,155,000	\$ 1,918,949	\$ 7,073,949
2016	5,375,000	1,751,325	7,126,325
2017	5,035,000	1,591,425	6,626,425
2018	4,965,000	1,422,100	6,387,100
2019	5,150,000	1,272,500	6,422,500
2020-2024	12,275,000	4,997,300	17,272,300
2025-2029	10,470,000	3,565,810	14,035,810
2030-2034	9,450,000	1,910,880	11,360,880
2035-2037	5,385,000	401,983	5,786,983
	<u>\$ 63,260,000</u>	<u>\$ 18,832,271</u>	<u>\$ 82,092,271</u>

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF BOND OBLIGATIONS TO MATURITY
Beginning 07/01/2014 - 06/30/2015

\$9,730,000 General Obligation Bonds
Series 2012 (Fire Truck - \$460,000 & Sports Complex - \$9,270,000)

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 50,000	\$ 240,340	\$ 290,340
2015-2016	105,000	239,340	344,340
2016-2017	105,000	237,240	342,240
2017-2018	105,000	235,140	340,140
2018-2019	105,000	231,990	336,990
2019-2020	105,000	229,890	334,890
2020-2021	105,000	227,790	332,790
2021-2022	105,000	225,690	330,690
2022-2023	50,000	223,590	273,590
2023-2024	510,000	222,590	732,590
2024-2025	525,000	212,390	737,390
2025-2026	540,000	201,890	741,890
2026-2027	560,000	191,090	751,090
2027-2028	580,000	178,490	758,490
2028-2029	600,000	165,440	765,440
2029-2030	620,000	151,940	771,940
2030-2031	635,000	139,540	774,540
2031-2032	655,000	123,665	778,665
2032-2033	680,000	108,600	788,600
2033-2034	700,000	88,200	788,200
2034-2035	725,000	67,200	792,200
2035-2036	745,000	45,450	790,450
2036-2037	770,000	23,100	793,100
	<u>\$ 9,680,000</u>	<u>\$ 4,010,595</u>	<u>\$ 13,690,595</u>

\$1,585,000 General Obligation Refunding Bonds
Series 2009, Dated 2/19/2009
Refunded Bonds of Sevier Solid Waste, Inc.

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 25,000	\$ 16,600	\$ 41,600
2015-2016	30,000	15,850	45,850
2016-2017	90,000	14,950	104,950
2017-2018	95,000	11,800	106,800
2018-2019	100,000	8,000	108,000
2019-2020	100,000	4,000	104,000
	<u>\$ 440,000</u>	<u>\$ 71,200</u>	<u>\$ 511,200</u>

\$6,325,000 General Obligation Refunding Bonds
Series 2013A, Dated 3/1/2013, \$900,000 Water Portion

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 90,000	\$ 16,300	\$ 106,300
2015-2016	100,000	14,500	114,500
2016-2017	100,000	12,500	112,500
2017-2018	100,000	10,500	110,500
2018-2019	100,000	8,500	108,500
2019-2020	105,000	6,500	111,500
2020-2021	105,000	4,400	109,400
2021-2022	115,000	2,300	117,300
	<u>\$ 815,000</u>	<u>\$ 75,500</u>	<u>\$ 890,500</u>

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)
Beginning 07/01/2014 - 06/30/2015

\$1,110,000 General Obligation Bonds, Series 2009
Dated 02/19/2009
Refunded \$2,250,000 PBA of Sevier County
Public Improvement Bonds

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 170,000	\$ 5,100	\$ 175,100

\$2,025,000 General Obligation Bonds, Series 2009
Dated 02/19/2009
Refunded \$2,020,000 PBA of Sevier County
Series IV-I-4

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 115,000	\$ 64,195	\$ 179,195
2015-2016	120,000	60,745	180,745
2016-2017	125,000	57,145	182,145
2017-2018	130,000	52,770	182,770
2018-2019	140,000	47,570	187,570
2019-2020	145,000	41,970	186,970
2020-2021	160,000	36,170	196,170
2021-2022	170,000	29,770	199,770
2022-2023	180,000	22,970	202,970
2023-2024	190,000	15,770	205,770
2024-2025	190,000	7,885	197,885
	\$ 1,665,000	\$ 436,960	\$ 2,101,960

\$6,325,000 General Obligation Refunding Bonds
Series 2013A, Dated 3/1/2013, \$5,425,000 CIP & Golf Portion

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 615,000	\$ 96,900	\$ 711,900
2015-2016	625,000	84,600	709,600
2016-2017	655,000	72,100	727,100
2017-2018	675,000	59,000	734,000
2018-2019	690,000	45,500	735,500
2019-2020	710,000	31,700	741,700
2020-2021	720,000	17,500	737,500
2021-2022	155,000	3,100	158,100
	\$ 4,845,000	\$ 410,400	\$ 5,255,400

\$4,575,000 General Obligation Bonds
Series 2009, Dated 02/19/2009
Refunded \$4.75 Million Portion of \$15.5 Million Series V-C-1

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 0	\$ 183,000	\$ 183,000
2015-2016	0	183,000	183,000
2016-2017	0	183,000	183,000
2017-2018	2,225,000	183,000	2,408,000
2018-2019	2,350,000	94,000	2,444,000
	\$ 4,575,000	\$ 826,000	\$ 5,401,000

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)
Beginning 07/01/2014 - 06/30/2015

\$10,690,000 General Obligation Bonds
Series 2010B, Dated 12/1/2009
Refunded \$10.25 Million Series V-C-1 of \$15.5 Million Series Dated 10/15/2003

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Prin. & Interest Due</u>
2014-2015	\$ 2,110,000	\$ 243,600	\$ 2,353,600
2015-2016	2,170,000	180,300	2,350,300
2016-2017	2,200,000	93,500	2,293,500
	<u>\$ 6,480,000</u>	<u>\$ 517,400</u>	<u>\$ 6,997,400</u>

\$1,500,000 General Obligation Refunding Bonds
Series 2010, Dated 12/1/2010
Water (\$415,378) Sewer (\$1,084,622)

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Prin. & Interest Due</u>
2014-2015	\$ 525,000	\$ 42,750	\$ 567,750
2015-2016	725,000	27,000	752,000
2016-2017	175,000	5,250	180,250
	<u>\$ 1,425,000</u>	<u>\$ 75,000</u>	<u>\$ 1,500,000</u>

\$7,600,000 General Obligation Bonds
Series 2011, Dated 09/01/2011
Phase VI Undergrounding

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Prin. & Interest Due</u>
2014-2015	\$ 115,000	\$ 223,813	\$ 338,813
2015-2016	115,000	221,513	336,513
2016-2017	120,000	219,213	339,213
2017-2018	125,000	216,813	341,813
2018-2019	130,000	214,313	344,313
2019-2020	135,000	211,713	346,713
2020-2021	140,000	209,013	349,013
2021-2022	335,000	205,513	540,513
2022-2023	520,000	197,138	717,138
2023-2024	540,000	182,838	722,838
2024-2025	575,000	166,638	741,638
2025-2026	795,000	149,388	944,388
2026-2027	685,000	125,538	810,538
2027-2028	715,000	103,275	818,275
2028-2029	745,000	80,038	825,038
2029-2030	780,000	55,825	835,825
2030-2031	815,000	28,525	843,525
	<u>\$ 7,385,000</u>	<u>\$ 2,811,100</u>	<u>\$ 10,196,100</u>

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)
Beginning 07/01/2014 - 06/30/2015

\$9,850,000 General Obligation Bonds
Series 2013B, Dated 09/20/2013

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 0	\$ 374,908	\$ 374,908
2015-2016	0	374,908	374,908
2016-2017	50,000	374,908	424,908
2017-2018	50,000	373,908	423,908
2018-2019	50,000	372,908	422,908
2019-2020	50,000	371,908	421,908
2020-2021	50,000	370,533	420,533
2021-2022	50,000	369,158	419,158
2022-2023	50,000	367,783	417,783
2023-2024	560,000	366,408	926,408
2024-2025	580,000	349,608	929,608
2025-2026	595,000	331,048	926,048
2026-2027	610,000	312,008	922,008
2027-2028	625,000	292,488	917,488
2028-2029	640,000	269,050	909,050
2029-2030	655,000	243,450	898,450
2030-2031	680,000	217,250	897,250
2031-2032	700,000	190,050	890,050
2032-2033	715,000	162,050	877,050
2033-2034	745,000	133,450	878,450
2034-2035	770,000	101,788	871,788
2035-2036	800,000	69,063	869,063
2036-2037	825,000	35,063	860,063
	<u>\$ 9,850,000</u>	<u>\$ 6,423,688</u>	<u>\$ 16,273,688</u>

\$7,465,000 General Obligation Bonds
Series 2014A, Dated 03/31/14

Fiscal Year	Principal Due	Interest Due	Total Prin. & Interest Due
2014-2015	\$ 0	\$ 238,765	\$ 238,765
2015-2016	25,000	204,170	229,170
2016-2017	25,000	203,420	228,420
2017-2018	25,000	202,670	227,670
2018-2019	25,000	201,920	226,920
2019-2020	1,075,000	201,170	1,276,170
2020-2021	1,105,000	179,670	1,284,670
2021-2022	1,130,000	157,570	1,287,570
2022-2023	1,155,000	134,970	1,289,970
2023-2024	170,000	100,320	270,320
2024-2025	170,000	96,070	266,070
2025-2026	175,000	91,480	266,480
2026-2027	180,000	86,230	266,230
2027-2028	190,000	80,830	270,830
2028-2029	195,000	74,940	269,940
2029-2030	200,000	68,505	268,505
2030-2031	205,000	61,505	266,505
2031-2032	215,000	54,125	269,125
2032-2033	220,000	46,170	266,170
2033-2034	230,000	38,030	268,030
2034-2035	240,000	29,520	269,520
2035-2036	250,000	20,400	270,400
2036-2037	260,000	10,400	270,400
	<u>\$ 7,465,000</u>	<u>\$ 2,582,850</u>	<u>\$ 10,047,850</u>

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)
Beginning 07/01/2014 - 06/30/2015

\$8,465,000 General Obligation Bonds
Series 2014B, Dated 04/30/14

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Prin. & Interest Due</u>
2014-2015	\$ 1,340,000	\$ 172,678	\$ 1,512,678
2015-2016	1,360,000	145,400	1,505,400
2016-2017	1,390,000	118,200	1,508,200
2017-2018	1,435,000	76,500	1,511,500
2018-2019	1,460,000	47,800	1,507,800
2019-2020	1,480,000	25,900	1,505,900
	<u>\$ 8,465,000</u>	<u>\$ 586,478</u>	<u>\$ 9,051,478</u>

STATISTICAL SECTION

(Unaudited)

LISTING OF STATISTICAL TABLES

This part of the City of Gatlinburg's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Tables

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 1-4

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. 5-8

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.9-11

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments..... 12-15

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs 16-18

CITY OF GATLINBURG, TENNESSEE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

TABLE 1

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net Investment in Capital Assets	\$ 48,612,348	\$ 46,248,490	\$ 41,618,494	\$ 40,553,370	\$ 15,405,935	\$ 13,524,465	\$ 9,937,912	\$ 5,447,159	\$ (27,657)	\$ 15,458,446
Restricted for:										
Capital Projects	1,729,714	6,091,619	1,879,080	9,635,408	896,197	1,192,243	2,636,258	2,730,443	5,767,451	1,005,021
Other		-	-	-	214,743	228,044	341,662	576,237	367,239	429,050
Unrestricted	19,399,152	14,545,458	17,210,396	5,623,535	11,928,506	11,469,621	12,932,270	13,832,975	12,389,453	11,302,639
Total Governmental Activities Net Position	<u>\$ 69,741,214</u>	<u>\$ 66,885,567</u>	<u>\$ 60,707,970</u>	<u>\$ 55,812,313</u>	<u>\$ 28,445,381</u>	<u>\$ 26,414,373</u>	<u>\$ 25,848,102</u>	<u>\$ 22,586,814</u>	<u>\$ 18,496,486</u>	<u>\$ 28,195,156</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 20,754,311	\$ 20,085,094	\$ 16,988,397	\$ 15,702,260	\$ 40,307,577	\$ 41,203,961	\$ 41,588,240	\$ 38,888,547	\$ 39,461,780	\$ 24,834,488
Unrestricted	7,080,664	7,965,548	11,020,939	9,125,527	7,525,840	7,791,206	8,395,484	11,797,335	10,713,165	10,227,466
Total Business-Type Activities Net Position	<u>\$ 27,834,975</u>	<u>\$ 28,050,642</u>	<u>\$ 28,009,336</u>	<u>\$ 24,827,787</u>	<u>\$ 47,833,417</u>	<u>\$ 48,995,167</u>	<u>\$ 49,983,724</u>	<u>\$ 50,685,882</u>	<u>\$ 50,174,945</u>	<u>\$ 35,061,954</u>
Primary Government										
Net Investment in Capital Assets	\$ 69,366,659	\$ 66,333,584	\$ 58,606,891	\$ 56,255,630	\$ 55,713,512	\$ 54,728,426	\$ 51,526,152	\$ 44,335,706	\$ 39,434,123	\$ 40,292,934
Restricted	1,729,714	6,091,619	1,879,080	9,635,408	1,110,940	1,420,287	2,977,920	3,306,680	6,134,690	1,434,071
Unrestricted	26,479,816	22,511,006	28,231,335	14,749,062	19,454,346	19,260,827	21,327,754	25,630,310	23,102,618	21,530,105
Total Primary Government Net Position	<u>\$ 97,576,189</u>	<u>\$ 94,936,209</u>	<u>\$ 88,717,306</u>	<u>\$ 80,640,100</u>	<u>\$ 76,278,798</u>	<u>\$ 75,409,540</u>	<u>\$ 75,831,826</u>	<u>\$ 73,272,696</u>	<u>\$ 68,671,431</u>	<u>\$ 63,257,110</u>

Source: Comprehensive Annual Financial Report

Note: Years shown are since GASB Statement 34 was implemented.

Note: In 2011, the City's Tourism Fund was reclassified as a governmental fund. See the footnotes to the financial statements for more information.

Note: The 2013 Beginning Net Position was restated to reflect the implementation of GASB 65.

CITY OF GATLINBURG, TENNESSEE

TABLE 2

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities:										
General Government	\$ 4,193,676	\$ 4,272,209	\$ 4,068,929	\$ 4,086,854	\$ 4,343,923	\$ 4,496,960	\$ 4,353,708	\$ 5,189,484	\$ 4,178,862	\$ 3,949,710
Public Safety	5,927,140	5,669,665	5,548,234	5,403,252	5,591,654	5,793,562	5,756,144	5,511,873	5,261,616	5,075,245
Public Works	4,944,254	4,275,409	4,126,751	4,355,726	4,650,142	4,854,862	5,240,016	4,765,877	4,616,709	4,405,669
Recreation	3,893,278	3,558,435	3,107,253	3,028,011	3,238,178	3,338,833	3,311,683	3,196,871	3,067,524	3,038,130
Tourism Promotion	7,759,239	7,191,204	7,215,823	7,598,778						
Transportation	2,786,660	3,111,839	2,485,445	2,454,696	2,363,100	2,392,933	2,323,490	2,263,276	2,055,839	1,988,354
Education	440,855	395,282	386,001	375,801	436,625	460,950	487,988	440,979	445,739	411,380
Debt Service	3,274,851	2,090,168	1,871,956	1,775,188	1,774,501	2,238,595	2,339,525	2,251,190	2,055,207	1,882,289
Total Governmental Activities Expenses	<u>33,219,953</u>	<u>30,564,211</u>	<u>28,810,392</u>	<u>29,078,306</u>	<u>22,398,123</u>	<u>23,576,695</u>	<u>23,812,554</u>	<u>23,619,550</u>	<u>21,681,496</u>	<u>20,750,777</u>
Business-Type Activities:										
Wastewater	2,695,877	3,023,568	2,782,690	2,684,445	2,941,946	2,715,902	2,759,602	2,782,350	2,694,008	2,256,254
Water	3,092,008	2,480,464	2,640,287	2,663,659	2,611,872	3,148,673	3,157,670	2,738,887	2,490,552	2,456,482
Tourism	<u>See Above</u>	<u>See Above</u>	<u>See Above</u>	<u>See Above</u>	7,211,329	7,637,388	8,180,230	7,733,375	7,275,249	6,777,724
Total Business-Type Activities	<u>5,787,885</u>	<u>5,504,032</u>	<u>5,422,977</u>	<u>5,348,104</u>	<u>12,765,147</u>	<u>13,501,963</u>	<u>14,097,502</u>	<u>13,254,612</u>	<u>12,459,809</u>	<u>11,490,460</u>
Total Primary Government Expenses	<u>\$ 39,007,838</u>	<u>\$ 36,068,243</u>	<u>\$ 34,233,369</u>	<u>\$ 34,426,410</u>	<u>\$ 35,163,270</u>	<u>\$ 37,078,658</u>	<u>\$ 37,910,056</u>	<u>\$ 36,874,162</u>	<u>\$ 34,141,305</u>	<u>\$ 32,241,237</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 7,152,872	\$ 6,982,659	\$ 7,369,895	\$ 7,627,179	\$ 5,059,786	\$ 5,307,315	\$ 5,421,597	\$ 5,201,928	\$ 5,241,720	\$ 4,997,187
Operating Grants and Contributions	1,114,075	1,199,084	1,208,315	1,270,043	1,217,814	1,039,354	999,125	870,693	696,997	663,103
Capital Grants and Contributions	913,115	4,233,501	473,162	1,349,488	295,604	1,023,013	1,166,969	1,644,841	581,897	378,339
Total Governmental Activities Program Revenues	<u>9,180,062</u>	<u>12,415,244</u>	<u>9,051,372</u>	<u>10,246,710</u>	<u>6,573,204</u>	<u>7,369,682</u>	<u>7,587,691</u>	<u>7,717,462</u>	<u>6,520,614</u>	<u>6,038,629</u>
Business-Type Activities:										
Wastewater	2,869,130	2,914,738	2,879,725	2,900,267	2,803,938	2,974,200	3,180,709	3,066,970	3,288,246	3,015,829
Water	2,660,369	2,625,392	2,604,319	2,586,437	2,414,606	2,517,345	2,642,294	2,636,402	2,922,133	2,490,269
Tourism	<u>See Above</u>	<u>See Above</u>	<u>See Above</u>	<u>See Above</u>	1,847,623	2,148,811	2,072,198	2,269,274	1,882,521	1,879,674
Operating Grants and Contributions	-	-	-	-	316,689	353,901	391,728	312,093	356,628	369,489
Capital Grants and Contributions	-	-	-	-	-	-	-	-	(738)	32,428
Total Business-Type Activities Program Revenues	<u>5,529,499</u>	<u>5,540,130</u>	<u>5,484,044</u>	<u>5,486,704</u>	<u>7,382,856</u>	<u>7,994,257</u>	<u>8,286,929</u>	<u>8,284,739</u>	<u>8,448,790</u>	<u>7,787,689</u>
Total Primary Government Program Revenues	<u>\$ 14,709,561</u>	<u>\$ 17,955,374</u>	<u>\$ 14,535,416</u>	<u>\$ 15,733,414</u>	<u>\$ 13,956,060</u>	<u>\$ 15,363,939</u>	<u>\$ 15,874,620</u>	<u>\$ 16,002,201</u>	<u>\$ 14,969,404</u>	<u>\$ 13,826,318</u>
Net (Expense) Revenue										
Governmental Activities	\$ (24,039,891)	\$ (18,148,967)	\$ (19,759,020)	\$ (18,831,596)	\$ (15,824,919)	\$ (16,207,013)	\$ (16,224,863)	\$ (15,902,088)	\$ (15,160,882)	\$ (14,712,148)
Business-Type Activities	(258,386)	36,098	61,067	138,600	(5,382,291)	(5,507,706)	(5,810,573)	(4,969,873)	(4,011,019)	(3,702,771)
Total Primary Government Net Expense	<u>\$ (24,298,277)</u>	<u>\$ (18,112,869)</u>	<u>\$ (19,697,953)</u>	<u>\$ (18,692,996)</u>	<u>\$ (21,207,210)</u>	<u>\$ (21,714,719)</u>	<u>\$ (22,035,436)</u>	<u>\$ (20,871,961)</u>	<u>\$ (19,171,901)</u>	<u>\$ (18,414,919)</u>

Unaudited

CITY OF GATLINBURG, TENNESSEE
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

TABLE 2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues										
and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 1,276,912	\$ 1,297,351	\$ 1,297,785	\$ 1,200,794	\$ 1,179,416	\$ 1,226,627	\$ 1,050,468	\$ 1,014,119	\$ 990,580	\$ 975,780
Sales Taxes	9,279,350	8,897,884	8,620,176	8,044,822	7,598,947	7,894,308	8,131,203	8,014,687	7,866,684	7,507,917
Hotel/Motel Tax	4,293,161	3,958,545	3,706,071	3,564,905	3,343,271	3,372,599	3,586,697	4,079,732	4,013,179	3,740,196
Gross Receipts Tax	6,871,181	6,388,322	6,038,356	5,793,425	5,424,514	5,649,601	5,942,367	6,003,655	5,935,671	5,545,215
Amusement Tax	1,026,363	978,231	897,454	928,843	891,026	830,275	871,939	822,252	833,875	804,838
Restaurant Tax	1,632,395	1,539,035	1,475,526	1,424,620	1,386,064	1,430,180	1,478,717	1,440,605	1,375,679	1,344,585
Business Tax	572,770	490,917	442,554	423,245	430,964	472,461	492,361	491,111	452,359	423,456
Franchise and Income Taxes	447,470	407,118	432,870	440,498	565,631	617,927	612,481	576,045	456,148	364,702
Wholesale Beer, Liquor Licenses, Beer Permits,										
State Beer and Mixed Drink Taxes	1,227,225	1,255,088	1,144,525	1,074,596	1,011,619	1,093,672	1,125,755	1,120,718	1,069,450	1,021,231
Interest Income	32,695	143,225	137,717	115,095	138,807	217,280	685,342	1,281,553	1,004,722	632,677
Miscellaneous	236,016	385,723	365,324	174,805	172,904	185,724	282,267	200,089	283,159	207,418
Gain (Loss) on Sale of Capital Assets	0	(761,449)	(4,448)	(167,909)	(159,729)	(237,386)	(5,105)	(127,104)	(138,258)	(122,497)
Transfer to State of Tennessee - Road Project	-	-	-	-	-	-	-	-	-	(2,239,788)
Transfer to Sevier Solid Waste, Inc.	-	-	-	-	-	(1,585,000)	-	-	-	-
Transfers	-	-	124,517	-	(4,127,507)	(4,394,984)	(4,768,341)	(4,925,046)	(18,681,036)	(4,345,387)
Regional Grant Match	-	-	(23,750)	-	-	-	-	-	-	-
Total Governmental Activities	<u>26,895,538</u>	<u>24,979,990</u>	<u>24,654,677</u>	<u>23,017,739</u>	<u>17,855,927</u>	<u>16,773,284</u>	<u>19,486,151</u>	<u>19,992,416</u>	<u>5,462,212</u>	<u>15,860,343</u>
Business-Type Activities:										
Interest Income	4,859	38,405	36,902	31,766	27,707	53,119	274,600	503,410	385,752	218,415
Gain (Loss) on Sale of Capital Asset	-	-	-	-	-	-	-	-	-	-
Miscellaneous	37,860	41,512	65,260	18,988	65,327	71,046	65,474	52,354	57,222	48,025
Transfers	-	-	(124,517)	140,000	4,127,507	4,394,984	4,768,341	4,925,046	18,681,036	4,345,387
Extraordinary Items, Net	-	-	3,142,837	(154,195)	-	-	-	-	-	-
Total Business-Type Activities	<u>42,719</u>	<u>79,917</u>	<u>3,120,482</u>	<u>36,559</u>	<u>4,220,541</u>	<u>4,519,149</u>	<u>5,108,415</u>	<u>5,480,810</u>	<u>19,124,010</u>	<u>4,611,827</u>
Total Primary Government	<u>\$ 26,938,257</u>	<u>\$ 25,059,907</u>	<u>\$ 27,775,159</u>	<u>\$ 23,054,298</u>	<u>\$ 22,076,468</u>	<u>\$ 21,292,433</u>	<u>\$ 24,594,566</u>	<u>\$ 25,473,226</u>	<u>\$ 24,586,222</u>	<u>\$ 20,472,170</u>
Change in Net Position										
Governmental Activities	\$ 2,855,647	\$ 6,831,023	\$ 4,895,657	\$ 4,186,143	\$ 2,031,008	\$ 566,271	\$ 3,261,288	\$ 4,090,328	\$ (9,698,670)	\$ 1,148,195
Business-Type Activities	(215,667)	116,015	3,181,549	175,159	(1,161,750)	(988,557)	(702,158)	510,937	15,112,991	909,056
Total Primary Government	<u>\$ 2,639,980</u>	<u>\$ 6,947,038</u>	<u>\$ 8,077,206</u>	<u>\$ 4,361,302</u>	<u>\$ 869,258</u>	<u>\$ (422,286)</u>	<u>\$ 2,559,130</u>	<u>\$ 4,601,265</u>	<u>\$ 5,414,321</u>	<u>\$ 2,057,251</u>

Source: Comprehensive Annual Financial Report

CITY OF GATLINBURG, TENNESSEE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 3

Fund Balance Under GASB 54
(See Footnotes to Financial
Statements)

	Fiscal Year			
	2014	2013	2012	2011
General Fund				
Nonspendable	\$ 502,994	\$ 464,503	\$ 464,503	\$ 463,763
Restricted	40,467	19,205	17,720	11,533
Committed	62,688	115,881	-	-
Unassigned	9,978,514	8,469,725	7,786,983	6,816,170
Total General Fund	<u>\$ 10,584,663</u>	<u>\$ 9,069,314</u>	<u>\$ 8,269,206</u>	<u>\$ 7,291,466</u>
All Other Governmental Funds				
Nonspendable	\$ 11,607	\$ 732	\$ 1,574	\$ 3,303
Restricted	3,906,634	6,496,066	1,861,360	9,623,875
Committed	9,541,882	12,758,686	11,774,120	1,217,966
Assigned	414,188	413,439	524,682	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 13,874,311</u>	<u>\$ 19,668,923</u>	<u>\$ 14,161,736</u>	<u>\$ 10,845,144</u>

	Fiscal Year					
	2010	2009	2008	2007	2006	2005
General Fund						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,387,831	6,815,479	6,977,342	6,928,891	6,552,698	5,864,362
Total General Fund	<u>\$ 6,387,831</u>	<u>\$ 6,815,479</u>	<u>\$ 6,977,342</u>	<u>\$ 6,928,891</u>	<u>\$ 6,552,698</u>	<u>\$ 5,864,362</u>
All Other Governmental Funds						
Reserved for:						
Streets and Highways	\$ 19,195	\$ 41,201	\$ 116,142	\$ 291,426	\$ 95,291	\$ 181,922
Police Protection	62,519	47,166	47,984	58,853	48,303	40,610
Tourism Promotion	119,279	112,829	123,095	130,416	152,005	127,796
Education	-	9,428	33,461	66,647	45,729	59,631
Capital Projects	896,197	1,192,243	2,636,258	2,730,443	5,767,451	1,005,021
Unreserved Reported In:						
Special Tax Fund	2,818,526	2,349,273	1,988,846	2,292,522	1,551,462	1,208,516
Debt Service - Convention Ctr	3,780,124	3,607,545	3,738,304	3,752,645	3,308,534	3,222,499
Special Revenue Funds	133,234	166,890	212,517	224,550	330,034	223,192
Debt Service - Other	1,820,082	1,808,384	1,786,730	1,721,592	1,814,248	1,743,598
Total All Other Governmental Funds	<u>\$ 9,649,156</u>	<u>\$ 9,334,959</u>	<u>\$ 10,683,337</u>	<u>\$ 11,269,094</u>	<u>\$ 13,113,057</u>	<u>\$ 7,812,785</u>

Beginning in 2011, the City adopted the new required standard for reporting fund balances. See the Notes to the financial statements for an explanation of this change.

Source: Comprehensive Annual Financial Report

CITY OF GATLINBURG, TENNESSEE
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 4

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 *	2012	2013	2014
REVENUES:										
Local Taxes	\$ 18,842,232	\$ 20,028,646	\$ 20,435,401	\$ 20,158,869	\$ 19,504,343	\$ 18,871,664	\$ 20,115,966	\$ 21,348,321	\$ 22,536,856	\$ 24,043,426
Licenses and Permits	1,332,898	1,451,674	1,404,153	1,364,983	1,388,162	1,228,027	1,207,593	1,218,459	1,276,490	1,416,891
Intergovernmental	3,554,513	3,866,048	4,747,100	4,581,554	4,551,662	3,963,836	5,025,776	4,160,784	6,150,032	4,144,478
Use of Money and Property	2,648,071	3,026,475	3,214,909	2,834,104	2,338,368	2,138,099	2,148,345	2,144,140	2,185,614	1,828,669
Charges for Services *	1,997,141	2,173,507	2,199,015	2,289,102	2,146,088	2,150,838	4,688,386	4,690,809	4,361,868	4,187,845
Fines, Forfeitures and Penalties	242,278	268,839	319,742	277,328	277,328	189,625	202,091	206,748	207,839	213,494
Contributions and Donations	39,870	44,256	477,509	343,046	247,864	199,828	141,637	134,136	611,499	554,550
Total Revenues	28,657,003	30,859,445	32,797,829	31,848,986	30,414,121	28,741,917	33,529,794	33,903,397	37,330,198	36,389,353
EXPENDITURES:										
General Government	3,757,518	3,898,597	5,029,575	4,218,690	4,283,482	4,137,810	3,907,072	3,914,343	4,362,089	4,184,772
Public Safety	4,785,037	4,996,158	5,251,816	5,553,551	5,540,999	5,355,824	5,318,261	5,284,895	5,508,174	5,620,657
Public Works	3,857,861	3,914,089	3,963,614	4,030,941	3,942,840	3,703,671	3,356,837	3,314,534	3,326,927	3,616,177
Recreation	2,739,471	2,863,020	2,988,504	3,070,182	3,065,137	2,974,750	2,777,467	2,810,918	3,814,562	2,948,967
Tourism Promotion (<i>beginning 2011</i>)	-	-	-	-	-	-	6,639,288	6,322,960	6,226,492	6,570,234
Parking/Mass Transit	1,628,548	1,681,186	1,907,391	1,960,089	1,970,404	1,947,660	2,006,500	1,987,919	2,047,456	2,034,379
Education	411,380	445,739	440,979	487,988	460,950	436,625	375,801	386,000	395,282	440,856
Capital Outlay	8,570,934	11,912,637	7,905,215	3,456,268	2,972,683	801,850	2,020,689	7,526,835	9,140,987	25,441,378
Debt Service										
Principal	2,670,089	2,868,418	2,722,543	3,200,000	3,315,000	3,730,000	3,915,000	3,960,000	4,230,000	4,185,000
Interest	1,851,776	1,838,519	2,040,765	2,151,035	2,089,328	1,644,555	1,629,185	1,610,917	1,677,194	1,830,852
Legal and Issue Costs	387,929	246,451	111,381	57,856	127,610	194,051	8,300	131,984	369,850	398,759
Dr. Robert F. Thomas Foundation	-	-	-	-	-	-	-	-	-	1,000,000
Total Expenditures	30,660,543	34,664,814	32,361,783	28,186,600	27,768,433	24,926,796	31,954,400	37,251,305	41,099,013	58,272,031
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,003,540)	(3,805,369)	436,046	3,662,386	2,645,688	3,815,121	1,575,394	(3,347,908)	(3,768,815)	(21,882,678)
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	2,637,462	3,451,019	3,102,546	3,880,066	2,178,030	2,071,407	5,381,722	13,375,039	17,149,377	25,310,213
Operating Transfers Out	(6,982,849)	(7,998,070)	(7,657,401)	(8,079,758)	(6,463,524)	(6,198,914)	(5,381,722)	(13,375,039)	(17,149,377)	(25,310,213)
Bond Issuance	-	-	-	-	8,435,000	10,690,000	-	-	-	-
Loan Proceeds	23,364,748	14,341,032	2,651,037	-	-	-	-	7,600,000	15,155,000	25,780,000
Premium Received on Loan Proceeds	124,973	-	-	-	329,272	658,935	-	65,994	496,110	437,849
Legal and Issue Costs	-	-	-	-	(29,707)	-	-	-	-	-
Transfer to Sevier Solid Waste, Inc.	-	-	-	-	(1,585,000)	-	-	-	-	-
Payoff to Refunded Bond Escrow Agent	(16,684,668)	-	-	-	(7,020,000)	(11,150,000)	-	-	(5,575,000)	(8,615,000)
Regional Grant Match	-	-	-	-	-	-	-	(23,750)	-	-
Total Other Financing Sources (Uses)	2,459,666	9,793,981	(1,903,818)	(4,199,692)	(4,155,929)	(3,928,572)	-	7,642,244	10,076,110	17,602,849
NET CHANGE IN FUND BALANCES	\$ 456,126	\$ 5,988,612	\$ (1,467,772)	\$ (537,306)	\$ (1,510,241)	\$ (113,451)	\$ 1,575,394	\$ 4,294,336	\$ 6,307,295	\$ (4,279,829)

Source: Comprehensive Annual Financial Report

* Includes Tourism beginning in 2011

Unaudited

CITY OF GATLINBURG, TENNESSEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (1)
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2005	\$ 413,304,154	\$ 1,344,259,800	\$ 18,902,837	\$ 63,009,455	\$ 432,206,990	\$ 1,407,269,255	30.71%
2006	511,735,520	1,680,992,300	18,377,577	61,103,748	530,113,097	1,742,096,048	30.43%
2007	535,603,160	1,771,966,100	20,450,355	68,012,961	556,053,515	1,839,979,061	30.22%
2008	546,113,005	1,815,229,900	20,020,412	74,892,087	566,133,417	1,890,121,987	29.95%
2009	558,865,710	1,867,196,700	18,484,204	67,616,254	577,349,914	1,934,812,954	29.84%
2010	560,456,175	1,874,751,000	20,291,718	71,940,346	580,747,893	1,946,691,346	29.83%
2011	527,064,230	1,753,646,000	21,949,965	73,166,624	549,014,195	1,826,812,624	30.05%
2012	524,144,385	1,743,396,900	22,340,263	74,467,576	546,484,648	1,817,864,476	30.06%
2013	522,587,245	1,739,048,800	22,376,859	74,589,628	544,964,104	1,813,638,428	30.05%
2014	524,003,480	1,740,011,900	23,368,002	77,893,431	547,371,482	1,817,905,331	30.11%

(1) The following represent assessment rates for the three classes of property as a percentage of estimated actual value.

Commercial Real Property	40%
Residential Real Property	25%
Personal Property	30%

CITY OF GATLINBURG, TENNESSEE

TABLE 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year	(1) City Operating Millage	(1) City Debt Service Millage	(1) City Unpaid Allow Millage	Total City Millage	(2) County Operating Millage	(2) County Debt Service Millage	(2) Total County Millage	Total Millage
2005	0.0840	0.0829	0.0108	0.1777	1.5000	0.1600	1.6600	1.8377
2006	0.1191	0.0228	0.0074	0.1493	1.2100	0.1300	1.3400	1.4893
2007	0.0845	0.0527	0.0121	0.1493	1.4100	0.1300	1.5400	1.6893
2008	0.0866	0.0498	0.0129	0.1493	1.4100	0.1300	1.5400	1.6893
2009	0.0901	0.0460	0.0132	0.1493	1.4100	0.1300	1.5400	1.6893
2010	0.1342	0.0000	0.0151	0.1493	1.4100	0.1300	1.5400	1.6893
2011	0.1418	0.0000	0.0174	0.1592	1.4900	0.1400	1.6300	1.7892
2012	0.1445	0.0000	0.0147	0.1592	1.4900	0.1400	1.6300	1.7892
2013	0.1446	0.0000	0.0146	0.1592	1.4900	0.1400	1.6300	1.7892
2014	0.1446	0.0000	0.0146	0.1592	1.4900	0.1400	1.6300	1.7892

DATA SOURCE:

- (1) City of Gatlinburg Tax Levying Ordinance. 2014 rate is per ordinance no. 2477.
- (2) Sevier County Trustee's Office, 865-453-2767

**CITY OF GATLINBURG, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

TABLE 7

2014			2005		
Taxpayer Name	Latest Assessed Value (1)	Percentage of Total Assessed Value*	Taxpayer Name	Latest Assessed Value (1)	Percentage of Total Assessed Value**
Westgate Resorts, Ltd	\$ 32,142,031	6.13%	Westgate Resorts, Ltd.	\$ 11,334,036	2.74%
ILM Rentals, LP	\$ 11,685,810	2.23%	Westgate Resorts, Ltd.	\$ 7,736,225	1.87%
Mountain Loft Resort	\$ 8,667,850	1.65%	Ripley's Aquarium of the Smokies	\$ 7,728,307	1.87%
Ripley's Aquarium of the Smokies	\$ 8,621,760	1.65%	ILM Rentals, LP	\$ 7,672,510	1.86%
Summer Bay Partnership	\$ 6,001,720	1.15%	Davidson Hotel Partners, LP	\$ 5,461,785	1.32%
RB Hotel Park Vista, LLC	\$ 5,536,640	1.06%	Summer Bay Partnership	\$ 5,383,110	1.30%
Crown Park Resort, LLC	\$ 4,164,951	0.79%	Gatlinburg Motel, Inc.	\$ 4,123,200	1.00%
North Gatlinburg LP	\$ 3,941,860	0.75%	Greystone, Inc.	\$ 3,949,240	0.96%
Greystone Inc	\$ 3,804,840	0.73%	North Gatlinburg LP	\$ 3,263,920	0.79%
Tree Tops Real Estate, Inc.	\$ 3,260,775	0.62%	Tree Tops Real Estate	\$ 3,051,900	0.74%

(1) Assessment Rates for three classes of property are as follows:

Commercial	40%
Personal	30%
Residential	25%

*Total Assessed Real Property Value Per Table 5 for 2014 is **\$ 524,003,480**

Total Assessed Real Property Value for 2005 **\$ 413,304,154

CITY OF GATLINBURG, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 8

Fiscal Year	Year of Levy	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Delinquent Taxes Collected	Total Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy (2)
2005	2004	\$ 752,073	\$ 707,066	94.02%	\$ 24,369	\$ 731,435	97.26%
2006	2005	766,968	729,103	95.06%	44,478	773,581	100.86%
2007	2006	792,054	727,332	91.83%	34,544	761,876	96.19%
2008	2007	830,741	764,791	92.06%	56,226	821,017	98.83%
2009	2008	865,439	790,542	91.35%	51,650	842,192	97.31%
2010	2009	861,032	773,730	89.86%	63,105	836,835	97.19%
2011	2010	873,320	785,952	90.00%	65,221	851,173	97.46%
2012	2011	863,868	783,930	90.75%	80,417	864,347	100.06%
2013	2012	866,585	787,857	90.92%	63,437	851,294	98.24%
2014	2013	866,858	787,990	90.90%	56,213	844,203	97.39%

- (1) Does not include Public Utility assessments by the Tennessee Public Service Commission.
(2) Collections greater than 100% include amounts previously uncollected from earlier levies.

CITY OF GATLINBURG, TENNESSEE
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 9

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Other Obligations	Water and Sewer Revenue Bonds	General Obligation Bonds	Other Obligations			
2005	\$ 39,207,117	\$ 80,000	\$ 2,811,866	\$ 5,282,498	* \$ -	\$ 47,381,481	2.29%	\$ 11,360
2006	50,764,138	-	2,296,589	4,670,057	-	57,730,784	2.71%	14,811
2007	51,345,000	-	1,790,000	5,391,500	-	58,526,500	2.66%	14,839
2008	48,145,000	-	1,250,000	4,911,300	-	54,306,300	2.40%	13,769
2009	46,085,000	-	705,000	4,404,800	-	51,194,800	2.20%	12,980
2010	42,795,000	-	370,000	3,805,700	-	46,970,700	1.96%	11,909
2011	46,480,000	-	250,000	4,647,700	-	51,377,700	2.08%	13,027
2012	42,470,000	-	125,000	4,314,300	-	46,909,300	1.84%	11,894
2013	47,870,000	-	-	3,224,000	-	51,094,000	1.95%	12,955
2014	60,850,000	-	-	2,410,000	-	63,260,000	2.22%	16,040

* See Table 15 for personal income and population data. These ratios are calculated using personal income and population data for the prior calendar year.

CITY OF GATLINBURG, TENNESSEE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 10

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2005	\$ 44,489,615	3.16%	\$ 10,666
2006	55,434,195	3.18%	14,055
2007	56,736,500	3.08%	14,386
2008	53,056,300	2.81%	13,452
2009	50,489,800	2.61%	12,802
2010	46,600,700	2.39%	11,816
2011	51,127,700	2.80%	12,963
2012	46,784,300	2.57%	11,862
2013	51,094,000	2.82%	12,955
2014	63,260,000	3.48%	16,040

Note: See Table 9 for general obligation debt information.

^a See Table 5 for property value data.

^b See Table 15 for population data.

CITY OF GATLINBURG, TENNESSEE

TABLE 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Jurisdiction</u>	<u>Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Gatlinburg	\$ 63,260,000 (1)	100.00%	\$ 63,260,000
Overlapping:			
Sevier County *	<u>123,859,769 (3)</u>	<u>15.39% (2)</u>	<u>19,059,269</u>
Total	<u>\$ 187,119,769</u>		<u>\$ 82,319,269</u>

* The breakdown of the various county government units are not presented.

(1) From Table 9

(2) City of Gatlinburg's Total Assessed Value divided by Sevier County's Total Assessed Value.

<i>Gatlinburg's Assessed Value</i>	\$ 547,371,482
<i>Sevier County's Assessed Value</i>	\$ 3,557,182,961

(3) Net G.O. Debt and Assessed Value of Sevier County's Property obtained from Cumberland Securities, Knoxville, TN.

CITY OF GATLINBURG, TENNESSEE
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS

TABLE 12

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Amusements and Attractions	\$ 43,548,462	\$ 44,301,714	\$ 43,173,606	\$ 47,055,622	\$ 45,845,271	\$ 49,206,277	\$ 50,849,584	\$ 47,810,607	\$ 52,593,391	\$ 51,019,266
Eating & Drinking Establishments	94,876,549	95,857,418	100,778,448	104,123,967	101,049,463	98,583,884	102,143,638	106,880,180	109,614,237	118,239,298
Food and Convenience Stores	30,620,099	34,778,728	38,023,094	39,532,655	37,605,112	35,583,493	48,236,559	49,957,546	50,272,814	52,564,449
Lodging	143,157,980	152,110,547	152,948,045	150,202,726	134,649,914	128,940,799	138,913,054	144,656,977	150,021,267	157,226,737
Retail Sales	81,394,181	86,910,613	89,601,838	85,758,072	74,579,231	75,407,430	82,692,617	93,517,715	102,557,185	112,521,873
Service Businesses	23,339,225	26,026,912	23,798,303	23,506,630	20,670,093	19,969,673	10,970,494	12,933,238	15,284,763	16,421,411
All Other	26,322,432	29,478,262	30,157,852	31,246,688	25,843,771	24,500,678	25,994,920	26,296,058	28,497,886	32,749,738
Total	\$ 443,258,928	\$ 469,464,194	\$ 478,481,186	\$ 481,426,360	\$ 440,242,855	\$ 432,192,234	\$ 459,800,866	\$ 482,052,321	\$ 508,841,543	\$ 540,742,772

City Gross Receipts Sales Tax Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
------------------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Source: City of Gatlinburg Finance Department
These amounts are as "originally reported" and not adjusted for delinquent collections.

CITY OF GATLINBURG, TENNESSEE
TAX REVENUE PAYERS BY INDUSTRY/CATEGORY
LAST TWO FISCAL YEARS

TABLE 13

	Fiscal Year Ending 6/30/2013				Fiscal Year Ending 6/30/2014			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Amusements and Attractions	47	4.77%	\$ 653,614	10.26%	49	4.67%	\$ 675,359	9.92%
Eating and Drinking Establishments	121	12.27%	1,372,202	21.55%	148	14.10%	1,486,146	21.82%
Food and Convenience Stores	15	1.52%	628,582	9.87%	19	1.81%	658,384	9.67%
Lodging	236	23.94%	1,876,833	29.47%	258	24.57%	1,960,715	28.79%
Retail Sales	421	42.70%	1,288,934	20.24%	419	39.90%	1,413,847	20.76%
Service Businesses	91	9.23%	191,690	3.01%	96	9.14%	205,193	3.01%
All Other	55	5.58%	356,757	5.60%	61	5.81%	410,769	6.03%
Total	986	100.00%	\$ 6,368,612	100.00%	1,050	100.00%	\$ 6,810,413	100.00%

Source: City of Gatlinburg Finance Department
Data is as "originally stated" and has not been adjusted for subsequent activity or delinquent collections.

CITY OF GATLINBURG, TENNESSEE

TABLE 14

PRINCIPAL EMPLOYERS

LATEST YEAR AVAILABLE AND SEVEN YEARS AGO

2014			2007		
Employer	Employees	% of Total Employment	Employer	Employees	% of Total Employment
Dollywood/Splash Country	2,500	5.01%	Sevier County School System *	2,050	4.36%
Sevier County School System *	2,423	4.85%	Dollywood	1,800	3.83%
Collier Foods	670	1.34%	Collier Foods	700	1.49%
Wilderness in the Smokies	634	1.27%	Fort Sanders Sevier Med. Ctr	535	1.14%
Leconte Medical Center	550	1.10%	Sevier County *	527	1.12%
Sevier County *	519	1.04%	City of Gatlinburg *	410	0.87%
WalMart	506	1.01%	City of Pigeon Forge *	349	0.74%
Fee Hedrick Family Entertainment	468	0.94%	TRW Fuji Valve	300	0.64%
City of Gatlinburg *	378	0.76%	Smoky Mountain Resorts	300	0.64%
City of Sevierville *	375	0.75%	City of Sevierville *	255	0.54%
City of Pigeon Forge *	369	0.74%	Charles Blalock & Sons, Inc.	250	0.53%
Diverse Concepts	320	0.64%	Ten-Tec, Inc.	100	0.21%
TRW Fuji Valve	265	0.53%	Swaggerty Sausage	75	0.16%
	<u>9,977</u>	<u>19.99%</u>		<u>7,651</u>	<u>16.28%</u>

* Governmental entity

Total estimated work force in 2014 and 2007 was 49,910 and 47,010 respectively
Employer information is for Sevier County and is for full-time and part-time employees.

Most of current information obtained from Sevier County Econ. Dev Council
Most of 2007 information obtained from State of Tennessee Website
Governmental Agencies were contacted separately for data.

CITY OF GATLINBURG, TENNESSEE

TABLE 15

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	(3) Population	(3) Personal Income (in \$1,000)	(3) Per Capita Income	(3) Median Age	(3) Unemployment Rate	(2) School Enrollment
2004	4,171	\$ 2,068,407	\$ 26,763	46.8	6.20%	1,055
2005	3,944	2,192,511	28,209	46.8	6.00%	1,184
2006	3,944	2,324,062	29,659	46.8	5.40%	1,169
2007	3,944	2,463,505	30,276	46.8	5.80%	1,063
2008	3,944	2,611,316	31,113	46.8	6.90%	1,073
2009	3,944	2,689,655	31,949	46.8	9.40%	1,107
2010	3,944 (1)	2,770,345	30,898	40.5	10.30%	1,113
2011	3,944	2,798,048	32,065	40.5	10.00%	1,128
2012	3,944	2,826,029	33,152	40.5	8.70%	1,129
2013	3,944	2,854,289	(4)	40.5	8.90%	1,143

Sources:

- (1) Estimated population for years 2005-2009 adjusted to reflect actual 2010 census.
- (2) Sevier County School Superintendent's Office. Totals are as of the 20th day of school when initial reports are prepared. 865-453-4671
- (3) Estimates obtained from UT Center for Business & Economic Research
- (4) Information not yet available.

CITY OF GATLINBURG, TENNESSEE

TABLE 16

FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Department	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Building Inspection	5	5	5	5	5	5	4	4	2	2
Building Maintenance	6	6	6	6	6	5	5	5	5	5
City Manager's Office	3	2	3	3	3	3	3	3	3	3
Finance	15	15	14	11	11	11	9	9	9	9
Fire Department	39	39	37	40	40	40	37	37	37	37
Golf	16	16	16	16	15	12	12	11	11	11
Mass Transit	12	12	12	12	13	13	11	13	11	11
Parking Lots	6	6	6	5	5	5	5	5	5	5
Planning	4	4	4	4	4	4	4	4	4	4
Police/Dispatch	55	55	53	55	55	55	52	52	52	52
Recreation	28	28	27	28	28	27	27	27	27	27
Sanitation	21	21	22	22	22	22	20	20	20	20
Service Center	8	8	8	8	8	8	8	8	8	8
Streets	16	16	14	14	14	14	13	13	14	14
Tourism	38	38	34	36	34	32	34	21	21	21
Water/Utilities	32	32	31	31	31	31	28	28	28	28
Total Employees	304	303	292	296	294	287	272	260	257	257

Source: FYE 06/30/14 proposed per Budget Book.
These are full-time employees.

CITY OF GATLINBURG, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 17

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Number of employees	55	55	53	55	55	55	52	52	52	52
Number of violations (citations)	3,021	4,604	4,842	4,516	3,701	3,915	3,082	3,785	3,358	4,865
Accidents investigated	394	402	661	498	454	368	290	297	229	588
Fire										
Number of employees*	39	39	37	40	40	40	37	37	37	37
Number of calls answered	2,510	2,671	3,089	3,015	2,762	2,747	2,873	2,875	2,893	2,744
Number of inspections	2,375	2,469	3,371	4,103	4,323	5,357	4,621	4,434	4,793	4,088
Cultural and Recreational										
Parks and Recreation										
Number of Pool Memberships ***	20	26	13	7	176	214	146	171	125	107
Number of Tone Zone Memberships ****	33	66	73	142	1,153	1,061	1,137	1,756	1,650	1,290
Library										
Registered Customers	4,602	4,813	5,001	3,142	2,344	2,864	3,244	3,341	4,298	4,776
Books Loaned Out	13,069	21,249	14,901	16,883	19,574	32,622	27,666	28,496	26,636	24,584
Computer Users	N/A	N/A	N/A	10,021	10,442	14,995	17,022	17,533	8,899	6,584
Water and Sewer										
Water										
Number of Water Consumers	3,481	3,547	3,628	3,626	3,617	3,647	3,665	3,656	3,641	3,632
Avg Daily Consumption (Gallons)	1,876,480	1,942,597	2,013,969	2,005,204	1,926,250	1,857,592	1,857,529	1,903,032	1,937,559	1,950,000
Sewer										
Number of Sewer Consumers	2,320	2,360	2,413	2,413	2,401	2,417	2,434	2,429	2,415	2,403
Daily Average Treatment (Gallons)	2,577,000	2,860,000	2,432,000	2,224,000	2,225,000	2,306,000	2,246,000	2,262,000	2,400,000	2,710,000
Golf Course										
Number of rounds played	29,000	29,000	30,000	32,500	28,338	26,301	26,981	25,357	22,679	22,009

Source: City Departments

Note N/A - data not available

* Does not include volunteers.

** Pre-2008 figures do not include all reservoirs.

*** Beginning 2009 - this number includes the 25-visit cards.

**** Beginning 2009 - this includes monthly, six month, and annual memberships.

CITY OF GATLINBURG, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 18

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	39	39	40	38	41	41	41	40	41
Fire Stations	3	3	3	3	3	3	3	3	3	3
Refuse Collection										
Collection Trucks	9	10	10	9	9	9	9	9	9	9
Other Public Works										
Streets (miles)	90	90	90	90	90	90	90	90	90	90
Parks and Recreation										
Parks	3	3	3	3	3	3	3	3	3	3
Parks Acreage	31	31	31	31	31	31	31	31	31	31
Tennis Courts	6	6	6	6	6	6	6	6	6	8
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Disc Golf Courses	1	1	1	1	1	1	1	1	1	0
Water										
Miles of Water Lines	97	97	97	97	97	97	96	94	93	90
Fire Hydrants	517	517	515	513	508	505	468	460	456	456
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater										
Miles of Sewer Lines	66	66	66	66	66	66	65	64	64	62
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Transit - Number of Trolleys	19	19	25	24	23	23	22	22	22	22

OTHER REPORTS AND SCHEDULE

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor Program	CFDA Number	Grant Number Contract Number	Receivable (Deferral) June 30, 2013	Cash Receipts	Expenditures	Receivable (Deferral) June 30, 2014
Federal Awards						
U.S. Department of Justice						
U.S. Department of Justice Direct Assistance:						
Bulletproof Vest Partnership Program	16.607	2014	\$ 0	\$ 580	\$ 580	\$ 0
Total U.S. Department of Justice			<u>0</u>	<u>580</u>	<u>580</u>	<u>0</u>
U.S. Department of Transportation						
Passed through the Tennessee Department of Transportation:						
Parkway Visitor Center Pedestrian Plaza	20.205	STP-EN-7800(59)	303,444	267,173	275,921	312,192
Trolley 5309 Capital Grant	20.500	TN-04-0045-00	0	18,760	18,760	0
Mass Transit ARRA Capital Assistance Grant	20.509	TN-86-X001-00	0	122,628	122,628	0
Mass Transit 5309 Capital Grant	20.509	TN-04-0040-00	4,083	13,208	9,125	0
Mass Transit 5311 Operating Assistance Grant	20.509	TN-18-X031-00	55,390	55,390	0	0
Mass Transit 5311 Operating Assistance Grant	20.509	TN-18-X032-00	0	148,938	148,938	0
Total CFDA Number 20.509			<u>59,473</u>	<u>340,164</u>	<u>280,691</u>	<u>0</u>
Police Traffic Services Grant	20.600	Z14GHS131	0	5,571	15,702	10,131
Total Passed through the Tennessee Department of Transportation			<u>362,917</u>	<u>631,668</u>	<u>591,074</u>	<u>322,323</u>
Total Federal Awards			<u>362,917</u>	<u>632,248</u>	<u>591,654</u>	<u>322,323</u>

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor Program	CFDA Number	Grant Number Contract Number	Receivable (Deferral) June 30, 2013	Cash Receipts	Expenditures	Receivable (Deferral) June 30, 2014
State Awards						
Tennessee Department of Environment and Conservation						
Energy Conservation Improvemnts Grant		32701-01709	0	28,450	28,450	0
Total Tennessee Department of Environment and Conservation			0	28,450	28,450	0
Tennessee Department of Transportation						
Trolley 5309 Capital Grant		GG-11-36516	0	2,345	2,345	0
Mass Transit 5309 Capital Grant		GG-11-33477-00	510	1,651	1,141	0
Mass Transit 5311 Operating Assistance Grant		Z-13-RT0004-00	49,811	49,811	0	0
Mass Transit 5311 Operating Assistance Grant		Z-14-RT0004-00	0	276,786	353,516	76,730
Mass Transit Operating Assistance Grant		GG-14-41416-00	0	43,875	220,535	176,660
Mass Transit Operating Assistance		GG-13-34061-00	199,854	199,854	0	0
Total Tennessee Department of Transportation			250,175	574,322	577,537	253,390
Total State Awards			250,175	602,772	605,987	253,390
Total Federal and State Awards			\$ 613,092	\$ 1,235,020	\$ 1,197,641	\$ 575,713

CITY OF GATLINBURG, TENNESSEE

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Gatlinburg, Tennessee and is presented on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

KNOXVILLE OFFICE:

315 NORTH CEDAR BLUFF ROAD – SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660



PUGH & COMPANY, P.C.
www.pughcpas.com

OAK RIDGE OFFICE:

800 OAK RIDGE TURNPIKE – SUITE A404
OAK RIDGE, TENNESSEE 37830
TELEPHONE 865-769-1657

**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**

Board of Commissioners and Senior Management
City of Gatlinburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gatlinburg, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City of Gatlinburg, Tennessee's basic financial statements and have issued our report thereon dated December 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gatlinburg'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 City of Gatlinburg's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Gatlinburg'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 and referenced as item 2014-001 that we consider to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gatlinburg's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance, but one other matter that is required to be reported under Government Auditing Standards and which is referenced as 2014-002 in the accompanying Schedule of Findings and Questioned Costs.

City's Response to Findings

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

Purpose of this Report

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 16, 2014

KNOXVILLE OFFICE:
315 NORTH CEDAR BLUFF ROAD – SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660



PUGH & COMPANY, P.C.
www.pughcpas.com

OAK RIDGE OFFICE:
800 OAK RIDGE TURNPIKE – SUITE A404
OAK RIDGE, TENNESSEE 37830
TELEPHONE 865-769-1657

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners and Senior Management
City of Gatlinburg, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Gatlinburg's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Gatlinburg's major federal program for the year ended June 30, 2014. The City of Gatlinburg's major federal program is 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 the City of Gatlinburg's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gatlinburg'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 the major federal program. However, our audit does not provide a legal determination of the City of Gatlinburg's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Gatlinburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.



Report on Internal Control Over Compliance

Management of the City of Gatlinburg 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 the City of Gatlinburg's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gatlinburg's internal control over compliance.

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

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

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 16, 2014

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's reports issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes none
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on noncompliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u> 20.509	<u>Name of Federal Program or Cluster</u> Formula Grants for Rural Areas
---------------------------------	---

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

CITY OF GATLINBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

Current Year Audit Findings:

2014-001 Individual Cash Drawers and Reconciliation

Criteria or Specific Requirement - Cashiers should operate from separate cash drawers. The daily deposit should be verified and the bank validated deposit slip agreed to the prepared deposit sheet.

Condition - It was noted that more than one cashier could use the same cash drawer throughout the day when collecting payments from the public. This results in a situation that limits each individual cashier's accountability. It was also noted that there is no official documented approval record of preparation of the daily deposit or record of the validated bank deposit slip being agreed to the prepared deposit. It cannot be determined which individuals prepared and reviewed the deposit, deposited the funds, and agreed the validated deposit slip to the daily deposit sheet.

Cause and Effect - Cashiers cannot be held accountable for their portion of daily cash receipts of customers' payments. Potential discrepancies cannot be traced back to the individual cashier responsible for the transaction. There is no physical record indicating the individuals involved in the steps in preparation of the daily deposit. The appropriate level of management approval cannot be determined.

Recommendation - We recommend cashiers operate out of separate locked drawers. The daily reconciliation of receipts and deposits of each cashier should be recounted and verified by another employee. We also recommend that a deposit form be put in place documenting the preparer and levels of approval involved in the receipting process.

Management's Planned Corrective Actions - Management concurs with the facts of the finding and will revise procedures in fiscal year 2015. Management will implement procedures to ensure that cashiers work from separate cash drawers. Management will prepare a form to better document the agreement of end of day cash drawer counts to the daily bank deposit as well as documenting the agreement of the validated bank deposit receipt to the prepared deposit.

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2014

2014-002 Cash Shortage

Criteria or Specific Requirement - Employees responsible for collecting cash should follow City protocol and abide by the City's ethics policy.

Condition - It was discovered that an employee had been borrowing cash from customer utility payments and other cash collections for personal use. The employee attempted to remove late payment penalties from utility customer accounts and pay back the funds before the subsequent billing cycle. Further, a reconciliation of the fishing licenses shown as sold by the State of Tennessee to the deposit log revealed a lag in timing between collection and deposit. The shortage was determined to be in the amount of \$244.

Cause and Effect - The employee collected cash payments without entering them into the system. Customers paying cash were not given appropriate credit on their account.

Recommendation - We recommend that all employees responsible for collecting cash follow protocol and abide by the City's ethics policy.

Management's Planned Corrective Actions - The employee has been terminated and reimbursed the shortage to the City. This matter is considered resolved.

Section III - Federal Award Findings and Questioned Costs

No matters are being reported.



FINANCE DEPARTMENT

Corrective Action Plan

Finding 2014-001: Individual Cash Drawers and Reconciliation

Name of contact person: Robert Holt, Finance Director

Corrective action: We will implement procedures to ensure that cashiers work from separate cash drawers. We will prepare a form to better document the agreement of end of day cash drawer counts to the daily bank deposit as well as documenting the agreement of the validated bank deposit receipt to the prepared deposit.

Anticipated Completion Date: January 31, 2015

Finding 2014-002: Cash Shortage

Name of contact person: Robert Holt, Finance Director

Corrective action: This matter is considered resolved. Management will continue to enforce and emphasize the City's ethics policy and code of conduct.

Anticipated Completion Date: December 31, 2013

