

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

BLOUNT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

COMPREHENSIVE ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
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DIVISION OF COUNTY AUDIT
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State Auditors

DAVID R. BENNETT, CPA, CGFM
Director of Accounts and Budgets
Blount County, Tennessee

This financial report is available at www.comptroller.state.tn.us

TABLE OF CONTENTS

	Exhibit/Table	Page
Audit Highlights		i
 <u>INTRODUCTORY SECTION</u>		
Letter of Transmittal		1
GFOA Certificate of Achievement for FY04 Report		7
Organizational Chart		9
Blount County Officials		11
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report		15
Management's Discussion and Analysis		19
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Assets	A	33
Statement of Activities	B	36
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	40
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	43
Proprietary Funds:		
Statement of Net Assets	D-1	45
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	46
Statement of Cash Flows	D-3	47
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	48
Notes to the Financial Statements		49

	Exhibit/Table	Page
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	133
Highway/Public Works Funds	F-2	137
Notes to the Required Supplementary Information		139
 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Governmental Funds:		
Nonmajor Funds :		
Combining Balance Sheet	G-1	145
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	147
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Courthouse and Jail Maintenance Fund	G-3	149
Law Library Fund	G-4	150
Public Library Fund	G-5	151
Drug Control Fund	G-6	152
District Attorney General Fund	G-7	153
Other Special Revenue Fund	G-8	154
Major Governmental Fund :		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	157
Proprietary Funds:		
Combining Statement of Net Assets	I-1	161
Combining Statement of Revenues, Expenses, and Changes in Net Assets	I-2	162
Combining Statement of Cash Flows	I-3	163
Agency Funds:		
Combining Statement of Assets and Liabilities	J-1	167
Combining Statement of Changes in Assets and Liabilities	J-2	168
Component Unit:		
Discretely Presented Blount County School Department:		
Balance Sheet – Governmental Funds	K-1	173
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	K-2	174
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-3	175

	Exhibit/Table	Page
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Combining Balance Sheet – Nonmajor Governmental Funds	K-4	176
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-5	177
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-7	181
School Federal Projects Fund	K-8	184
Central Cafeteria Fund	K-9	186
Extended School Program Fund	K-10	187
Miscellaneous Schedules:		
Schedule of Changes in Long-term Notes, Other Loans, and Bonds – Primary Government and Discretely Presented Blount County School Department	L-1	191
Schedule of Bond and Interest Requirements by Year	L-2	193
Schedule of Notes Receivable – All Funds	L-3	194
Schedule of Transfers – All Funds and Discretely Presented Component Units	L-4	195
Schedule of Salaries and Official Bonds of Principal Officials	L-5	196
Schedule of Detailed Revenues – All Governmental Fund Types	L-6	197
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Blount County School Department	L-7	207
Schedule of Detailed Expenditures – All Governmental Fund Types	L-8	209
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Blount County School Department	L-9	248
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	L-10	264

STATISTICAL SECTION

General Revenue by Source – All Governmental and Permanent Funds and Internal Service Funds	1	267
General Expenditures and Expenses by Function – All Governmental and Permanent Funds and Internal Service Funds	2	268
Property Tax Levies and Collections	3	269

	Exhibit/Table	Page
Assessed and Estimated Actual Value of Taxable Property	4	270
Property Tax Rates – Direct and Overlapping Governments	5	271
Special Assessment Billings and Collections	6	272
Computation of Legal Debt Margin	7	273
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	274
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	275
Schedule of Direct and Overlapping Debt	10	276
Revenue Bond Coverage	11	277
Demographic Statistics	12	278
Property Value, Construction, and Bank Deposits	13	279
Principal Taxpayers	14	280
Miscellaneous Statistical Data	15	281
Schedule of Insurance in Force	16	283

SINGLE AUDIT SECTION

Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		287
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		289
Other Auditor’s Report on Industrial Development Board of Blount County: Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		291
Other Auditor’s Report on Blount County Children’s Home: Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		292
Other Auditor’s Report on Blount Memorial Hospital, Inc.: Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		293

	Exhibit/Table	Page
Other Auditor's Report on Blount County Emergency Communications District: Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		294
Other Auditor's Report on Blount County Public Building Authority: Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		295
Schedule of Expenditures of Federal Awards and State Grants		297
Schedule of Audit Findings Not Corrected		299
Schedule of Findings and Questioned Costs		301
Auditee Reporting Responsibilities		305

Audit Highlights

Comprehensive Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2005.

Results

Our report on Blount County's financial statements was unqualified.

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

Finding

The following is a summary of the audit finding:

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS, COUNTY MAYOR, HIGHWAY SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

- ◆ Expenditures exceeded appropriations at the major category level of control (legal level of control) of various funds due to the accrual of amounts necessary to liquidate a deficit in the Employee Insurance – Health Fund, an internal service fund.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*

INTRODUCTORY SECTION

Letter of Transmittal

October 12, 2005

Honorable Beverley Woodruff
Blount County Mayor
Blount County Government
341 Court Street
Maryville, TN 37804-5906

Dear Mayor Woodruff:

We are pleased to submit to you the Comprehensive Annual Financial Report of Blount County, Tennessee, for the year ended June 30, 2005. This report was prepared by the county's Accounting and Budgeting Office in conjunction with the county's independent auditors, the State of Tennessee's Office of the Comptroller of the Treasury -- Department of Audit -- Division of County Audit.

The reporting entity includes Blount County Government, and component units Blount County School Department, Blount Memorial Hospital, Blount County Industrial Board, Blount County Emergency Communications District, Blount County Children's Home, and The Public Building Authority of Blount County, Tennessee. The component units were included in accordance with GASB Statement 14.

This report consists of management's representations concerning the finances of Blount County, Tennessee. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Blount County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Blount County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Blount County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Blount County's financial statements have been audited by the county's independent auditors, the State of Tennessee's Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Blount County for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Blount County's financial statements for the fiscal year ended June 30, 2005, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Blount County was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Blount County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Blount County, established in 1795, is located in the eastern part of the State of Tennessee. Blount County currently occupies a land area of 584 square miles and serves a population of approximately 113,744. Blount County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Blount County operates under a Commission/County Mayor form of government as provided by state statute. Policy-making and legislative authority are vested in a governing council called the County Commission that consists of twenty-one members elected in ten districts within the county. The County Commission is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The government's manager is the county mayor. The county mayor is elected to serve a four-year term. She is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for

appointing the heads of the various departments. Commission members serve four-year terms.

Blount County provides a full range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Blount County also is financially accountable for a legally separate school district, which is reported separately within its financial statements. Additional information on this legally separate entity along with the county's other discretely presented component units can be found in Note I.A. in the notes of the financial statements.

The annual budget serves as the foundation for Blount County's financial planning and control. All agencies of Blount County are required to submit requests for appropriation to the Budget Office before the beginning of February of each year. The budget director uses these requests as the starting point for developing a proposed budget. The budget director then presents this proposed budget to the Budget Committee for review prior to June 30. The Budget Committee is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of Blount County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). Elected officials and department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the County Commission. Also, transfers that affect salary or benefit line items require approval of the Budget Committee. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General and Highway Public Works Funds, these comparisons are presented as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund subsection of this report. Please see the Table of Contents for specific page numbers.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Blount County operates.

Local economy. Blount County currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include Denso Manufacturing, ALCOA Inc., Blount Memorial Hospital, Ruby Tuesday, Marriott, Clayton Homes, Peninsula Hospital, Air National Guard, Blount County Government, Staffing Solutions, Maryville City Schools, IJ Company, Proffitt's Department Store, Wal-Mart, Eldon, Ceramaspeed, Inc., APAC-

Honorable Beverley Woodruff

County Mayor

Page 4

Tenn, Twin City Auto Dealerships, U.S. Food Service, City of Maryville, and Rockford Manufacturing. Denso Manufacturing has been named one of the “World’s 100 Best-Managed Companies” by the Industry Week magazine. Denso is listed as the top employer of Blount County and has approximately 2,200 employees.

The region (which includes Blount County Government and the surrounding unincorporated area within the same county) has an employed labor force of approximately 58,820, which is anticipated to grow at a rate of between 3 percent and 4 percent each year for the next several years. The government’s central business district is expected to maintain its current 97 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses along with the steady residential growth.

Long–Term Financial Planning. Blount County is facing opportunities unparalleled in its history. As the county continues to grow at a pace not likely to slow down in the near future, schools continue to be our greatest need. With this in mind, the County Commission has taken several steps toward ensuring an excellent education for the children of our community. First, the County Commission has continued its efforts in ensuring that our existing structures continue to be maintained properly. This has been done by approving appropriations in the fiscal year to continue the operations and maintenance program for our facilities that was implemented three years ago. As we finished the largest capital improvements program in the county’s history last year, we have continued to prepare for the future by working on our new six-year capital improvements plan. In conjunction with anticipated future needs, the County Commission continued its forward thinking by approving a tax increase for this fiscal year to provide funding for these projects. While the exact projects to be funded have yet to be approved, the County Commission has proved again that it will do what it takes for the good of Blount County by approving the funding mechanism for the new projects. The County Commission has unanimously endorsed the concept of long-term capital planning as described above. This process will include input from staff, elected officials, School Board members, County Commissioners and the general public. The County Commission along with the elected leadership of the county recognizes the importance of long-term planning and has placed this as a high priority item.

One item that has been addressed is a new elementary school that is scheduled to open in the fall of 2006. Other items that will be addressed as needs in the future will be the construction of one more elementary school, construction of a new high school, an innovative and effective indoor air quality program at all schools, and infrastructure needs such as roads and bridges. Blount County citizens should be proud of the foresight and work to-date of the County Commissioners, county officials and county employees. The planning accomplishments will pay dividends to the county for years to come.

The Public Building Authority (PBA) has been extremely active again this year. What a great asset the PBA has proven to be in managing and coordinating the building projects. The PBA has been most active this year in the implementation of an indoor air quality

program for our schools. While this was an unexpected and unforeseeable issue, it has helped again to show that when needed, our leaders will step up to the plate and do the right thing.

Risk Management. In 1995, the County Commission expanded the scope of the Risk Management (the former Insurance) Committee to include risk prevention and loss control activities. The county contracts a risk management consultant and a full-time risk management coordinator as part of the comprehensive risk management program. The County has four proprietary funds included as Internal Service Funds: the Self-Insurance (General Liability and Casualty) Fund, the Employee Insurance -- Health Fund, Employee Insurance -- Dental Fund and the Workers' Compensation Fund. All of these funds are under the supervision of the committee, with the exception of the Health Fund which by vote this fiscal year has reverted to the supervision of the finance director. All of these funds continue to be very positive forces within Blount County's financial position. Additional information about risk management activity can be found in the notes to financial statements.

Cash Management Policies and Practices. The county trustee is charged with maximizing returns on the county's funds, and complying with state law regarding investments that help ensure the protection of these funds. The Budget Committee has been appointed to act as the Investment Committee for the county, and has adopted a written investment policy. The county trustee has not made any investments in derivatives, nor does he intend to do so.

Pension and Other Post-Employment Benefits. Most Blount County employees are enrolled in the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the state. It is the policy of the Board of Trustees of the TCRS to fund pension benefits by actuarially determined contributions which are actuarial accrued liability cost, so that sufficient assets will be available to pay benefits when due. For more information on the status of expected pension benefits, see the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Blount County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the twelfth consecutive year that Blount County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

Honorable Beverley Woodruff

County Mayor

Page 6

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2004-2005. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Also, Blount County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual condensed financial report. In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Thank You. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and budgeting department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the county mayor and the County Commission for their unfailing support for maintaining the highest standards of professionalism in the management of Blount County's finances.

Especially important is to recognize the people of the Accounting and Budgeting Office who helped make this report possible: Dorothy Arnold, Joey Bailey, Joyce Bott, Susan Gennoe, Natalie Harris, Pat James, Dana Lamson, Faye McDaniel, Patti Shaw, Sharon Stinnett, Julie Talbott, Kay Whitehead, and Virginia Whitehead. Each greatly contributed to the many daily efforts required to operate our Accounting and Budgeting Office. They provide top-quality work in an extremely efficient manner for the benefit of all the citizens of Blount County. Without their help, expertise, energy and perseverance none of this would be possible.

Sincerely,

David R. Bennett, CPA, CGFM
Director of Accounts & Budgets

pj

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Blount County,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



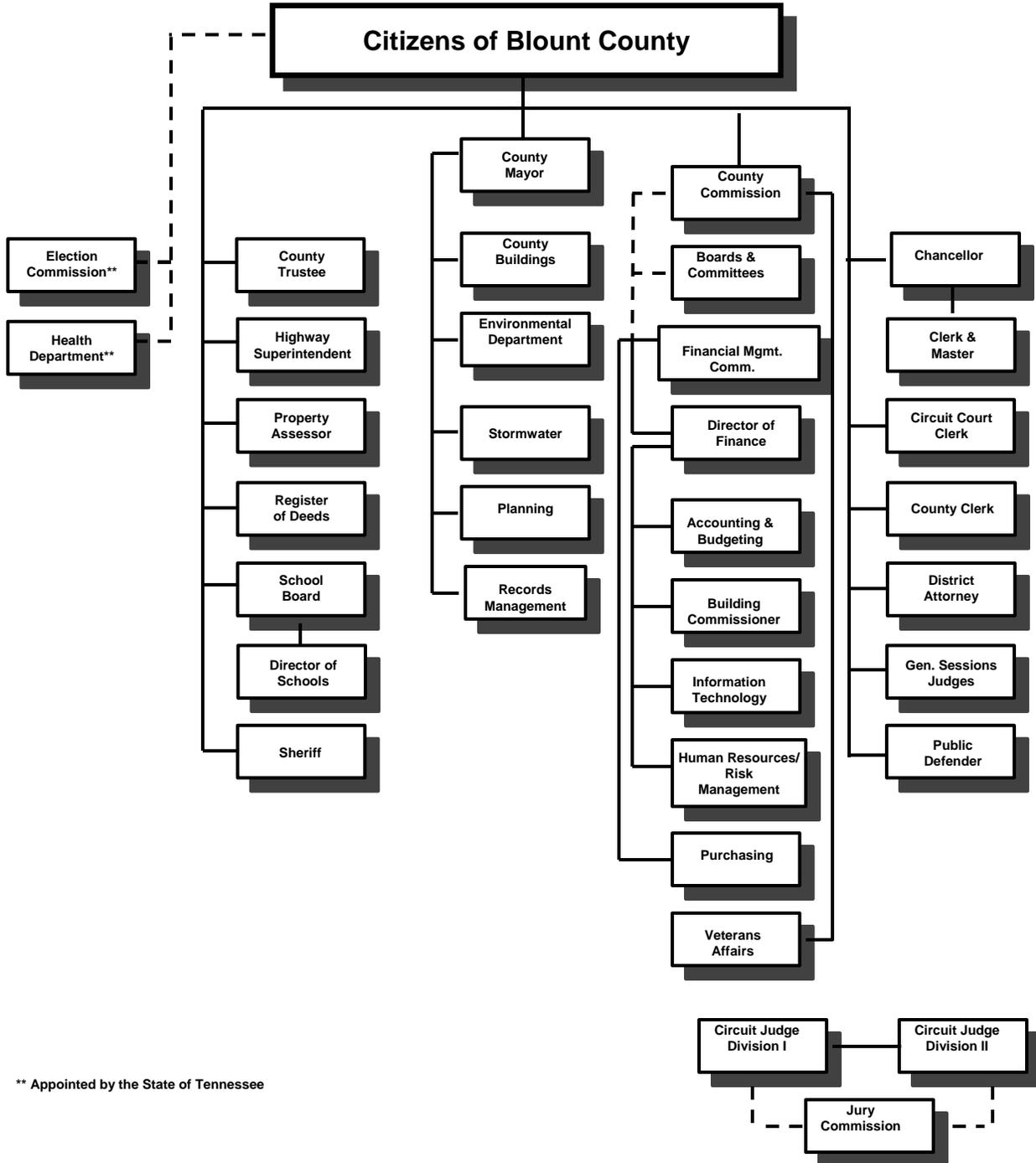
Nancy L. Zjelle

President

Jeffrey R. Emery

Executive Director

Blount County Organization Chart



** Appointed by the State of Tennessee

Blount County Officials

June 30, 2005

Officials:

Beverley D. Woodruff, County Mayor
Bill Dunlap, Highway Superintendent
Alvin Hord, Director of Schools
Scott Graves, Trustee
Mike Morton, Assessor of Property
Roy Crawford, Jr., County Clerk
Thomas E. Hatcher, Circuit and General Sessions Courts Clerk
James A. Carroll, Clerk and Master
Penny H. Whaley, Register
James L. Berrong, Sheriff
David R. Bennett, Director of Accounts and Budgets
Judy Hackney, Purchasing Agent

Board of County Commissioners:

Robert Ramsey, Chairman	Bob Kidd
Keith Brock	Jeff McCall
Dennis Cardin	Kenneth Melton
Donna Dowdy	Dan Neubert, Sr.
W. C. Evans	Otto Slater
Joe Everett	Ernest C. Tallent, Jr.
Gary Farmer	Shirley Townsend
David Graham	Mike Walker
Steve Gray	Robby Kirkland
Steve Hargis	Bob Arwood
John T. Keeble	

Board of Education:

William Miller, Chairman	John Paul Davis, Jr.
Charles Finley	Chris Cantrell
Dr. Don McNelly	Donald Talbott
Mike Treadway	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

September 30, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Blount County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blount County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Industrial Development Board of Blount County (which represent 3.2 percent and .9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Children's Home (which represent .2 percent and .2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc. (which represent 46.4 percent and 64 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .3 percent and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 28.2 percent and one percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented Industrial Development Board of Blount County; Blount County Children's Home; Blount Memorial Hospital, Inc.; Blount County Emergency Communications District; and Blount County Public Building Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2005, on our consideration of Blount County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Blount County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management's discussion and analysis on pages 19 through 29 and the budgetary comparison information on pages 133 through 139 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blount County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), miscellaneous schedules, and

statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2005

This discussion and analysis of Blount County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2005. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A separate set of financial statements is not issued for the Blount County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. Also, readers should review the separately issued discretely presented component unit financial statements for their MD&A.

FINANCIAL HIGHLIGHTS FOR FY 2005

Key financial highlights for 2005 are as follows:

In total, net assets of the primary government increased by \$1.5 million. Net assets of the DPCU School Department increased \$3.2 million. A major portion of these differences is related to the fact that school buildings constructed with county debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the primary government. All net assets of the primary government and the DPCU School Department are related to governmental activities.

General revenues of the primary government accounted for \$31.5 million in revenue or 47 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$35.2 million or 53 percent of total revenues of \$66.7 million. General revenues of the DPCU School Department were \$61 million.

Total assets of governmental activities in the primary government were \$164.6 million as taxes receivable ended at \$26.3 million, cash ended at \$15.7 million, and capital assets, net of accumulated depreciation, ended at \$113.9 million. Total assets in the DPCU School Department were \$116.5 million as taxes receivable ended at \$16.8 million, cash ended at \$10.8 million, and capital assets, net of accumulated depreciation, ended at \$86.6 million.

The county had \$71.7 million in expenses with \$35.2 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$24.4 million) were adequate to provide current funding for these programs. The DPCU School Department had \$74.7 million in expenses related to governmental activities; \$16.9 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily state shared contributions not restricted to

specific programs, property taxes, and sales taxes of \$34.7, \$15.8 and \$9.4 million, respectively) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$30.3 million in revenues and \$32.9 million in expenditures. The Highway/Public Works Fund had \$5.9 million in revenue and \$5.9 million in expenditures. The General Debt Service Fund had \$9.5 million in revenue and \$9.9 million in expenditures. The Other Capital Projects Fund had \$.8 million in revenues and \$10.2 million in expenditures. Major funding for this fund was provided by long-term loan proceeds. Fund balance for the General Fund decreased by \$3.5 million to \$2.9 million and increased by \$.1 million to \$6.9 million in the General Debt Service Fund. Fund balance decreased for the Highway/Public Works Fund by \$.05 million to \$.06 million and increased in other Capital Projects Fund by \$2.9 million to \$2.4 million.

Using this Comprehensive Annual Financial Report (CAFR):

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Blount County as a financial whole (and entire operating entity). The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statements of Activities present an aggregate view of the entire county's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the county's most significant funds with all other non-major funds presented in total in one column. In the case of Blount County, the General Fund is by far the most significant fund. Other major funds include the Highway/Public Works Fund, the General Debt Service Fund, and the Other Capital Projects Fund. In the case of the DPCU School Department, the General Purpose School Fund is the only major fund.

Reporting the county as a whole:

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the county and the DPCU School Department to provide programs and activities financed during 2005, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2005. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the county's net assets and changes in those assets as well as those of the county's discretely presented component units. This change in assets is important because it tells the reader that, for the county and its discretely presented component units as a whole, the financial position of the county and the

discretely presented component units has improved or diminished. The cause of this change may be the result of many factors, some financial, some not.

In the Statement of Net Assets and the Statement of Activities, the county reports its activities as governmental activities. The county's programs and services are reported here including general government; finance; administration of justice; public safety; public health and welfare; social, cultural and recreational services; highways; and other operations. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues. For the DPCU School Department, its activities are also reported as governmental activities. The DPCU School Department's programs and services are reported there. These services are also funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting on the County's Most Significant Funds:

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, and its DPCU School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county and the DPCU School Department can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the county's major funds. The county uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the county's most significant funds. The county's major governmental funds are the General Fund, Highway/Public Works Fund, General Debt Service Fund, and Other Capital Projects Fund. The DPCU School Department's major governmental fund is the General Purpose School Fund.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of

revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county and the DPCU School Department maintain a multitude of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

Proprietary funds - The county maintains one set of proprietary funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the county's various functions. Specifically, the Insurance Funds account for risk management activities related to general liability, property, and casualty risks, workers' compensation risks, and also for health and dental insurance provided to county employees and their dependents. Please refer to the Table of Contents to locate these statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used to report fiduciary funds is much like that used to report proprietary funds. Please refer to the Table of Contents to locate these statements.

Notes to the Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Please refer to the Table of Contents to locate these notes.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and individual fund statements and schedules. Please refer to the Table of Contents to locate these statements and schedules.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the county, liabilities exceeded assets by \$9.2 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$91.8 million at the close of the most recent fiscal year.

A large portion of the county's net assets reflect its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for

future spending. The same holds true for the DPCU School Department. A large portion of its net assets reflect its investment in capital assets as described above.

Although the county's and the DPCU School Department'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 capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the county's and the DPCU School Department's net assets for 2005 and a comparison to the prior year.

An additional portion of the county's net assets, \$8.8 million, represent resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$1.3 million of net assets are subject to external restriction.

Tables 2 a & b show the changes in net assets for fiscal year 2005 for the primary government and the DPCU School Department, respectively, as well as a comparison to prior year.

Table 1
Blount County Government and DPCU School Department Net Assets
Governmental Activities

	<u>Blount County Government</u>	
	<u>2005</u>	<u>2004</u>
Current and Other Assets	\$ 50,716,370	\$ 47,804,105
Capital Assets	113,850,249	103,985,366
Total Assets	<u>\$ 164,566,619</u>	<u>\$ 151,789,471</u>
Long-term Liabilities Outstanding	\$ 142,287,793	\$ 133,533,264
Other Liabilities	31,466,012	28,906,714
Total Liabilities	<u>\$ 173,753,805</u>	<u>\$ 162,439,978</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 69,673,900	\$ 59,706,540
Restricted	8,814,195	8,653,731
Unrestricted	(87,675,281)	(79,010,778)
Total Net Assets	<u>\$ (9,187,186)</u>	<u>\$ (10,650,507)</u>

Table 1
Blount County Government and DPCU School Department Net Assets
Governmental Activities (Cont.)

	<u>DPCU School Department</u>	
	<u>2005</u>	<u>2004</u>
Current and Other Assets	\$ 29,896,363	\$ 26,507,171
Capital Assets	86,581,140	84,444,679
Total Assets	<u>\$ 116,477,503</u>	<u>\$ 110,951,850</u>
Long-term Liabilities Outstanding	\$ 1,301,625	\$ 1,728,274
Other Liabilities	23,416,759	20,667,291
Total Liabilities	<u>\$ 24,718,384</u>	<u>\$ 22,395,565</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 85,326,140	\$ 82,774,679
Restricted	1,265,274	1,017,010
Unrestricted	5,167,705	4,764,596
Total Net Assets	<u>\$ 91,759,119</u>	<u>\$ 88,556,285</u>

Education expenditures of \$18.4 million accounted for approximately 26 percent of the \$71.7 million total expenses for governmental activities. Of that \$71.7 million in governmental activities expenses, \$20.5 million was covered by direct charges to users of the services. A significant portion of those charges is for constitutional officers fees and commission and for premiums charged to the DPCU School Department for health insurance. Public safety charges for service include things like fees for boarding of prisoners in the county jail.

While sales taxes are not levied for a particular program or function, approximately \$2.1 million annually has been designated for roads and bridges, a public works function.

Table 2a
Blount County Government
Changes in Net Assets
Governmental Activities

	<u>Blount County Government</u>	
	<u>2005</u>	<u>2004</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 20,484,944	\$ 18,711,606
Operating Grants and Contributions	5,585,547	4,475,670
Capital Grants and Contributions	9,163,880	6,109,157
General Revenues:		
Property Taxes	24,403,395	20,519,109
Sales Taxes	2,089,375	2,051,999
Other Taxes	2,671,799	2,940,085

Table 2a
Blount County Government
Changes in Net Assets
Governmental Activities (Cont.)

	Blount County Government	
	2005	2004
Revenues (Cont.):		
Program Revenues (Cont.):		
Grants and Contributions not restricted to specific programs	\$ 1,885,267	\$ 1,786,291
Unrestricted Investment Income	388,903	315,668
Miscellaneous	34,955	67,025
Total Revenues	<u>\$ 66,708,065</u>	<u>\$ 56,976,610</u>
Expenses:		
General Government	\$ 3,594,673	\$ 5,430,866
Finance	3,800,073	3,563,683
Administration of Justice	4,439,900	4,673,361
Public Safety	16,863,564	14,205,852
Public Health and Welfare	2,126,494	2,382,789
Social, Cultural and Recreational Services	3,568,200	3,449,953
Agricultural and Natural Resources	211,185	228,265
Other Operations	3,024,776	2,814,754
Highways	9,567,174	9,049,039
Education	18,423,799	20,527,255
Interest	5,803,384	5,393,155
Other Debt Service	309,437	222,176
Total Expenses	<u>\$ 71,732,659</u>	<u>\$ 71,941,148</u>
Increase/(decrease) in Net Assets	\$ (5,024,594)	\$ (14,964,538)
Nets Assets, Beginning of Year	(10,650,507)	4,019,660
Prior Period Adjustment	6,487,915	294,371
Net Assets, End of Year	<u>\$ (9,187,186)</u>	<u>\$ (10,650,507)</u>

Table 2b
Blount County School Department
Changes in Net Assets
Governmental Activities

	Blount County School Department	
	2005	2004
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,785,483	\$ 3,729,497
Operating Grants and Contributions	9,157,406	8,370,664
Capital Grants and Contributions	3,978,445	8,372,823
General Revenues:		
Property Taxes	15,818,864	13,276,553
Sales Taxes	9,417,172	9,047,945
Other Taxes	410,978	380,830

Table 2b
Blount County School Department
Changes in Net Assets
Governmental Activities (Cont.)

	Blount County School Department	
	2005	2004
General Revenues (Cont.):		
Grants and Contributions not restricted to specific programs	\$ 34,714,283	\$ 32,586,709
Unrestricted Investment Income	388,027	141,350
Miscellaneous	247,500	220,158
Total Revenues	<u>\$ 77,918,158</u>	<u>\$ 76,126,529</u>
Expenses:		
Education	\$ 74,715,324	\$ 68,896,160
Total Expenses	<u>\$ 74,715,324</u>	<u>\$ 68,896,160</u>
Increase/(decrease) in Net Assets	\$ 3,202,834	\$ 7,230,369
Nets Assets, Beginning of Year	88,556,285	81,325,916
Net Assets, End of Year	<u>\$ 91,759,119</u>	<u>\$ 88,556,285</u>

Financial Analysis of the Government's Funds

As noted earlier, the county and DPCU School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$13.7 million. Approximately \$6.9 million of this total amount constitutes unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. In the DPCU School Department's governmental funds, combined ending fund balances were \$5.1 million. Approximately \$4.3 million of this total amount constitutes unreserved fund balance.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1.3 million, while total fund balance was \$2.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately four percent of total General Fund expenditures, while total fund balance represents nine percent of that same amount.

The Highway/Public Works Fund continues to hold its own in terms of funding the needs of the department. Expenditures exceeded revenues by \$5 thousand. Fund balance is dangerously low at \$59 thousand. Commissioners continue to discuss ways to adequately address highway funding and have proposed a referendum on wheel tax with revenue going to the Highway/Public Works Fund; however, a resolution has not yet been adopted.

The General Debt Service Fund again finished very strong at June 30, 2005. A net increase of \$.1 million in fund balance was tremendous considering there was a decrease last year. These savings were realized due to the use of variable rate debt instruments and the extremely favorable market conditions of these debt instruments.

The Other Capital Projects Fund reports all activity related to the county's capital building program. Funding sources in this fund include proceeds from the issuance of long-term debt as well as contributions from other governments towards specific projects.

Blount County's budgeting process is prescribed by Tennessee Code. Essentially the budget is the county's appropriations that are restricted by the amounts of anticipated revenues, therefore the county's plans and desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

The fund balance of the county's General Fund decreased by \$3.5 million during the current fiscal year. All increases in appropriations that were not funded by grants were taken from accumulated fund balance. However, it should be noted that at the end of the fiscal year, unspent appropriations resulted in only \$3.5 million actual use of fund balance during the fiscal year ended June 30, 2005. All elected officials worked closely with the County Commissioners to reduce, maintain, or hold down increases in departmental expenditures.

Proprietary funds. The financial statements of the Internal Service Funds reflect operating of the county's self-insured risk financing activities. These activities have been consolidated under the revenue and expenses for governmental activities on the government-wide financial statements.

Financial Comparison- DPCU School Department

The General Purpose School Fund is the chief operating fund of the DPCU School Department. At the end of the current fiscal year, unreserved fund balance of the General Purpose School Fund was \$3.4 million, while total fund balance was \$3.6 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately five percent of total General Purpose School Fund expenditures, while total fund balance represents six percent of that same amount.

Capital Asset and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$69.7 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways, and bridges. The DPCU School Department's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$85.3 million (net of accumulated depreciation and related debt).

Note IV.C. (Capital Assets) provides capital asset activity during the 2005 fiscal year. During 2005, the county completed several capital projects. These included primarily projects related to the new indoor air quality program with the DPCU School Department and completion of renovations of Fairview Elementary.

Long-term debt. At the end of the 2005 fiscal year, the county had total general obligation bonds and loan agreements outstanding of \$142 million. Of this amount, all is backed by the full faith and credit of the county. During 2005, the county issued \$27,325,000 in debt, which was a partial advance refunding of \$25,980,000 in old loan agreements and resulted in an economic gain of \$874,331 and saved \$1,133,626 in future debt service payments. The county also authorized the issuance of \$14,000,000 in other loans, of which \$10,140,677 has been drawn down to finance various school capital projects. The county maintains an A1 rating for Moody's and an AA- rating for Standard and Poor's for general obligation debt.

In addition to the loan agreements, county long-term obligations include compensated absences and notes payable. Additional information on the county's long-term debt can be found in Note IV.F. of this report. Notes I.D.5. and IV.F. discuss compensated absences and notes payable. Note IV.G. provides information regarding revenue anticipation notes.

Interest and fiscal charges amounted to nine percent of the total expenses for governmental activities.

The DPCU School Department has a note payable in the amount of \$1.3 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 4.9 percent, slightly below the rate a year ago. The state's average unemployment rate is currently 5.5 percent and the national average is 5.7 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the county's budget for the 2005 fiscal year. At the end of the 2005 fiscal year, unreserved fund balance in the General Fund was at \$1.3 million.

Request for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Accounting and Budgeting Office at 341 Court Street, Maryville, Tennessee 37804.

BASIC FINANCIAL STATEMENTS

Exhibit A

Blount County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary Government		Component Units				
	Total Governmental Activities	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
<u>ASSETS</u>							
Cash	\$ 30,370	\$ 0	\$ 2,330,409	\$ 751,351	\$ 3,033,024	\$ 431,841	\$ 25,966,597
Equity in Pooled Cash and Investments	15,716,992	10,817,661	0	0	0	0	0
Inventories	0	0	0	0	1,719,488	0	0
Accounts Receivable	252,150	125,272	11,308	0	13,664,988	116,100	2,967,840
Due from Other Governments	3,440,318	2,313,785	0	28,688	0	0	0
Due from Primary Government	0	78,985	0	0	0	0	0
Due from Component Units	2,059,186	0	0	0	0	0	0
Property Taxes Receivable	26,271,898	16,755,586	0	0	0	0	0
Allowance for Uncollectible Property Taxes	(303,352)	(194,926)	0	0	0	0	0
Prepaid Items	226,507	0	0	4,281	891,877	14,900	0
Notes Receivable - Current	415,000	0	15,000	0	0	0	0
Lease Payments Receivable - Current	0	0	183,024	0	0	0	0
Intergovernmental Receivable - Current	0	0	663,850	0	0	0	0
Other Current Assets	0	0	7,000	0	2,040,000	0	0
Restricted Assets:							
Restricted for Foundation	0	0	0	0	1,070,469	0	0
Other Restricted Assets	0	0	0	0	141,102,743	0	0
Notes Receivable - Noncurrent	840,000	0	0	0	0	0	0
Unamortized Debt Issuance Cost	1,767,301	0	0	0	1,797,491	0	561,072
Lease Payments Receivable - Noncurrent	0	0	2,192,691	0	0	0	0
Intergovernmental Receivable - Noncurrent	0	0	1,868,757	0	0	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	0	132,920,000

(Continued)

Exhibit A

Blount County, Tennessee
Statement of Net Assets (cont.)

	Primary Government		Component Units				
	Total Governmental Activities	School Department	Industrial Development Board	Blount County	Blount Memorial Hospital	Emergency Communica-tions District	Public Building Authority
				Children's Home			
<u>ASSETS (CONT.)</u>							
Capital Assets:							
Assets Not Depreciated:							
Land	\$ 5,953,912	\$ 7,333,251	\$ 8,453,422	\$ 0	\$ 6,555,962	\$ 40,000	\$ 0
Construction in Progress	95,550	9,548,039	492,905	0	17,838,935	0	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	35,049,962	68,842,216	2,150,135	112,347	77,643,199	529,261	0
Other Capital Assets	3,397,844	857,634	53,832	52,702	0	519,224	10,474
Infrastructure - Roads, Streets, and Bridges	69,352,981	0	11,716	0	0	0	0
Total Assets	\$ 164,566,619	\$ 116,477,503	\$ 18,434,049	\$ 949,369	\$ 267,358,176	\$ 1,651,326	\$ 162,425,983

LIABILITIES

Accounts Payable	\$ 2,726,826	\$ 573,384	\$ 309,308	\$ 0	\$ 2,641,750	\$ 8,646	\$ 0
Accrued Payroll	41,034	4,225,817	0	0	4,666,256	11,096	0
Accrued Interest Payable	621,785	0	0	0	907,054	0	0
Payroll Deductions Payable	55,586	6,962	0	0	0	0	0
Retainage Payable	9,500	0	0	0	0	0	0
Due to Component Units	78,985	0	0	0	0	0	0
Due to Primary Government	0	2,059,186	0	0	0	0	0
Other Current Liabilities	1,666,774	553,919	69,805	0	1,940,631	0	26,075,726
Deferred Revenue - Property Taxes	25,099,385	15,997,491	0	0	0	0	0
Unearned Revenues	730,046	0	4,908,322	0	0	0	0

(Continued)

Exhibit A

Blount County, Tennessee
Statement of Net Assets (cont.)

	Primary Government		Component Units				
	Total Governmental Activities	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
<u>LIABILITIES (CONT.)</u>							
Unamortized Premiums on Debt	\$ 436,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Noncurrent Liabilities:							
Due Within One Year	4,813,509	424,612	927,961	25,034	2,800,000	0	2,340,000
Due in More than One Year	137,474,284	877,013	3,852,665	36,892	119,472,127	0	132,920,000
Total Liabilities	\$ 173,753,805	\$ 24,718,384	\$ 10,068,061	\$ 61,926	\$ 132,427,818	\$ 19,742	\$ 161,335,726
<u>NET ASSETS</u>							
Invested in Capital Assets,							
Net of Related Debt	\$ 69,673,900	\$ 85,326,140	\$ 6,381,384	\$ 111,557	\$ 7,316,224	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	0	0	1,088,485	10,474
Restricted for:							
Public Library	479,772	0	0	0	0	0	0
Highways	419,834	0	0	0	0	0	0
Debt Service	6,613,061	0	0	0	0	0	0
Other Purposes	816,125	1,265,274	1,337,121	207,396	717,129	0	0
Permanent Endowment:							
Nonexpendable	485,403	0	0	0	0	0	0
Unrestricted	(87,675,281)	5,167,705	647,483	568,490	126,897,005	543,099	1,079,783
Total Net Assets	\$ (9,187,186)	\$ 91,759,119	\$ 8,365,988	\$ 887,443	\$ 134,930,358	\$ 1,631,584	\$ 1,090,257

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

Exhibit B

Blount County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

		Net (Expense) Revenue and Changes in Net Assets										
Functions/Programs	Expenses	Program Revenues			Primary Government	Component Units						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Blount County School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communica-tions District	Public Building Authority	
<u>Primary Government</u>												
Governmental Activities:												
General Government	\$ 3,594,673	\$ 1,733,147	\$ 18,158	\$ 0	\$ (1,843,368)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	3,800,073	2,488,877	37,582	0	(1,273,614)	0	0	0	0	0	0	0
Administration of Justice	4,439,900	2,644,818	465,647	0	(1,329,435)	0	0	0	0	0	0	0
Public Safety	16,863,564	3,118,865	1,139,512	0	(12,605,187)	0	0	0	0	0	0	0
Public Health and Welfare	2,126,494	239,990	470,313	0	(1,416,191)	0	0	0	0	0	0	0
Social, Cultural and Recreational Services	3,568,200	137,449	881,864	365,485	(2,183,402)	0	0	0	0	0	0	0
Agricultural and Natural Resources	211,185	0	0	0	(211,185)	0	0	0	0	0	0	0
Other Operations	3,024,776	0	8,281	0	(3,016,495)	0	0	0	0	0	0	0
Highways	9,567,174	626,590	2,564,190	8,798,395	2,422,001	0	0	0	0	0	0	0
Education	18,423,799	9,495,208	0	0	(8,928,591)	0	0	0	0	0	0	0
Debt Service:												
Interest	5,803,384	0	0	0	(5,803,384)	0	0	0	0	0	0	0
Other Debt Service	309,437	0	0	0	(309,437)	0	0	0	0	0	0	0
Total Primary Government	\$ 71,732,659	\$ 20,484,944	\$ 5,585,547	\$ 9,163,880	\$ (36,498,288)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Component Units</u>												
Blount County School Department	\$ 74,715,324	\$ 3,785,483	\$ 9,157,406	\$ 3,978,445	\$ 0	\$ (57,793,990)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Industrial Development Board	1,671,193	211,140	1,479,288	250,000	0	0	269,235				0	0

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

		Net (Expense) Revenue and Changes in Net Assets										
Functions/Programs	Expenses	Program Revenues				Primary	Component Units					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Blount County School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communica-tions District	Public Building Authority	
Component Units (Cont.)												
Blount County Children's Home	\$ 494,403	\$ 0	\$ 265,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ (228,646)	\$ 0	\$ 0	\$ 0	
Blount Memorial Hospital	138,337,197	132,205,041	11,245,008	0	0	0	0	0	5,112,852	0	0	
Emergency Communica-tions District	1,611,264	768,214	164,763	0	0	0	0	0	0	(678,287)	0	
Public Building Authority	2,462,433	46,659	0	0	0	0	0	0	0	0	(2,415,774)	
Total Component Units	\$ 219,291,814	\$ 137,016,537	\$ 22,312,222	\$ 4,228,445	\$ 0	\$ (57,793,990)	\$ 269,235	\$ (228,646)	\$ 5,112,852	\$ (678,287)	\$ (2,415,774)	
General Revenues:												
Property Taxes					\$ 24,403,395	\$ 15,818,864	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Sales Taxes					2,089,375	9,417,172	0	0	0	0	0	
Other Taxes					2,671,799	410,978	0	0	0	0	0	
Grants and Contributions not restricted to specific programs					1,885,267	34,714,283	6,358	71,575	1,077,128	563,623	0	
Unrestricted Investment Income					388,903	388,027	26,121	18,804	5,561,709	16,289	2,398,285	
Gain on Sale of Capital Assets					0	0	90,232	0	0	0	0	
Miscellaneous					34,955	247,500	1,200	7,276	0	54,571	0	
Total General Revenues					\$ 31,473,694	\$ 60,996,824	\$ 123,911	\$ 97,655	\$ 6,638,837	\$ 634,483	\$ 2,398,285	
Change in Net Assets					\$ (5,024,594)	\$ 3,202,834	\$ 393,146	(130,991)	11,751,689	\$ (43,804)	\$ (17,489)	
Net Assets, July 1, 2004					(10,650,507)	88,556,285	12,646,113	1,018,434	123,178,669	1,675,388	1,107,746	
Restatement for Capital Assets					6,487,915	0	(4,673,271)	0	0	0	0	
Net Assets, June 30, 2005					\$ (9,187,186)	\$ 91,759,119	\$ 8,365,988	\$ 887,443	\$ 134,930,358	\$ 1,631,584	\$ 1,090,257	

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

Exhibit C-1

Blount County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Funds Other Govern- mental Funds	
ASSETS						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 30,270	\$ 30,370
Equity in Pooled Cash and Investments	3,321,879	179,258	4,988,118	2,555,440	1,427,263	12,471,958
Accounts Receivable	79,303	51,344	77,297	0	4,756	212,700
Due from Other Governments	1,383,632	862,927	206,282	987,477	0	3,440,318
Due from Other Funds	78,910	6,132	0	0	5,529	90,571
Due from Component Units	0	0	540,717	0	0	540,717
Property Taxes Receivable	16,870,834	0	9,401,064	0	0	26,271,898
Allowance for Uncollectible Property Taxes	(194,398)	0	(108,954)	0	0	(303,352)
Notes Receivable	0	0	1,255,000	0	0	1,255,000
Total Assets	\$ 21,540,260	\$ 1,099,661	\$ 16,359,524	\$ 3,542,917	\$ 1,467,818	\$ 44,010,180
LIABILITIES AND FUND BALANCES						
<u>Liabilities</u>						
Accounts Payable	\$ 538,279	\$ 500,247	\$ 6,934	\$ 730,821	\$ 37,536	\$ 1,813,817
Accrued Payroll	2,479	38,481	0	0	74	41,034
Payroll Deductions Payable	0	55,481	0	0	105	55,586
Retainage Payable	9,500	0	0	0	0	9,500
Due to Other Funds	375,815	40,762	63,949	5,925	55,623	542,074
Due to Component Units	0	0	75,153	0	0	75,153
Other Current Liabilities	0	0	0	0	15,036	15,036
Deferred Revenue - Current Property Taxes	16,120,743	0	8,978,642	0	0	25,099,385
Deferred Revenue - Delinquent Property Taxes	526,336	0	296,908	0	0	823,244
Other Deferred Revenues	1,100,860	405,869	0	377,418	0	1,884,147
Total Liabilities	\$ 18,674,012	\$ 1,040,840	\$ 9,421,586	\$ 1,114,164	\$ 108,374	\$ 30,358,976
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 1,158,901	\$ 4,652	\$ 0	\$ 3,301,793	\$ 104,733	\$ 4,570,079
Reserved for Computer System - Register	95,259	0	0	0	0	95,259
Reserved for Automation Purposes - Circuit Court	46,795	0	0	0	0	46,795
Reserved for Automation Purposes - Sheriff	86,987	0	0	0	0	86,987
Reserved for Other General Purposes	192,815	0	1,255,000	0	485,403	1,933,218

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In:

General Fund
 Special Revenue Funds
 Debt Service Funds
 Capital Projects Funds (Deficit)

Total Fund Balances

Total Liabilities and Fund Balances

	Major Funds			Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	Other Capital Projects		Other Govern- mental Funds
	\$ 1,285,491	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,285,491
	0	54,169	0	0	769,308	823,477
	0	0	5,682,938	0	0	5,682,938
	0	0	0	(873,040)	0	(873,040)
	<u>\$ 2,866,248</u>	<u>\$ 58,821</u>	<u>\$ 6,937,938</u>	<u>\$ 2,428,753</u>	<u>\$ 1,359,444</u>	<u>\$ 13,651,204</u>
	<u>\$ 21,540,260</u>	<u>\$ 1,099,661</u>	<u>\$ 16,359,524</u>	<u>\$ 3,542,917</u>	<u>\$ 1,467,818</u>	<u>\$ 44,010,180</u>

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	13,651,204
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			113,850,249
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			2,707,391
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.			2,182,338
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges is reflected on the statement of net assets.			1,767,301
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(621,785)
(6) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes Payable	\$	1,225,000	
Other Loans Payable		114,711,877	
Bonds Payable		27,285,000	
Compensated Absences		571,107	
Unamortized Debt Premiums		436,091	
Less: Deferred Charge on Refunding (to be amortized as interest expense)		(1,505,191)	(142,723,884)
Net assets of governmental activities (Exhibit A)		\$	<u>(9,187,186)</u>

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

Exhibit C-3

Blount County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 18,146,509	\$ 2,286,929	\$ 9,060,382	\$ 0	\$ 75,571	\$ 29,569,391
Licenses and Permits	701,931	248,398	0	0	0	950,329
Fines, Forfeitures, and Penalties	717,777	0	0	0	229,215	946,992
Charges for Current Services	371,637	0	0	0	103,472	475,109
Other Local Revenues	942,727	404,777	91,142	0	241,364	1,680,010
Fees Received from County Officials	5,169,449	0	0	0	0	5,169,449
State of Tennessee	1,949,039	2,979,514	0	120,187	4,800	5,053,540
Federal Government	2,125,038	0	0	681,059	51,910	2,858,007
Other Governments and Citizens Groups	184,983	15,147	321,105	0	791,064	1,312,299
Total Revenues	\$ 30,309,090	\$ 5,934,765	\$ 9,472,629	\$ 801,246	\$ 1,497,396	\$ 48,015,126
<u>Expenditures</u>						
Current:						
General Government	\$ 3,227,583	\$ 0	\$ 0	\$ 0	\$ 129,585	\$ 3,357,168
Finance	3,611,698	0	0	0	154	3,611,852
Administration of Justice	3,861,303	0	0	0	310,630	4,171,933
Public Safety	15,228,669	0	0	0	173,195	15,401,864
Public Health and Welfare	2,069,088	0	0	0	0	2,069,088
Social, Cultural, and Recreational Services	559,502	0	0	0	1,531,371	2,090,873
Agricultural and Natural Resources	208,904	0	0	0	0	208,904
Other Operations	3,128,323	0	0	4,222,402	23,266	7,373,991
Highways	67,783	5,939,702	0	0	0	6,007,485
Debt Service:						
Principal	0	0	3,440,000	0	0	3,440,000
Interest	0	0	5,605,576	0	0	5,605,576
Other Debt Service	0	0	831,383	0	0	831,383
Capital Projects	961,121	0	0	6,015,173	0	6,976,294
Total Expenditures	\$ 32,923,974	\$ 5,939,702	\$ 9,876,959	\$ 10,237,575	\$ 2,168,201	\$ 61,146,411
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (2,614,884)	\$ (4,937)	\$ (404,330)	\$ (9,436,329)	\$ (670,805)	\$ (13,131,285)

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	Other Capital Projects		Other Govern- mental Funds
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 27,325,000	\$ 0	\$ 0	\$ 27,325,000
Premiums on Debt Issued	0	0	448,731	0	0	448,731
Other Loans Issued	0	0	0	12,343,060	0	12,343,060
Transfers In	242,884	0	0	36,639	831,065	1,110,588
Transfers Out	(1,124,233)	(40,762)	0	(1,087)	(14,674)	(1,180,756)
Payments to Refunded Debt Escrow Agent	0	0	(27,290,095)	0	0	(27,290,095)
Total Other Financing Sources (Uses)	\$ (881,349)	\$ (40,762)	\$ 483,636	\$ 12,378,612	\$ 816,391	\$ 12,756,528
Net Change in Fund Balances	\$ (3,496,233)	\$ (45,699)	\$ 79,306	\$ 2,942,283	\$ 145,586	\$ (374,757)
Fund Balance, July 1, 2004	6,362,481	104,520	6,858,632	(513,530)	1,213,858	14,025,961
Fund Balance, June 30, 2005	\$ 2,866,248	\$ 58,821	\$ 6,937,938	\$ 2,428,753	\$ 1,359,444	\$ 13,651,204

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

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (374,757)
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$ 1,063,368	
Less: Current year depreciation	<u>(5,231,740)</u>	(4,168,372)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		7,545,340
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$ (1,158,192)	
For the year ended June 30, 2005	<u>2,707,391</u>	1,549,199
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Other loan proceeds issued	\$ (12,343,060)	
Less: Bonds issued	(27,325,000)	
Less: Debt premiums	(448,731)	
Add: Debt issuance costs	654,607	
Add: Principal payment on notes	210,000	
Add: Principal payment on other loans	3,190,000	
Add: Principal payment on bonds	40,000	
Add: Payment to refunded debt escrow agent	<u>27,290,095</u>	(8,732,089)
(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects amounts expensed during the year recorded in the statement of activities.		
Amortization of debt issuance premiums	\$ 12,640	
Amortization of debt issuance costs	(102,697)	
Amortization of deferred amount of refunding	<u>(42,604)</u>	(132,661)

(Continued)

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

(6) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	(197,808)
Change in compensated absences		<u>(11,660)</u>
	\$	(209,468)
(7) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee health and dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		<u>(501,786)</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(5,024,594)</u></u>

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

Blount County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 3,245,034
Accounts Receivable	39,450
Due from Other Funds	455,546
Due from Component Units	1,518,469
Prepaid Items	<u>226,507</u>
Total Assets	<u>\$ 5,485,006</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 913,009
Due to Other Funds	4,043
Due to Component Units	3,832
Other Current Liabilities	1,651,738
Unearned Revenues	<u>730,046</u>
Total Liabilities	<u>\$ 3,302,668</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 2,182,338</u>
Total Net Assets	<u>\$ 2,182,338</u>

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

Exhibit D-2

Blount County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 13,932,639
Total Operating Revenues	<u>\$ 13,932,639</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 497,613
Insurance Premiums	471,945
Building and Contents Insurance	107,608
Other Administrative Expenses	101,163
Medical Claims	12,715,840
Liability Insurance	449,536
Other Self-Insured Claims	264,080
Total Operating Expenses	<u>\$ 14,607,785</u>
Operating Income (Loss)	<u>\$ (675,146)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 103,192
Total Nonoperating Revenues (Expenses)	<u>\$ 103,192</u>
Income (Loss) Before Transfers	\$ (571,954)
Transfers In	313,052
Transfers Out	<u>(242,884)</u>
Change in Net Assets	\$ (501,786)
Net Assets, July 1, 2004	<u>2,684,124</u>
Net Assets, June 30, 2005	<u><u>\$ 2,182,338</u></u>

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

Blount County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for self-insurance premiums	\$ 12,652,495
Payments to fiscal agents	(497,613)
Payments to insurers	(1,293,169)
Payments for claims	(12,410,461)
Payments for administrative costs	(101,163)
Net cash provided by (used in) operating activities	<u>\$ (1,649,911)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest on investments	\$ 103,192
Net cash provided by (used in) investing activities	<u>\$ 103,192</u>
 <u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from other funds	\$ 313,052
Transfers to other funds	(242,884)
Net cash provided by (used in) noncapital financing activities	<u>\$ 70,168</u>
 Increase (decrease) in cash and cash equivalents	\$ (1,476,551)
Cash and cash equivalents, July 1, 2004	<u>4,721,585</u>
 Cash and cash equivalents, June 30, 2005	<u>\$ 3,245,034</u>
 <u>Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities</u>	
Operating Income (Loss)	\$ (675,146)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Changes in Assets and Liabilities:	
(Increase) decrease in current receivables	(1,280,144)
(Increase) decrease in prepaid expenses	(53,808)
Increase (decrease) in other current liabilities	<u>359,187</u>
Net cash provided by (used in) operating activities	<u>\$ (1,649,911)</u>

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

Blount County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,955,054
Equity in Pooled Cash and Investments	1,066,947
Accounts Receivable	7,804
Due from Other Governments	2,991,574
Taxes Receivable	8,892,027
Allowance for Uncollectible Taxes	<u>(103,445)</u>
Total Assets	<u>\$ 17,809,961</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 13,924
Payroll Deductions Payable	406,220
Due to Other Taxing Units	11,822,299
Due to Litigants, Heirs, and Others	4,957,269
Due to Joint Ventures	581,044
Other Current Liabilities	<u>29,205</u>
Total Liabilities	<u>\$ 17,809,961</u>

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

BLOUNT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant accounting policies of Blount County are described as follows:

A. Reporting Entity

Blount County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Blount County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Blended Component Units – There are no legally separate component units of Blount County that meet the criteria for being reported as part of the primary government by the blending method.

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

The Blount County School Department operates the public school system in the county, and the voters of Blount County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. Also, the School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

Blount Memorial Hospital, Inc., is a non-profit acute care and general health care provider. The primary mission of the Blount Memorial Hospital is to provide health care services to the citizens of Blount County and the surrounding community. Blount Memorial Hospital, Inc., is governed by a nine-member Board of Directors, of whom four are appointed by the Blount County Commission, two each by the cities of Maryville and Alcoa, and one by Maryville College. The county is responsible for issuing all debt of the hospital, and title to the land and buildings remains with the county.

The Industrial Development Board of Blount County was organized to promote industrial development and provide additional job opportunities in Blount County and the surrounding counties in accordance with Title 7, Chapter 53, of Tennessee Code Annotated. The Industrial Development Board of Blount County is governed by a seven-member Board of Directors appointed by the Blount County Commission. The Blount County Industrial Development Board has acted upon approval of the Blount County Commission to provide incentives toward the location of certain industrial facilities in the county. Upon approval for the Industrial Development Board to provide these incentives, the County Commission also expressed its intent to provide certain funding for these incentives in future years. During the year, Blount County provided \$846,609 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board.

The Blount County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Blount County. The Blount County Emergency Communications District is governed by a nine-member Board of Directors, of whom four are appointed by the Blount County Commission, two each by the cities of Maryville and Alcoa, and one elected by the other eight members. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Blount County Children's Home is chartered as a Tennessee non-profit corporation. The county approves all board members and has financial accountability for the home. The county maintains an endowment fund (permanent fund of the primary government) for which interest earnings are earmarked for the Children's Home. The county also provided \$23,751 in other operating funds to the Children's Home during the 2004-05 year.

The Blount County Public Building Authority serves as a financing mechanism to provide capital loans to local governments throughout the state. The Public Building Authority also manages construction projects of the primary government and the discretely presented Blount County School Department. The Blount County Public Building Authority is a public, nonprofit organization whose board is appointed by the County Commission. The county is entitled to the net earnings of the authority after provisions have been made for obligations and any reserves which are determined by the board.

The Blount County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Blount County School Department are included in this report as listed in the table of contents. Complete financial statements of Blount Memorial Hospital, Inc., the Industrial Development Board of Blount County, the Blount County Emergency Communications District, the Blount County

Children's Home, and the Blount County Public Building Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Blount Memorial Hospital, Inc.
907 East Lamar Alexander Parkway
Maryville, Tennessee 37804

Industrial Development Board of Blount County
201 South Washington Street
Maryville, Tennessee 37804

Blount County Emergency Communications District
836 Louisville Road
Alcoa, Tennessee 37801

Blount County Children's Home
903 McCammon Avenue
Maryville, Tennessee 37801

Blount County Public Building Authority
381 Court Street
Maryville, Tennessee 37804

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Blount County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Blount County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues. All revenues from fines, forfeitures, and penalties are classified as charges for services of the Administration of Justice function.

Blount County issues all debt for the discretely presented Blount County School Department. During the year ended June 30, 2005, Blount County issued \$12,343,060 of debt for school purposes. Proceeds from these debt issues were deposited into the Other Capital Projects Fund. During the year, \$3,978,445 of capital assets constructed through the Other Capital Projects Fund were contributed to the discretely presented Blount County School Department.

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

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

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

Fund financial statements of Blount County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Blount County reports four proprietary funds, all internal service funds. It has no enterprise funds to report. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in a single column by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable

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

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Blount County reports the following major governmental funds:

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

Highway/Public Works Fund – This fund accounts for transactions of the county Highway Department.

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

Other Capital Projects Fund – This fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, Blount County reports the following fund types:

Internal Service Funds – These funds account for the self-insured general liability, property and casualty, employee health and dental, and workers’ compensation programs managed by the county for the primary government and the discretely presented School Department.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Blount County, city school systems’ share of educational revenues, assets held in a custodial capacity for the judicial district drug task force, and amounts held in a payroll clearing account. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Permanent Fund – The Endowment Principal Fund is used to account for an endowment received by the county for which the principal must remain intact while interest earned on the principal is to be expended to benefit the Blount County Children’s Home.

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

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

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

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has four proprietary funds, internal service funds. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The principal operating revenues of the county’s internal service funds are self-insurance premiums. Operating expenses for the internal service funds include medical and other self-insured claims, and fiscal agent charges.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows of the internal service funds, cash includes cash on hand, demand deposits, equity in pooled cash and investments, and cash equivalents. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Blount County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund, General Debt Service Fund, and the General Purpose School Fund of the School Department. Blount County and the Blount County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections or that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .61 percent of the total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

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

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

Additional costs attach to delinquent taxes after a court suit has been filed.

3. Prepaid Items

Prepaid items in the Self-Insurance Funds totaling \$226,507 represent amounts paid for insurance for the 2005-06 year.

4. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	5 – 20
Infrastructure	30

5. Compensated Absences

The county's and School Department's policies permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Blount County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county and its

discretely presented component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

The county enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements. See Note IV.F. for details of the swap agreements.

7. Net Assets and Fund Equity

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

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

As of June 30, 2005, Blount County had \$97,926,460 in outstanding debt for capital purposes for the discretely presented Blount County School Department. This debt is a liability of Blount County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Blount County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$816,125, with the primary restrictions being for: (1) Drug Control (\$199,854), (2) Tourism (\$192,815), (3) Drug Court (\$61,194), (4) District Attorney General (\$74,092), (5) Register Computer System (\$95,259), (6) Circuit Computer System (\$46,795), and (7) Sheriff Computer System (\$86,987). For the discretely presented Blount County School Department, the account balance in Restricted for Other Purposes (\$1,265,274) consists of restrictions for various federal assistance programs, with the primary restrictions being for: (1) School Lunch and Breakfast Program (\$769,331); (2) IDEA (\$314,664); and (3) Title I (\$92,948).

On the Balance Sheet – Governmental Funds (Exhibit C-1), the account Reserved for Other General Purposes consists of: (1) a reserve of Hotel-Motel Tax revenues for tourism expenditures in the General

Fund (\$192,815) and (2) a reserve for a long-term note receivable in the General Debt Service Fund (\$1,255,000).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Blount County School Department

The discretely presented Blount County School Department’s Exhibit K-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets of governmental funds reported in the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds and changes in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Blount County School Department

The discretely presented Blount County School Department’s Exhibit K-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – total governmental funds and changes in net asset of governmental funds as reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund) which is not budgeted, and the

capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Deficit Fund Equity

The Other Capital Projects Fund had a fund deficit of \$873,040 on June 30, 2005, due to liabilities and outstanding commitments for construction contracts. There were undrawn loan proceeds of \$3,859,323 available on June 30, 2005, to cover these liabilities and outstanding commitments.

C. Expenditures Exceeded Appropriations

Total expenditures for all funds were held within total appropriations. The primary reason for the overexpenditures in major categories discussed below resulted from the accrual of year-end amounts necessary to eliminate a deficit in the county's self-insured Employee Insurance – Health Fund.

Primary Government

Expenditures exceeded appropriations at the major category level (the legal level of control) of control in the General Fund (three of 65 categories overspent in amounts ranging from \$4,881 to \$255,555). Also, expenditures exceeded appropriations in the Transfers Out major category (the legal level of control) of the Highway/Public Works Fund (\$40,762), Public Library Fund (\$13,044), and the Other Special Revenue Fund (\$1,630). Such

overexpenditures are a violation of state law. All these overexpenditures were funded from available fund balance.

Discretely Presented Blount County School Department

Expenditures exceeded appropriations in the Instruction - Other major category of the General Purpose School Fund by \$640,662. This overexpenditure is a violation of state law. This overexpenditure was funded from available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements.

Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Blount County had the following investments carried at fair value or cost. Separate disclosures concerning pooled investments cannot be made for Blount County and the discretely presented Blount County School Department since both pool their deposits and investments through the county trustee.

POOLED INVESTMENTS

Investment	Maturities	Fair Value Or Cost
State Treasurer's Investment Pool	Daily	<u>\$ 136,656</u>
Total		<u><u>\$ 136,656</u></u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Blount County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Blount County has no investment policy that would further limit its investment choices. As of June 30, 2005, Blount County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Receivable

The General Debt Service Fund had an intergovernmental long-term note receivable totaling \$1,255,000 at June 30, 2005. This note receivable resulted from the use of idle General Debt Service Funds loaned to the discretely presented Blount County School Department in the form of a capital outlay note. The amount of the note not expected to be received within one year is \$840,000.

C. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 5,842,424	\$ 115,000	\$ (3,512)	\$ 5,953,912
Construction in Progress	36,639	95,550	(36,639)	95,550
Total Capital Assets Not Depreciated	\$ 5,879,063	\$ 210,550	\$ (40,151)	\$ 6,049,462
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,063,054	\$ 36,639	\$ 0	\$ 44,099,693
Roads, Streets, and Bridges	97,049,087	7,746,519	0	104,795,606
Other Capital Assets	10,168,439	651,639	(351,121)	10,468,957
Total Capital Assets Depreciated	\$ 151,280,580	\$ 8,434,797	\$ (351,121)	\$ 159,364,256
Less Accumulated Depreciation For:				
*Buildings and Improvements	\$ 8,174,582	\$ 875,149	\$ 0	\$ 9,049,731
Roads, Streets, and Bridges	31,947,006	3,495,619	0	35,442,625
Other Capital Assets	6,564,774	817,634	(311,295)	7,071,113
Total Accumulated Depreciation	\$ 46,686,362	\$ 5,188,402	\$ (311,295)	\$ 51,563,469
Total Capital Assets Depreciated, Net	\$ 104,594,218	\$ 3,246,395	\$ (39,826)	\$ 107,800,787
Governmental Activities Capital Assets, Net	\$ 110,473,281	\$ 3,456,945	\$ (79,977)	\$ 113,850,249

*The beginning balance in accumulated depreciation for Buildings and Improvements has been decreased by \$6,487,915 due to corrections made by Blount County.

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

Governmental Activities:

General Government	\$ 165,238
Finance	74,187
Administration of Justice	250,767
Public Safety	759,458
Public Health and Welfare	19,362
Social, Cultural, and Recreational	270,464
Other Operations	22,068
Highways	<u>3,670,196</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 5,231,740</u></u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 7,335,371	\$ 0	\$ (2,120)	\$ 7,333,251
Construction in Progress	9,632,807	3,978,445	(4,063,213)	<u>9,548,039</u>
 Total Capital Assets Not Depreciated	 \$ 16,968,178	 \$ 3,978,445	 \$ (4,065,333)	 <u>\$ 16,881,290</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 92,703,155	\$ 4,063,213	\$ 0	\$ 96,766,368
Other Capital Assets	3,265,094	325,723	(184,117)	<u>3,406,700</u>
 Total Capital Assets Depreciated	 \$ 95,968,249	 \$ 4,388,936	 \$ (184,117)	 <u>\$ 100,173,068</u>

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 26,150,085	\$ 1,774,067	\$ 0	\$ 27,924,152
Other Capital Assets	2,341,663	377,520	(170,117)	2,549,066
Total Accumulated Depreciation	<u>\$ 28,491,748</u>	<u>\$ 2,151,587</u>	<u>\$ (170,117)</u>	<u>\$ 30,473,218</u>
Total Capital Assets Depreciated, Net	<u>\$ 67,476,501</u>	<u>\$ 2,237,349</u>	<u>\$ (14,000)</u>	<u>\$ 69,699,850</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,444,679</u>	<u>\$ 6,215,794</u>	<u>\$ (4,079,333)</u>	<u>\$ 86,581,140</u>

Depreciation expense totaling \$2,167,707 was charged by the discretely presented Blount County School Department.

D. Construction Commitments

At June 30, 2005, the county had various uncompleted construction projects of approximately \$3,301,793 in the Other Capital Projects Fund. Funding has been provided through authorized loan agreements, discussed in Note IV.G., which the county draws as the projects progress.

Blount County has entered into operating agreements with the Public Building Authority of Blount County (PBA) whereby the PBA has contracted with construction managers for these projects and oversees the construction on behalf of the county and Board of Education.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Primary Government:

Receivable Fund	Payable Fund	Amount
General	General Debt Service	\$ 38,841
"	Nonmajor governmental	40,069
Highway/Public Works	General	263
"	General Debt Service	1,758
"	Other Capital Projects	112
"	Internal Service	3,999
Nonmajor governmental	General Debt Service	5,485
"	Internal Service	44
Internal Service	General	375,552
"	Highway/Public Works	40,762
"	General Debt Service	17,865
"	Other Capital Projects	5,813
"	Nonmajor governmental	<u>15,554</u>
Total		<u><u>\$ 546,117</u></u>

Discretely Presented Blount County School Department:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	General Purpose School	<u>\$ 33,979</u>
Total		<u><u>\$ 33,979</u></u>

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

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
General Debt Service	School Department	\$ 540,717
Internal Service	School Department	1,518,469
Component Unit:	Primary Government:	
School Department	General Debt Service	75,153
School Department	Internal Service	<u>3,832</u>
Total		<u><u>\$ 2,138,171</u></u>

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government:

Transfer Out	Transfers In General Fund
Internal Service Funds	\$ 242,884
Total	\$ 242,884

Transfer Out	Transfers In	
	Other Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 36,639	\$ 831,065
Total Transfers	\$ 36,639	\$ 831,065

Transfer Out	Transfers In Internal Service Funds
General Fund	\$ 256,529
Highway/Public Works Fund	40,762
Other Capital Projects Fund	1,087
Nonmajor governmental funds	14,674
Total	\$ 313,052

Discretely Presented Blount County School Department:

<u>Transfer Out</u>	<u>Transfer In</u>	
	<u>General Purpose School</u>	<u>Nonmajor Governmental</u>
General Purpose School	\$ 0	\$ 39,939
Nonmajor governmental	34,762	0
Total	\$ 34,762	\$ 39,939

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

F. Payables

Most payables are disaggregated on the face of the financial statements. The balance in the account Other Current Liabilities (\$1,666,774) on the Statement of Net Assets consists of internal service fund liabilities for self-insured claims (\$1,651,738) and law enforcement seizures pending disposition in nonmajor governmental funds (\$15,036). The amounts reflected as retainage payable in the General Fund are held by the county trustee as Equity in Pooled Cash and Investments.

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans payable are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 15 years for bonds, 12 years for notes, and up to 29 years for the other loans payable. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds-			
Refunding	2 to 5%	\$ 27,325,000	\$ 27,285,000
Capital Outlay Notes	4.2 to 6	2,500,000	1,225,000
Other Loans - Variable Rate	Variable	42,200,000	30,191,094
Other Loans - Fixed Rate	4 to 4.8	37,000,000	4,905,000
Other Loans - Synthetic			
Fixed Rate by Swap	Variable	79,000,000	79,000,000
Loan Agreement - State School Bond Authority	0	817,498	615,783

The capital outlay notes above include \$1,225,000, which the county issued for industrial purposes. The Cities of Maryville and Alcoa have entered into an agreement with the county whereby each city will contribute 30 percent of the costs to retire those notes.

On November 24, 2004, Blount County entered into an interest-free loan agreement with the Tennessee State School Bond Authority. Under this agreement, the authority issued its interest-free, qualified zone academy bonds and loaned proceeds of \$817,498 to Blount County. As of June 30, 2005, Blount County had borrowed \$615,783 under the agreement. The authority will credit interest earnings on the undrawn amount against Blount County's required repayment schedule; however, as of the date of this report the amount of interest earnings through June 30, 2005, was not available. Therefore, the county reflects a liability of \$615,783 for the outstanding loan agreement as of June 30, 2005.

Blount County has entered into various loan agreements with Public Building Authorities (PBAs) to finance various capital projects for the county and the discretely presented Blount County School Department. Under the

loan agreements, the PBAs issued their revenue bonds and made the proceeds available for loan to Blount County. The following table summarizes loan agreements outstanding at June 30, 2005:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rates as of 6-30-05	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Jail Project (Series B-2)	\$5,000,000	\$ 570,417	Variable	2.56%	.52%
Jail Project (Series II B)	10,000,000	8,105,000	Variable	2.56	.5
Various Purpose (Series IV-C-1)	39,000,000	39,000,000	Synthetic Fixed by Swap	4.22	.43
<u>Blount County Public</u>					
<u>Building Authority</u>					
School and Library School, Jail and Courthouse	10,000,000	810,000	Fixed	4 to 4.55	N/A
Various Purpose Library	20,000,000	2,805,000	Fixed	4 to 4.55	N/A
Various Purpose (Series A-1-A)	7,000,000	1,290,000	Fixed	4.15 to 4.8	N/A
Various Purpose (Series A-5-A)	4,100,000	3,300,000	Variable	2.29	.37
Various Purpose (Series B-1-C)	20,000,000	20,000,000	Synthetic Fixed by Swap	4.26	.42
Various Purpose (Series B-4-A)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.85	.49
Various Purpose (Series D-1-B)	9,100,000	8,075,000	Variable	2.3	.46
Various Purpose (Series D-1-B)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.267	.51
Various Purpose (Series D-1-B)	14,000,000	<u>10,140,677</u>	* Variable	2.31	.51
		<u>\$114,096,094</u>			

*\$3,859,323 remains available for future draws under this loan agreement at June 30, 2005.

In addition to the debt issued during the year, the county also authorized issuance of an additional \$11,650,000 in loan agreements that have not been issued as of the date of this report. Of this amount, \$10,000,000 is authorized for various capital purposes of the primary government and the School Department. The remaining \$1,650,000 has been authorized to fund various capital expenses, including reimbursement for capital items already expensed.

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table. Estimated annual requirements for the loans payable are also reflected in the table. Amounts reflected for loans payable are based on the outstanding principal totaling \$114,711,877.

Estimated interest payments, and estimated other fees are included for the loan agreements. The Series B-2, Series II-B, and three PBA of Blount County loan agreements carry variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2005.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 115,000	\$ 1,135,019	\$ 220,000	\$ 54,129
2007	200,000	1,027,875	235,000	44,559
2008	630,000	1,022,625	770,000	69,925
2009	1,675,000	1,006,450	0	0
2010	2,085,000	956,200	0	0
2011-2015	11,540,000	3,704,327	0	0
2016-2020	11,040,000	1,171,312	0	0
Total	<u>\$ 27,285,000</u>	<u>\$ 10,023,808</u>	<u>\$ 1,225,000</u>	<u>\$ 168,613</u>

Year Ending June 30	Loans Payable		
	Principal	Interest	Other Fees
2006	\$ 4,221,511	\$ 4,151,871	\$ 515,629
2007	3,526,094	4,016,082	496,736
2008	3,306,094	3,895,929	481,407
2009	2,416,094	3,787,561	467,339
2010	2,141,094	3,720,944	456,482

Year Ending June 30	Loans Payable		
	Principal	Interest	Other Fees
2011-2015	\$ 4,505,470	\$ 18,061,233	\$ 2,179,187
2016-2020	16,464,843	17,142,689	2,064,149
2021-2025	31,365,000	11,442,966	1,469,337
2026-2030	34,180,677	7,367,895	879,000
2031	12,585,000	536,121	52,857
Total	\$ 114,711,877	\$ 74,123,291	\$ 9,062,123

There is \$5,682,938 available in the General Debt Service Fund to service long-term debt. General bonded debt per capital amounted to \$258, based on the 2000 federal census. Total debt per capita, including bonds, notes and other loans payable, amounted to \$1,353, based on the 2000 federal census.

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series A-1-A.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$20 million Series A-1-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.31 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$20 million, and the associated variable-rate bond has a \$20 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-1-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2031. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.31%
Variable payment to counterparty	70% of LIBOR	<u>-2.31%</u>
Net interest rate swap payments		2.00%
Variable-rate bond coupon payments		<u>2.26%</u>
Synthetic interest rate on bonds		<u><u>4.26%</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$3,477,370. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.31 percent and the synthetic rates of 4.26 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.31 percent.

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

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

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2006	\$ 0	\$ 452,000	\$ 400,000	\$	852,000
2007	0	452,000	400,000		852,000
2008	0	452,000	400,000		852,000
2009	0	452,000	400,000		852,000
2010	0	452,000	400,000		852,000
2011-2015	0	2,260,000	2,000,000		4,260,000
2016-2020	0	2,260,000	2,000,000		4,260,000
2021-2025	0	2,260,000	2,000,000		4,260,000
2026-2030	7,415,000	2,260,000	2,000,000		11,675,000
2031	12,585,000	284,421	251,700		13,121,121
Total	\$ 20,000,000	\$ 11,584,421	\$ 10,251,700	\$	41,836,121

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series A-5-A.

Objective of the interest rate swap. In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series A-5-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 70 percent of the one-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-5-A

Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2030. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.90%
Variable payment to counterparty	70% of LIBOR	<u>-2.31%</u>
Net interest rate swap payments		1.59%
Variable-rate bond coupon payments		<u>2.26%</u>
Synthetic interest rate on bonds		<u><u>3.85%</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$1,105,996. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 3.9 percent and the synthetic rates of 3.85 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent where as 70 percent of LIBOR was 2.31 percent.

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

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

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2006	\$ 0	\$ 226,000	\$ 159,000	\$	385,000
2007	0	226,000	159,000		385,000
2008	0	226,000	159,000		385,000
2009	0	226,000	159,000		385,000
2010	0	226,000	159,000		385,000
2011-2015	0	1,130,000	795,000		1,925,000
2016-2020	0	1,130,000	795,000		1,925,000
2021-2025	0	1,130,000	795,000		1,925,000
2026-2030	6,430,000	984,682	692,763		8,107,445
Total	\$ 6,430,000	\$ 5,504,682	\$ 3,872,763	\$	15,807,445

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series B-4-A.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series B-4-A variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.264 percent and receives a variable payment computed as 59 percent of the one-month London Interbank Offered Rate (LIBOR) plus 35 basis points

(.35%). The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series B-4-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2028. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.264%
Variable payment to counterparty	See % noted	<u>-2.297%</u>
Net interest rate swap payments	above	0.967%
Variable-rate bond coupon payments		<u>2.300%</u>
Synthetic interest rate on bonds		<u><u>3.267%</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$1,105,996. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 3.264 percent and the synthetic rates of 3.267 percent as of June 30, 2005. Also, as of June 30, 2005, the variable rate coupon payment was 2.26 percent where as the variable rate to the counterparty was 2.297 percent.

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

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2006	\$ 0	\$ 230,000	\$ 96,700	\$	326,700
2007	0	230,000	96,700		326,700
2008	0	230,000	96,700		326,700
2009	0	230,000	96,700		326,700
2010	0	230,000	96,700		326,700
2011-2015	0	1,150,000	483,500		1,633,500
2016-2020	0	1,150,000	483,500		1,633,500
2021-2025	0	1,150,000	483,500		1,633,500
2026-2028	10,000,000	655,500	275,595		10,931,095
Total	\$ 10,000,000	\$ 5,255,500	\$ 2,209,595	\$	17,465,095

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-C-1.

Objective of the interest rate swap. In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$39 million Series IV-C-1 variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$39 million, and the associated variable-rate bond has a \$39 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-C-1 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2023. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment to counterparty	70% of LIBOR	<u>-2.31%</u>
Net interest rate swap payments		1.96%
Variable-rate bond coupon payments		<u>2.26%</u>
 Synthetic interest rate on bonds		 <u><u>4.22%</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$5,214,165. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid

to the counterparty of 4.27 percent and the synthetic rates of 4.22 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.31 percent.

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

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2006	\$ 0	\$ 881,400	\$ 764,400	\$	1,645,800
2007	0	881,400	764,400		1,645,800
2008	0	881,400	764,400		1,645,800
2009	0	881,400	764,400		1,645,800
2010	0	881,400	764,400		1,645,800
2011-2015	0	4,407,000	3,822,000		8,229,000
2016-2020	15,635,000	4,064,723	3,525,158		23,224,881
2021-2023	23,365,000	1,074,969	932,274		25,372,243
Total	\$ 39,000,000	\$ 13,953,692	\$ 12,101,432	\$	65,055,124

The county has also issued Hospital Revenue Bonds on behalf of Blount Memorial Hospital, Inc. Total Hospital Revenue Bonds outstanding at June 30, 2005, amounted to \$122,272,127. The county is not liable for these bonds in case of default by the hospital. These bonds are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2004	\$ 0	\$ 1,435,000
Additions	27,325,000	0
Deductions	(40,000)	(210,000)
Balance, June 30, 2005	<u>\$ 27,285,000</u>	<u>\$ 1,225,000</u>
Balance Due Within One Year	<u>\$ 115,000</u>	<u>\$ 220,000</u>
	<u>Other</u>	<u>Accrued</u>
	<u>Loans</u>	<u>Leave</u>
	<u>Payable</u>	<u>Payable</u>
Balance, July 1, 2004	\$ 131,538,817	\$ 559,447
Additions	12,343,060	835,318
Deductions	(3,190,000)	(823,658)
Refunded	(25,980,000)	0
Balance, June 30, 2005	<u>\$ 114,711,877</u>	<u>\$ 571,107</u>
Balance Due Within One Year	<u>\$ 4,221,511</u>	<u>\$ 256,998</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 143,792,984
Less: Balance Due Within One Year	(4,813,509)
Less: Deferred Amount on Refunding	<u>(1,505,191)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 137,474,284</u>

Compensated absences are liquidated from the individual funds from which the related salaries and wages are paid.

Advance Refunding

During the year ended June 30, 2005, Blount County issued \$27,325,000 of general obligation refunding bonds to advance refund a portion of the 1997 PBA Loan Agreement (\$6,860,000); the 1998 PBA Loan Agreement (\$14,495,000); and the 1999 PBA Loan Agreement (\$4,625,000). The proceeds were used to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments until the 1997 PBA Loan Agreement is called on March 1, 2007, the 1998 PBA Loan Agreement is called on April 1, 2009, and the 1999 PBA

Loan Agreement is called on April 1, 2008. As a result, the refunded debt is considered defeased, and the liability is no longer considered to be part of the county's long-term debt. The reacquisition price exceeded the net carrying amount of the old debt by \$1,547,795. This amount is netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issue. As a result of the advance refunding total debt service payments over the next 15 years will be reduced by \$1,133,626, and an economic gain of \$874,331 was obtained.

Blount County School Department

Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of six years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Capital Outlay Notes	4%	\$2,500,000	\$ 1,255,000

These capital outlay notes will be retired from the General Purpose School Fund of the discretely presented Blount County School Department.

The annual requirements to amortize all notes outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2006	\$ 415,000	\$ 50,200
2007	420,000	33,600
2008	420,000	16,800
Total	\$ 1,255,000	\$ 100,600

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Blount County School Department for the year ended June 30, 2005, was as follows:

	Notes	Accrued Leave
	_____	_____
Balance, July 1, 2004	\$ 1,670,000	\$ 58,274
Deductions	(415,000)	(11,649)
	_____	_____
Balance, June 30, 2005	<u>\$ 1,255,000</u>	<u>\$ 46,625</u>
Balance Due Within One Year	<u>\$ 415,000</u>	<u>\$ 9,612</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 1,301,625
Less: Balance Due Within One Year	<u>(424,612)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 877,013</u>

Compensated absences are liquidated from the individual funds from which the related salaries and wages are paid.

H. Short-term Debt

During the year, Blount County issued a revenue anticipation note of \$500,000 to provide temporary operating funds for the Highway/Public Works Fund. This note was necessary because funds were not available to meet obligations coming due before tax and other revenues were collected. Short-term debt activity for the year ended June 30, 2005, was as follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
	_____	_____	_____	_____
Revenue Anticipation Notes	\$ 0	\$ 500,000	\$ 500,000	\$ 0

I. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal is to be expended to benefit the Blount County Children's Home. During the year ended June 30, 2005, interest earned and expended totaled \$11,661.

J. Prior-year Restatements

The government-wide Statement of Activities (Exhibit B) reflects the following restatements of beginning net assets:

Primary Government

Beginning net assets have been increased by \$6,487,915 due to capital asset corrections made by Blount County.

V. OTHER INFORMATION

A. Risk Management

Blount County has chosen to establish four self-insurance funds for risks associated with the general liability, property, casualty, employees' health and dental plans, and risks associated with workers' compensation claims. The self-insurance funds are accounted for as internal service funds where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$250,000 for each occurrence for general liability, property, and casualty coverage. The county retains the risk of loss to a limit of \$150,000 for each employee in any plan year for health coverage. The county also retains the risk of loss to a limit of \$350,000 for each employee and approximately \$1,000,000 for all claims in any plan year for workers' compensation coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All full-time employees of the primary government and the discretely presented Blount County School Department are eligible to participate in the health and dental programs. A premium charge for the general liability, property and casualty, health, dental, and workers' compensation programs is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophe losses. That reserve was \$337,625 for general liability, property, and casualty coverage; \$9,801 for dental coverage; and \$1,834,912 for workers' compensation coverage at June 30, 2005, and has been designated by management for future catastrophe losses. Liabilities of these funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to

compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

General Liability, Property, and Casualty

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$ 381,891	\$ (180,680)	\$ 506,538	\$ (574,342)	\$ 133,407
2004-2005	133,407	0	264,080	(149,102)	248,385

Health

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$ 1,826,910	\$ 0	\$ 10,042,558	\$ (11,269,590)	\$ 599,878
2004-2005	599,878	0	11,634,299	(11,347,922)	886,255

Dental

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$ 38,565	\$ 0	\$ 609,463	\$ (627,163)	\$ 20,865
2004-2005	20,865	0	692,615	(657,045)	56,435

Workers' Compensation

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$ 968,434	\$ (113,690)	0	\$ (384,805)	\$ 469,939
2004-2005	469,939	0	388,926	(398,202)	\$ 460,663

B. Accounting Change

During the year, Blount County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Event

On January 20, 2005, the Blount County Commission adopted the County Financial Management System of 1981 to go into effect July 1, 2005. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director. Mr. David R. Bennett, became Director of Finance effective July 1, 2005.

D. Contingent Liabilities

A case filed August 4, 2005, in the U.S. District Court in Knoxville seeking compensatory damages of \$1,000,000 and punitive damages of \$10,000,000. This case is being defended under the county's Self-Insured Liability Trust Fund. The trust fund's maximum monetary exposure in this case is \$250,000.

There are several other pending lawsuits in which the county is involved. Management has provided for potential claims and judgments in the financial statements of the self-insurance funds in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance funds other than the above case would not materially affect the financial statements of the county.

E. Joint Ventures

The Fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifth Judicial District, Blount County, and various cities within Blount County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of

participating law enforcement agencies within each judicial district. Complete financial statements for the DTF can be obtained from its administrative office at 942 East Lamar Alexander Parkway, Maryville, Tennessee 37804.

The Blount County Solid Waste Authority is a joint venture that is operated by Blount County, the City of Alcoa, and the City of Maryville. The authority comprises 11 members, three of whom are appointed by the Blount County Commission. The cities appoint two members each, and the remaining members are selected from the citizens at large and from private industry. Blount County has control over budgeting and financing the joint venture only to the extent of representation by the three appointed authority members. Blount County, along with the City of Alcoa and the City of Maryville, has entered into two contracts in lieu of performance bond with the Tennessee Department of Environment and Conservation to ensure the proper operation and closure/postclosure care of the Blount County Landfill, which is operated by the Blount County Solid Waste Authority. The total of these contracts in lieu of performance bond is \$8,168,615, of which Blount County has guaranteed 40 percent and the two cities the remaining 60 percent, equally. Complete financial statements for the Blount County Solid Waste Authority may be obtained from the City of Alcoa.

The Blount County Cable Television Authority is a joint venture between Blount County, the City of Maryville, and the City of Alcoa, which regulates the operation of cable television service in Blount County. The authority comprises nine members, three of whom are appointed by the Blount County Commission. The remaining six members are appointed by the cities. Blount County has control over budgeting and financing the joint venture only to the extent of representation by the three board members appointed. The authority funds its budget through the collection of cable television franchise fees from companies under its jurisdiction. After payment of the authority's expenses, the residual of those collections is remitted to the county and the two cities based on point of collection. Complete financial statements for the Blount County Cable Television authority can be obtained from its administrative office at P. O. Box 4338, Maryville, Tennessee 37802, or from the County Clerk's Office at the courthouse.

The Recreation and Parks Commission is a joint venture between Blount County, the City of Maryville, and the City of Alcoa, which operates a recreation and parks system in Blount County. The commission includes seven members, two of whom are appointed by the Blount County Commission. Four members are appointed by the cities, and one member is appointed by the joint commission. Blount County has control over budget and financing of the commission only to the extent of representation by the two board members appointed. Contributions toward operations are provided annually by the county and the cities based on a per capita cost-sharing formula. Blount County contributed \$559,502 to the operations of the commission during the year ended June 30, 2005. Complete financial

statements for the Recreation and Parks Commission of Blount County, Maryville, and Alcoa can be obtained from its administrative office at 316 South Everett High Road, Maryville, Tennessee, 37804 or from the County Clerk's Office at the courthouse. The county does not retain an equity interest in any of the noted joint ventures.

F. Retirement Commitments

Plan Description

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

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

Funding Policy

Blount County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 8.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Blount County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Blount County's annual pension cost of \$2,122,184 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Blount County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$2,122,184	100%	\$0
6-30-05	1,667,095	100	0
6-30-05	1,567,403	100	0

Required Supplementary Information Schedule of Funding Progress for Blount County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$36,111	\$42,992	\$6,881	83.99%	\$22,017	31.25%
6-30-01	30,451	38,087	7,636	79.95	18,416	41.46
6-30-99	25,160	30,722	5,562	81.90	14,822	37.53

SCHOOL TEACHERS

Plan Description

The Blount County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the Blount County School department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Blount County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were, \$1,845,628, \$1,110,858, and \$1,080,819, respectively, equal to the required contributions for each year.

G. Other Post-employment Benefits

In addition to the retirement commitments described in Note V.F., Blount County and the discretely presented Blount County School Department provide post-retirement health, life, and dental insurance benefits in accordance with a resolution of the County Commission to employees who retire after attaining age 60 and/or with at least 30 years of service. As of June 30, 2005, 12 retirees of the primary government and 133 retirees from the discretely presented Blount County School Department were participating in the program. Blount County and the discretely presented Blount County School Department pay health, life, and dental insurance premiums for the retirees until age 65 with the option to continue dependent coverage at the retiree's expense. Expenditures for post-retirement health care benefits are recognized as premiums and are paid from the various funds to the county's self-insurance funds. During the year, expenditures were recognized for post-employment health and life insurance premiums for Blount County (\$46,165) and the discretely presented Blount County School Department (\$633,436). Also during the year, expenditures were recognized for post-employment dental insurance premiums for Blount County (\$1,644) and the discretely presented Blount County School Department (\$25,126).

H. Office of Central Accounting

During the year, Blount County operated under the Local Option Budgeting Law of 1993, the County Budgeting Law of 1957, the County Fiscal Procedures Law of 1957, and Chapter 229, Private Acts of 1972. These acts provide for a central system of accounting and budgeting covering all funds of the county. Funds were maintained in the Office of Central Accounting under the supervision of the director of accounts and budgets.

I. Purchasing Laws

Purchasing procedures for the Offices of County Mayor and Highway Superintendent are governed by the County Purchasing Law of 1957, Section 5-14-101, et seq., Tennessee Code Annotated (TCA). Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, TCA. These acts provide for a purchasing agent and require competitive bids on all purchases exceeding \$5,000 for the Office of County Mayor and \$10,000 for the Highway Superintendent's Office.

Purchasing procedures for the discretely presented Blount County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$5,000.

VI. **OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Assets, Liabilities, and Equity**

Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand, savings accounts, and certificates of deposits of the Industrial Development Board.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include amounts due from the State of Tennessee.

In the financial statements, material receivables in governmental funds include intergovernmental revenues with a corresponding amount recorded as deferred revenue since they are measurable but not available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual but not deferred in the government-wide financial statements in accordance with the accrual basis. There were no nonexchange transactions as of June 30, 2005. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital Assets

In the government-wide financial statements, long-term assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. This range of estimated useful lives by type of assets is as follows:

Buildings	40 years
Improvements	15 years
Furniture, fixtures, equipment and signs	5-15 years

B. Budgetary Accounting

The Industrial Development Board's Board of Directors adopts an operating fund annual budget, which provides the basis for control of financial operations during the fiscal year. The same basis of accounting is used to reflect actual revenues and expenditures. All unencumbered budget appropriations lapse at the end of the fiscal year. The budgetary level of control is each major fund. Management can make budget revisions within each major fund, but only the Board of Directors may transfer appropriations between major funds.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local governmental component unit, the Industrial Development Board is subject to various federal, state, and local laws and contractual regulations. An analysis of the board's compliance with significant laws and regulations and demonstration of its stewardship over the Industrial Development Board's resources follows:

A. Fund Accounting Requirements

The Industrial Development Board complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds used by the Industrial Development Board.

B. Deposit And Investments Laws And Regulations

In accordance with state law, all deposits of governmental monies in financial institutions must be federally insured or secured with acceptable collateral.

C. Fund Equity Restrictions – Deficit Prohibition

State of Tennessee statutes prohibits a deficit fund balance in any individual fund. The Industrial Development Board complied with this statute in all material respects for the year ended June 30, 2005.

3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

A. Cash And Investments

Deposits

In accordance with the Board of Directors' approval, the Industrial Development Board maintains a checking account to handle the day-to-day operations. Savings accounts, certificates of deposit, and investments are authorized by the Board of Directors for restricted funds, and excess funds of the Industrial Development Board are placed in insured accounts.

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

B. Accounts Receivable

Due from Other Governments

The Industrial Development Board was the administrator of TIIP Grant #Z-00-97790-00. This grant is used for construction being performed for the AirCel Corporation. The Industrial Development Board is reimbursed for expenses related to this project. At June 30, 2005, the amount of reimbursement due from the State of Tennessee for this project was \$11,308.

C. Capital Assets

Capital asset activities for the year ended June 30, 2005, was as follows:

	Balance at 7-1-04 (Restated)	Additions	Retirements	Balance at 6-30-05
Governmental activities:				
Land	\$ 8,790,782	\$ 0	\$ 337,360	\$ 8,453,422
Building and improvements	2,505,436	70,310	0	2,575,746
Furniture, fixtures, and equipment	169,178	54,493	28,332	195,339
Signs	17,112	0	0	17,112
Construction in progress	0	492,905	0	492,905
Totals at historical cost	<u>\$ 11,482,508</u>	<u>\$ 617,708</u>	<u>\$ 365,692</u>	<u>\$ 11,734,524</u>
Less: accumulated depreciation				
Buildings and improvements	\$ (355,994)	\$ (69,617)	\$ 0	\$ (425,611)
Furniture, fixtures, and equipment	(142,673)	(10,639)	(11,805)	(141,507)
Signs	(4,255)	(1,141)	0	(5,396)
Total accumulated depreciation	<u>\$ (502,922)</u>	<u>\$ (81,397)</u>	<u>\$ (11,805)</u>	<u>\$ (572,514)</u>
Governmental activities Capital assets, net	<u>\$ 10,979,586</u>	<u>\$ 536,311</u>	<u>\$ 353,887</u>	<u>\$ 11,162,010</u>

D. Long-term Debt

Long-term debt consists of the following notes:

Note payable to First Tennessee Bank with interest at 4.8%, due \$4,200 monthly, including interest, until October 2009, collateralized by property	\$ 578,109
Note payable to SunTrust Bank with interest at 4.25%, due \$8,204 monthly, including interest, until November 2008, collateralized by property	557,962

Note payable to SunTrust Bank with interest at 5.25%, due \$8,405 monthly, including interest, until November 2007 collateralized by property	\$ 934,624
Two notes payable to individuals with interest at 6%, due annually in installments of \$371,484, until January 2008, secured by deed of trust	992,981
Five notes payable to individuals with interest at 6%, due annually in installments of \$444,323 installments due August 2008, secured by deed of trust	1,539,626
Note payable to SunTrust Bank with interest at 3.50%, due \$2,155 monthly, including interest, until March 2009, secured by receivables	30,307
Construction loan to SunTrust Bank, in the amount of \$1,700,000, with interest at 4.75%, interest only until October 2005, then \$9,800 monthly, including interest, until October 2014, collateralized by property. Amount drawn at June 30, 2005	112,148
Note payable to GMAC with interest at 8.75%, due \$1,109 monthly, including interest, until June 2008, collateralized by vehicle	34,869
	<u>\$ 4,780,626</u>
Less: Current portion	<u>(927,961)</u>
Total	<u><u>\$ 3,852,665</u></u>

The debt to local banking institutions is collateralized by various properties under direct financing leases and land owned by the board in the Stock Creek Development Center and the Blount County and Big Springs Industrial Parks.

A summary of changes in long-term debt are as follows:

Debt payable, July 1, 2004	\$5,200,808
Issued during the period	747,017
Debt retired	<u>(1,167,199)</u>
Debt payable, June 30, 2005	<u><u>\$4,780,626</u></u>

Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 927,961	\$ 255,117	\$ 1,183,078
2007	916,343	204,175	1,120,518
2008	1,692,677	128,788	1,821,465
2009	532,457	60,712	593,169
2010	568,741	15,748	584,489
2011-12	142,447	4,829	147,276
Total	<u>\$ 4,780,626</u>	<u>\$ 669,369</u>	<u>\$ 5,449,995</u>

E. Net Assets

Restricted Net Assets	
Restricted for development and maintenance	\$ 1,203,632
Restricted for training	<u>133,489</u>
Total Reserved	<u><u>\$ 1,337,121</u></u>

4. RISK FINANCING ACTIVITIES

It is the policy of the Industrial Development Board to purchase commercial insurance for the risks of losses to which it is exposed. These risks include property and casualty. Settled claims, if any, have not exceeded this commercial coverage in any of the past three fiscal years.

5. FUND BALANCE – RESTATED

Certain amounts representing a property in the amount of \$527,536 that was repossessed in the prior year for failure to meet capital lease obligations was not recorded. The basis of the property was recorded at the board's basis in the unpaid principal of the capital lease obligation.

In addition, certain prior year intergovernmental receivables were removed. Blount County and the Cities of Alcoa and Maryville do not fund all debt obligations. Thus, \$4,616,389 in receivables were removed from the financial statements. The remaining receivables, while measurable, are not currently available. Thus, a deferred intergovernmental receivable revenue was recorded.

6. COMMITMENTS

The board entered into an agreement to purchase 46.44 acres for an amount of \$534,060. The purchase is contingent upon the property being rezoned for commercial use.

The board entered into an agreement to construct a speculative commercial building. The total contract amount is \$1,445,874 of which \$466,377 has been incurred. The balance of the commitment is \$979,497.

7. CAPITAL LEASES

To induce certain businesses to locate to Blount County, the board enters into lease/financing arrangements. The board finances construction of facilities to the specification of the tenant and then enters into a capital lease arrangement. At the conclusion of the lease, the real property is transferred to the tenant.

The board has entered into the following leases:

Lease with DCI Electronics, Inc. beginning
May 1, 2002, calling for a lease payment
sufficient for the Board to recover its cost
plus interest at 1% over the Board's
financing rate. The lease calls for monthly
payments of \$6,100 over a twenty year period.
Balance remaining on lease \$ 1,238,300

Lease with Aircell Corporation beginning June 1, 2003, calling for a lease payment sufficient for the Board to recover its cost plus interest at 1% above its financing rate. The lease calls for monthly payments of \$9152 over a five year period with the remaining unpaid balance due May 1, 2008	<u>\$ 1,137,415</u>
Total aggregate minimum future lease payments	\$ 2,375,715
Current portion	<u>183,024</u>
Amount receivable after one year	<u><u>\$ 2,192,691</u></u>

Future minimum lease payments for the five succeeding fiscal years are as follows:

Fiscal Year Ending June 30	
2006	\$ 183,024
2007	183,024
2008	990,967
2009	73,200
2010	73,200

VII. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY CHILDREN’S HOME

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Assets, Liabilities, And Equity

Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand, savings accounts, and certificates of deposits of the home. Investments are carried at fair value. Fair value is based on quoted market price.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for

the governmental activities include amounts due from the State of Tennessee and Blount County, Tennessee.

Capital Assets

Government-wide Statements

In the government-wide financial statements, long-term assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. This range of estimated useful lives by type of assets is as follows:

Buildings	25 – 50 years
Improvements	10 – 50 years
Machinery and Equipment	03 – 20 years

Compensated Absences

Annual Leave

Full-time employees receive annual leave from the first month of employment at 5/6 day per month. Accrued time is lost if the employee resigns or is terminated before the first six -month period of employment is completed. The 5/6 day per month accrual is effective through year five of employment. In years six through 15, annual leave accrues at a rate of 1 -1/4 days per month. In years 16 and beyond, the employee earns 1 -2/3 days per month. All annual leave must be used within six months after the end of the calendar year in which it is earned. The liability for accrued compensated absences as of June 30, 2005 is \$8,434.

Sick Leave

All full-time employees will be allowed six days per year with full pay. Sick leave can be cumulative up to 18 days, with no reimbursement for unused accumulated sick leave upon resignation or termination of an employee.

B. Budgetary Accounting

The Blount County Children’s Home Board of Directors adopts an operating fund annual budget, which provides the basis for control of financial operations during the fiscal year. The same basis of accounting is used to reflect actual revenues and expenditures. All unencumbered budget appropriations lapse at the end of the fiscal year. The budgetary level of control is each major fund. Management can make budget revisions within each major funds, but only the Board of Directors may transfer appropriations between major funds.

C. Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local governmental component unit, the home is subject to various federal, state, and local laws and contractual regulations. An analysis of the home’s compliance with significant laws and regulations and demonstration of its stewardship over the home resources follows:

A. Fund Accounting Requirements

The home complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds used by the home.

B. Deposits and Investments Laws and Regulations

In accordance with state law, all deposits of municipal funds in financial institutions must be federally insured or secured with acceptable collateral.

3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

A. Cash and Investments

Deposits

In accordance with the Board of Directors' approval, the Blount County Children's Home maintains a checking account to handle the day-to-day operations. Savings accounts, certificates of deposit, and investments are board-authorized for restricted funds, and excess funds of the home are placed in insured accounts.

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

B. Accounts Receivable

State of Tennessee

The Blount County Children's Home contracts with the State of Tennessee to provide residential care/treatment of children based on a per-day reimbursement rate per child per days domiciled in the home. The amount due from the state at June 30, 2005, amounts to \$28,688.

C. Capital Assets

Capital asset activities for the year ended June 30, 2005, was as follows:

	Balance at			Balance at
	7-1-04	Additions	Disposals	6-30-05
Governmental activities:				
Building and				
improvements	\$ 632,526	\$ 0	\$ 0	\$ 632,526
Equipment	206,906	0	(40,835)	166,071
Furniture and fixtures	41,085	0	(3,703)	37,382
Totals at historical cost	<u>\$ 880,517</u>	<u>\$ 0</u>	<u>\$ (44,538)</u>	<u>\$ 835,979</u>
Less: accumulated depreciation				
Buildings and				
improvements	\$ (510,214)	\$ (9,965)	\$ 0	\$ (520,179)
Equipment	(135,092)	(19,746)	40,835	(114,003)
Furniture and fixtures	(40,199)	(252)	3,703	(36,748)
Total accumulated depreciation	<u>\$ (685,505)</u>	<u>\$ (29,963)</u>	<u>\$ 44,538</u>	<u>\$ (670,930)</u>
Governmental Activities				
Capital assets, net	<u>\$ 195,012</u>	<u>\$ (29,963)</u>	<u>\$ 0</u>	<u>\$ 165,049</u>

Depreciation expense was charged to governmental activities as follows:

Residential care of children \$ 29,963

D. Accrued Expenses

Payables in the governmental funds are composed of accrued compensated absences.

E. Notes Payable

Long-term debt consists of the following at June 30, 2005:

Note payable to bank in monthly installments including interest at 4.95%, due in April, 2008, secured by vehicles	\$ 28,772
Note payable to bank in monthly installments including interest at 4.4%, due in November, 2008, secured certificates of deposit	<u>24,720</u>
Total notes payable	<u>\$ 53,492</u>
Less: Current portion	<u>\$ 16,600</u>
Total long-term debt, less current portion	<u><u>\$ 36,892</u></u>
Future maturities of long-term debt are as follows as of June 30, 2005:	
2006	\$ 16,600
2007	17,395
2008	16,285
2009	<u>3,212</u>
	<u><u>\$ 53,492</u></u>

F. Net Assets

Activity	Restricted by	Amount
Home Improvements	Board	\$ -
Discretionary Reserve	Board	37,895
Memorial Scholarship	Contributors/Board	13,801
Building	Board	104,240
Webb	Board	<u>51,460</u>
Total Restricted Net Assets for Other Purposes		<u><u>\$ 207,396</u></u>

4. **OTHER NOTES**

A. **Retirement Benefits**

The home has established a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). Eligibility is limited to those employees with annual compensation exceeding \$5,000. The employee can elect to reduce their salary by a percentage and contribute that to the plan. Employee contributions cannot exceed \$6,000. For each calendar year the employer will contribute a matching contribution to each employee's account equal to the employee's salary reduction up to a limit of three percent of the employer's compensation.

B. **Risk Financing Activities**

It is the policy of the home to purchase commercial insurance for the risks of losses to which it is exposed. These risks include property and casualty, workmens' compensation, and director's liability. Settled claims, if any, have not exceeded this commercial coverage in any of the past three fiscal years.

C. **Commitments, Contingencies, and Concentrations – State of Tennessee Reimbursements**

In the normal course of operations, the home participates in state reimbursement programs from year to year. The programs are often subject to additional audits by agents of the contracting agency, the purpose of that is to ensure compliance with the specific conditions of the contract. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Also, the state may be reducing the number of children the home is allowed to care for. This would reduce the reimbursement revenues to the home. The loss of these revenues would significantly impact the home's operations.

VIII. **OTHER NOTES – DISCRETELY PRESENTED BLOUNT MEMORIAL HOSPITAL**

1. **DESCRIPTION OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

A. **Affiliate Entities**

The hospital has ownership interests in other entities which are involved in activities related to the hospital's mission of providing

health care services. The hospital has not included these entities or presented summarized disclosures in its financial statements due to the relative insignificance of the financial activities of these entities. Other assets at June 30, 2005, represents the hospital's \$2,040,000 investment in 2005 in a general partnership which operates a medical facility in Blount County.

B. Cash and Cash Equivalents

The hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

C. Investments

Investments are recorded at fair value based on quoted market prices. Interest and dividends on investments, as well as realized and unrealized gains and losses, are included in nonoperating income when earned.

The hospital groups investments into three separate classifications: short-term, intermediate, and equity. In order to reduce the concentration of credit risk, the hospital limits the maximum position for each type of investment at varying levels within these classifications and the total equity classification cannot exceed 15 percent of all investments. It is also the hospital's policy to limit investments in corporate bonds to minimum quality ratings of A (by both Standard & Poor's and Moody's Investors Service).

To limit its exposure to fair value losses arising from changing interest rates, the hospital's investment policy restricts the type and maturities of investments within the short-term and intermediate classifications. The weighted average maturity of the short-term portfolio is expected to range from .75 years to 1.25 years, with a restriction to two years or less for any type of maturity (certain security types are restricted to a shorter maturity). The weighted average maturity of the intermediate portfolio is expected to approximate 4.3 years, with a minimum maturity of two years and a maximum maturity of seven years.

D. Assets Limited as to Use by Board and Foundation

Certain investments have been designated by the Board of Directors for the replacement of property and equipment or for other purposes. The cash and investments held by the foundation are in trust accounts and classified as assets limited as to use.

E. Inventories

Inventories are stated at the lower of cost or market and are valued principally by methods which approximate the first-in, first-out method.

F. Property and Equipment

Land, buildings, and equipment are stated on the basis of cost or fair value at date of donation. Although title to certain land and buildings rests with the county, these assets have been recorded by the hospital as the county has authorized their use by the hospital. Repairs and maintenance costs are expensed as incurred while significant asset purchases and improvements are capitalized. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are based on guidelines established for the health care industry, which are summarized as follows:

Land improvements	8 to 25 years
Buildings, improvements, and capital equipment	10 to 30 years
Equipment	3 to 15 years

G. Deferred Debt Expense

Deferred debt expense represents costs related to issuance of bonds. These costs are being amortized by the straight-line method over the life of the related bond obligations.

H. Accrual for Compensated Absences

The hospital recognizes an expense and accrues a liability for compensated future employee absences in the period in which employees' rights to such compensated absences are earned.

I. Operating Revenues and Expenses

Revenue and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Nonoperating income consists primarily of earnings on investments (other than trustee held investments related to borrowed funds) and general contributions to the hospital.

J. Income Taxes

The hospital is classified as a governmental organization exempt from income tax. The Foundation is a not-for-profit organization defined by

Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

K. Charity Care

The hospital accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the hospital. Charges at established rates related to charity care are not included in net patient service revenue.

L. Patient Service Revenue

Patient service revenue is reported in the period in which services are provided, at rates which reflect the amount expected to be collected. Net patient service revenue includes amounts estimated by management to be reimbursable by various third party payors under provisions of reimbursement formulas in effect and is net of the provision for bad debts.

M. Risk Management

The hospital is self-insured for medical malpractice and employee (including dependent) group health expenses and claims. Commercial insurance is purchased for significant exposure to various other risks typical to the hospital's operating environment and industry such as loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. There were no significant losses in excess of insurance coverage during the last three years.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the statements of revenues, expenses and changes in net assets is as follows:

	<u>Year Ended</u> <u>June 30, 2005</u>
Gross patient service charges	\$ 364,788,305
Charity care charges foregone	(5,089,455)
Contractual adjustments and discounts	(222,476,180)
Provision for bad debts	<u>(5,017,629)</u>
Net patient service revenue	<u>\$ 132,205,041</u>

3. THIRD PARTY PAYOR AGREEMENTS

The hospital renders services to patients under contractual arrangements with the Medicare and TennCare programs. Laws, regulations, and contracts governing third party payor programs can be extremely complex and subject to interpretation. Amounts earned under these contractual arrangements are subject to regulatory review and final determination by the various program intermediaries and other appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made in the financial statements for any adjustments which may result from such reviews.

The Medicare program pays for inpatient services on a prospective basis primarily based upon diagnostic related group assignments as determined by the patient's clinical diagnosis and medical procedures utilized. The hospital receives additional payments from Medicare based on the provision of services to a disproportionate share of low income patients (as defined by the Medicare program). Medicare also pays for outpatient services on a prospective basis based upon ambulatory payment classifications and fee schedules. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts.

Contractual adjustments for Medicare, TennCare and other third party discount arrangements are recognized when the related revenues are reported in the financial statements. The percentage of gross patient charges from the Medicare and TennCare programs was approximately 45 percent for 2005.

The hospital has also entered into reimbursement agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates, per diems and discounts from established charges.

4. CASH EQUIVALENTS AND ASSETS LIMITED AS TO USE

The hospital's balances of cash (\$3,033,024 at June 30, 2005) are on hand with financial institutions participating in the Bank Collateral Pool, which is

administered by the Collateral Pool Board and monitored by the Treasury Department of the State of Tennessee.

Foundation assets limited as to use are comprised of the following:

The foundation's cash balances at financial institutions are covered up to \$100,000 by Federal Deposit Insurance Corporation insurance.

	<u>6-30-05</u>
Cash	\$105,272
U.S. government portfolio mutual funds	43,197
Bond mutual Funds	389,395
Equity Mutual Funds	<u>532,605</u>
Total	<u><u>\$1,070,469</u></u>

The assets limited as to use by board and those held by trustees consist primarily of U.S. government instruments and other securities held at financial institutions in the hospital's name (uninsured and unregistered credit risk category) and are categorized by investment type as follows:

	<u>6-30-05</u>
U.S. Treasury portfolio (cash equivalents)	\$ 8,566,559
U.S. Treasury notes	19,839,175
U.S. government agency securities	47,579,298
Corporate bonds	43,202,228
Common stocks	21,915,482
Total	<u><u>\$ 141,102,742</u></u>

In connection with the hospital's investment policies as described in Note VIII.1., assets limited as to use by board and those held by trustees are classified as follows:

	<u>6-30-05</u>
Short-term	\$ 15,546,503
Intermediate	103,317,793
Equity	<u>22,238,446</u>
	<u><u>\$ 141,102,742</u></u>

5. PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is as follows:

	Balance at 7-1-04	Additions	Retire- ments	Balance at 6-30-05
Land	\$ 3,708,169	\$ 0	\$ 0	\$ 3,708,169
Land improvements	2,841,493	6,300	0	2,847,793
Buildings, improvements, and capital equipment	103,300,822	501,847	4,925,122	108,727,791
Equipment	76,954,016	4,259,205	(12,088,124)	69,125,097
Construction in progress	7,816,064	14,540,909	(4,518,038)	17,838,935
	<u>\$ 194,620,564</u>	<u>\$ 19,308,261</u>	<u>\$ (11,681,040)</u>	<u>\$ 202,247,785</u>
Less: allowances for depreciation	(100,919,778)	(10,955,578)	11,665,667	(100,209,689)
	<u>\$ 93,700,786</u>	<u>\$ 8,352,683</u>	<u>\$ (15,373)</u>	<u>\$ 102,038,096</u>

Additions to construction in progress in the tables above are presented net of transfers to other property classifications. Construction in progress at June 30, 2005 consists primarily of costs related to facility additions with total estimated costs to complete of approximately \$3,000,000.

6. MALPRACTICE TRUST FUND AND EMPLOYEE GROUP HEALTH CLAIMS

The hospital is covered under the "Tennessee Governmental Tort Liability Act" (T.C.A. 23-3301, et seq). In addition to requiring claims be made in conformance with this act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one year statute of limitations, and a requirement that the governmental entity purchase insurance or be self-insured with certain limits. This act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the act or the amount of insurance purchased by the governmental entity.

The hospital provides professional liability coverage through a self-insurance malpractice trust fund. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust. The assets of, and contributions to, the trust are reported in the balance sheets; income from the trust assets, claims and administrative costs are reported in the statements of revenues, expenses and changes in net assets.

Claims and expenses of \$182,829 were paid from the fund during the year ended June 30, 2005. At June 30, 2005, the hospital is involved in medical malpractice litigation in which management of the hospital, after consultation with legal counsel, is of the opinion that liability, if any, related to these claims would not be material to the financial statements. No amounts are accrued for potential losses related to unreported incidents or reported incidents which have not yet resulted in asserted claims as the hospital is not able to estimate such amounts.

The hospital is self-insured for employee (and dependent) group health claims and records a liability for claims known but unpaid and estimated claims incurred but not reported. The liability for employee group health claims was \$1,156,276 at June 30, 2005. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$7,757,000 for 2005.

7. LONG-TERM DEBT

Changes in long-term debt are summarized as follows:

	Balance at 7-1-04	Additions	Principal Payments	Balance at 6-30-05
Series 1998A Bonds	\$ 11,520,000	\$ 0	\$ (1,075,000)	\$ 10,445,000
Series 1998B Bonds	13,925,000	0	(575,000)	13,350,000
Series A-3-A Bonds	40,000,000	0	0	40,000,000
Series C-2-A Bonds	60,000,000	0	(1,025,000)	58,975,000
Total outstanding	<u>\$ 125,445,000</u>	<u>\$ 0</u>	<u>\$ (2,675,000)</u>	<u>\$ 122,770,000</u>
Less current portion	(2,675,000)			(2,800,000)
Less unamortized loss on bonding refund	(568,569)			(497,873)
Long-term portion	<u>\$ 122,201,431</u>			<u>\$ 119,472,127</u>

In December 1998, Blount County issued, on behalf of the hospital, \$15,420,000 of Hospital Revenue Refunding Bonds, Series 1998A and \$16,000,000 of Hospital Revenue Improvement Bonds, Series 1998B. The Series 1998A Bonds provided the funds necessary to refund the previously issued Blount County Hospital Revenue Bonds. The hospital computed a loss on the refunding in 1999 of \$959,455 which has been deferred and is being amortized over the life of the refunding debt (\$71,070 amortized in both 2005 and 2004). The proceeds of the Series 1998B Bonds provided funds for expansions and improvements of the hospital's facilities and equipment.

The Series 1998A Bonds mature in increasing annual amounts ranging from \$1,120,000 in 2006 to \$1,515,000 in 2013 at interest rates ranging from 4.0% to 4.6%. The Series 1998B Bonds mature in increasing annual amounts ranging from \$605,000 in 2006 to \$4,610,000 in 2020 at interest rates ranging from 5% to 5.25%. The Series 1998A Bonds maturing on or after July 1, 2008, shall be subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The Series 1998B Bonds maturing on or after July 1, 2010, shall be subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The Series 1998B Bonds maturing on July 1, 2009, and July 1, 2019, are subject to mandatory sinking fund redemptions prior to maturity beginning on July 1, 2006, and July 1, 2016, respectively.

In November 2001, Blount County issued on behalf of the hospital, \$40,000,000 of Local Government Public Improvement Bonds, Series A-3-A. The proceeds of these bonds were used to provide funds for capital equipment and additions to the hospital's facilities. Scheduled principal reductions on the Series A-3-A Bonds increase in annual amounts ranging from \$1,625,000 in 2014 to \$5,000,000 in 2026. The Series A-3-A Bonds are subject to redemption at the option of the hospital, in whole or in part, at the redemption price of par plus accrued interest to the redemption date.

In October 2003, Blount County issued on behalf of the hospital, \$60,000,000 of Local Government Public Improvement Bonds, Series C-2-A. The proceeds of these bonds are being used to provide funds for capital equipment and additions to the hospital's facilities. Scheduled principal reductions on the Series C-2-A Bonds increase in annual amounts ranging from \$1,075,000 in 2006 to \$8,425,000 in 2029. The Series C-2-A Bonds are subject to redemption at the option of the hospital, in whole or in part, at the redemption price of par plus accrued interest to the redemption date.

The Series A-3-A and C-2-A Bonds bear interest at a variable rate and the hospital has entered into separate interest rate swap agreements to effectively fix the interest rate. In connection with the Series A-3-A Bonds, the hospital owes interest at an effective rate of 4.9% on a portion of the bonds totaling \$25,000,000. In connection with the Series C-2-A Bonds, the hospital owes interest at an effective rate of 4.33% on a portion of the bonds totaling \$30,700,000. In return, the counterparties to these agreements owe the hospital interest based on a variable rate that is calculated based on a published index rate. The bond principal subject to the swap agreements is not exchanged; only the net difference in interest payments is actually exchanged with the counterparties and recorded by the hospital as interest expense. The hospital, through the trustee, continues to pay interest to the bondholders at the variable rate provided by the bonds. During the term of each swap agreement, the hospital effectively pays a fixed rate on the debt plus or minus the difference between the variable rate due the bondholders

and the variable rate received from the counterparty. The hospital would be exposed to variable rates if the counterparties to the swap default, if the variable rate received from the counterparties is less than that due to bondholders or if the swaps are terminated. The termination of the swap agreements could also result in the hospital making or receiving a termination payment. The fair value liabilities of the swap agreements was approximately \$7,209,000 as of June 30, 2005. These amounts, which were estimated by obtaining quotes from the financial institution, have not been recorded in the accompanying financial statements. The debt service requirements for the portions of the bonds subject to the swap agreements, as presented below, are based solely on the effective fixed rates. Other than the net interest expenditures resulting from the swap agreements, no other amounts are recorded in the financial statements.

Maturities and mandatory sinking fund payments related to the bonds are summarized as follows:

	Series C-2-A	Series A-3-A	Series 1998A and B	Total
2006	\$ 1,075,000	\$ 0	\$ 1,725,000	\$ 2,800,000
2007	1,125,000	0	1,810,000	2,935,000
2008	1,200,000	0	1,890,000	3,090,000
2009	1,250,000	0	1,980,000	3,230,000
2010	1,325,000	0	2,070,000	3,395,000
2011-2015	7,500,000	3,350,000	8,695,000	19,545,000
2016-2020	8,750,000	10,450,000	5,625,000	24,825,000
2021-2025	10,350,000	21,200,000	0	31,550,000
2026-2029	26,400,000	5,000,000	0	31,400,000
	<u>\$ 58,975,000</u>	<u>\$ 40,000,000</u>	<u>\$ 23,795,000</u>	<u>\$ 122,770,000</u>

Interest payments related to the bonds are as follows (interest for variable rate portion of the Series C-2-A and Series A-3-A Bonds is determined using the rate in effect at June 30, 2005, which was 2.31%):

	Series C-2-A	Series A-3-A	Series 1998A and B	Total
2006	\$ 2,004,838	\$ 1,571,500	\$ 1,098,022	\$ 4,674,360
2007	1,979,909	1,571,500	1,018,860	4,570,269
2008	1,953,778	1,571,500	934,575	4,459,853
2009	1,925,961	1,571,500	845,743	4,343,204
2010	1,896,942	1,571,500	752,074	4,220,516
2011-2015	8,994,460	7,813,514	2,319,783	19,127,757
2016-2020	8,071,519	6,996,544	750,299	15,818,362
2021-2025	6,933,596	4,348,843	0	11,282,439
2026-2029	3,265,017	224,583	0	3,489,600
	<u>\$ 37,026,020</u>	<u>\$ 27,240,984</u>	<u>\$ 7,719,356</u>	<u>\$ 71,986,360</u>

The revenues of the hospital are pledged as collateral for the bonds outstanding. Payment of principal and interest for the Series 1998A, Series A-3-A, and Series C-2-A Bonds are insured by municipal bond insurance policies. In addition, the bond agreements contain certain covenants which include deposits to trusteed funds and maintenance of rates.

Interest expense incurred on the bonds totaled \$4,948,559 in 2005. During 2005, the hospital capitalized \$562,000 of bond interest expense as a component of the buildings and improvement projects.

Funds held by trustees as of June 30, 2005 for the outstanding bond issues consisted of the following:

	June 30 2005
Debt service reserve funds	\$ 2,858,394
Bond funds	2,304,965
Project fund	<u>21,087,278</u>
	<u>\$ 26,250,637</u>

The hospital is required to make periodic payments to the bond funds to pay principal and interest on the bonds. The debt service reserve funds may be used to make principal and interest payments if the hospital is unable to make such payments and a deficiency exists in the bond funds. The project fund relates to the Series C-2-A bonds and is being used to fund the hospital's capital acquisitions and construction. Funds held by the trustees are invested primarily in obligations of the United States government or its agencies as allowed by the trust agreements.

8. PENSION PLAN

The Blount Memorial Hospital Retirement Plan is a defined contribution plan available to all employees who are age 21 or older and have completed one year of service. Participants are 100 percent vested after five years of service. The plan provides for the hospital to contribute an amount equal to four percent of each eligible employee's compensation plus a matching contribution (limited to two percent of compensation) based upon voluntary employee contributions to the plan. Pension contributions are made biweekly. Hospital contributions to the plan totaled \$2,723,820 in 2005. Employee contributions were \$3,136,896 in 2005. Participants in the plan are permitted to direct investments into various investment funds offered through the insurance company administering the plan.

9. FOUNDATION

At June 30, 2005, the foundation's assets total \$1,070,469, and consist of cash and investments. A portion of the investments at June 30, 2005, totaling \$717,129, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. Separate financial statements of the foundation are maintained by foundation and hospital management. Except for certain expenses paid directly by the foundation, the hospital provides administrative services and pays for operating expenses to support the foundation's activities.

IX. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY EMERGENCY COMMUNICATIONS DISTRICT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Assets Liabilities, and Equity

1. Cash and Investments

For the purpose of the Statement of Net Assets, cash, including time deposits includes all demand, savings accounts, and certificates of deposits of the district.

2. Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the district activities include emergency telephone service revenue and rent earned.

3. Capital Assets and Depreciation

In the basic financial statements, long-term assets are accounted for and capitalized as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25 – 50 years
Improvements	10 – 50 years
Machinery and equipment	3 – 20 years

4. Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2005, the district had no liability for compensated absences or accumulated sick leave. Vacation days are required to be used during each fiscal year with no carry-over to future periods.

B. Revenues And Expenditures

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Operating Revenues/Expenses:

Operating revenues and expenses generally result from providing services in connection with the proprietary fund's ongoing operations.

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence (\$1.10) and another rate for business exchange access service (\$2.45) within the base rate area governed by the boundaries of the district. Revenue is collected by BellSouth and remitted monthly to the district. Wireless fees are collected and remitted monthly to the district through the State of Tennessee. Operating expenses include

salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and non-operating.

Nonoperating Revenues/Expenses:

Nonoperating revenues/expenses are all other revenues and expenses not meeting the definition of operating revenues/expenses above. The district's principal nonoperating revenues are rent, terminal fees, local government appropriations, and interest income.

C. Stewardship, Compliance, And Accountability

By its nature as an Emergency Communications District (E-911) unit, the entity is subject to various federal, state, local laws, and contractual regulations. An analysis of the entity's compliance with significant laws and regulations and demonstration of its stewardship over entity resources follows.

Fund Accounting Requirements:

The E-911 complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts issued by the State of Tennessee, Comptroller of the Treasury, Division of County Audit effective July 1, 2001.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual Budget:

An annual budget is adopted by the district, approved by the Board of Directors, and submitted to the Tennessee Emergency Communications Board. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of accounting. If changes to estimated amounts become evident during the fiscal year, the district board may amend the budget. All budget items lapse at the end of the fiscal year.

2. CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost. Depreciation is provided over the assets estimated useful lives using the straight-line basis. Capital assets and depreciation are as follows:

Description	Estimated Useful Life	Cost	Accumulated Depreciation	Book Value 6-30-05
Land	0	\$ 40,000	\$ 0	\$ 40,000
Building and improvements	30 years	957,608	428,347	529,261
Furniture and equipment	10 years	1,428,616	909,392	519,224
Totals		<u>\$ 2,426,224</u>	<u>\$ 1,337,739</u>	<u>\$ 1,088,485</u>

Depreciation expense for the fiscal year ended June 30, 2005, amounted to \$161,808.

3 DEPOSITS

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

4. COMMITMENT – BELLSOUTH

BellSouth furnishes Stand Alone Location Identification (SALI) equipment to the Blount County Emergency Communications District at the rates prescribed by the tariffs of the Tennessee Public Service Commission (TPSC). These rates charged by BellSouth vary with increases or decreases mandated by the TPSC, and for the Per 1000 Access Lines Served for the Combined Automatic Number and SALI. The access charge is based upon the maximum number of access lines in service during the calendar year and is adjusted annually at the end of each calendar year.

The lease term with BellSouth is indefinite as to time and is currently at a rate of \$8,961 per month through December 31, 2005.

5. EMPLOYEES' RETIREMENT PLAN

During the year, employees of the Blount County Emergency Communications District were members of the Tennessee Consolidated Retirement System (TCRS). The TCRS is a defined benefit retirement plan covering general employees and teachers of the State of Tennessee as well as employees of political subdivisions that have elected coverage. Benefits are determined by a formula using the high five-year average salary and years of service of each employee.

Contributions to the system are determined on an actuarial basis and provide funding for both normal and supplemental liability costs. The frozen initial liability method, a projected benefit cost method, is used to value the plan. All supplemental liabilities are amortized over a 40-year period which began July 1, 1975 (or the political subdivision's date of participation, if later). The supplemental liability for the basic benefits and cost-of-living benefits is amortized as a level dollar amount. It is the policy of the plan to fund pension costs accrued.

Political subdivisions, such as the Blount County Emergency Communications District, participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan.

For the fiscal year ended June 30, 2005, the Blount County Emergency Communications District contributed \$63,356 to the plan, in addition to \$39,921 withheld from employees.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2003. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities were valued at amortized cost.

An experience study of the system is conducted every four years, the most recent as of June 30, 2003. Amounts pertaining to the supplemental liability for the pension plan and accumulated assets in the plan, and the actuarially computed present value of vested benefits in excess of net assets of the pension fund, are not identifiable for the Blount County Emergency Communications District, since they are a department of the City of Maryville, Tennessee's TCRS plan.

6 **LEASE**

Tennessee Emergency Management Agency (TEMA) leases the first floor of the Blount County Emergency Communications District's operations building. Either party may terminate the lease without cause, with written notice given at least 180 days prior to termination. The lease is payable monthly, plus forty percent (40%) of the building's utilities. A new five-year lease was effective for July 1, 2000, at \$3,100 per month.

Following is a schedule of monthly lease rates, excluding utilities:

	<u>Monthly Rate</u>	<u>Annual Rate</u>
July 1, 2002 - June 30, 2005	\$ 3,100	\$ 37,200

7. **RISK FINANCING ACTIVITIES**

It is the policy of the district to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, workers' compensation, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

X. **OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY PUBLIC BUILDING AUTHORITY**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Assets, Liabilities, and Equity**

1. **Cash and Investments**

For the purpose of the Statement of Net Assets, cash includes all demand and money market accounts, of the PBA. Investments are carried at fair value. Fair value is based on quoted market price.

2. **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include amounts due from other governments.

B. Budgetary Accounting

The PBA's Board of Directors adopts an operating fund annual budget which provides the basis for control of financial operations during the fiscal year. The same basis of accounting is used to reflect actual revenues and expenditures. All unencumbered budget appropriations lapse at the end of the fiscal year. The budgetary level of control is each major fund. Management can make budget revisions within each major fund, but only the Board of Directors may transfer appropriations between major funds.

C. Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local governmental component unit, the PBA is subject to various federal, state, and local laws and contractual regulations. An analysis of the PBA's compliance with significant laws and regulations and demonstration of its stewardship over the PBA resources follows:

A. Fund Accounting Requirements

The PBA complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds used by the PBA.

B. Deposits and Investment Laws And Regulations

In accordance with state law, all deposits of municipal funds in financial institutions must be federally insured or secured with acceptable collateral.

C. Fund Balance Restrictions - Deficit Prohibition

State of Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The PBA complied with this statute in all material respects for the year ended June 30, 2005.

3. DEPOSITS AND INVESTMENTS

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Investments

Legal Provisions. The PBA is authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the PBA's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The PBA may make investments with longer maturities if various restrictions set out in state law are followed. The PBA is also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The PBA had no investments at June 30, 2005.

4. LONG-TERM DEBT/BONDS PAYABLE/LOAN AGREEMENT

A summary of bond transactions of the authority for the period from July 1, 2004, through June 30, 2005, is as follows:

	<u>Public Facility Bonds</u>
Debt payable July 1, 2004	\$ 123,505,000
Issued during the period	14,000,000
Debt retired	<u>(2,245,000)</u>
 Debt payable - June 30, 2005	 <u><u>\$ 135,260,000</u></u>

Bonds payable at June 30, 2005, include the following issues:

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$10,000,000 - 1997 Public Facility Bonds due in installments of \$395,000 to \$745,000 through March 1, 2019; interest ranging from 4% to 5.2%	\$ 7,670,000
\$20,000,000 - 1998 Public Facility Bonds due in installments of \$895,000 to \$1,660,000 beginning April 1, 2002, to April 1, 2019; interest from 4% to 5.2%	17,300,000
\$7,000,000 - 1999 Public Facility Bonds due in installments of \$300,000 to \$575,000 through June 30, 2019; interest ranging from 4.15% to 5.40%	5,915,000
\$4,100,000 - 2000 Public Facility Bonds due in installments of \$200,000 to \$400,000 through December 1, 2015, interest (variable) estimated at 6%	3,300,000
\$39,000,000 - 2001 Public Facility Bonds due in installments of \$1,515,000 to \$8,210,000 through June 1, 2023, interest LIBOR based swap of 4.72%	39,000,000
\$20,000,000 - 2001 Public Facility Bonds due in installments of \$7,415,000 to \$12,585,000 through June 30, 2030 and June 30, 2031, respectively, interest LIBOR based SWAP of 4.74%	20,000,000
\$10,000,000 - 2001 Public Facility Bonds due in installments of \$6,430,000 to \$3,570,000 through June 2030, and June 2031, respectively, interest at 5%	10,000,000
\$9,100,000 - 2002 Public Facility Bonds due in installments of \$550,000 to \$125,000 through June 2018, interest at variable rate - estimated at 5%	8,075,000

<u>Public Facility Bonds (Cont.)</u>	<u>Amount Outstanding</u>
\$10,000,000 - 2004 Public Facility Bonds due in installments of \$1,500,000 to \$8,500,000 in June 2027 and June 2028, respectively, interest rate variable rate - estimated at 5%	\$ 10,000,000
\$14,000,000 - 2005 Public Facility Bonds due in installments of \$4,000,000 in June 2024, 2025 and 2026 and \$2,000,000 in June 2027, respectively, interest at variable rate - estimated at 5%	<u>14,000,000</u>
Total Bonds Outstanding	<u>\$ 135,260,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2005, including interest payments are \$249,010,247 as follows:

<u>Year Ending June 30</u>	
2006	\$ 9,046,296
2007	8,760,095
2008	8,824,958
2009	8,816,925
2010	8,812,595
2011-2015	43,205,281
2016-2020	52,301,993
2021-2025	48,051,938
2026-2030	47,988,500
2031	<u>13,201,666</u>
Total	<u>\$ 249,010,247</u>

All of the Public Facility Bond issues were loaned to Blount County, Tennessee, and/or component units in separate loan agreements dated from 1997 through 2005. The proceeds are to be used to finance (1) construction and equipping of school buildings and facilities in and for Blount County and construction of improvements to and equipping of existing school buildings and facilities, including the acquisition of land and interests in land, and the payment of funds to the City of Maryville and the City of Alcoa to be used for capital improvements to educational facilities of the Maryville school system and the Alcoa school system, respectively, (2) acquisition of land and interests in land for and the construction and equipping of library buildings and facilities in and for Blount County, (3) reimbursement to Blount County for funds spent for said projects from available funds of Blount County, and (4) the payment of legal, fiscal, administrative and engineering costs incident thereto and incident to the issuance of the Bonds. Thus, Blount County is

obligated for the above annual principal and interest payments for the Public Facility Bonds. See Notes 8 and 9 for Local Government Public Bonds Issued and Conduct Debt.

5. RISK MANAGEMENT

The authority is exposed to various risks of losses related to torts, theft of assets, errors and omissions, and natural disasters. Commercial insurance for the risks of losses to which the entity is exposed are provided through policies issued jointly with Blount County, Tennessee. For the year ended June 30, 2005, no insurance claims are pending or payable. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. AGREEMENTS AND CONTRACTUAL OBLIGATIONS

During the years ended June 30, 1997, through June 30, 2005, the PBA entered into seven loan agreements with Blount County, Tennessee, whereby PBA has issued revenue bonds amounting to \$20,000,000, \$39,000,000, \$4,100,000, \$10,000,000, \$9,100,000, \$10,000,000 and \$14,000,000. The proceeds are available for loan to Blount County for various capital projects. The bond issued and loans drawn by Blount County, Tennessee as of June 30, 2005, is as follows:

<u>Bond Issue Amount</u>	<u>Loaned to Blount County, TN</u>
\$ 39,000,000	\$39,000,000
20,000,000	20,000,000
4,100,000	4,100,000
10,000,000	10,000,000
9,100,000	9,100,000
10,000,000	10,000,000
14,000,000	10,140,677

During the year ended June 30, 2005, seven projects were completed. The school projects completed were funded by the Blount County Board of Education under supervision of the PBA. All intergovernmental revenue was received from Blount County, Tennessee, for the project costs under the direction of the PBA.

Expenditures were as follows:

Construction:

Alcoa City Schools	\$ 1,370,312
Maryville Downtown Private Development	3,045
Maryville Parking Garage	15,320
Health Department Dental Clinic/Addition	5,231
Carpenter Elementary School	701,256
School Roads Improvements	2,000
Facility Upgrade - Schools/Justice Center	7,530
Highway Department - Land Development Project	9,100
Greenway Extension	19
Hubbard School Building	24,550
Fairview Elementary Renovations	337,193
Schools Capital Outlay	59,627
Schools - Operations & Maintenance Improvements	<u>2,834,689</u>
Total Construction	<u>\$ 5,369,872</u>

Expenditures were as follows:

Administration:

Salaries	\$ 198,476
Other Administrative Expense	<u>43,393</u>
Total Administration	<u>\$ 241,869</u>

7. LITIGATION

Information provided by the attorney for the authority indicates there is no potential claims or litigation pending against the authority.

8. LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS

The Public Building Authority of Blount County, Tennessee, approved a resolution authorizing the issuance and sale of Local Government Improvement Bonds of the authority not to exceed \$1.75 billion. Cumberland Securities, Division of Morgan Keegan & Co., Knoxville, Tennessee, will purchase each Series of Bonds authorized by this resolution. Management and administration of the bonds will be by TNLOANS Program Administrators, Knoxville, Tennessee. Regions Bank was confirmed as trustee for the loan program. Bonds totaling \$633,115,000 has been issued on behalf of the following entities: Cities of Oak Ridge, Knoxville, Fayetteville, Hendersonville, Alcoa, Etowah, Greenville, Lexington, Maryville, Morristown, Cleveland, Mt. Juliet, Sevierville, Erwin, and Red Bank; Counties of Blount, Roane, Claiborne, Jefferson, Monroe, Coffee, Hamblen,

Morgan, Warren, Greene, Campbell, Cumberland, White, Bradley, and Johnson; Cleveland Utilities Board and Hamblen (MHH).

9. CONDUIT DEBT/RESTRICTED ASSETS

The Public Building Authority has issued conduit debt (Note 8) to provide capital financing for specified third parties that is not a part of the Public Building Authority's financial reporting entity. The authority has issued bonds totaling \$633,115,000 to other governmental entities (Notes 8) as of June 30, 2005. The proceeds of the bonds are used to make loans to governmental entities in the State of Tennessee possessing general powers of taxation to finance public facility projects. The proceeds are loaned pursuant to a loan agreement, whereas the borrower pledges revenues and receipts there from, which are pledged by the authority to the Bond Trustee. The authority has no obligation for the issued debt beyond the resources provided by related loan agreements.

10. CAPITAL ASSETS

Capital assets at June 30, 2005, consists of a vehicle being depreciated over five years using the straight-line method of depreciation. Depreciation expense for the year ended June 30, 2005, amounted to \$2,992.

11. BOND ISSUE COSTS/AMORTIZATION

Bond issue costs incurred are being amortized over the life of the bond issues. Costs amounting to \$500,325 and \$94,156 are being amortized over twenty-four years and twenty-two years, respectively. Amortization expense amounted to \$20,846 for the year ended June 30, 2005.

12. PAYROLL AND PERSONNEL

The authority's personnel are paid by Blount County, Tennessee. Salaries and payroll taxes for PBA personnel totaled \$198,476 for the year ended June 30, 2005. Blount County charges overhead (percent basis) to jobs of PBA to fund the salaries. PBA salaries and overhead charges are reflected in the component unit financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 18,146,509	\$ 0	\$ 0	\$ 18,146,509	\$ 17,855,017	\$ 17,870,016	\$ 276,493
Licenses and Permits	701,931	0	0	701,931	780,700	780,700	(78,769)
Fines, Forfeitures and Penalties	717,777	0	0	717,777	479,079	591,562	126,215
Charges for Current Services	371,637	0	0	371,637	418,391	424,465	(52,828)
Other Local Revenues	942,727	0	0	942,727	621,683	913,238	29,489
Fees Received from County Officials	5,169,449	0	0	5,169,449	4,603,979	4,614,280	555,169
State of Tennessee	1,949,039	0	0	1,949,039	3,129,816	2,590,787	(641,748)
Federal Government	2,125,038	0	0	2,125,038	2,583,981	3,821,175	(1,696,137)
Other Governments and Citizens Groups	184,983	0	0	184,983	29,670	81,509	103,474
Total Revenues	\$ 30,309,090	\$ 0	\$ 0	\$ 30,309,090	\$ 30,502,316	\$ 31,687,732	\$ (1,378,642)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 322,244	\$ (6,270)	\$ 5,088	\$ 321,062	\$ 342,799	\$ 342,799	\$ 21,737
Board of Equalization	920	(230)	30	720	2,830	2,830	2,110
Beer Board	79	0	174	253	530	530	277
Budget and Finance Committee	3,239	0	0	3,239	3,484	3,484	245
County Mayor	246,456	(416)	2,333	248,373	256,013	256,013	7,640
Personnel Office	131,268	(3,969)	7,568	134,867	142,519	145,159	10,292
Election Commission (Including Voter Registration)	363,990	(6,064)	743	358,669	380,754	380,754	22,085
Register of Deeds	437,015	(12,521)	2,383	426,877	501,199	501,199	74,322
Planning	181,021	(1,835)	2,577	181,763	198,353	198,353	16,590
Building	71,328	(283)	1,046	72,091	83,630	91,130	19,039
Codes Compliance	92,095	(7,429)	8,231	92,897	111,504	111,504	18,607
County Buildings	987,248	(29,479)	53,144	1,010,913	1,052,944	1,057,944	47,031
Other General Administration	125,482	0	0	125,482	118,286	145,584	20,102
Preservation of Records	88,831	(13,410)	14,475	89,896	100,422	100,422	10,526

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
Risk Management	\$ 176,367	\$ (28,247)	\$ 14,465	\$ 162,585	\$ 206,241	\$ 206,241	\$ 43,656
<u>Finance</u>							
Accounting and Budgeting	585,460	(3,826)	803	582,437	601,094	601,094	18,657
Purchasing	236,690	(3,515)	4,118	237,293	245,888	245,888	8,595
Property Assessor's Office	781,311	(110,374)	144,353	815,290	839,402	835,257	19,967
Reappraisal Program	236,996	(3,266)	6,635	240,365	219,958	253,453	13,088
County Trustee's Office	352,499	(1,260)	2,067	353,306	355,670	355,670	2,364
County Clerk's Office	865,762	(6,611)	11,341	870,492	969,681	969,681	99,189
Data Processing	552,980	(27,745)	35,771	561,006	595,849	595,849	34,843
<u>Administration of Justice</u>							
Circuit Court	163,073	(8,061)	28,121	183,133	215,595	216,195	33,062
Circuit Court Clerk	1,578,753	(32,342)	40,638	1,587,049	1,611,201	1,670,502	83,453
General Sessions Court	760,536	(5,311)	11,315	766,540	723,126	822,682	56,142
Chancery Court	426,516	(5,723)	4,735	425,528	453,423	453,423	27,895
Juvenile Court	668,792	(23,440)	11,954	657,306	749,476	749,476	92,170
Office of Public Defender	25,158	0	282	25,440	0	31,237	5,797
Other Administration of Justice	238,475	0	0	238,475	237,758	241,208	2,733
<u>Public Safety</u>							
Sheriff's Department	7,654,052	(71,819)	103,521	7,685,754	7,715,214	8,018,028	332,274
Special Patrols	37,679	(185)	165	37,659	40,986	40,986	3,327
Traffic Control	13,068	(107)	0	12,961	37,868	37,868	24,907
Drug Enforcement	59,262	0	0	59,262	44,122	61,027	1,765
Jail	5,455,976	(23,623)	68,905	5,501,258	5,547,962	5,734,452	233,194
Workhouse	8,690	0	0	8,690	8,693	8,693	3
Juvenile Services	1,234,774	(7,645)	16,081	1,243,210	1,374,785	1,323,462	80,252
Fire Prevention and Control	4,500	0	0	4,500	4,774	4,774	274

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Civil Defense	\$ 109,363	\$ (991)	\$ 3,028	\$ 111,400	\$ 149,640	\$ 149,640	\$ 38,240
Disaster Relief	301,271	(50,115)	97,899	349,055	0	434,214	85,159
Other Emergency Management	300,534	0	24,858	325,392	274,044	846,446	521,054
County Coroner/Medical Examiner	49,500	0	0	49,500	44,619	44,619	(4,881)
<u>Public Health and Welfare</u>							
Local Health Center	833,619	(12,878)	6,757	827,498	962,206	1,050,907	223,409
Rabies and Animal Control	138,348	0	0	138,348	138,349	138,349	1
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
General Welfare Assistance	546,436	0	0	546,436	390,578	547,649	1,213
Other Local Welfare Services	165,379	0	0	165,379	145,771	145,771	(19,608)
Sanitation Management	21,084	0	0	21,084	42,385	42,385	21,301
Other Public Health and Welfare	304,222	(3,436)	5,339	306,125	324,379	329,018	22,893
<u>Social, Cultural and Recreational Services</u>							
Parks and Fair Boards	559,502	0	0	559,502	555,860	559,560	58
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	124,133	(111)	205	124,227	141,578	141,578	17,351
Soil Conservation	84,771	(78)	127	84,820	86,991	86,991	2,171
<u>Other Operations</u>							
Tourism	741,208	(61,216)	21,156	701,148	674,004	748,310	47,162
Industrial Development	846,609	0	0	846,609	846,609	846,609	0
Other Economic and Community Development	168,490	(12,612)	10,169	166,047	172,055	173,156	7,109
Veterans' Services	148,764	(265)	0	148,499	152,129	152,128	3,629
Other Charges	40,251	(1,040)	1,040	40,251	42,637	40,402	151
Contributions to Other Agencies	9,457	0	0	9,457	9,457	9,457	0
Miscellaneous	1,173,544	(187,302)	9,107	995,349	802,692	1,012,692	17,343

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Highways</u>							
Litter and Trash Collection	\$ 67,783	\$ (1,338)	\$ 2,661	\$ 69,106	\$ 73,806	\$ 74,457	\$ 5,351
<u>Capital Projects</u>							
Other General Government Projects	961,121	(208,969)	373,493	1,125,645	1,139,525	1,155,966	30,321
Total Expenditures	\$ 32,923,974	\$ (985,357)	\$ 1,158,901	\$ 33,097,518	\$ 33,323,347	\$ 35,605,155	\$ 2,507,637
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (2,614,884)	\$ 985,357	\$ (1,158,901)	\$ (2,788,428)	\$ (2,821,031)	\$ (3,917,423)	\$ 1,128,995
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 550,000	\$ 550,000	\$ (550,000)
Proceeds From Sale of Capital Assets	0	0	0	0	88,700	88,700	(88,700)
Transfers In	242,884	0	0	242,884	288,366	304,525	(61,641)
Transfers Out	(1,124,233)	0	0	(1,124,233)	(1,262,278)	(868,678)	(255,555)
Total Other Financing Sources (Uses)	\$ (881,349)	\$ 0	\$ 0	\$ (881,349)	\$ (335,212)	\$ 74,547	\$ (955,896)
Net Change in Fund Balance	\$ (3,496,233)	\$ 985,357	\$ (1,158,901)	\$ (3,669,777)	\$ (3,156,243)	\$ (3,842,876)	\$ 173,099
Fund Balance, July 1, 2004	6,362,481	(985,357)	0	5,377,124	5,249,647	5,249,647	127,477
Fund Balance, June 30, 2005	\$ 2,866,248	\$ 0	\$ (1,158,901)	\$ 1,707,347	\$ 2,093,404	\$ 1,406,771	\$ 300,576

Exhibit F-2

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,286,929	\$ 0	\$ 0	\$ 2,286,929	\$ 2,300,000	\$ 2,300,000	\$ (13,071)
Licenses and Permits	248,398	0	0	248,398	0	0	248,398
Other Local Revenues	404,777	0	0	404,777	355,200	356,798	47,979
State of Tennessee	2,979,514	0	0	2,979,514	3,611,000	3,611,000	(631,486)
Other Governments and Citizens Groups	15,147	0	0	15,147	0	0	15,147
Total Revenues	\$ 5,934,765	\$ 0	\$ 0	\$ 5,934,765	\$ 6,266,200	\$ 6,267,798	\$ (333,033)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 511,926	\$ (544)	\$ 771	\$ 512,153	\$ 583,189	\$ 586,189	\$ 74,036
Highway and Bridge Maintenance	3,816,134	(34,470)	2,381	3,784,045	3,944,970	3,901,420	117,375
Operation and Maintenance of Equipment	1,271,769	(3,497)	1,224	1,269,496	1,281,041	1,356,091	86,595
Capital Outlay	339,873	(38,395)	276	301,754	457,000	424,098	122,344
Total Expenditures	\$ 5,939,702	\$ (76,906)	\$ 4,652	\$ 5,867,448	\$ 6,266,200	\$ 6,267,798	\$ 400,350
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,937)	\$ 76,906	\$ (4,652)	\$ 67,317	\$ 0	\$ 0	\$ 67,317
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (40,762)	\$ 0	\$ 0	\$ (40,762)	\$ 0	\$ 0	\$ (40,762)
Total Other Financing Sources (Uses)	\$ (40,762)	\$ 0	\$ 0	\$ (40,762)	\$ 0	\$ 0	\$ (40,762)
Net Change in Fund Balance	\$ (45,699)	\$ 76,906	\$ (4,652)	\$ 26,555	\$ 0	\$ 0	\$ 26,555
Fund Balance, July 1, 2004	104,520	(76,906)	0	27,614	266,069	266,069	(238,455)
Fund Balance, June 30, 2005	\$ 58,821	\$ 0	\$ (4,652)	\$ 54,169	\$ 266,069	\$ 266,069	\$ (211,900)

BLOUNT COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

Annual budgets are adopted for all governmental funds except the Constitutional Officers – Fees special revenue fund and the capital projects funds. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations at the major category level of control in the General Fund (3 of 65 categories overspent in amounts ranging from \$4,881 to \$255,555) and in the Highway/Public Works Fund (1 of 5 categories overspent in the amount of \$40,762). Such overexpenditures are a violation of state law. The amount overexpended in the Highway/Public Works Fund and the \$255,555 overexpenditure in one major category of the General Fund resulted from the accrual of year-end amounts necessary to eliminate a deficit in the county's self-insured Employee Insurance – Health Fund. Expenditures for these funds were well within total appropriations.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Public Library Fund – The Public Library Fund is used to account for transactions of the Blount County Public Library, which is jointly funded by Blount County, the City of Maryville, and the City of Alcoa.

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

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

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

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

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Endowment Principal Fund - The Endowment Principal Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned on the principal is to be expended to benefit the Blount County Children's Home.

Exhibit G-1

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

Special Revenue Funds

	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0
Equity in Pooled Cash and Investments	33,482	25,647	520,835	214,402	73,671
Accounts Receivable	0	0	3,367	0	0
Due from Other Funds	0	0	3,432	1,256	421
Total Assets	\$ 33,482	\$ 25,647	\$ 527,734	\$ 215,658	\$ 74,092
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 33,964	\$ 768	\$ 0
Accrued Payroll	0	0	74	0	0
Payroll Deductions Payable	0	0	0	0	0
Due to Other Funds	0	0	13,924	0	0
Other Current Liabilities	0	0	0	15,036	0
Total Liabilities	\$ 0	\$ 0	\$ 47,962	\$ 15,804	\$ 0
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 62	\$ 4,830	\$ 88,434	\$ 10,281	\$ 126
Reserved for Other General Purposes	0	0	0	0	0
Unreserved	33,420	20,817	391,338	189,573	73,966
Total Fund Balances	\$ 33,482	\$ 25,647	\$ 479,772	\$ 199,854	\$ 74,092
Total Liabilities and Fund Balances	\$ 33,482	\$ 25,647	\$ 527,734	\$ 215,658	\$ 74,092

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Other Special Revenue</u>	<u>Constitutional Officers - Fees</u>	<u>Total</u>	<u>Endowment</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 30,170	\$ 30,270	\$ 0	\$ 30,270
Equity in Pooled Cash and Investments	64,323	0	932,360	494,903	1,427,263
Accounts Receivable	0	399	3,766	990	4,756
Due from Other Funds	420	0	5,529	0	5,529
Total Assets	\$ 64,743	\$ 30,569	\$ 971,925	\$ 495,893	\$ 1,467,818
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 1,814	\$ 0	\$ 36,546	\$ 990	\$ 37,536
Accrued Payroll	0	0	74	0	74
Payroll Deductions Payable	105	0	105	0	105
Due to Other Funds	1,630	30,569	46,123	9,500	55,623
Other Current Liabilities	0	0	15,036	0	15,036
Total Liabilities	\$ 3,549	\$ 30,569	\$ 97,884	\$ 10,490	\$ 108,374
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 1,000	\$ 0	\$ 104,733	\$ 0	\$ 104,733
Reserved for Other General Purposes	0	0	0	485,403	485,403
Unreserved	60,194	0	769,308	0	769,308
Total Fund Balances	\$ 61,194	\$ 0	\$ 874,041	\$ 485,403	\$ 1,359,444
Total Liabilities and Fund Balances	\$ 64,743	\$ 30,569	\$ 971,925	\$ 495,893	\$ 1,467,818

Exhibit G-2

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Revenues</u>					
Local Taxes	\$ 8,605	\$ 8,612	\$ 0	\$ 0	\$ 0
Fines, Forfeitures and Penalties	0	0	0	157,039	24,567
Charges for Current Services	0	0	96,808	0	0
Other Local Revenues	0	0	157,267	68,359	1,633
State of Tennessee	0	0	4,800	0	0
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	791,064	0	0
Total Revenues	<u>\$ 8,605</u>	<u>\$ 8,612</u>	<u>\$ 1,049,939</u>	<u>\$ 225,398</u>	<u>\$ 26,200</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 129,585	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	481
Public Safety	0	0	0	172,999	0
Social, Cultural, and Recreational Services	0	0	1,531,371	0	0
Other Operations	9,741	1,864	0	0	0
Total Expenditures	<u>\$ 9,741</u>	<u>\$ 1,864</u>	<u>\$ 1,660,956</u>	<u>\$ 172,999</u>	<u>\$ 481</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,136)</u>	<u>\$ 6,748</u>	<u>\$ (611,017)</u>	<u>\$ 52,399</u>	<u>\$ 25,719</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 791,065	\$ 0	\$ 0
Transfers Out	0	0	(13,044)	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 778,021</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	<u>\$ (1,136)</u>	<u>\$ 6,748</u>	<u>\$ 167,004</u>	<u>\$ 52,399</u>	<u>\$ 25,719</u>
Fund Balance, July 1, 2004	34,618	18,899	312,768	147,455	48,373
Fund Balance, June 30, 2005	<u>\$ 33,482</u>	<u>\$ 25,647</u>	<u>\$ 479,772</u>	<u>\$ 199,854</u>	<u>\$ 74,092</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Permanent Fund	Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu- tional Officers - Fees	Total	Endowment	
<u>Revenues</u>					
Local Taxes	\$ 58,354	\$ 0	\$ 75,571	\$ 0	\$ 75,571
Fines, Forfeitures and Penalties	47,609	0	229,215	0	229,215
Charges for Current Services	6,314	350	103,472	0	103,472
Other Local Revenues	2,444	0	229,703	11,661	241,364
State of Tennessee	0	0	4,800	0	4,800
Federal Government	51,910	0	51,910	0	51,910
Other Governments and Citizens Groups	0	0	791,064	0	791,064
Total Revenues	\$ 166,631	\$ 350	\$ 1,485,735	\$ 11,661	\$ 1,497,396
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 129,585	\$ 0	\$ 129,585
Finance	0	154	154	0	154
Administration of Justice	310,149	0	310,630	0	310,630
Public Safety	0	196	173,195	0	173,195
Social, Cultural, and Recreational Services	0	0	1,531,371	0	1,531,371
Other Operations	0	0	11,605	11,661	23,266
Total Expenditures	\$ 310,149	\$ 350	\$ 2,156,540	\$ 11,661	\$ 2,168,201
Excess (Deficiency) of Revenues Over Expenditures	\$ (143,518)	\$ 0	\$ (670,805)	\$ 0	\$ (670,805)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 40,000	\$ 0	\$ 831,065	\$ 0	\$ 831,065
Transfers Out	(1,630)	0	(14,674)	0	(14,674)
Total Other Financing Sources (Uses)	\$ 38,370	\$ 0	\$ 816,391	\$ 0	\$ 816,391
Net Change in Fund Balances	\$ (105,148)	\$ 0	\$ 145,586	\$ 0	\$ 145,586
Fund Balance, July 1, 2004	166,342	0	728,455	485,403	1,213,858
Fund Balance, June 30, 2005	\$ 61,194	\$ 0	\$ 874,041	\$ 485,403	\$ 1,359,444

Exhibit G-3

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 8,605	\$ 0	\$ 8,605	\$ 10,842	\$ 10,842	\$ (2,237)
Total Revenues	\$ 8,605	\$ 0	\$ 8,605	\$ 10,842	\$ 10,842	\$ (2,237)
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 9,741	\$ 62	\$ 9,803	\$ 10,460	\$ 10,460	\$ 657
Total Expenditures	\$ 9,741	\$ 62	\$ 9,803	\$ 10,460	\$ 10,460	\$ 657
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,136)	\$ (62)	\$ (1,198)	\$ 382	\$ 382	\$ (1,580)
Net Change in Fund Balance	\$ (1,136)	\$ (62)	\$ (1,198)	\$ 382	\$ 382	\$ (1,580)
Fund Balance, July 1, 2004	34,618	0	34,618	25,732	25,732	8,886
Fund Balance, June 30, 2005	\$ 33,482	\$ (62)	\$ 33,420	\$ 26,114	\$ 26,114	\$ 7,306

Exhibit G-4

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Law Library Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,612	\$ 0	\$ 0	\$ 8,612	\$ 7,025	\$ 7,025	\$ 1,587
Total Revenues	\$ 8,612	\$ 0	\$ 0	\$ 8,612	\$ 7,025	\$ 7,025	\$ 1,587
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 1,864	\$ (850)	\$ 4,830	\$ 5,844	\$ 6,475	\$ 6,475	\$ 631
Total Expenditures	\$ 1,864	\$ (850)	\$ 4,830	\$ 5,844	\$ 6,475	\$ 6,475	\$ 631
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,748	\$ 850	\$ (4,830)	\$ 2,768	\$ 550	\$ 550	\$ 2,218
Net Change in Fund Balance	\$ 6,748	\$ 850	\$ (4,830)	\$ 2,768	\$ 550	\$ 550	\$ 2,218
Fund Balance, July 1, 2004	18,899	(850)	0	18,049	16,097	16,097	1,952
Fund Balance, June 30, 2005	\$ 25,647	\$ 0	\$ (4,830)	\$ 20,817	\$ 16,647	\$ 16,647	\$ 4,170

Exhibit G-5

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Public Library Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 96,808	\$ 0	\$ 0	\$ 96,808	\$ 90,000	\$ 90,000	\$ 6,808
Other Local Revenues	157,267	0	0	157,267	76,000	134,400	22,867
State of Tennessee	4,800	0	0	4,800	0	4,800	0
Other Governments and Citizens Groups	791,064	0	0	791,064	791,064	791,064	0
Total Revenues	\$ 1,049,939	\$ 0	\$ 0	\$ 1,049,939	\$ 957,064	\$ 1,020,264	\$ 29,675
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 129,585	\$ (8,446)	\$ 15,830	\$ 136,969	\$ 156,342	\$ 156,342	\$ 19,373
<u>Social, Cultural and Recreational Services</u>							
Libraries	1,478,776	(50,799)	70,038	1,498,015	1,591,787	1,596,587	98,572
Other Social, Cultural and Recreational	52,595	0	2,566	55,161	0	58,400	3,239
Total Expenditures	\$ 1,660,956	\$ (59,245)	\$ 88,434	\$ 1,690,145	\$ 1,748,129	\$ 1,811,329	\$ 121,184
Excess (Deficiency) of Revenues Over Expenditures	\$ (611,017)	\$ 59,245	\$ (88,434)	\$ (640,206)	\$ (791,065)	\$ (791,065)	\$ 150,859
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 791,065	\$ 0	\$ 0	\$ 791,065	\$ 791,065	\$ 791,065	\$ 0
Transfers Out	(13,044)	0	0	(13,044)	0	0	(13,044)
Total Other Financing Sources (Uses)	\$ 778,021	\$ 0	\$ 0	\$ 778,021	\$ 791,065	\$ 791,065	\$ (13,044)
Net Change in Fund Balance	\$ 167,004	\$ 59,245	\$ (88,434)	\$ 137,815	\$ 0	\$ 0	\$ 137,815
Fund Balance, July 1, 2004	312,768	(59,245)	0	253,523	231,935	231,935	21,588
Fund Balance, June 30, 2005	\$ 479,772	\$ 0	\$ (88,434)	\$ 391,338	\$ 231,935	\$ 231,935	\$ 159,403

Exhibit G-6

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 157,039	\$ 0	\$ 0	\$ 157,039	\$ 57,000	\$ 57,000	\$ 100,039
Other Local Revenues	68,359	0	0	68,359	5,000	5,000	63,359
Total Revenues	<u>\$ 225,398</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 225,398</u>	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 163,398</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 172,999	\$ (5,075)	\$ 10,281	\$ 178,205	\$ 62,000	\$ 187,000	\$ 8,795
Total Expenditures	<u>\$ 172,999</u>	<u>\$ (5,075)</u>	<u>\$ 10,281</u>	<u>\$ 178,205</u>	<u>\$ 62,000</u>	<u>\$ 187,000</u>	<u>\$ 8,795</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 52,399</u>	<u>\$ 5,075</u>	<u>\$ (10,281)</u>	<u>\$ 47,193</u>	<u>\$ 0</u>	<u>\$ (125,000)</u>	<u>\$ 172,193</u>
Net Change in Fund Balance	\$ 52,399	\$ 5,075	\$ (10,281)	\$ 47,193	\$ 0	\$ (125,000)	\$ 172,193
Fund Balance, July 1, 2004	147,455	(5,075)	0	142,380	160,798	160,798	(18,418)
Fund Balance, June 30, 2005	<u>\$ 199,854</u>	<u>\$ 0</u>	<u>\$ (10,281)</u>	<u>\$ 189,573</u>	<u>\$ 160,798</u>	<u>\$ 35,798</u>	<u>\$ 153,775</u>

Exhibit G-7

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
District Attorney General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 24,567	\$ 0	\$ 0	\$ 24,567	\$ 17,700	\$ 17,700	\$ 6,867
Other Local Revenues	1,633	0	0	1,633	500	500	1,133
Total Revenues	\$ 26,200	\$ 0	\$ 0	\$ 26,200	\$ 18,200	\$ 18,200	\$ 8,000
<u>Expenditures</u>							
<u>Administration of Justice</u>							
District Attorney General	\$ 481	\$ (144)	\$ 126	\$ 463	\$ 18,200	\$ 18,200	\$ 17,737
Total Expenditures	\$ 481	\$ (144)	\$ 126	\$ 463	\$ 18,200	\$ 18,200	\$ 17,737
Excess (Deficiency) of Revenues Over Expenditures	\$ 25,719	\$ 144	\$ (126)	\$ 25,737	\$ 0	\$ 0	\$ 25,737
Net Change in Fund Balance	\$ 25,719	\$ 144	\$ (126)	\$ 25,737	\$ 0	\$ 0	\$ 25,737
Fund Balance, July 1, 2004	48,373	(144)	0	48,229	48,373	48,373	(144)
Fund Balance, June 30, 2005	\$ 74,092	\$ 0	\$ (126)	\$ 73,966	\$ 48,373	\$ 48,373	\$ 25,593

Exhibit G-8

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 58,354	\$ 0	\$ 0	\$ 58,354	\$ 40,000	\$ 40,000	\$ 18,354
Fines, Forfeitures and Penalties	47,609	0	0	47,609	25,500	25,500	22,109
Charges for Current Services	6,314	0	0	6,314	2,500	2,500	3,814
Other Local Revenues	2,444	0	0	2,444	5,000	5,000	(2,556)
Federal Government	51,910	0	0	51,910	63,573	63,573	(11,663)
Other Governments and Citizens Groups	0	0	0	0	37,900	37,900	(37,900)
Total Revenues	\$ 166,631	\$ 0	\$ 0	\$ 166,631	\$ 174,473	\$ 174,473	\$ (7,842)
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 310,149	\$ (34,772)	\$ 1,000	\$ 276,377	\$ 296,197	\$ 296,197	\$ 19,820
Total Expenditures	\$ 310,149	\$ (34,772)	\$ 1,000	\$ 276,377	\$ 296,197	\$ 296,197	\$ 19,820
Excess (Deficiency) of Revenues Over Expenditures	\$ (143,518)	\$ 34,772	\$ (1,000)	\$ (109,746)	\$ (121,724)	\$ (121,724)	\$ 11,978
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 40,000	\$ 0	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000	\$ 0
Transfers Out	(1,630)	0	0	(1,630)	0	0	(1,630)
Total Other Financing Sources (Uses)	\$ 38,370	\$ 0	\$ 0	\$ 38,370	\$ 40,000	\$ 40,000	\$ (1,630)
Net Change in Fund Balance	\$ (105,148)	\$ 34,772	\$ (1,000)	\$ (71,376)	\$ (81,724)	\$ (81,724)	\$ 10,348
Fund Balance, July 1, 2004	166,342	(34,772)	0	131,570	160,847	160,847	(29,277)
Fund Balance, June 30, 2005	\$ 61,194	\$ 0	\$ (1,000)	\$ 60,194	\$ 79,123	\$ 79,123	\$ (18,929)

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Exhibit H

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,060,382	\$ 7,785,346	\$ 7,785,346	\$ 1,275,036
Other Local Revenues	91,142	520,500	520,500	(429,358)
State of Tennessee	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	321,105	451,675	451,675	(130,570)
Total Revenues	<u>\$ 9,472,629</u>	<u>\$ 8,957,521</u>	<u>\$ 8,957,521</u>	<u>\$ 515,108</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 3,440,000	\$ 3,416,251	\$ 3,456,251	\$ 16,251
<u>Interest</u>				
General Government	5,605,576	6,993,200	6,993,200	1,387,624
<u>Other Debt Service</u>				
General Government	831,383	423,000	906,636	75,253
Total Expenditures	<u>\$ 9,876,959</u>	<u>\$ 10,832,451</u>	<u>\$ 11,356,087</u>	<u>\$ 1,479,128</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (404,330)</u>	<u>\$ (1,874,930)</u>	<u>\$ (2,398,566)</u>	<u>\$ 1,994,236</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 27,325,000	\$ 0	\$ 27,325,000	\$ 0
Premiums on Debt Issued	448,731	0	448,731	0
Payments to Refunded Debt Escrow Agent	(27,290,095)	0	(27,290,095)	0
Total Other Financing Sources (Uses)	<u>\$ 483,636</u>	<u>\$ 0</u>	<u>\$ 483,636</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 79,306	\$ (1,874,930)	\$ (1,914,930)	\$ 1,994,236
Fund Balance, July 1, 2004	<u>6,858,632</u>	<u>5,441,743</u>	<u>5,441,743</u>	<u>1,416,889</u>
Fund Balance, June 30, 2005	<u>\$ 6,937,938</u>	<u>\$ 3,566,813</u>	<u>\$ 3,526,813</u>	<u>\$ 3,411,125</u>

Internal Service Funds

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

Self-insurance Fund – The Self-insurance Fund is used to account for the county’s self-insured general liability, property, and casualty program. Premiums charged to the various county operating funds are placed in this fund for the payment of claims.

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

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

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

Exhibit I-1

Blount County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2005

	Internal Service Funds				
	Self- Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>ASSETS</u>					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 348,615	\$ 543,761	\$ 99,209	\$ 2,253,449	\$ 3,245,034
Accounts Receivable	28,603	10,360	487	0	39,450
Due from Other Funds	84,506	350,740	580	19,720	455,546
Due from Component Units	0	1,494,838	20,571	3,060	1,518,469
Prepaid Items	124,286	0	0	102,221	226,507
Total Assets	<u>\$ 586,010</u>	<u>\$ 2,399,699</u>	<u>\$ 120,847</u>	<u>\$ 2,378,450</u>	<u>\$ 5,485,006</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ 0	\$ 802,147	\$ 35,862	\$ 75,000	\$ 913,009
Due to Other Funds	0	0	0	4,043	4,043
Due to Component Units	0	0	0	3,832	3,832
Other Current Liabilities	248,385	886,255	56,435	460,663	1,651,738
Unearned Revenues	0	711,297	18,749	0	730,046
Total Liabilities	<u>\$ 248,385</u>	<u>\$ 2,399,699</u>	<u>\$ 111,046</u>	<u>\$ 543,538</u>	<u>\$ 3,302,668</u>
<u>NET ASSETS</u>					
Unrestricted	<u>\$ 337,625</u>	<u>\$ 0</u>	<u>\$ 9,801</u>	<u>\$ 1,834,912</u>	<u>\$ 2,182,338</u>
Total Net Assets	<u>\$ 337,625</u>	<u>\$ 0</u>	<u>\$ 9,801</u>	<u>\$ 1,834,912</u>	<u>\$ 2,182,338</u>

Exhibit I-2

Blount County, Tennessee
Combining Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Internal Service Funds				Total
	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	
<u>Operating Revenues</u>					
Self-Insurance Premiums	\$ 748,610	\$ 12,143,227	\$ 585,597	\$ 455,205	\$ 13,932,639
Total Operating Revenues	\$ 748,610	\$ 12,143,227	\$ 585,597	\$ 455,205	\$ 13,932,639
<u>Operating Expenses</u>					
Fiscal Agent Charges	\$ 4,671	\$ 445,658	\$ 146	\$ 47,138	\$ 497,613
Insurance Premiums	0	471,945	0	0	471,945
Building and Contents Insurance	107,608	0	0	0	107,608
Other Administrative Expenses	0	100,891	0	272	101,163
Medical Claims	0	11,634,299	692,615	388,926	12,715,840
Liability Insurance	449,536	0	0	0	449,536
Other Self-Insured Claims	264,080	0	0	0	264,080
Total Operating Expenses	\$ 825,895	\$ 12,652,793	\$ 692,761	\$ 436,336	\$ 14,607,785
Operating Income (Loss)	\$ (77,285)	\$ (509,566)	\$ (107,164)	\$ 18,869	\$ (675,146)
<u>Nonoperating Revenues (Expenses)</u>					
Investment Income	\$ 0	\$ 15,695	\$ 3,056	\$ 84,441	\$ 103,192
Total Nonoperating Revenues (Expenses)	\$ 0	\$ 15,695	\$ 3,056	\$ 84,441	\$ 103,192
Income (Loss) Before Transfers	\$ (77,285)	\$ (493,871)	\$ (104,108)	\$ 103,310	\$ (571,954)
Transfers In	0	313,052	0	0	313,052
Transfers Out	(60,721)	(60,721)	(60,721)	(60,721)	(242,884)
Change in Net Assets	\$ (138,006)	\$ (241,540)	\$ (164,829)	\$ 42,589	\$ (501,786)
Net Assets, July 1, 2004	475,631	241,540	174,630	1,792,323	2,684,124
Net Assets, June 30, 2005	\$ 337,625	\$ 0	\$ 9,801	\$ 1,834,912	\$ 2,182,338

Exhibit I-3

Blount County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Internal Service Funds				Total
	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	
<u>Cash Flows from Operating Activities</u>					
Receipts for self-insurance premiums	\$ 714,525	\$ 10,894,605	\$ 591,111	\$ 452,254	\$ 12,652,495
Payments to fiscal agents	(4,671)	(445,658)	(146)	(47,138)	(497,613)
Payments to insurers	(821,224)	(471,945)	0	0	(1,293,169)
Payments for claims	76,823	(11,438,027)	(651,952)	(397,305)	(12,410,461)
Payments for administrative costs	0	(100,891)	0	(272)	(101,163)
Net cash provided by (used in) operating activities	\$ (34,547)	\$ (1,561,916)	\$ (60,987)	\$ 7,539	\$ (1,649,911)
<u>Cash Flows from Investing Activities</u>					
Interest on investments	\$ 0	\$ 15,695	\$ 3,056	\$ 84,441	\$ 103,192
Net cash provided by (used in) investing activities	\$ 0	\$ 15,695	\$ 3,056	\$ 84,441	\$ 103,192
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	\$ 0	\$ 313,052	\$ 0	\$ 0	\$ 313,052
Transfers to other funds	(60,721)	(60,721)	(60,721)	(60,721)	(242,884)
Net cash provided by (used in) noncapital financing activities	\$ (60,721)	\$ 252,331	\$ (60,721)	\$ (60,721)	\$ 70,168
Increase (decrease) in cash and cash equivalents	\$ (95,268)	\$ (1,293,890)	\$ (118,652)	\$ 31,259	\$ (1,476,551)
Cash and cash equivalents, July 1, 2004	443,883	1,837,651	217,861	2,222,190	4,721,585
Cash and cash equivalents, June 30, 2005	\$ 348,615	\$ 543,761	\$ 99,209	\$ 2,253,449	\$ 3,245,034

(Continued)

Exhibit I-3

Blount County, Tennessee
Combining Statement of Cash Flows (Cont.)
Proprietary Funds

	Internal Service Funds				Total
	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	
<u>Reconciliation of Operating Income (Loss) To Net</u> <u>Cash Provided By Operating Activities</u>					
Operating Income (Loss)	\$ (77,285)	\$ (509,566)	\$ (107,164)	\$ 18,869	\$ (675,146)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:					
Changes in Assets and Liabilities:					
(Increase) decrease in current receivables	(34,085)	(1,248,622)	5,514	(2,951)	(1,280,144)
(Increase) decrease in prepaid expenses	(35,885)	33,874	0	(51,797)	(53,808)
Increase (decrease) in other current liabilities	112,708	162,398	40,663	43,418	359,187
Net cash provided by (used in) operating activities	<u>\$ (34,547)</u>	<u>\$ (1,561,916)</u>	<u>\$ (60,987)</u>	<u>\$ 7,539</u>	<u>\$ (1,649,911)</u>

Agency Funds

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

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

City School ADA - Alcoa Fund and City School ADA - Maryville Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

Joint Venture Fund – The Joint Venture Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Fifth Judicial District.

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

Other Agency Fund – The Other Agency Fund is used to account for payroll transactions of the various county departments. Amounts sufficient to cover the gross payroll are paid into this fund from the various county operating funds. Payroll deductions and net payroll checks are processed and paid through this clearing account.

Exhibit J-1

Blount County, Tennessee
Combining Statements of Assets and Liabilities
All Agency Funds
June 30, 2005

	Agency Funds						Total
	Cities - Sales Tax	City School ADA - Alcoa	City School ADA - Maryville	Joint Venture	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>							
Equity in Pooled Cash and Investments	\$ 0	\$ 9,573	\$ 31,895	\$ 620,058	\$ 0	\$ 405,421	\$ 1,066,947
Cash	0	0	0	0	4,955,054	0	4,955,054
Accounts Receivable	0	156	519	4,115	2,215	799	7,804
Due from Other Governments	2,121,997	200,737	668,840	0	0	0	2,991,574
Taxes Receivable	0	2,051,808	6,840,219	0	0	0	8,892,027
Allowance for Uncollectible Taxes	0	(23,870)	(79,575)	0	0	0	(103,445)
Total Assets	\$ 2,121,997	\$ 2,238,404	\$ 7,461,898	\$ 624,173	\$ 4,957,269	\$ 406,220	\$ 17,809,961
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 13,924	\$ 0	\$ 0	\$ 13,924
Payroll Deductions Payable	0	0	0	0	0	406,220	406,220
Due to Other Taxing Units	2,121,997	2,238,404	7,461,898	0	0	0	11,822,299
Due to Litigants, Heirs, and Others	0	0	0	0	4,957,269	0	4,957,269
Due to Joint Ventures	0	0	0	581,044	0	0	581,044
Other Current Liabilities	0	0	0	29,205	0	0	29,205
Total Liabilities	\$ 2,121,997	\$ 2,238,404	\$ 7,461,898	\$ 624,173	\$ 4,957,269	\$ 406,220	\$ 17,809,961

Exhibit J-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,233,278	\$ 12,233,278	\$ 0
Due From Other Governments	2,035,492	2,121,998	2,035,493	2,121,997
Total Assets	\$ 2,035,492	\$ 14,355,276	\$ 14,268,771	\$ 2,121,997
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,035,492	\$ 14,355,276	\$ 14,268,771	\$ 2,121,997
Total Liabilities	\$ 2,035,492	\$ 14,355,276	\$ 14,268,771	\$ 2,121,997
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,177	\$ 3,171,914	\$ 3,163,518	\$ 9,573
Due From Other Governments	191,456	200,738	191,457	200,737
Accounts Receivable	0	156	0	156
Taxes Receivable	1,838,813	2,051,808	1,838,813	2,051,808
Allowance for Uncollectible Taxes	(27,540)	(23,870)	(27,540)	(23,870)
Total Assets	\$ 2,003,906	\$ 5,400,746	\$ 5,166,248	\$ 2,238,404
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,003,906	\$ 3,398,017	\$ 3,163,519	\$ 2,238,404
Total Liabilities	\$ 2,003,906	\$ 3,398,017	\$ 3,163,519	\$ 2,238,404
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 60,822	\$ 11,325,124	\$ 11,354,051	\$ 31,895
Due From Other Governments	682,456	668,840	682,456	668,840
Accounts Receivable	0	519	0	519
Taxes Receivable	6,557,548	6,840,219	6,557,548	6,840,219
Allowance for Uncollectible Taxes	(98,214)	(79,575)	(98,214)	(79,575)
Total Assets	\$ 7,202,612	\$ 18,755,127	\$ 18,495,841	\$ 7,461,898
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 7,202,612	\$ 11,613,337	\$ 11,354,051	\$ 7,461,898
Total Liabilities	\$ 7,202,612	\$ 11,613,337	\$ 11,354,051	\$ 7,461,898

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 542,257	\$ 327,901	\$ 250,100	\$ 620,058
Accounts Receivable	771	4,115	771	4,115
Due From Other Governments	15,671	0	15,671	0
Total Assets	\$ 558,699	\$ 332,016	\$ 266,542	\$ 624,173
<u>Liabilities</u>				
Accounts Payable	\$ 6,609	\$ 13,924	\$ 6,609	\$ 13,924
Due to Joint Venture	540,697	290,447	250,100	581,044
Other Current Liabilities	11,393	55,339	37,527	29,205
Total Liabilities	\$ 558,699	\$ 359,710	\$ 294,236	\$ 624,173
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,218,253	\$ 24,266,561	\$ 21,529,760	\$ 4,955,054
Accounts Receivable	3,911	2,215	3,911	2,215
Total Assets	\$ 2,222,164	\$ 24,268,776	\$ 21,533,671	\$ 4,957,269
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,222,164	\$ 24,264,865	\$ 21,529,760	\$ 4,957,269
Total Liabilities	\$ 2,222,164	\$ 24,264,865	\$ 21,529,760	\$ 4,957,269
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 69,658	\$ 65,864,443	\$ 65,528,680	\$ 405,421
Accounts Receivable	799	799	799	799
Total Assets	\$ 70,457	\$ 65,865,242	\$ 65,529,479	\$ 406,220
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 44,627	\$ 406,220	\$ 44,627	\$ 406,220
Contracts Payable	25,830	0	25,830	0
Total Liabilities	\$ 70,457	\$ 406,220	\$ 70,457	\$ 406,220

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 673,914	\$ 92,922,660	\$ 92,529,627	\$ 1,066,947
Cash	2,218,253	24,266,561	21,529,760	4,955,054
Accounts Receivable	5,481	7,804	5,481	7,804
Due From Other Governments	2,925,075	2,991,576	2,925,077	2,991,574
Taxes Receivable	8,396,361	8,892,027	8,396,361	8,892,027
Allowance for Uncollectible Taxes	(125,754)	(103,445)	(125,754)	(103,445)
Total Assets	\$ 14,093,330	\$ 128,977,183	\$ 125,260,552	\$ 17,809,961
<u>Liabilities</u>				
Accounts Payable	\$ 6,609	\$ 13,924	\$ 6,609	\$ 13,924
Payroll Deductions Payable	44,627	406,220	44,627	406,220
Contracts Payable	25,830	0	25,830	0
Due to Other Taxing Units	11,242,010	29,366,630	28,786,341	11,822,299
Due to Litigants, Heirs, and Others	2,222,164	24,264,865	21,529,760	4,957,269
Due to Joint Ventures	540,697	290,447	250,100	581,044
Other Current Liabilities	11,393	55,339	37,527	29,205
Total Liabilities	\$ 14,093,330	\$ 54,397,425	\$ 50,680,794	\$ 17,809,961

Blount County School Department

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

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department. Major funding for the School Department is provided through local tax levies and state education funds.

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

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

Extended School Program Fund – The Extended School Program Fund is used to account for transactions of the Blount County School Department’s extended care program.

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 9,429,909	\$ 1,387,752	\$ 10,817,661
Accounts Receivable	21,168	104,104	125,272
Due from Other Governments	1,702,834	610,951	2,313,785
Due from Other Funds	0	33,979	33,979
Due from Primary Government	70,244	8,741	78,985
Property Taxes Receivable	16,755,586	0	16,755,586
Allowance for Uncollectible Property Taxes	(194,926)	0	(194,926)
Total Assets	<u>\$ 27,784,815</u>	<u>\$ 2,145,527</u>	<u>\$ 29,930,342</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 485,993	\$ 87,391	\$ 573,384
Accrued Payroll	3,801,452	424,365	4,225,817
Payroll Deductions Payable	4,704	2,258	6,962
Due to Other Funds	33,979	0	33,979
Due to Primary Government	1,991,687	67,499	2,059,186
Other Current Liabilities	496,462	57,457	553,919
Deferred Revenue - Current Property Taxes	15,997,491	0	15,997,491
Deferred Revenue - Delinquent Property Taxes	533,417	0	533,417
Other Deferred Revenues	816,764	0	816,764
Total Liabilities	<u>\$ 24,161,949</u>	<u>\$ 638,970</u>	<u>\$ 24,800,919</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 202,515	\$ 184,572	\$ 387,087
Reserved for Title I Grants to Local Education Agencies	0	92,948	92,948
Reserved for Special Education - Grants to States	0	314,664	314,664
Other Federal Reserves	0	15,261	15,261
Unreserved, Reported In:			
General Fund	3,420,351	0	3,420,351
Special Revenue Funds	0	899,112	899,112
Total Fund Balances	<u>\$ 3,622,866</u>	<u>\$ 1,506,557</u>	<u>\$ 5,129,423</u>
Total Liabilities and Fund Balances	<u>\$ 27,784,815</u>	<u>\$ 2,145,527</u>	<u>\$ 29,930,342</u>

Exhibit K-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Blount County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit K-1)		\$	5,129,423
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			86,581,140
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,350,181
(3) Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes payable	\$	1,255,000	
Compensated absences		<u>46,625</u>	<u>(1,301,625)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 91,759,119</u>

Exhibit K-3

Blount County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Blount County School Department
For the Year Ended June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 25,695,368	\$ 0	\$ 25,695,368
Licenses and Permits	3,030	0	3,030
Charges for Current Services	794	3,781,589	3,782,383
Other Local Revenues	721,736	37,815	759,551
State of Tennessee	35,841,048	352,500	36,193,548
Federal Government	313,066	6,827,584	7,140,650
Other Governments and Citizens Groups	0	6,000	6,000
Total Revenues	<u>\$ 62,575,042</u>	<u>\$ 11,005,488</u>	<u>\$ 73,580,530</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 42,114,650	\$ 3,952,301	\$ 46,066,951
Support Services	19,493,434	1,056,406	20,549,840
Operation of Non-Instructional Services	0	5,773,611	5,773,611
Capital Outlay	111,296	0	111,296
Debt Service:			
Principal	415,000	0	415,000
Interest	66,800	0	66,800
Other Debt Service	58,917	0	58,917
Total Expenditures	<u>\$ 62,260,097</u>	<u>\$ 10,782,318</u>	<u>\$ 73,042,415</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 314,945</u>	<u>\$ 223,170</u>	<u>\$ 538,115</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 34,762	\$ 39,939	\$ 74,701
Transfers Out	(39,939)	(34,762)	(74,701)
Total Other Financing Sources (Uses)	<u>\$ (5,177)</u>	<u>\$ 5,177</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 309,768	\$ 228,347	\$ 538,115
Fund Balance, July 1, 2004	3,313,098	1,278,210	4,591,308
Fund Balance, June 30, 2005	<u>\$ 3,622,866</u>	<u>\$ 1,506,557</u>	<u>\$ 5,129,423</u>

Exhibit K-4

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit K-3)		\$	538,115
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that depreciation exceeded capital outlays is itemized as follows:			
Add: Capital outlays in the current period	\$	325,723	
Less: Current year depreciation		<u>(2,167,707)</u>	(1,841,984)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.			3,978,445
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
For the year ended June 30, 2004	\$	(1,248,572)	
For the year ended June 30, 2005		<u>1,350,181</u>	101,609
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: Principal payment on notes	\$	<u>415,000</u>	415,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences			<u>11,649</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>3,202,834</u></u>

Exhibit K-5

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2005

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 681,618	\$ 469,584	\$ 236,550	\$ 1,387,752
Accounts Receivable	0	15,150	88,954	104,104
Due from Other Governments	235,059	363,672	12,220	610,951
Due from Other Funds	33,979	0	0	33,979
Due from Primary Government	68	6,985	1,688	8,741
Total Assets	<u>\$ 950,724</u>	<u>\$ 855,391</u>	<u>\$ 339,412</u>	<u>\$ 2,145,527</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 55,298	\$ 9,956	\$ 22,137	\$ 87,391
Accrued Payroll	310,729	51,826	61,810	424,365
Payroll Deductions Payable	1,707	0	551	2,258
Due to Primary Government	45,377	15,870	6,252	67,499
Other Current Liabilities	41,670	8,408	7,379	57,457
Total Liabilities	<u>\$ 454,781</u>	<u>\$ 86,060</u>	<u>\$ 98,129</u>	<u>\$ 638,970</u>

(Continued)

Exhibit K-5

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 73,070	\$ 78,881	\$ 32,621	\$ 184,572
Reserved for Title I Grants to Local Education Agencies	92,948	0	0	92,948
Reserved for Special Education - Grants to States	314,664	0	0	314,664
Other Federal Reserves	15,261	0	0	15,261
Unreserved	0	690,450	208,662	899,112
Total Fund Balances	<u>\$ 495,943</u>	<u>\$ 769,331</u>	<u>\$ 241,283</u>	<u>\$ 1,506,557</u>
Total Liabilities and Fund Balances	<u>\$ 950,724</u>	<u>\$ 855,391</u>	<u>\$ 339,412</u>	<u>\$ 2,145,527</u>

Exhibit K-6

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Blount County School Department
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 2,491,773	\$ 1,289,816	\$ 3,781,589
Other Local Revenues	0	23,389	14,426	37,815
State of Tennessee	199,991	55,159	97,350	352,500
Federal Government	5,044,698	1,782,886	0	6,827,584
Other Governments and Citizens Groups	6,000	0	0	6,000
Total Revenues	<u>\$ 5,250,689</u>	<u>\$ 4,353,207</u>	<u>\$ 1,401,592</u>	<u>\$ 11,005,488</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 3,952,301	\$ 0	\$ 0	\$ 3,952,301
Support Services	1,056,406	0	0	1,056,406
Operation of Non-Instructional Services	0	4,352,102	1,421,509	5,773,611
Total Expenditures	<u>\$ 5,008,707</u>	<u>\$ 4,352,102</u>	<u>\$ 1,421,509</u>	<u>\$ 10,782,318</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 241,982</u>	<u>\$ 1,105</u>	<u>\$ (19,917)</u>	<u>\$ 223,170</u>

(Continued)

Exhibit K-6

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Blount County School Department (Cont.)

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 39,939	\$ 0	\$ 0	\$ 39,939
Transfers Out	(34,762)	0	0	(34,762)
Total Other Financing Sources (Uses)	<u>\$ 5,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,177</u>
Net Change in Fund Balances	\$ 247,159	\$ 1,105	\$ (19,917)	\$ 228,347
Fund Balance, July 1, 2004	<u>248,784</u>	<u>768,226</u>	<u>261,200</u>	<u>1,278,210</u>
Fund Balance, June 30, 2005	<u><u>\$ 495,943</u></u>	<u><u>\$ 769,331</u></u>	<u><u>\$ 241,283</u></u>	<u><u>\$ 1,506,557</u></u>

Exhibit K-7

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Blount County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 25,695,368	\$ 0	\$ 0	\$ 25,695,368	\$ 25,195,384	\$ 25,203,145	\$ 492,223
Licenses and Permits	3,030	0	0	3,030	4,000	4,000	(970)
Charges for Current Services	794	0	0	794	1,000	1,000	(206)
Other Local Revenues	721,736	0	0	721,736	322,000	441,969	279,767
State of Tennessee	35,841,048	0	0	35,841,048	35,471,000	35,668,767	172,281
Federal Government	313,066	0	0	313,066	273,000	287,633	25,433
Total Revenues	\$ 62,575,042	\$ 0	\$ 0	\$ 62,575,042	\$ 61,266,384	\$ 61,606,514	\$ 968,528
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 32,200,206	\$ (34,740)	\$ 16,141	\$ 32,181,607	\$ 29,161,042	\$ 32,986,245	\$ 804,638
Special Education Program	5,723,063	(2,988)	18,300	5,738,375	6,199,950	5,889,304	150,929
Vocational Education Program	2,632,695	(11,545)	15,613	2,636,763	2,914,100	2,833,693	196,930
Adult Education Program	190,024	(3,295)	3,940	190,669	234,200	201,650	10,981
Other	1,368,662	0	0	1,368,662	850,000	728,000	(640,662)
<u>Support Services</u>							
Attendance	145,807	0	0	145,807	154,500	149,319	3,512
Health Services	390,276	(296)	853	390,833	482,000	399,320	8,487
Other Student Support	1,439,045	(4,882)	7,479	1,441,642	1,615,560	1,479,427	37,785
Regular Instruction Program	1,688,947	(4,838)	4,405	1,688,514	1,828,500	1,728,813	40,299
Special Education Program	373,088	(54)	750	373,784	389,200	372,979	(805)
Vocational Education Program	61,777	(24)	3,069	64,822	83,090	70,700	5,878
Adult Programs	95,642	(1,782)	34	93,894	110,285	100,499	6,605
Other Programs	69,780	0	0	69,780	100,300	81,570	11,790
Board of Education	971,577	(4,466)	11,221	978,332	978,248	980,545	2,213
Director of Schools	336,568	(6,226)	11,104	341,446	751,217	353,506	12,060

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 3,697,646	\$ (1,852)	\$ 3,180	\$ 3,698,974	\$ 3,980,450	\$ 3,770,045	\$ 71,071
Fiscal Services	305,031	(3,229)	2,889	304,691	321,750	316,050	11,359
Operation of Plant	5,167,419	(11,657)	15,458	5,171,220	5,871,992	5,677,105	505,885
Maintenance of Plant	1,376,397	(20,817)	68,805	1,424,385	1,729,800	1,471,875	47,490
Transportation	2,992,891	(2,242)	5,964	2,996,613	3,159,800	3,021,239	24,626
Central and Other	381,543	(21,284)	13,310	373,569	570,200	384,524	10,955
<u>Capital Outlay</u>							
Regular Capital Outlay	111,296	(63,629)	0	47,667	20,000	49,145	1,478
<u>Principal</u>							
Education	415,000	0	0	415,000	0	415,000	0
<u>Interest</u>							
Education	66,800	0	0	66,800	0	66,800	0
<u>Other Debt Service</u>							
Education	58,917	0	0	58,917	0	58,917	0
Total Expenditures	\$ 62,260,097	\$ (199,846)	\$ 202,515	\$ 62,262,766	\$ 61,506,184	\$ 63,586,270	\$ 1,323,504
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 314,945	\$ 199,846	\$ (202,515)	\$ 312,276	\$ (239,800)	\$ (1,979,756)	\$ 2,292,032
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 34,762	\$ 0	\$ 0	\$ 34,762	\$ 217,000	\$ 61,000	\$ (26,238)
Transfers Out	(39,939)	0	0	(39,939)	(8,200)	(39,940)	1
Total Other Financing Sources (Uses)	\$ (5,177)	\$ 0	\$ 0	\$ (5,177)	\$ 208,800	\$ 21,060	\$ (26,237)

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 309,768	\$ 199,846	\$ (202,515)	\$ 307,099	\$ (31,000)	\$ (1,958,696)	\$ 2,265,795
Fund Balance, July 1, 2004	3,313,098	(199,846)	0	3,113,252	3,177,525	3,177,525	(64,273)
Fund Balance, June 30, 2005	\$ 3,622,866	\$ 0	\$ (202,515)	\$ 3,420,351	\$ 3,146,525	\$ 1,218,829	\$ 2,201,522

Exhibit K-8

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Blount County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 199,991	\$ 0	\$ 0	\$ 199,991	\$ 0	\$ 200,002	\$ (11)
Federal Government	5,044,698	0	0	5,044,698	4,708,671	5,526,703	(482,005)
Other Governments and Citizens Groups	6,000	0	0	6,000	24,732	14,232	(8,232)
Total Revenues	\$ 5,250,689	\$ 0	\$ 0	\$ 5,250,689	\$ 4,733,403	\$ 5,740,937	\$ (490,248)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,815,124	\$ (469)	\$ 10,802	\$ 1,825,457	\$ 1,777,825	\$ 1,872,255	\$ 46,798
Special Education Program	1,543,396	(10,423)	14,364	1,547,337	1,374,528	1,781,009	233,672
Vocational Education Program	250,061	(13,410)	23,111	259,762	260,636	264,220	4,458
Student Body Education Program	209,393	(275)	2,863	211,981	242,015	211,981	0
Other	134,327	(32,803)	1,664	103,188	0	103,452	264
<u>Support Services</u>							
Other Student Support	85,272	(1,604)	4,305	87,973	72,957	87,973	0
Regular Instruction Program	218,715	(3,239)	0	215,476	278,052	215,476	0
Special Education Program	617,382	(7,430)	13,670	623,622	593,339	704,135	80,513
Vocational Education Program	8,489	(387)	2,291	10,393	12,300	12,300	1,907
Transportation	87,251	0	0	87,251	87,228	91,305	4,054
Central and Other	39,297	(2,246)	0	37,051	43,861	44,348	7,297
Total Expenditures	\$ 5,008,707	\$ (72,286)	\$ 73,070	\$ 5,009,491	\$ 4,742,741	\$ 5,388,454	\$ 378,963
Excess (Deficiency) of Revenues Over Expenditures	\$ 241,982	\$ 72,286	\$ (73,070)	\$ 241,198	\$ (9,338)	\$ 352,483	\$ (111,285)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 39,939	\$ 0	\$ 0	\$ 39,939	\$ 77,970	\$ 83,025	\$ (43,086)

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (34,762)	\$ 0	\$ 0	\$ (34,762)	\$ (69,142)	\$ (35,000)	\$ 238
Total Other Financing Sources (Uses)	\$ 5,177	\$ 0	\$ 0	\$ 5,177	\$ 8,828	\$ 48,025	\$ (42,848)
Net Change in Fund Balance	\$ 247,159	\$ 72,286	\$ (73,070)	\$ 246,375	\$ (510)	\$ 400,508	\$ (154,133)
Fund Balance, July 1, 2004	248,784	(72,286)	0	176,498	61,572	61,572	114,926
Fund Balance, June 30, 2005	\$ 495,943	\$ 0	\$ (73,070)	\$ 422,873	\$ 61,062	\$ 462,080	\$ (39,207)

Exhibit K-9

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Blount County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,491,773	\$ 0	\$ 0	\$ 2,491,773	\$ 2,489,000	\$ 2,548,500	\$ (56,727)
Other Local Revenues	23,389	0	0	23,389	15,000	15,000	8,389
State of Tennessee	55,159	0	0	55,159	58,000	56,000	(841)
Federal Government	1,782,886	0	0	1,782,886	1,785,000	1,807,000	(24,114)
Total Revenues	\$ 4,353,207	\$ 0	\$ 0	\$ 4,353,207	\$ 4,347,000	\$ 4,426,500	\$ (73,293)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,352,102	\$ (64,426)	\$ 78,881	\$ 4,366,557	\$ 4,434,500	\$ 4,556,000	\$ 189,443
Total Expenditures	\$ 4,352,102	\$ (64,426)	\$ 78,881	\$ 4,366,557	\$ 4,434,500	\$ 4,556,000	\$ 189,443
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,105	\$ 64,426	\$ (78,881)	\$ (13,350)	\$ (87,500)	\$ (129,500)	\$ 116,150
Net Change in Fund Balance	\$ 1,105	\$ 64,426	\$ (78,881)	\$ (13,350)	\$ (87,500)	\$ (129,500)	\$ 116,150
Fund Balance, July 1, 2004	768,226	(64,426)	0	703,800	540,301	540,301	163,499
Fund Balance, June 30, 2005	\$ 769,331	\$ 0	\$ (78,881)	\$ 690,450	\$ 452,801	\$ 410,801	\$ 279,649

Exhibit K-10

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Blount County School Department
Extended School Program Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,289,816	\$ 0	\$ 0	\$ 1,289,816	\$ 1,255,000	\$ 1,255,000	\$ 34,816
Other Local Revenues	14,426	0	0	14,426	10,000	10,000	4,426
State of Tennessee	97,350	0	0	97,350	145,000	145,000	(47,650)
Total Revenues	\$ 1,401,592	\$ 0	\$ 0	\$ 1,401,592	\$ 1,410,000	\$ 1,410,000	\$ (8,408)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,421,509	\$ (17,866)	\$ 32,621	\$ 1,436,264	\$ 1,461,700	\$ 1,535,200	\$ 98,936
Total Expenditures	\$ 1,421,509	\$ (17,866)	\$ 32,621	\$ 1,436,264	\$ 1,461,700	\$ 1,535,200	\$ 98,936
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,917)	\$ 17,866	\$ (32,621)	\$ (34,672)	\$ (51,700)	\$ (125,200)	\$ 90,528
Net Change in Fund Balance	\$ (19,917)	\$ 17,866	\$ (32,621)	\$ (34,672)	\$ (51,700)	\$ (125,200)	\$ 90,528
Fund Balance, July 1, 2004	261,200	(17,866)	0	243,334	185,253	185,253	58,081
Fund Balance, June 30, 2005	\$ 241,283	\$ 0	\$ (32,621)	\$ 208,662	\$ 133,553	\$ 60,053	\$ 148,609

MISCELLANEOUS SCHEDULES

Exhibit L-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Refunded	Outstanding 6-30-05
<u>PRIMARY GOVERNMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Industrial Park	\$ 2,500,000	4.2 to 6%	6-26-1998	4-1-10	\$ 1,435,000	\$ 0	\$ 210,000	\$ 0	\$ 1,225,000
Total Notes Payable					\$ 1,435,000	\$ 0	\$ 210,000	\$ 0	\$ 1,225,000
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Jail Project (Series B-2)	5,000,000	Variable	10-19-1995	6-1-06	\$ 1,155,417	\$ 0	\$ 585,000	\$ 0	\$ 570,417
Jail Project (Series IIB)	10,000,000	Variable	12-31-1996	12-31-16	8,465,000	0	360,000	0	8,105,000
School & Library	10,000,000	4 to 4.55	11-01-1997	3-1-07	8,045,000	0	375,000	6,860,000	810,000
School, Jail & Courthouse	20,000,000	4 to 4.55	8-1-1998	4-1-08	18,155,000	0	855,000	14,495,000	2,805,000
Various Purpose	7,000,000	4.15 to 4.8	8-1-1999	4-1-09	6,205,000	0	290,000	4,625,000	1,290,000
Various Purpose (Series IV-C-1)	39,000,000	Variable(3)	3-1-00	6-1-23	39,000,000	0	0	0	39,000,000
Library	4,100,000	Variable	12-1-00	6-1-23	3,500,000	0	200,000	0	3,300,000
Various Purpose (Series A-1-A)	20,000,000	Variable(3)	4-1-01	6-1-30	20,000,000	0	0	0	20,000,000
Various Purpose (Series A-5-A)	10,000,000	Variable(4)	6-27-02	6-1-30	10,000,000	0	0	0	10,000,000
Various Purpose (Series B-1-C)	9,100,000	Variable	2-27-03	6-1-30	8,600,000	0	525,000	0	8,075,000
Various Purpose (Series B-4-A)	10,000,000	Variable(4)	1-29-04	6-1-28	8,413,400	1,586,600	0	0	10,000,000
Various Purpose (Series D-1-B)	(1)	Variable	3-17-05	6-1-27	0	10,140,677	0	0	10,140,677
<u>Tennessee State School Bond Authority</u>									
<u>Loan Agreement</u>									
Qualified Zone Academy Bonds - School Building; Renovation, Repairs, and Equipping	(2)	0	11-24-04	11-24-20	0	615,783	0	0	615,783
Total Other Loans Payable					\$ 131,538,817	\$ 12,343,060	\$ 3,190,000	\$ 25,980,000	\$ 114,711,877

(Continued)

Exhibit L-1

Blount County, Tennessee

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

Primary Government and Discretely Presented Blount County School Department (cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Refunded	Outstanding 6-30-05
<u>PRIMARY GOVERNMENT (Cont.)</u>									
<u>GENERAL BONDED DEBT</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding, Series 2004 A	\$ 7,405,000	2 to 4.15%	9-1-04	3-1-19	\$ 0	\$ 7,405,000	\$ 25,000	\$ 0	\$ 7,380,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	0	5,060,000	15,000	0	5,045,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	0	14,860,000	0	0	14,860,000
Total General Bonded Debt					\$ 0	\$ 27,325,000	\$ 40,000	\$ 0	\$ 27,285,000
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
School	2,500,000	4	6-1-02	6-1-08	\$ 1,670,000	\$ 0	\$ 415,000	\$ 0	\$ 1,255,000
Total Notes Payable					\$ 1,670,000	\$ 0	\$ 415,000	\$ 0	\$ 1,255,000

(1) - Total amount available under this Public Building Authority of Blount County Loan Agreement is \$14,000,000, of which \$3,859,323 had not been drawn as of June 30, 2005.

(2) - Total amount available under this Tennessee State School Bond Authority Agreement is \$817,498, of which \$201,715 had not been drawn as of June 30, 2005.

(3) - These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.

(4) - These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2005.

Exhibit L-2

Blount County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 115,000	\$ 1,135,019	\$ 1,250,019
2007	200,000	1,027,875	1,227,875
2008	630,000	1,022,625	1,652,625
2009	1,675,000	1,006,450	2,681,450
2010	2,085,000	956,200	3,041,200
2011	2,155,000	893,650	3,048,650
2012	2,220,000	824,960	3,044,960
2013	2,305,000	747,966	3,052,966
2014	2,385,000	660,991	3,045,991
2015	2,475,000	576,760	3,051,760
2016	2,585,000	467,561	3,052,561
2017	2,705,000	353,993	3,058,993
2018	2,820,000	231,455	3,051,455
2019	2,930,000	118,303	3,048,303
Total	<u>\$ 27,285,000</u>	<u>\$ 10,023,808</u>	<u>\$ 37,308,808</u>

Exhibit L-3

Blount County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2005

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-05
<u>General Debt Service Fund</u>						
Capital Outlay Note	Blount County School Department - General Purpose School Fund	\$ 2,500,000	6-1-02	6-1-08	4%	<u>\$ 1,255,000</u>
Total Notes Receivable						<u><u>\$ 1,255,000</u></u>

Exhibit L-4

Blount County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Component Units
For the Year Ended June 30, 2005

From Fund	To Fund	Purpose	Amount
General	Public Library	To provide funds for operations	\$ 791,065
General	Other Special Revenue	"	40,000
General	Other Capital Projects	"	36,639
General	Employee Insurance - Health	To liquidate deficit	256,529
Public Library	Employee Insurance - Health	"	13,044
Drug Control	Employee Insurance - Health	"	1,630
Highway/Public Works	Employee Insurance - Health	"	40,762
Other Capital Projects	Employee Insurance - Health	"	1,087
Self Insurance	General	To provide funds for payroll	60,721
Employee Insurance - Health	General	"	60,721
Employee Insurance - Dental	General	"	60,721
Worker's Comp.	General	"	60,721
General Purpose School (School Dept.)	School Federal Projects (School Dept.)	To provide funds for operations	39,939
School Federal Projects (School Dept.)	General Purpose School (School Dept.)	To provide funds for indirect costs	34,762
Total Transfers			\$ 1,498,341

Exhibit L-5

Blount County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 107,475		\$ 50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	72,730		100,000	"
Director of Schools	Board of Education	94,636	(1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	66,117		3,000,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	66,117		10,000	"
Director of Accounts and Budgets	County Commission	79,076	(2)	25,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	66,117		50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	66,117		50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	66,117		50,000	"
Register	Section 8-24-102, <u>TCA</u>	66,117		25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	86,492	(3)	25,000	"
Purchasing Agent	and County Commission County Commission	51,053		25,000	"
Employee Blanket Bonds - All County Employees:					
Public Employee Dishonesty				500,000	Travelers Casualty and Surety Company of America
Forgery or Alteration				500,000	"
Messengers In				500,000	"
Messengers Out				500,000	"
Computer Fraud				500,000	"

(1) Includes chief executive training supplement of \$1,000.

(2) Includes \$8,959 for serving as assistant county mayor and \$4,000 for serving as director of civil defense.

(3) Includes \$5,894 for serving as director of Juvenile Detention Center, law enforcement training supplement of \$546, and \$7,324 for serving as superintendent of the Workhouse.

Exhibit L-6

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2005

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 14,774,351	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(189,754)	0	0	0	0	0
Trustee's Collections - Prior Year	637,272	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	118,696	0	0	0	0	0
Interest and Penalty	84,975	0	0	0	0	0
Pick-up Taxes	96,704	0	0	0	0	0
Payments in Lieu of Taxes - T.V.A.	274,187	0	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	1,208,531	0	0	0	0	0
Litigation Tax - General	376,550	0	0	0	0	0
Litigation Tax - Special Purpose	0	8,605	8,612	0	0	0
Business Tax	391,999	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	11,841	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	163,315	0	0	0	0	0
Wholesale Beer Tax	197,842	0	0	0	0	0
Total Local Taxes	\$ 18,146,509	\$ 8,605	\$ 8,612	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 669	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	444,644	0	0	0	0	0
<u>Permits</u>						
Building Permits	254,718	0	0	0	0	0
Other Permits	1,900	0	0	0	0	0
Total Licenses and Permits	\$ 701,931	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 5,872	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	1,316	0
Drug Court Fees	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	1,551
DUI Treatment Fines	0	0	0	0	0	0
<u>Criminal Court</u>						
Fines	5,720	0	0	0	0	0
Officers Costs	30,959	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	142,288	0	0	0	0	0
Officers Costs	422,594	0	0	0	0	0
Game and Fish Fines	1,289	0	0	0	0	0
Drug Control Fines	0	0	0	0	32,635	0
Jail Fees	46,239	0	0	0	0	0
District Attorney General Fees	54,808	0	0	0	0	23,016
DUI Treatment Fines	0	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	8,008	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	123,088	0
Total Fines, Forfeitures and Penalties	\$ 717,777	\$ 0	\$ 0	\$ 0	\$ 157,039	\$ 24,567
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 6,975	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	255,759	0	0	0	0	0
<u>Fees</u>						
Copy Fees	5,319	0	0	6,360	0	0
Library Fees	0	0	0	90,448	0	0
Telephone Commissions	25,059	0	0	0	0	0
Constitutional Officers' Fees and Commissions	62,905	0	0	0	0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>						
Other Charges for Services	\$ 15,620	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 371,637	\$ 0	\$ 0	\$ 96,808	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 184,121	\$ 0	\$ 0	\$ 17,763	\$ 8,037	\$ 1,633
Lease/Rentals	24,001	0	0	0	0	0
Sale of Materials and Supplies	347,684	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Maps	1,071	0	0	0	0	0
Miscellaneous Refunds	11	0	0	0	0	0
<u>Nonrecurring Items</u>						
Insurance Recovery	19,452	0	0	0	0	0
Sale of Equipment	22,539	0	0	0	0	0
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	345	0	0	0	0	0
Contributions & Gifts	34,725	0	0	8,919	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	308,778	0	0	130,585	60,322	0
Total Other Local Revenues	\$ 942,727	\$ 0	\$ 0	\$ 157,267	\$ 68,359	\$ 1,633
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 1,001,510	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	193,691	0	0	0	0	0
General Sessions Court Clerk	1,251,812	0	0	0	0	0
Clerk and Master	252,127	0	0	0	0	0
Register	935,367	0	0	0	0	0
Sheriff	48,800	0	0	0	0	0
Trustee	1,486,142	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,169,449	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 11,520	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	37,582	0	0	0	0	0
Other General Government Grants	86,000	0	0	0	0	0
<u>Public Safety Grants</u>						
Drug Control Grants	1,308	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	253,464	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	56,277	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	165,448	0	0	0	0	0
Beer Tax	16,778	0	0	0	0	0
Alcoholic Beverage Tax	95,544	0	0	0	0	0
Mixed Drink Tax	40,199	0	0	0	0	0
Contracted Prisoner Boarding	1,028,048	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	12,285	0	0	0	0	0
Other State Grants	144,586	0	0	4,800	0	0
Total State of Tennessee	\$ 1,949,039	\$ 0	\$ 0	\$ 4,800	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	\$ 501,716	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	1,623,322	0	0	0	0	0
Total Federal Government	\$ 2,125,038	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 179,010	\$ 0	\$ 0	\$ 791,064	\$ 0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Other Governments (Cont.)</u>						
Contracted Services	\$ 5,873	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Citizens Groups</u>						
Donations	100	0	0	0	0	0
<u>Other</u>						
Other	0	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 184,983</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 791,064</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 30,309,090</u>	<u>\$ 8,605</u>	<u>\$ 8,612</u>	<u>\$ 1,049,939</u>	<u>\$ 225,398</u>	<u>\$ 26,200</u>

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 8,336,542	\$ 0	\$ 0	\$ 23,110,893
Discount on Property Taxes	0	0	0	(107,041)	0	0	(296,795)
Trustee's Collections - Prior Year	0	0	0	360,067	0	0	997,339
Circuit/Clerk & Master Collections - Prior Years	0	0	0	66,956	0	0	185,652
Interest and Penalty	0	0	0	48,775	0	0	133,750
Pick-up Taxes	0	0	0	56,431	0	0	153,135
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	0	274,187
Payments in Lieu of Taxes - Local Utilities	0	0	0	76,626	0	0	76,626
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	2,099,490	0	0	0	2,099,490
Hotel/Motel Tax	0	0	0	0	0	0	1,208,531
Litigation Tax - General	58,354	0	0	0	0	0	434,904
Litigation Tax - Special Purpose	0	0	0	0	0	0	17,217
Business Tax	0	0	0	222,026	0	0	614,025
Mineral Severance Tax	0	0	187,439	0	0	0	187,439
Other County Local Option Taxes	0	0	0	0	0	0	11,841
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	163,315
Wholesale Beer Tax	0	0	0	0	0	0	197,842
Total Local Taxes	\$ 58,354	\$ 0	\$ 2,286,929	\$ 9,060,382	\$ 0	\$ 0	\$ 29,569,391
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 669
Cable TV Franchise	0	0	0	0	0	0	444,644
<u>Permits</u>							
Building Permits	0	0	0	0	0	0	254,718
Other Permits	0	0	248,398	0	0	0	250,298
Total Licenses and Permits	\$ 0	\$ 0	\$ 248,398	\$ 0	\$ 0	\$ 0	\$ 950,329

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Fines, Forfeitures and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,872
Drug Control Fines	0	0	0	0	0	0	1,316
Drug Court Fees	21,826	0	0	0	0	0	21,826
District Attorney General Fees	0	0	0	0	0	0	1,551
DUI Treatment Fines	1,068	0	0	0	0	0	1,068
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	5,720
Officers Costs	0	0	0	0	0	0	30,959
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	142,288
Officers Costs	0	0	0	0	0	0	422,594
Game and Fish Fines	0	0	0	0	0	0	1,289
Drug Control Fines	0	0	0	0	0	0	32,635
Jail Fees	0	0	0	0	0	0	46,239
District Attorney General Fees	0	0	0	0	0	0	77,824
DUI Treatment Fines	24,715	0	0	0	0	0	24,715
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	8,008
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	123,088
Total Fines, Forfeitures and Penalties	\$ 47,609	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	946,992
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,975
Other General Service Charges	0	0	0	0	0	0	255,759
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	11,679
Library Fees	0	0	0	0	0	0	90,448
Telephone Commissions	0	0	0	0	0	0	25,059
Constitutional Officers' Fees and Commissions	0	350	0	0	0	0	63,255

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Charges for Current Services (Cont.)</u>							
<u>Other Charges for Services</u>							
Other Charges for Services	\$ 6,314	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,934
Total Charges for Current Services	\$ 6,314	\$ 350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 475,109
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 2,444	\$ 0	\$ 3,571	\$ 68,142	\$ 0	\$ 11,661	\$ 297,372
Lease/Rentals	0	0	0	23,000	0	0	47,001
Sale of Materials and Supplies	0	0	1,314	0	0	0	348,998
Sale of Gasoline	0	0	326,878	0	0	0	326,878
Sale of Maps	0	0	0	0	0	0	1,071
Miscellaneous Refunds	0	0	0	0	0	0	11
<u>Nonrecurring Items</u>							
Insurance Recovery	0	0	0	0	0	0	19,452
Sale of Equipment	0	0	0	0	0	0	22,539
Sale of Property	0	0	50,000	0	0	0	50,000
Damages Recovered from Individuals	0	0	0	0	0	0	345
Contributions & Gifts	0	0	0	0	0	0	43,644
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	23,014	0	0	0	522,699
Total Other Local Revenues	\$ 2,444	\$ 0	\$ 404,777	\$ 91,142	\$ 0	\$ 11,661	\$ 1,680,010
<u>Fees Received from County Officials</u>							
<u>Fees In Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,001,510
Circuit Court Clerk	0	0	0	0	0	0	193,691
General Sessions Court Clerk	0	0	0	0	0	0	1,251,812
Clerk and Master	0	0	0	0	0	0	252,127
Register	0	0	0	0	0	0	935,367
Sheriff	0	0	0	0	0	0	48,800
Trustee	0	0	0	0	0	0	1,486,142
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,169,449

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,520
State Reappraisal Grant	0	0	0	0	0	0	37,582
Other General Government Grants	0	0	0	0	0	0	86,000
<u>Public Safety Grants</u>							
Drug Control Grants	0	0	0	0	0	0	1,308
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	253,464
<u>Public Works Grants</u>							
State Aid Program	0	0	439,876	0	0	0	439,876
Litter Program	0	0	0	0	0	0	56,277
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	165,448
Beer Tax	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	0	0	95,544
Mixed Drink Tax	0	0	0	0	0	0	40,199
Contracted Prisoner Boarding	0	0	0	0	0	0	1,028,048
Gasoline and Motor Fuel Tax	0	0	2,454,511	0	0	0	2,454,511
Petroleum Special Tax	0	0	85,127	0	0	0	85,127
Registrar's Salary Supplement	0	0	0	0	0	0	12,285
Other State Grants	0	0	0	0	120,187	0	269,573
Total State of Tennessee	\$ 0	\$ 0	\$ 2,979,514	\$ 0	\$ 120,187	\$ 0	\$ 5,053,540
<u>Federal Government</u>							
<u>Federal Through State</u>							
Other Federal through State	\$ 51,910	\$ 0	\$ 0	\$ 0	\$ 681,059	\$ 0	1,234,685
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	1,623,322
Total Federal Government	\$ 51,910	\$ 0	\$ 0	\$ 0	\$ 681,059	\$ 0	\$ 2,858,007
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 125,717	\$ 0	\$ 0	1,095,791

(Continued)

Exhibit L-6

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	
	<u>Other Special Revenue</u>	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Other Capital Projects</u>	<u>Endowment</u>	<u>Total</u>
<u>Other Governments and Citizens Groups (Cont.)</u>							
<u>Other Governments (Cont.)</u>							
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 195,388	\$ 0	\$ 0	\$ 201,261
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	100
<u>Other</u>							
Other	0	0	15,147	0	0	0	15,147
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,147</u>	<u>\$ 321,105</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,312,299</u>
Total	<u>\$ 166,631</u>	<u>\$ 350</u>	<u>\$ 5,934,765</u>	<u>\$ 9,472,629</u>	<u>\$ 801,246</u>	<u>\$ 11,661</u>	<u>\$ 48,015,126</u>

Exhibit L-7

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 15,002,352	\$ 0	\$ 0	\$ 0	\$ 15,002,352
Discount on Property Taxes	(191,807)	0	0	0	(191,807)
Trustee's Collections - Prior Year	618,913	0	0	0	618,913
Circuit/Clerk & Master Collections - Prior Years	131,675	0	0	0	131,675
Interest and Penalty	84,378	0	0	0	84,378
Pick-up Taxes	94,300	0	0	0	94,300
Payments in Lieu of Taxes - T.V.A.	12,154	0	0	0	12,154
Payments in Lieu of Taxes - Local Utilities	137,809	0	0	0	137,809
<u>County Local Option Taxes</u>					
Local Option Sales Tax	9,394,839	0	0	0	9,394,839
Business Tax	399,145	0	0	0	399,145
Other County Local Option Taxes	11,610	0	0	0	11,610
Total Local Taxes	\$ 25,695,368	\$ 0	\$ 0	\$ 0	\$ 25,695,368
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,030	\$ 0	\$ 0	\$ 0	\$ 3,030
Total Licenses and Permits	\$ 3,030	\$ 0	\$ 0	\$ 0	\$ 3,030
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 434	\$ 0	\$ 0	\$ 0	\$ 434
<u>Education Charges</u>					
Tuition - Summer School	360	0	0	0	360
Receipts from Individual Schools	0	0	2,491,773	0	2,491,773
Community Service Fees - Children	0	0	0	1,289,816	1,289,816
Total Charges for Current Services	\$ 794	\$ 0	\$ 2,491,773	\$ 1,289,816	\$ 3,782,383
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 362,847	\$ 0	\$ 16,914	\$ 8,266	\$ 388,027
Lease/Rentals	3,100	0	0	0	3,100
Retirees' Insurance Payments	50,796	0	0	0	50,796
Miscellaneous Refunds	68,880	0	6,475	0	75,355
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	11,271	0	0	0	11,271
Contributions & Gifts	120,924	0	0	0	120,924
<u>Other Local Revenues</u>					
Other Local Revenues	103,918	0	0	6,160	110,078
Total Other Local Revenues	\$ 721,736	\$ 0	\$ 23,389	\$ 14,426	\$ 759,551
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 33,600,238	\$ 0	\$ 0	\$ 0	\$ 33,600,238
School Food Service	0	0	55,159	0	55,159
Driver Education	14,700	0	0	0	14,700
Other State Education Funds	441,901	5,989	0	97,350	545,240
Career Ladder Program	612,538	0	0	0	612,538

(Continued)

Exhibit L-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 252,745	\$ 0	\$ 0	\$ 0	\$ 252,745
<u>Other State Revenues</u>					
Mixed Drink Tax	26,269	0	0	0	26,269
State Revenue Sharing - T.V.A.	813,859	0	0	0	813,859
Other State Grants	78,798	194,002	0	0	272,800
Total State of Tennessee	\$ 35,841,048	\$ 199,991	\$ 55,159	\$ 97,350	\$ 36,193,548
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,330,717	\$ 0	\$ 1,330,717
Breakfast	0	0	452,169	0	452,169
Adult Education State Grant Program	156,412	0	0	0	156,412
Vocational Education - Basic Grants to States	0	194,745	0	0	194,745
Title I Grants to Local Education Agencies	0	1,690,092	0	0	1,690,092
Innovative Education Program Strategies	0	93,229	0	0	93,229
Special Education - Grants to States	42,342	2,353,882	0	0	2,396,224
Eisenhower Professional Development State Grants	0	478,938	0	0	478,938
Other Federal through State	17,414	233,812	0	0	251,226
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	96,898	0	0	0	96,898
Total Federal Government	\$ 313,066	\$ 5,044,698	\$ 1,782,886	\$ 0	\$ 7,140,650
<u>Other Governments and Citizens Groups</u>					
<u>Citizens Groups</u>					
Donations	\$ 0	\$ 6,000	\$ 0	\$ 0	\$ 6,000
Total Other Governments and Citizens Groups	\$ 0	\$ 6,000	\$ 0	\$ 0	\$ 6,000
Total	\$ 62,575,042	\$ 5,250,689	\$ 4,353,207	\$ 1,401,592	\$ 73,580,530

Exhibit L-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Clerical Personnel	\$	34,807	
Temporary Personnel		1,785	
Board and Committee Members Fees		227,922	
Social Security		16,329	
State Retirement		2,782	
Employee and Dependent Insurance		2,640	
Life Insurance		134	
Medical Insurance		4,860	
Dental Insurance		195	
Unemployment Compensation		73	
Employer Medicare		3,821	
Advertising		952	
Dues and Memberships		5,307	
Operating Lease Payments		1,905	
Legal Notices, Recording and Court Costs		2,032	
Printing, Stationery and Forms		1,024	
Travel		6,254	
Tuition		1,735	
Other Contracted Services		4,741	
Data Processing Supplies		267	
Duplicating Supplies		512	
Office Supplies		439	
Other Supplies and Materials		793	
Workers' Compensation Insurance		420	
Other Charges		314	
Office Equipment		201	
Total County Commission			\$ 322,244

Board of Equalization

Board and Committee Members Fees	\$	660	
Social Security		41	
Unemployment Compensation		5	
Employer Medicare		10	
Workers' Compensation Insurance		4	
Communication Equipment		200	
Total Board of Equalization			920

Beer Board

Legal Notices, Recording and Court Costs	\$	79	
Total Beer Board			79

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Budget and Finance Committee

Operating Lease Payments	\$	796	
Legal Notices, Recording and Court Costs		637	
Printing, Stationery and Forms		530	
Other Contracted Services		160	
Duplicating Supplies		616	
Other Charges		500	
Total Budget and Finance Committee			\$ 3,239

County Mayor

County Official/Administrative Officer	\$	107,475	
Assistant(s)		8,959	
Clerical Personnel		60,913	
Part-time Personnel		7,290	
Social Security		10,362	
State Retirement		13,341	
Employee and Dependent Insurance		315	
Life Insurance		446	
Medical Insurance		14,580	
Dental Insurance		585	
Unemployment Compensation		263	
Employer Medicare		2,712	
Advertising		231	
Dues and Memberships		3,784	
Maintenance & Repair Services- Office Equipment		283	
Maintenance & Repair Services- Vehicles		819	
Printing, Stationery and Forms		1,647	
Travel		3,170	
Tuition		1,441	
Gasoline		1,454	
Office Supplies		580	
Periodicals		191	
Other Supplies and Materials		1,520	
Workers' Compensation Insurance		278	
Other Charges		3,617	
Furniture and Fixtures		200	
Total County Mayor			246,456

Personnel Office

Supervisor/Director	\$	56,553	
Clerical Personnel		33,759	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Social Security	\$	5,688	
State Retirement		7,638	
Employee and Dependent Insurance		4,330	
Life Insurance		345	
Medical Insurance		13,035	
Dental Insurance		524	
Unemployment Compensation		142	
Employer Medicare		1,330	
Dues and Memberships		190	
Operating Lease Payments		1,800	
Legal Services		509	
Printing, Stationery and Forms		48	
Travel		509	
Tuition		1,792	
Duplicating Supplies		23	
Office Supplies		2,275	
Other Supplies and Materials		641	
Workers' Compensation Insurance		137	
Total Personnel Office			\$ 131,268

Election Commission

County Official/Administrative Officer	\$	59,496
Clerical Personnel		71,655
Custodial Personnel		1,280
Temporary Personnel		40,808
Other Salaries & Wages		15,932
Election Commission		21,725
Election Workers		62,090
In-Service Training		4,930
Social Security		13,255
State Retirement		10,582
Life Insurance		467
Medical Insurance		14,580
Dental Insurance		586
Unemployment Compensation		1,139
Employer Medicare		3,100
Dues and Memberships		250
Operating Lease Payments		690
Legal Notices, Recording and Court Costs		22,241
Maintenance & Repair Services- Equipment		2,213

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

Printing, Stationery and Forms	\$	3,515	
Rentals		1,200	
Travel		5,479	
Tuition		2,450	
Other Contracted Services		2,857	
Duplicating Supplies		49	
Office Supplies		614	
Other Supplies and Materials		475	
Workers' Compensation Insurance		332	
Total Election Commission			\$ 363,990

Register of Deeds

County Official/Administrative Officer	\$	66,117	
Clerical Personnel		223,352	
Part-time Personnel		5,172	
Social Security		17,863	
State Retirement		22,064	
Employee and Dependent Insurance		8,250	
Life Insurance		1,043	
Medical Insurance		48,600	
Dental Insurance		1,954	
Unemployment Compensation		470	
Employer Medicare		4,177	
Dues and Memberships		769	
Operating Lease Payments		7,212	
Maintenance & Repair Services- Office Equipment		766	
Printing, Stationery and Forms		777	
Travel		923	
Tuition		300	
Other Contracted Services		16,909	
Data Processing Supplies		3,238	
Duplicating Supplies		1,728	
Office Supplies		2,003	
Other Supplies and Materials		1,542	
Workers' Compensation Insurance		496	
Data Processing Equipment		686	
Furniture and Fixtures		604	
Total Register of Deeds			437,015

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Planning

Assistant(s)	\$	68,120	
Supervisor/Director		59,089	
Social Security		7,735	
State Retirement		10,128	
Employee and Dependent Insurance		2,640	
Life Insurance		423	
Medical Insurance		13,538	
Dental Insurance		544	
Unemployment Compensation		156	
Employer Medicare		1,809	
Dues and Memberships		10,526	
Operating Lease Payments		2,016	
Legal Notices, Recording and Court Costs		2,371	
Printing, Stationery and Forms		245	
Travel		418	
Tuition		79	
Duplicating Supplies		275	
Food Supplies		77	
Library Books/Media		5	
Office Supplies		630	
Workers' Compensation Insurance		197	
Total Planning			\$ 181,021

Building

Supervisor/Director	\$	34,735
Clerical Personnel		9,240
Social Security		2,726
State Retirement		3,396
Life Insurance		168
Medical Insurance		7,290
Dental Insurance		293
Unemployment Compensation		128
Employer Medicare		638
Dues and Memberships		425
Legal Notices, Recording and Court Costs		827
Travel		1,786
Tuition		240
Other Contracted Services		7,145
Office Supplies		584
Workers' Compensation Insurance		68

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Other Charges	\$ 1,639	
Total Building		\$ 71,328

Codes Compliance

Supervisor/Director	\$ 49,138	
Clerical Personnel	8,453	
Social Security	3,483	
State Retirement	4,465	
Employee and Dependent Insurance	2,640	
Life Insurance	220	
Medical Insurance	7,290	
Dental Insurance	293	
Unemployment Compensation	56	
Employer Medicare	814	
Advertising	350	
Dues and Memberships	2,640	
Maintenance & Repair Services- Vehicles	1,964	
Printing, Stationery and Forms	612	
Travel	442	
Duplicating Supplies	277	
Gasoline	935	
Office Supplies	241	
Workers' Compensation Insurance	95	
Other Charges	1,687	
Motor Vehicles	6,000	
Total Codes Compliance		92,095

County Buildings

Supervisor/Director	\$ 49,599
Clerical Personnel	22,331
Custodial Personnel	165,077
Maintenance Personnel	85,735
Part-time Personnel	8,838
Social Security	20,482
State Retirement	23,446
Employee and Dependent Insurance	5,610
Life Insurance	1,148
Medical Insurance	61,560
Dental Insurance	2,475
Unemployment Compensation	894

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Employer Medicare	\$	4,790	
Dues and Memberships		169	
Maintenance Agreements		41,299	
Maintenance & Repair Services- Buildings		24,082	
Maintenance & Repair Services- Equipment		23,897	
Maintenance & Repair Services- Office Equipment		767	
Maintenance & Repair Services- Vehicles		3,179	
Pest Control		5,640	
Permits		1,385	
Other Contracted Services		3,633	
Custodial Supplies		38,828	
Equipment and Machinery Parts		533	
Gasoline		2,226	
Natural Gas		51,233	
Office Supplies		501	
Periodicals		87	
Tires and Tubes		239	
Uniforms		2,696	
Utilities		320,490	
Vehicle Parts		27	
Other Supplies and Materials		10,792	
Workers' Compensation Insurance		487	
Food Service Equipment		1,847	
Maintenance Equipment		1,226	
Total County Buildings			\$ 987,248

Other General Administration

Local Retirement	\$	7,763	
Audit Services		24,210	
Legal Services		93,509	
Total Other General Administration			125,482

Preservation of Records

Other Salaries & Wages	\$	54,381	
Social Security		3,247	
State Retirement		3,985	
Employee and Dependent Insurance		2,200	
Life Insurance		191	
Medical Insurance		8,910	
Dental Insurance		358	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Unemployment Compensation	\$	143	
Employer Medicare		759	
Consultants		335	
Dues and Memberships		70	
Operating Lease Payments		710	
Printing, Stationery and Forms		80	
Travel		392	
Tuition		55	
Other Contracted Services		75	
Office Supplies		2,877	
Other Supplies and Materials		8,989	
Workers' Compensation Insurance		84	
Furniture and Fixtures		990	
Total Preservation of Records			\$ 88,831

Risk Management

Supervisor/Director	\$	36,884
Clerical Personnel		27,165
Other Salaries & Wages		15,379
Social Security		4,180
State Retirement		5,351
Employee and Dependent Insurance		2,600
Life Insurance		257
Medical Insurance		10,050
Dental Insurance		404
Unemployment Compensation		116
Employer Medicare		978
Communication		12,699
Consultants		14,000
Dues and Memberships		135
Operating Lease Payments		330
Legal Services		16,699
Legal Notices, Recording and Court Costs		114
Postal Charges		11,625
Printing, Stationery and Forms		974
Travel		1,105
Tuition		735
Other Contracted Services		12,083
Duplicating Supplies		148
Office Supplies		78

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Risk Management (Cont.)

Workers' Compensation Insurance	\$	127	
Other Charges		1,399	
Data Processing Equipment		752	
Total Risk Management			\$ 176,367

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	66,117	
Accountants/Bookkeepers		330,262	
Part-time Personnel		6,918	
Other Salaries & Wages		11,896	
Social Security		25,085	
State Retirement		30,487	
Employee and Dependent Insurance		10,445	
Life Insurance		1,379	
Medical Insurance		56,503	
Dental Insurance		2,273	
Unemployment Compensation		769	
Employer Medicare		5,785	
Dues and Memberships		4,229	
Operating Lease Payments		6,074	
Legal Notices, Recording and Court Costs		697	
Printing, Stationery and Forms		7,347	
Travel		7,658	
Tuition		5,069	
Data Processing Supplies		620	
Gasoline		101	
Office Supplies		1,121	
Tires and Tubes		544	
Workers' Compensation Insurance		647	
Other Charges		2,946	
Office Equipment		488	
Total Accounting and Budgeting			585,460

Purchasing

County Official/Administrative Officer	\$	51,053	
Purchasing Personnel		113,466	
Social Security		9,805	
State Retirement		13,049	
Employee and Dependent Insurance		9,240	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Life Insurance	\$	616	
Medical Insurance		24,300	
Dental Insurance		977	
Unemployment Compensation		280	
Employer Medicare		2,293	
Dues and Memberships		588	
Operating Lease Payments		1,848	
Legal Notices, Recording and Court Costs		2,587	
Maintenance & Repair Services- Office Equipment		164	
Printing, Stationery and Forms		1,246	
Travel		713	
Tuition		1,289	
Data Processing Supplies		245	
Duplicating Supplies		192	
Office Supplies		829	
Other Supplies and Materials		1,659	
Workers' Compensation Insurance		251	
Total Purchasing			\$ 236,690

Property Assessor's Office

County Official/Administrative Officer	\$	66,117
Assistant(s)		210,090
Clerical Personnel		150,160
Other Per Diem & Fees		12,225
Social Security		26,328
State Retirement		34,784
Employee and Dependent Insurance		17,380
Life Insurance		1,573
Medical Insurance		59,509
Dental Insurance		2,392
Unemployment Compensation		672
Employer Medicare		6,157
Advertising		2,506
Data Processing Services		29,862
Dues and Memberships		1,948
Operating Lease Payments		3,515
Legal Services		11,250
Maintenance & Repair Services- Vehicles		1,236
Printing, Stationery and Forms		1,498
Travel		7,169

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Tuition	\$	845	
Other Contracted Services		17,214	
Duplicating Supplies		1,433	
Gasoline		1,553	
Office Supplies		2,560	
Other Supplies and Materials		1,643	
Premiums on Corporate Surety Bonds		200	
Workers' Compensation Insurance		675	
Other Charges		98,977	
Data Processing Equipment		8,534	
Furniture and Fixtures		1,306	
Total Property Assessor's Office			\$ 781,311

Reappraisal Program

Assistant(s)	\$	109,123	
Clerical Personnel		26,438	
Temporary/Part-time Personnel		12,038	
Other Per Diem & Fees		7,200	
Social Security		9,346	
State Retirement		10,379	
Employee and Dependent Insurance		7,700	
Life Insurance		559	
Medical Insurance		23,921	
Dental Insurance		962	
Unemployment Compensation		401	
Employer Medicare		2,186	
Data Processing Services		10,452	
Dues and Memberships		350	
Operating Lease Payments		386	
Travel		923	
Other Contracted Services		11,061	
Gasoline		56	
Office Supplies		799	
Uniforms		144	
Other Supplies and Materials		442	
Workers' Compensation Insurance		224	
Communication Equipment		196	
Furniture and Fixtures		1,710	
Total Reappraisal Program			236,996

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	66,117	
Clerical Personnel		165,117	
Temporary Personnel		17,080	
Overtime Pay		3,143	
Social Security		15,155	
State Retirement		19,013	
Employee and Dependent Insurance		7,810	
Life Insurance		824	
Medical Insurance		34,020	
Dental Insurance		1,368	
Unemployment Compensation		421	
Employer Medicare		3,544	
Dues and Memberships		868	
Operating Lease Payments		1,764	
Legal Services		7,950	
Legal Notices, Recording and Court Costs		405	
Maintenance & Repair Services- Office Equipment		294	
Printing, Stationery and Forms		1,422	
Travel		537	
Tuition		1,165	
Other Contracted Services		191	
Duplicating Supplies		460	
Office Supplies		2,471	
Other Supplies and Materials		591	
Workers' Compensation Insurance		385	
Furniture and Fixtures		384	
Total County Trustee's Office			\$ 352,499

County Clerk's Office

County Official/Administrative Officer	\$	66,117
Clerical Personnel		534,142
Part-time Personnel		12,794
Social Security		37,017
State Retirement		43,518
Employee and Dependent Insurance		18,040
Life Insurance		2,248
Medical Insurance		110,160
Dental Insurance		4,428
Unemployment Compensation		1,456
Employer Medicare		8,657

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dues and Memberships	\$	220	
Operating Lease Payments		4,573	
Printing, Stationery and Forms		7,276	
Travel		517	
Other Contracted Services		526	
Data Processing Supplies		951	
Gasoline		543	
Office Supplies		4,172	
Periodicals		1,964	
Other Supplies and Materials		994	
Workers' Compensation Insurance		1,027	
Other Charges		95	
Furniture and Fixtures		4,327	
Total County Clerk's Office			\$ 865,762

Data Processing

Supervisor/Director	\$	72,570	
Data Processing Personnel		292,614	
Social Security		22,260	
State Retirement		29,210	
Employee and Dependent Insurance		7,920	
Life Insurance		1,332	
Medical Insurance		43,740	
Dental Insurance		1,758	
Unemployment Compensation		504	
Employer Medicare		5,206	
Communication		1,990	
Data Processing Services		3,899	
Maintenance & Repair Services- Equipment		13,988	
Printing, Stationery and Forms		16,240	
Travel		1,296	
Tuition		5,721	
Other Contracted Services		4,006	
Data Processing Supplies		2,714	
Equipment Parts - Light		9,414	
Office Supplies		396	
Uniforms		378	
Workers' Compensation Insurance		574	
Data Processing Equipment		15,250	
Total Data Processing			552,980

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	20,957	
Other Per Diem & Fees		1,600	
Operating Lease Payments		2,688	
Legal Notices, Recording and Court Costs		99,769	
Maintenance & Repair Services- Vehicles		859	
Printing, Stationery and Forms		2,485	
Travel		981	
Tuition		5,250	
Other Contracted Services		5,488	
Duplicating Supplies		157	
Office Supplies		543	
Other Supplies and Materials		2,680	
Workers' Compensation Insurance		103	
Building Improvements		17,379	
Office Equipment		2,134	
Total Circuit Court			\$ 163,073

Circuit Court Clerk

County Official/Administrative Officer	\$	66,117
Clerical Personnel		994,981
Overtime Pay		14,159
Social Security		65,091
State Retirement		77,872
Employee and Dependent Insurance		35,530
Life Insurance		3,748
Medical Insurance		185,895
Dental Insurance		7,554
Unemployment Compensation		2,694
Employer Medicare		15,223
Bank Charges		177
Communication		1,375
Dues and Memberships		1,469
Operating Lease Payments		2,562
Maintenance Agreements		4,760
Maintenance & Repair Services- Office Equipment		805
Maintenance & Repair Services- Vehicles		466
Printing, Stationery and Forms		15,990
Rentals		35
Travel		9,180
Tuition		9,864

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Other Contracted Services	\$	5,025	
Data Processing Supplies		3,507	
Duplicating Supplies		2,853	
Office Supplies		5,129	
Other Supplies and Materials		11,966	
Workers' Compensation Insurance		1,631	
Building Improvements		11,825	
Data Processing Equipment		20,250	
Furniture and Fixtures		470	
Office Equipment		550	
Total Circuit Court Clerk			\$ 1,578,753

General Sessions Court

Judge(s)	\$	350,551
Salary Supplements		46,555
Secretary(s)		73,466
Temporary/Part-time Personnel		5,153
Other Per Diem & Fees		720
Social Security		24,828
State Retirement		32,030
Employee and Dependent Insurance		5,940
Life Insurance		953
Medical Insurance		29,160
Dental Insurance		1,091
Unemployment Compensation		254
Employer Medicare		6,822
Communication		300
Dues and Memberships		2,335
Operating Lease Payments		7,795
Legal Notices, Recording and Court Costs		123,495
Maintenance & Repair Services- Office Equipment		561
Printing, Stationery and Forms		6,441
Travel		3,538
Tuition		702
Other Contracted Services		18,274
Library Books/Media		2,136
Office Supplies		1,085
Other Supplies and Materials		4,251
Workers' Compensation Insurance		650
Other Charges		411

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Building Improvements	\$	4,168	
Furniture and Fixtures		5,721	
Office Equipment		1,150	
Total General Sessions Court			\$ 760,536

Chancery Court

County Official/Administrative Officer	\$	66,117	
Clerical Personnel		234,559	
Social Security		18,373	
State Retirement		23,571	
Employee and Dependent Insurance		5,720	
Life Insurance		1,038	
Medical Insurance		47,790	
Dental Insurance		1,921	
Unemployment Compensation		538	
Employer Medicare		4,296	
Dues and Memberships		698	
Operating Lease Payments		5,671	
Legal Notices, Recording and Court Costs		1,635	
Printing, Stationery and Forms		6,658	
Travel		60	
Duplicating Supplies		1,129	
Office Supplies		3,512	
Other Supplies and Materials		575	
Workers' Compensation Insurance		471	
Data Processing Equipment		2,184	
Total Chancery Court			426,516

Juvenile Court

Supervisor/Director	\$	4,641	
Youth Service Officer(s)		152,195	
Secretary(s)		22,706	
Clerical Personnel		10,000	
Other Salaries & Wages		52,733	
Social Security		14,234	
State Retirement		16,511	
Employee and Dependent Insurance		3,190	
Life Insurance		835	
Medical Insurance		30,780	
Dental Insurance		1,237	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Unemployment Compensation	\$	397	
Employer Medicare		3,329	
Dues and Memberships		440	
Evaluation and Testing		1,337	
Operating Lease Payments		5,802	
Legal Notices, Recording and Court Costs		155,035	
Printing, Stationery and Forms		4,786	
Travel		17,508	
Tuition		2,360	
Other Contracted Services		162,704	
Office Supplies		1,893	
Other Supplies and Materials		937	
Workers' Compensation Insurance		423	
Other Charges		1,718	
Building Improvements		562	
Office Equipment		499	
Total Juvenile Court			\$ 668,792

Office of Public Defender

Clerical Personnel	\$	20,800	
Social Security		1,290	
Unemployment Compensation		156	
Employer Medicare		302	
Communication		705	
Furniture and Fixtures		1,505	
Office Equipment		400	
Total Office of Public Defender			25,158

Other Administration of Justice

Attendants	\$	179,276	
Longevity Pay		3,088	
Social Security		11,008	
State Retirement		14,397	
Employee and Dependent Insurance		2,640	
Life Insurance		580	
Medical Insurance		19,440	
Dental Insurance		781	
Unemployment Compensation		224	
Employer Medicare		2,574	
Workers' Compensation Insurance		4,467	
Total Other Administration of Justice			238,475

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,728
Assistant(s)		61,967
Supervisor/Director		182,949
Deputy(ies)		3,088,547
Detective(s)		312,297
Lieutenant(s)		171,805
Sergeant(s)		127,812
Accountants/Bookkeepers		52,336
Mechanic(s)		30,576
Clerical Personnel		145,497
Attendants		201,086
Part-time Personnel		9,527
Longevity Pay		84,722
Overtime Pay		337,029
Other Salaries & Wages		10,000
In-Service Training		75,348
Social Security		301,290
State Retirement		377,745
Employee and Dependent Insurance		171,515
Life Insurance		16,235
Medical Insurance		623,798
Dental Insurance		25,076
Unemployment Compensation		7,764
Employer Medicare		70,464
Communication		8,700
Contracts with Private Agencies		401
Dues and Memberships		4,100
Evaluation and Testing		11,520
Operating Lease Payments		9,720
Legal Services		13,616
Licenses		8,197
Maintenance Agreements		36,576
Maintenance & Repair Services- Equipment		45,777
Maintenance & Repair Services- Office Equipment		493
Maintenance & Repair Services- Vehicles		57,897
Matching Share		23,750
Printing, Stationery and Forms		14,446
Transportation - Other than Students		3,400
Travel		45,255
Tuition		66,874

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Contracted Services	\$	10,230	
Basic Skills Materials		33,840	
Data Processing Supplies		16,109	
Duplicating Supplies		1,942	
Electricity		2,386	
Equipment and Machinery Parts		3,477	
Garage Supplies		1,052	
Gasoline		268,590	
Law Enforcement Supplies		15,261	
Lubricants		3,572	
Office Supplies		12,233	
Small Tools		962	
Tires and Tubes		27,050	
Uniforms		110,694	
Vehicle Parts		47,166	
In-Service/Staff Development		7,555	
Other Supplies and Materials		23,963	
Workers' Compensation Insurance		122,978	
Liability Claims		14,039	
Other Charges		5,967	
Communication Equipment		16,151	
Total Sheriff's Department			\$ 7,654,052

Special Patrols

Investigator(s)	\$	27,726	
Social Security		1,671	
State Retirement		2,224	
Life Insurance		98	
Medical Insurance		4,428	
Dental Insurance		178	
Unemployment Compensation		44	
Employer Medicare		391	
Office Supplies		180	
Workers' Compensation Insurance		739	
Total Special Patrols			37,679

Traffic Control

Assistant(s)	\$	9,834	
Social Security		610	
State Retirement		537	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control (Cont.)

Life Insurance	\$	29	
Medical Insurance		1,086	
Dental Insurance		44	
Unemployment Compensation		11	
Employer Medicare		143	
Office Supplies		107	
Workers' Compensation Insurance		667	
Total Traffic Control			\$ 13,068

Drug Enforcement

Deputy(ies)	\$	33,696	
Clerical Personnel		11,244	
Longevity Pay		1,765	
Social Security		2,881	
State Retirement		2,854	
Life Insurance		131	
Medical Insurance		4,860	
Dental Insurance		195	
Unemployment Compensation		146	
Employer Medicare		674	
Workers' Compensation Insurance		816	
Total Drug Enforcement			59,262

Jail

Assistant(s)	\$	35,402	
Supervisor/Director		40,955	
Captain(s)		49,795	
Lieutenant(s)		83,970	
Sergeant(s)		97,492	
Computer Programmer(s)		149,043	
Medical Personnel		208,294	
Guards		113,038	
Clerical Personnel		155,626	
Attendants		1,723,296	
Cafeteria Personnel		61,907	
Part-time Personnel		150,715	
Longevity Pay		32,890	
Overtime Pay		129,689	
In-Service Training		28,800	
Social Security		188,782	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

State Retirement	\$	206,050	
Employee and Dependent Insurance		98,727	
Life Insurance		10,448	
Medical Insurance		457,612	
Dental Insurance		18,395	
Unemployment Compensation		7,181	
Employer Medicare		44,150	
Contracts with Private Agencies		6,753	
Dues and Memberships		560	
Evaluation and Testing		3,000	
Maintenance & Repair Services- Buildings		652	
Maintenance & Repair Services- Equipment		1,941	
Medical and Dental Services		428,882	
Printing, Stationery and Forms		3,289	
Travel		20,406	
Tuition		15,312	
Other Contracted Services		4,209	
Custodial Supplies		43,051	
Data Processing Supplies		10,073	
Food Preparation Supplies		9,727	
Food Supplies		354,091	
Prisoners Clothing		16,261	
Uniforms		25,400	
Other Supplies and Materials		24,469	
Workers' Compensation Insurance		75,071	
Other Charges		320,572	
Total Jail			\$ 5,455,976

Workhouse

County Official/Administrative Officer	\$	7,324	
Social Security		451	
State Retirement		627	
Employer Medicare		106	
Workers' Compensation Insurance		182	
Total Workhouse			8,690

Juvenile Services

Captain(s)	\$	52,270
Lieutenant(s)		47,698
Sergeant(s)		32,280

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Teachers	\$	90,000	
Medical Personnel		17,416	
Guards		83,791	
Attendants		503,409	
Part-time Personnel		14,302	
Overtime Pay		13,082	
Other Salaries & Wages		33,072	
Social Security		48,157	
State Retirement		61,403	
Employee and Dependent Insurance		24,668	
Life Insurance		2,785	
Medical Insurance		122,283	
Dental Insurance		4,915	
Unemployment Compensation		1,693	
Employer Medicare		11,262	
Maintenance Agreements		1,278	
Maintenance & Repair Services- Office Equipment		142	
Medical and Dental Services		3,198	
Printing, Stationery and Forms		1,718	
Travel		2,960	
Tuition		5,000	
Other Contracted Services		2,714	
Custodial Supplies		769	
Data Processing Supplies		1,350	
Duplicating Supplies		636	
Instructional Supplies and Materials		942	
Office Supplies		3,122	
Periodicals		29	
Prisoners Clothing		2,621	
Uniforms		6,367	
Other Supplies and Materials		10,453	
Workers' Compensation Insurance		23,929	
Furniture and Fixtures		3,060	
Total Juvenile Services			\$ 1,234,774

Fire Prevention and Control

Contracts with Private Agencies	\$	4,500	
Total Fire Prevention and Control			4,500

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Supervisor/Director	\$	50,154	
Clerical Personnel		28,856	
Social Security		4,835	
State Retirement		3,288	
Employee and Dependent Insurance		130	
Life Insurance		249	
Medical Insurance		8,339	
Dental Insurance		335	
Unemployment Compensation		168	
Employer Medicare		1,131	
Communication		4,088	
Dues and Memberships		515	
Operating Lease Payments		359	
Maintenance & Repair Services- Vehicles		916	
Postal Charges		590	
Printing, Stationery and Forms		417	
Travel		315	
Other Contracted Services		324	
Data Processing Supplies		300	
Duplicating Supplies		438	
Gasoline		49	
Office Supplies		822	
Uniforms		932	
In-Service/Staff Development		197	
Other Supplies and Materials		727	
Workers' Compensation Insurance		140	
Other Charges		749	
Total Civil Defense			\$ 109,363

Disaster Relief

Printing, Stationery and Forms	\$	950	
Other Contracted Services		830	
Data Processing Supplies		960	
Data Processing Equipment		11,901	
Law Enforcement Equipment		286,630	
Total Disaster Relief			301,271

Other Emergency Management

Contracts with Government Agencies	\$	274,044	
Other Contracted Services		1,812	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Law Enforcement Equipment	\$ 24,678	
Total Other Emergency Management		\$ 300,534

County Coroner/Medical Examiner

Other Per Diem & Fees	\$ 49,500	
Total County Coroner/Medical Examiner		49,500

Public Health and Welfare

Local Health Center

Guidance Personnel	\$ 18,808
Medical Personnel	274,915
Clerical Personnel	104,769
Custodial Personnel	22,371
Part-time Personnel	21,059
Overtime Pay	553
Social Security	26,991
State Retirement	27,364
Employee and Dependent Insurance	13,683
Life Insurance	1,526
Medical Insurance	81,000
Dental Insurance	3,256
Unemployment Compensation	1,449
Employer Medicare	6,312
Communication	11,969
Contracts with Government Agencies	107,567
Laundry Service	531
Operating Lease Payments	4,122
Maintenance & Repair Services- Buildings	4,983
Maintenance & Repair Services- Equipment	768
Medical and Dental Services	7,613
Pest Control	348
Postal Charges	3,044
Printing, Stationery and Forms	1,556
Travel	11,516
Disposal Fees	860
Other Contracted Services	10,555
Custodial Supplies	4,451
Drugs and Medical Supplies	888
Duplicating Supplies	460
Electricity	15,845

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Office Supplies	\$	4,680	
Periodicals		3,619	
Other Supplies and Materials		3,281	
Workers' Compensation Insurance		717	
Other Charges		25,809	
Maintenance Equipment		3,980	
Office Equipment		401	
Total Local Health Center			\$ 833,619

Rabies and Animal Control

Contracts with Government Agencies	\$	138,348	
Total Rabies and Animal Control			138,348

Ambulance/Emergency Medical Services

Ambulance Services	\$	60,000	
Total Ambulance/Emergency Medical Services			60,000

General Welfare Assistance

Contributions	\$	539,836	
Pauper Burials		6,600	
Total General Welfare Assistance			546,436

Other Local Welfare Services

Contracts with Private Agencies	\$	165,379	
Total Other Local Welfare Services			165,379

Sanitation Management

Contracts with Government Agencies	\$	21,084	
Total Sanitation Management			21,084

Other Public Health and Welfare

Assistant(s)	\$	113,772	
Supervisor/Director		53,210	
Secretary(s)		23,247	
Part-time Personnel		1,500	
Other Per Diem & Fees		8,550	
Social Security		12,207	
State Retirement		14,963	
Employee and Dependent Insurance		5,347	
Life Insurance		723	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Medical Insurance	\$	27,945	
Dental Insurance		1,123	
Unemployment Compensation		384	
Employer Medicare		2,855	
Advertising		87	
Communication		7,956	
Dues and Memberships		20	
Operating Lease Payments		1,431	
Postal Charges		457	
Printing, Stationery and Forms		965	
Travel		19,589	
Other Contracted Services		2,347	
Custodial Supplies		168	
Office Supplies		3,308	
Uniforms		410	
Other Supplies and Materials		38	
Workers' Compensation Insurance		263	
Other Charges		136	
Furniture and Fixtures		803	
Health Equipment		418	
Total Other Public Health and Welfare			\$ 304,222

Social, Cultural and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	559,502	
Total Parks and Fair Boards			559,502

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$	4,784	
Contracts with Government Agencies		117,317	
Operating Lease Payments		1,266	
Maintenance & Repair Services- Office Equipment		560	
Utilities		206	
Total Agriculture Extension Service			124,133

Soil Conservation

Assistant(s)	\$	31,370	
Paraprofessionals		26,523	
Social Security		3,587	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

State Retirement	\$	4,627	
Life Insurance		222	
Medical Insurance		9,720	
Dental Insurance		391	
Unemployment Compensation		112	
Employer Medicare		839	
Communication		2,749	
Dues and Memberships		225	
Maintenance Agreements		748	
Postal Charges		339	
Printing, Stationery and Forms		338	
Travel		966	
Tuition		200	
Office Supplies		1,726	
Workers' Compensation Insurance		89	
Total Soil Conservation			\$ 84,771

Other Operations

Tourism

Other Salaries & Wages	\$	273,222	
Advertising		393,629	
Dues and Memberships		4,708	
Postal Charges		3,488	
Printing, Stationery and Forms		10,592	
Travel		3,924	
Tuition		870	
Other Contracted Services		32,604	
Office Supplies		699	
Other Supplies and Materials		700	
Other Charges		9,509	
Data Processing Equipment		803	
Office Equipment		6,460	
Total Tourism			741,208

Industrial Development

Contracts with Government Agencies	\$	338,341	
Other Contracted Services		276,362	
Site Development		231,906	
Total Industrial Development			846,609

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Other Salaries & Wages	\$	71,155	
Communication		12,185	
Maintenance & Repair Services- Buildings		7,858	
Rentals		38,228	
Other Contracted Services		20,065	
Custodial Supplies		4,516	
Office Supplies		2,314	
Utilities		8,150	
Other Supplies and Materials		1,192	
Other Charges		1,594	
Data Processing Equipment		1,233	
Total Other Economic and Community Development	\$		168,490

Veterans' Services

County Official/Administrative Officer	\$	54,212	
Supervisor/Director		30,008	
Clerical Personnel		22,252	
Social Security		6,452	
State Retirement		8,510	
Employee and Dependent Insurance		2,640	
Life Insurance		392	
Medical Insurance		14,538	
Dental Insurance		584	
Unemployment Compensation		168	
Employer Medicare		1,509	
Dues and Memberships		55	
Operating Lease Payments		1,812	
Maintenance Agreements		600	
Maintenance & Repair Services- Vehicles		41	
Printing, Stationery and Forms		188	
Travel		1,635	
Tuition		400	
Duplicating Supplies		316	
Gasoline		1,001	
Office Supplies		770	
Other Supplies and Materials		326	
Workers' Compensation Insurance		163	
Other Charges		192	
Total Veterans' Services			148,764

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Local Retirement	\$	40,242	
Office Supplies		9	
Total Other Charges		<u>40,251</u>	\$ 40,251

Contributions to Other Agencies

Dues and Memberships	\$	9,457	
Total Contributions to Other Agencies		<u>9,457</u>	9,457

Miscellaneous

Advertising	\$	838	
Communication		204,834	
Contracts with Government Agencies		5,700	
Dues and Memberships		4,598	
Postal Charges		123,296	
Other Contracted Services		187,276	
Electricity		2,217	
Utilities		3,063	
Building and Contents Insurance		13,367	
Excess Risk Insurance		11,139	
Liability Insurance		162,368	
Trustee's Commission		362,883	
Vehicle and Equipment Insurance		60,000	
Other Charges		<u>31,965</u>	
Total Miscellaneous			1,173,544

Highways

Litter and Trash Collection

Attendants	\$	30,458	
Longevity Pay		250	
Social Security		1,890	
State Retirement		2,473	
Employee and Dependent Insurance		330	
Life Insurance		109	
Medical Insurance		4,811	
Dental Insurance		193	
Unemployment Compensation		56	
Employer Medicare		442	
Contracts with Government Agencies		2,075	
Other Contracted Services		21,687	
Other Supplies and Materials		2,015	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Workers' Compensation Insurance	\$ 994	
Total Litter and Trash Collection	<u> </u>	\$ 67,783

Capital Projects

Other General Government Projects

Other Capital Outlay	\$ 961,121	
Total Other General Government Projects	<u> </u>	<u>961,121</u>

Total General Fund		\$ 32,923,974
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Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Building Improvements	\$ 9,647	
Trustee's Commission	<u>94</u>	
Total Other Charges	<u> </u>	<u>\$ 9,741</u>

Total Courthouse & Jail Maintenance Fund		9,741
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Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$ 1,770	
Trustee's Commission	<u>94</u>	
Total Other Charges	<u> </u>	<u>\$ 1,864</u>

Total Law Library Fund		1,864
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Public Library Fund

General Government

County Buildings

Supervisor/Director	\$ 3,068
Custodial Personnel	54,527
Maintenance Personnel	20,750
Part-time Personnel	7,640
Social Security	5,235
State Retirement	6,730
Employee and Dependent Insurance	2,640
Life Insurance	308
Medical Insurance	19,440

(Continued)

Exhibit L-8

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

Public Library Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Dental Insurance	\$	781	
Unemployment Compensation		284	
Employer Medicare		1,224	
Maintenance & Repair Services- Buildings		4,669	
Maintenance & Repair Services- Equipment		657	
Uniforms		974	
Other Supplies and Materials		516	
Workers' Compensation Insurance		142	
Total County Buildings			\$ 129,585

Social, Cultural and Recreational Services

Libraries

County Official/Administrative Officer	\$	145,296
Assistant(s)		95,043
Supervisor/Director		169,426
Paraprofessionals		156,775
Custodial Personnel		20,551
Part-time Personnel		190,136
Social Security		46,899
State Retirement		44,536
Employee and Dependent Insurance		20,350
Life Insurance		2,176
Medical Insurance		99,630
Dental Insurance		4,005
Unemployment Compensation		2,668
Employer Medicare		11,105
Communication		8,427
Data Processing Services		22,122
Dues and Memberships		650
Operating Lease Payments		6,649
Maintenance Agreements		5,742
Maintenance & Repair Services- Office Equipment		36
Pest Control		660
Postal Charges		5,842
Printing, Stationery and Forms		1,090
Travel		2,730
Tuition		652
Permits		380
Other Contracted Services		33,660
Custodial Supplies		14,915

(Continued)

Exhibit L-8

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

Public Library Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Supplies	\$	5,554	
Library Books/Media		151,840	
Office Supplies		20,700	
Periodicals		21,293	
Uniforms		203	
Utilities		122,285	
Other Supplies and Materials		11,455	
Building and Contents Insurance		20,000	
Trustee's Commission		972	
Workers' Compensation Insurance		1,187	
Other Charges		25	
Data Processing Equipment		10,279	
Furniture and Fixtures		832	
Total Libraries	\$		1,478,776

Other Social, Cultural and Recreational

Part-time Personnel	\$	23,057	
Social Security		1,419	
Unemployment Compensation		109	
Employer Medicare		195	
Food Supplies		2,906	
Other Supplies and Materials		24,909	
Total Other Social, Cultural and Recreational			52,595

Total Public Library Fund \$ 1,660,956

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	17,251	
Animal Food and Supplies		6,472	
Other Supplies and Materials		32,667	
Trustee's Commission		689	
Land		115,000	
Law Enforcement Equipment		920	
Total Sheriff's Department	\$		172,999

Total Drug Control Fund 172,999

(Continued)

Exhibit L-8

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

District Attorney General Fund

Administration of Justice

District Attorney General

Other Contracted Services	\$	196	
Library Books/Media		18	
Trustee's Commission		267	
Total District Attorney General			\$ 481

Total District Attorney General Fund \$ 481

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	52,919	
Probation Officer(s)		28,212	
Secretary(s)		23,968	
Social Security		6,469	
State Retirement		9,007	
Employee and Dependent Insurance		2,640	
Life Insurance		387	
Medical Insurance		14,580	
Dental Insurance		586	
Unemployment Compensation		168	
Employer Medicare		1,513	
Communication		2,848	
Dues and Memberships		450	
Operating Lease Payments		854	
Postal Charges		129	
Printing, Stationery and Forms		604	
Travel		17,314	
Tuition		4,795	
Drug Treatment		129,500	
Other Contracted Services		1,675	
Instructional Supplies and Materials		1,003	
Office Supplies		1,047	
Other Supplies and Materials		5,794	
Trustee's Commission		992	
Workers' Compensation Insurance		160	
Data Processing Equipment		2,535	
Total Criminal Court			\$ 310,149

Total Other Special Revenue Fund 310,149

(Continued)

Exhibit L-8

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Bank Charges	\$ 154	
Total County Trustee's Office		\$ 154

Public Safety

Sheriff's Department

Bank Charges	\$ 196	
Total Sheriff's Department		<u>196</u>

Total Constitutional Officers - Fees Fund		\$ 350
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 72,730
Assistant(s)	59,654
Supervisor/Director	52,861
Accountants/Bookkeepers	37,158
Dispatchers/Radio Operators	31,509
Clerical Personnel	29,024
Overtime Pay	75
Social Security	17,637
State Retirement	23,529
Employee and Dependent Insurance	8,047
Life Insurance	908
Medical Insurance	29,160
Dental Insurance	1,172
Unemployment Compensation	105
Employer Medicare	4,049
Advertising	451
Communication	11,350
Dues and Memberships	3,410
Maintenance Agreements	3,668
Postal Charges	185
Travel	445
Tuition	353
Data Processing Supplies	282
Drugs and Medical Supplies	340
Electricity	15,879
Natural Gas	10,849
Office Supplies	1,913

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Water and Sewer	\$	1,657	
Liability Insurance		38,041	
Trustee's Commission		48,152	
Workers' Compensation Insurance		3,649	
Liability Claims		1,525	
Other Charges		2,159	
Total Administration			\$ 511,926

Highway and Bridge Maintenance

Supervisor/Director	\$	76,708	
Foremen		131,664	
Equipment Operators		200,777	
Equipment Operators - Heavy		103,239	
Equipment Operators - Light		717,190	
Truck Drivers		117,227	
Laborers		108,087	
Overtime Pay		12,092	
Other Salaries & Wages		261,647	
Social Security		105,096	
State Retirement		142,451	
Employee and Dependent Insurance		68,704	
Life Insurance		6,694	
Medical Insurance		261,633	
Dental Insurance		10,289	
Unemployment Compensation		1,210	
Employer Medicare		24,740	
Evaluation and Testing		1,881	
Laundry Service		20,984	
Permits		315	
Other Contracted Services		1,163,744	
Asphalt - Hot Mix		95,100	
Asphalt - Liquid		33,072	
Concrete		1,978	
Crushed Stone		66,741	
Pipe - Metal		28,191	
Road Signs		6,682	
Uniforms		7,750	
Other Supplies and Materials		4,907	
Workers' Compensation Insurance		18,977	
State Aid Projects		16,364	
Total Highway and Bridge Maintenance			3,816,134

(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Supervisor/Director	\$	52,286	
Foremen		82,302	
Mechanic(s)		272,872	
Nightwatchmen		84,995	
Clerical Personnel		29,094	
Overtime Pay		7,036	
Social Security		32,525	
State Retirement		31,896	
Employee and Dependent Insurance		22,359	
Life Insurance		1,911	
Medical Insurance		72,897	
Dental Insurance		3,158	
Unemployment Compensation		315	
Employer Medicare		7,526	
Maintenance & Repair Services- Equipment		1,737	
Maintenance & Repair Services- Vehicles		1,702	
Rentals		12,740	
Other Contracted Services		242	
Diesel Fuel		52,105	
Equipment and Machinery Parts		44,402	
Gasoline		382,088	
Lubricants		3,052	
Propane Gas		877	
Tires and Tubes		14,949	
Other Supplies and Materials		49,766	
Workers' Compensation Insurance		6,937	
Total Operation and Maintenance of Equipment			\$ 1,271,769

Capital Outlay

Bridge Construction	\$	62,629	
Data Processing Equipment		6,717	
Highway Equipment		7,514	
Right-of-Way		1,500	
State Aid Projects		261,513	
Total Capital Outlay			<u>339,873</u>

Total Highway/Public Works Fund \$ 5,939,702

(Continued)

Exhibit L-8

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

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$ 40,000	
Principal on Notes	210,000	
Principal on Other Loans Payable	3,190,000	
Total General Government		\$ 3,440,000

Interest

General Government

Interest on Bonds	\$ 220,613	
Interest on Notes	63,159	
Interest on Other Loans Payable	5,321,804	
Total General Government		5,605,576

Other Debt Service

General Government

Trustee's Commission	\$ 185,898	
Underwriter's Discount	236,225	
Other Debt Issuance Charges	247,411	
Other Debt Service	161,849	
Total General Government		831,383

Total General Debt Service Fund \$ 9,876,959

Other Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 4,222,402	
Total Payments to Cities		\$ 4,222,402

Capital Projects

General Administration Projects

Other Contracted Services	\$ 5,102	
Underwriter's Discount	61,550	
Other Debt Issuance Charges	109,421	
Total General Administration Projects		176,073

Public Health and Welfare Projects

Supervisor/Director	\$ 956
Clerical Personnel	442
Social Security	72
State Retirement	52

(Continued)

Exhibit L-8

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects (Cont.)

Employee and Dependent Insurance	\$	20	
Life Insurance		2	
Medical Insurance		59	
Dental Insurance		3	
Unemployment Compensation		2	
Employer Medicare		20	
Legal Services		53	
Other Contracted Services		<u>30,654</u>	
Total Public Health and Welfare Projects	\$		32,335

Social, Cultural and Recreation Projects

Other Contracted Services	\$	<u>1,409,570</u>	
Total Social, Cultural and Recreation Projects			1,409,570

Highway & Street Capital Projects

Supervisor/Director	\$	76	
Clerical Personnel		35	
Social Security		6	
State Retirement		3	
Employee and Dependent Insurance		2	
Medical Insurance		6	
Employer Medicare		2	
Legal Services		5	
Other Contracted Services		<u>21,539</u>	
Total Highway & Street Capital Projects			21,674

Education Capital Projects

Supervisor/Director	\$	128,118	
Clerical Personnel		55,739	
Social Security		10,382	
State Retirement		5,148	
Employee and Dependent Insurance		2,275	
Life Insurance		206	
Medical Insurance		9,641	
Dental Insurance		359	
Unemployment Compensation		124	
Employer Medicare		2,629	
Legal Services		12,676	
Other Contracted Services		3,036,142	
Workers' Compensation Insurance		4,616	

(Continued)

Exhibit L-8

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects (Cont.)

Data Processing Equipment	\$ 710,598	
Other Capital Outlay	396,868	
Total Education Capital Projects	<u>4,375,521</u>	\$ 4,375,521

Total Other Capital Projects Fund \$ 10,237,575

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$ 11,661	
Total Miscellaneous	<u>11,661</u>	\$ 11,661

Total Endowment Fund 11,661

Total Governmental Funds - Primary Government \$ 61,146,411

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 21,578,842	
Career Ladder Program	469,975	
Career Ladder Extended Contracts	235,225	
Salary Supplements	361,743	
Educational Assistants	872,514	
Overtime Pay	7,205	
Other Salaries & Wages	510,500	
Certified Substitute Teachers	462,376	
Social Security	1,491,645	
State Retirement	1,300,129	
Employee and Dependent Insurance	671,025	
Life Insurance	81,373	
Medical Insurance	2,614,575	
Dental Insurance	107,797	
Employer Medicare	348,719	
Contracts with Other School Systems	117,344	
Maintenance & Repair Services- Equipment	11,703	
Printing, Stationery and Forms	6,184	
Other Contracted Services	68,518	
Gasoline	800	
Instructional Supplies and Materials	351,171	
Textbooks	523,814	
Furniture and Fixtures	711	
Regular Instruction Equipment	6,318	
Total Regular Instruction Program		\$ 32,200,206

Special Education Program

Teachers	\$ 3,532,780
Career Ladder Program	70,620
Career Ladder Extended Contracts	21,700
Educational Assistants	757,428
Social Security	268,876
State Retirement	229,929
Employee and Dependent Insurance	125,308
Life Insurance	14,678
Medical Insurance	507,427
Dental Insurance	21,613
Employer Medicare	62,883
Contracts with Other Public Agencies	44,895

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Contracts with Private Agencies	\$	13,794	
Maintenance & Repair Services- Equipment		3,045	
Instructional Supplies and Materials		41,637	
Other Supplies and Materials		851	
Special Education Equipment		5,599	
Total Special Education Program			\$ 5,723,063

Vocational Education Program

Teachers	\$	1,948,516	
Career Ladder Program		32,000	
Career Ladder Extended Contracts		2,000	
Social Security		119,886	
State Retirement		109,039	
Employee and Dependent Insurance		70,480	
Life Insurance		7,231	
Medical Insurance		227,596	
Dental Insurance		9,172	
Employer Medicare		28,039	
Maintenance & Repair Services- Equipment		3,030	
Other Contracted Services		2,695	
Gasoline		850	
Instructional Supplies and Materials		71,182	
Liability Insurance		979	
Total Vocational Education Program			2,632,695

Adult Education Program

Teachers	\$	110,906	
Paraprofessionals		11,427	
Instructional Computer Personnel		26,400	
Social Security		9,076	
State Retirement		3,918	
Life Insurance		219	
Medical Insurance		9,680	
Dental Insurance		397	
Employer Medicare		2,123	
Advertising		453	
Other Contracted Services		295	
Instructional Supplies and Materials		13,493	
Workers' Compensation Insurance		450	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Data Processing Equipment	\$ 1,187	
Total Adult Education Program		\$ 190,024

Other

Local Retirement	\$ 650,274	
Other Charges	718,388	
Total Other		1,368,662

Support Services

Attendance

Supervisor/Director	\$ 76,196	
Clerical Personnel	35,892	
Social Security	6,832	
State Retirement	7,293	
Employee and Dependent Insurance	2,780	
Medical Insurance	14,680	
Dental Insurance	536	
Employer Medicare	1,598	
Total Attendance		145,807

Health Services

Medical Personnel	\$ 304,983	
Social Security	18,680	
State Retirement	12,912	
Employee and Dependent Insurance	2,765	
Life Insurance	569	
Medical Insurance	19,360	
Dental Insurance	793	
Employer Medicare	4,369	
Travel	1,410	
Drugs and Medical Supplies	24,284	
Other Supplies and Materials	151	
Total Health Services		390,276

Other Student Support

Guidance Personnel	\$ 1,045,467	
Social Workers	12,177	
Secretary(s)	43,926	
Social Security	69,424	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

State Retirement	\$	63,192	
Employee and Dependent Insurance		27,543	
Life Insurance		4,074	
Medical Insurance		130,785	
Dental Insurance		5,183	
Employer Medicare		16,238	
Communication		500	
Evaluation and Testing		9,908	
Travel		3,720	
Other Contracted Services		426	
Instructional Supplies and Materials		934	
Office Supplies		323	
In-Service/Staff Development		425	
Other Supplies and Materials		4,800	
Total Other Student Support			\$ 1,439,045

Regular Instruction Program

Supervisor/Director	\$	109,714	
Librarians		870,115	
Secretary(s)		121,683	
Educational Assistants		139,044	
Social Security		74,722	
State Retirement		71,634	
Employee and Dependent Insurance		35,291	
Life Insurance		4,999	
Medical Insurance		141,420	
Dental Insurance		5,628	
Employer Medicare		17,476	
Travel		9,987	
Tuition		889	
Library Books/Media		84,701	
Other Supplies and Materials		1,644	
Total Regular Instruction Program			1,688,947

Special Education Program

Supervisor/Director	\$	33,428
Psychological Personnel		208,664
Secretary(s)		38,281
Social Security		16,895

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

State Retirement	\$	15,135	
Employee and Dependent Insurance		10,385	
Life Insurance		901	
Medical Insurance		26,163	
Dental Insurance		1,054	
Employer Medicare		3,966	
Travel		9,980	
Other Contracted Services		3,933	
In Service/Staff Development		4,303	
Total Special Education Program			\$ 373,088

Vocational Education Program

Secretary(s)	\$	40,435	
Social Security		2,439	
State Retirement		3,466	
Life Insurance		153	
Medical Insurance		9,680	
Dental Insurance		397	
Employer Medicare		571	
Postal Charges		350	
Travel		1,683	
Tuition		150	
Office Supplies		2,453	
Total Vocational Education Program			61,777

Adult Programs

Supervisor/Director	\$	46,383	
Clerical Personnel		18,115	
Social Security		3,774	
State Retirement		3,464	
Employee and Dependent Insurance		2,765	
Life Insurance		213	
Medical Insurance		8,835	
Dental Insurance		362	
Employer Medicare		883	
Advertising		1,004	
Workers' Compensation Insurance		250	
In Service/Staff Development		7,630	
Other Charges		1,964	
Total Adult Programs			95,642

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

Social Workers	\$	13,703	
Educational Assistants		31,468	
Social Security		2,173	
State Retirement		3,366	
Employee and Dependent Insurance		4,210	
Life Insurance		160	
Medical Insurance		13,628	
Dental Insurance		563	
Employer Medicare		509	
Total Other Programs			\$ 69,780

Board of Education

Secretary(s)	\$	18,791	
Other Salaries & Wages		61,195	
Board and Committee Members Fees		25,200	
Social Security		6,523	
State Retirement		7,714	
Employee and Dependent Insurance		721	
Medical Insurance		4,700	
Dental Insurance		369	
Unemployment Compensation		27,358	
Employer Medicare		1,526	
Audit Services		25,500	
Dues and Memberships		7,762	
Legal Services		3,675	
Printing, Stationery and Forms		1,458	
Travel		1,682	
Tuition		990	
Other Contracted Services		18,289	
Other Supplies and Materials		7,215	
Liability Insurance		85,500	
Trustee's Commission		524,989	
Workers' Compensation Insurance		130,481	
Other Charges		9,939	
Total Board of Education			971,577

Director of Schools

County Official/Administrative Officer	\$	93,636
Assistant(s)		16,483

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Career Ladder Program	\$	1,000	
Secretary(s)		39,126	
Clerical Personnel		34,321	
Other Salaries & Wages		17,682	
Social Security		11,625	
State Retirement		13,523	
Employee and Dependent Insurance		2,640	
Life Insurance		1,732	
Medical Insurance		16,154	
Dental Insurance		663	
Disability Insurance		1,544	
Employer Medicare		2,814	
Communication		19,639	
Dues and Memberships		2,943	
Postal Charges		10,643	
Printing, Stationery and Forms		5,823	
Travel		768	
Other Contracted Services		6,148	
Office Supplies		9,415	
Other Supplies and Materials		2,619	
Other Charges		22,396	
Administration Equipment		3,231	
Total Director of Schools			\$ 336,568

Office of the Principal

Principals	\$	1,159,111
Accountants/Bookkeepers		49,472
Assistant Principals		711,198
Secretary(s)		820,274
Social Security		165,074
State Retirement		170,624
Employee and Dependent Insurance		72,898
Life Insurance		9,120
Medical Insurance		318,083
Dental Insurance		13,248
Employer Medicare		38,607
Communication		138,830
Dues and Memberships		6,300
Travel		1,188

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Tuition	\$	1,125	
Other Contracted Services		1,654	
Other Supplies and Materials		840	
Other Equipment		20,000	
Total Office of the Principal			\$ 3,697,646

Fiscal Services

Supervisor/Director	\$	74,987	
Accountants/Bookkeepers		104,699	
Purchasing Personnel		37,093	
Social Security		12,675	
State Retirement		18,819	
Employee and Dependent Insurance		10,230	
Life Insurance		709	
Medical Insurance		24,711	
Dental Insurance		944	
Employer Medicare		2,964	
Dues and Memberships		862	
Other Contracted Services		9,116	
Office Supplies		7,222	
Total Fiscal Services			305,031

Operation of Plant

Custodial Personnel	\$	1,783,992	
Social Security		109,257	
State Retirement		143,238	
Employee and Dependent Insurance		74,497	
Life Insurance		6,757	
Medical Insurance		367,074	
Dental Insurance		15,241	
Employer Medicare		25,552	
Evaluation and Testing		1,475	
Other Contracted Services		112,471	
Custodial Supplies		128,626	
Electricity		1,861,337	
Fuel Oil		59,978	
Natural Gas		136,777	
Water and Sewer		239,897	
Building and Contents Insurance		91,250	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Plant Operation Equipment	\$	10,000	
Total Operation of Plant			\$ 5,167,419

Maintenance of Plant

Supervisor/Director	\$	38,500	
Secretary(s)		34,321	
Maintenance Personnel		534,164	
Other Salaries & Wages		323	
Social Security		35,725	
State Retirement		48,784	
Employee and Dependent Insurance		13,970	
Life Insurance		2,908	
Medical Insurance		81,498	
Dental Insurance		3,272	
Employer Medicare		8,356	
Communication		2,764	
Maintenance & Repair Services- Buildings		30,175	
Maintenance & Repair Services- Equipment		55,225	
Maintenance & Repair Services- Vehicles		14,043	
Other Contracted Services		91,699	
Equipment and Machinery Parts		75,651	
Gasoline		35,762	
Uniforms		31,644	
Other Supplies and Materials		209,844	
Other Charges		22,800	
Maintenance Equipment		4,969	
Total Maintenance of Plant			1,376,397

Transportation

Supervisor/Director	\$	52,046	
Clerical Personnel		31,222	
Social Security		5,112	
State Retirement		5,544	
Life Insurance		312	
Medical Insurance		9,240	
Dental Insurance		378	
Employer Medicare		1,196	
Contracts with Parents		2,732	
Contracts with Vehicle Owners		2,271,659	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Maintenance & Repair Services- Vehicles	\$	3,836	
Medical and Dental Services		3,588	
Other Contracted Services		326,726	
Vehicle and Equipment Insurance		267,300	
Transportation Equipment		12,000	
Total Transportation			\$ 2,992,891

Central and Other

Supervisor/Director	\$	38,542	
Teachers		53,553	
Computer Programmer(s)		103,588	
Clerical Personnel		49,069	
Social Security		14,451	
State Retirement		16,310	
Employee and Dependent Insurance		8,307	
Life Insurance		834	
Medical Insurance		23,392	
Dental Insurance		959	
Employer Medicare		3,380	
Other Contracted Services		1,354	
Data Processing Supplies		23,849	
Data Processing Equipment		31,207	
Regular Instruction Equipment		12,748	
Total Central and Other			381,543

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	111,296	
Total Regular Capital Outlay			111,296

Principal

Education

Principal on Notes	\$	415,000	
Total Education			415,000

Interest

Education

Interest on Notes	\$	66,800	
Total Education			66,800

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Other Debt Service	\$ 58,917	
Total Education		\$ 58,917

Total General Purpose School Fund \$ 62,260,097

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 680,807	
Educational Assistants	702,973	
Social Security	84,191	
State Retirement	58,371	
Employee and Dependent Insurance	29,698	
Life Insurance	3,509	
Medical Insurance	136,472	
Dental Insurance	5,705	
Employer Medicare	19,677	
Instructional Supplies and Materials	9,161	
In-Service/Staff Development	78,576	
Workers' Compensation Insurance	4,274	
Regular Instruction Equipment	1,710	
Total Regular Instruction Program		\$ 1,815,124

Special Education Program

Teachers	\$ 81,363	
Clerical Personnel	69,356	
Educational Assistants	875,084	
Other Salaries & Wages	1,488	
Social Security	62,524	
State Retirement	61,645	
Employee and Dependent Insurance	37,720	
Life Insurance	1,953	
Medical Insurance	204,893	
Dental Insurance	10,072	
Employer Medicare	14,621	
Other Contracted Services	6,000	
Instructional Supplies and Materials	88,327	
Workers' Compensation Insurance	3,000	
Special Education Equipment	25,350	
Total Special Education Program		1,543,396

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	29,953	
Secretary(s)		18,943	
Social Security		2,985	
State Retirement		2,469	
Employee and Dependent Insurance		2,090	
Life Insurance		188	
Medical Insurance		9,555	
Dental Insurance		391	
Employer Medicare		698	
Travel		7,520	
Instructional Supplies and Materials		5,428	
Office Supplies		565	
T&I Construction Materials		2,876	
Other Supplies and Materials		6,349	
Workers' Compensation Insurance		157	
In Service/Staff Development		9,422	
Other Charges		2,532	
Vocational Instruction Equipment		147,420	
Other Equipment		520	
Total Vocational Education Program			\$ 250,061

Student Body Education Program

Teachers	\$	149,662	
Educational Assistants		1,237	
Social Security		9,272	
State Retirement		8,337	
Employee and Dependent Insurance		4,043	
Life Insurance		583	
Medical Insurance		21,763	
Dental Insurance		891	
Employer Medicare		2,169	
Instructional Supplies and Materials		10,990	
Workers' Compensation Insurance		446	
Total Student Body Education Program			209,393

Other

Instructional Supplies and Materials	\$	134,257	
Other Supplies and Materials		70	
Total Other			134,327

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Teachers	\$	28,991	
Social Security		549	
State Retirement		487	
Life Insurance		33	
Medical Insurance		5,245	
Dental Insurance		215	
Employer Medicare		128	
Contracts with Government Agencies		4,250	
Evaluation and Testing		276	
Other Contracted Services		27,758	
Drugs and Medical Supplies		73	
Workers' Compensation Insurance		90	
Other Charges		15,565	
Health Equipment		1,612	
Total Other Student Support			\$ 85,272

Regular Instruction Program

Supervisor/Director	\$	141,198	
Secretary(s)		34,321	
Social Security		9,568	
State Retirement		9,600	
Life Insurance		499	
Medical Insurance		13,955	
Dental Insurance		570	
Employer Medicare		2,218	
Travel		1,057	
In-Service/Staff Development		2,989	
Other Supplies and Materials		1,226	
Workers' Compensation Insurance		514	
Other Equipment		1,000	
Total Regular Instruction Program			218,715

Special Education Program

Supervisor/Director	\$	63,177
Psychological Personnel		114,830
Clerical Personnel		46,994
Other Salaries & Wages		76,794
Social Security		18,646
State Retirement		18,630

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Employee and Dependent Insurance	\$	7,343	
Life Insurance		967	
Medical Insurance		25,858	
Dental Insurance		1,235	
Employer Medicare		4,334	
Other Contracted Services		216,025	
Workers' Compensation Insurance		900	
In Service/Staff Development		21,649	
Total Special Education Program			\$ 617,382

Vocational Education Program

Travel	\$	2,416	
In Service/Staff Development		5,003	
Other Equipment		1,070	
Total Vocational Education Program			8,489

Transportation

Other Contracted Services	\$	87,251	
Total Transportation			87,251

Central and Other

Computer Programmer(s)	\$	16,574	
Other Salaries & Wages		9,000	
Certified Substitute Teachers		1,023	
Social Security		1,586	
State Retirement		495	
Employer Medicare		371	
Workers' Compensation Insurance		86	
In Service/Staff Development		1,178	
Data Processing Equipment		8,984	
Total Central and Other			<u>39,297</u>

Total School Federal Projects Fund \$ 5,008,707

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	36,261
Accountants/Bookkeepers		47,771

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Clerical Personnel	\$	15,164	
Cafeteria Personnel		1,644,264	
Social Security		105,011	
State Retirement		87,640	
Employee and Dependent Insurance		72,685	
Life Insurance		4,167	
Medical Insurance		270,155	
Dental Insurance		10,996	
Unemployment Compensation		3,922	
Local Retirement		16,130	
Employer Medicare		24,559	
Dues and Memberships		2,152	
Maintenance & Repair Services- Equipment		39,631	
Printing, Stationery and Forms		1,015	
Transportation - Other than Students		25,813	
Travel		3,469	
Other Contracted Services		75,125	
Custodial Supplies		33,061	
Food Supplies		1,635,208	
Office Supplies		4,043	
Uniforms		7,924	
Other Supplies and Materials		68,573	
Workers' Compensation Insurance		34,346	
In Service/Staff Development		12,566	
Other Charges		1,764	
Data Processing Equipment		4,315	
Food Service Equipment		64,372	
Total Food Service			\$ 4,352,102

Total Central Cafeteria Fund \$ 4,352,102

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	43,684
Clerical Personnel		34,321
Custodial Personnel		87,000
Part-time Personnel		887,571
Social Security		61,765

(Continued)

Exhibit L-9

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

Extended School Program Fund (Cont.)
Operation of Non-Instructional Services (Cont.)
Community Services (Cont.)

State Retirement	\$	30,501	
Employee and Dependent Insurance		13,131	
Life Insurance		754	
Medical Insurance		53,005	
Dental Insurance		2,331	
Employer Medicare		14,446	
Communication		74	
Contracts with Vehicle Owners		21,625	
Travel		1,111	
Other Contracted Services		36,271	
Food Supplies		59,061	
Instructional Supplies and Materials		15,756	
Other Supplies and Materials		5,402	
Trustee's Commission		12,693	
Workers' Compensation Insurance		3,390	
In Service/Staff Development		715	
Other Charges		3,972	
Building Improvements		6,429	
Data Processing Equipment		1,999	
Other Equipment		24,502	
Total Community Services			\$ <u>1,421,509</u>
Total Extended School Program Fund			\$ <u>1,421,509</u>
Total Governmental Funds - Blount County School Department			\$ <u><u>73,042,415</u></u>

Exhibit L-10

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances -
City Agency Funds
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 1,809,200	\$ 6,036,500	\$ 7,845,700
Trustee's Collections - Prior Years	0	79,085	263,505	342,590
Circuit/Clerk and Master Collections - Prior Years	0	15,901	53,008	68,909
Interest and Penalty	0	10,338	34,444	44,782
Pick-up Taxes	0	11,553	38,494	50,047
Payments in Lieu of Taxes - Local Utilities	0	23,778	79,240	103,018
Local Option Sales Tax	12,233,278	1,154,050	3,790,395	17,177,723
Business Tax	0	52,342	174,476	226,818
Other County Local Option Taxes	0	1,458	5,034	6,492
Marriage Licenses	0	379	1,264	1,643
Other Local Revenue	0	119	397	516
Mixed Drink Tax	0	3,576	11,919	15,495
Other Loans Issued	0	761,395	3,461,007	4,222,402
Total Cash Receipts	\$ 12,233,278	\$ 3,923,174	\$ 13,949,683	\$ 30,106,135
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 12,110,945	\$ 3,866,300	\$ 13,806,441	\$ 29,783,686
Trustee's Commission	122,333	48,478	172,169	342,980
Total Cash Disbursements	\$ 12,233,278	\$ 3,914,778	\$ 13,978,610	\$ 30,126,666
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 8,396	\$ (28,927)	\$ (20,531)
Cash Balance, July 1, 2004	0	1,177	60,822	61,999
Cash Balance, June 30, 2005	\$ 0	\$ 9,573	\$ 31,895	\$ 41,468

STATISTICAL SECTION

Blount County, Tennessee
 General Revenues by Source - All Governmental
 and Permanent Funds and Internal Service Funds
 Last Ten Fiscal Years

Table 1

Fiscal Year Ended June 30	(1) Local Taxes	Licenses and Permits	Fines Forfeitures and Penalties	(2) Charges for Current Services	(3) Other Local Revenue	(7) State of Tennessee	Federal Government	(6) Other Governments and Citizens Groups	(8) Investment Earnings	(9) Expendable Trust Funds	(9) Permanent Funds	(4) Governmental and Permanent Funds Total	(5) Internal Service Funds	Total Revenue
1996	\$29,673,000	\$221,100	\$299,172	\$5,165,271	\$278,360	\$27,679,190	\$3,615,216	\$1,410,441	\$1,236,161	\$320,627	\$0	\$69,898,538	\$5,189,436	\$75,087,974
1997	31,047,421	317,943	391,525	5,620,218	325,061	27,973,042	4,790,250	492,358	1,031,168	341,887	0	72,330,873	5,781,172	78,112,045
1998	32,888,125	360,640	469,270	6,066,086	590,675	31,043,048	5,069,139	422,316	1,079,371	453,920	0	78,442,590	6,997,400	85,439,990
1999	36,478,563	321,542	448,545	6,586,826	478,153	32,553,176	4,795,660	546,804	1,818,100	214,098	0	84,241,467	7,133,063	91,374,530
2000	42,882,802	395,733	483,554	7,725,512	2,889,479	34,178,415	6,421,987	1,127,782	1,370,394	266,777	0	97,742,435	7,645,614	105,388,049
2001	44,829,541	472,262	533,230	7,575,137	1,502,469	35,826,017	6,825,794	4,600,405	993,694	345,937	0	103,504,486	7,496,456	111,000,942
2002	46,838,371	526,565	423,011	8,056,502	1,058,724	36,492,833	9,213,204	3,359,089	851,573	0	26,734	106,846,606	8,305,937	115,152,543
2003	47,766,226	645,035	659,520	8,407,712	1,182,285	37,742,856	9,778,280	2,343,607	473,859	0	12,653	109,012,033	9,664,076	118,676,109
2004	49,118,247	599,092	820,307	9,143,685	1,633,427	38,017,559	10,425,835	1,284,830	360,438	0	9,078	111,412,498	11,520,693	122,933,191
2005	55,264,759	953,359	946,992	9,426,941	1,754,162	41,247,088	9,998,657	1,318,299	673,738	0	11,661	121,595,656	13,932,639	135,528,295

NOTES:

- (1) The 1996-97 county property tax rate was increased from \$2.10 to \$2.15 to start to prepare for the new Jail/Justice Center operations. The 98-99 rate was approved at \$2.07, to fully fund the jail operations, yet was the equivalent of a 19 cent increase because of a property reappraisal.
- (2) In 1996, the large increase in revenue can be attributed to: (1) fees in the amount of \$170,905 from the newly created Environmental Health Department; and (2) fees in the amount of \$537,644 from the expanded Extended Day Care Program in the Blount County School Department. The Extended Day Care Program was previously reported in Other Local Revenue.
- (3) Beginning in 1996, the Extended Day Care Program fees of the school system were reclassified to "Charges for Current Services."
- (4) Totals do not include bond and note proceeds, operating transfers and agency funds.
- (5) Revenues for the self-insurance fund are reported on Exhibit D-2.
- (6) In 1996, the Debt Service Fund received \$990,000 of revenue from the City of Maryville for the early repayment of notes. In 2001, the Capital Projects Fund received \$3,000,000 from the City of Maryville and \$1,000,000 from the City of Alcoa for construction of the new library.
- (7) State of Tennessee includes increases in funding for the Better Education Program (BEP).
- (8) Investment earnings in 1998-99 include earnings on capital project funds held idle pending construction drawdowns.
- (9) Permanent fund created in 2002 to comply with GASB Statement 34. Expendable Trust Funds were eliminated in 2002 to comply with GASB 34.

Blount County, Tennessee
 General Expenditures and Expenses by Function - All Governmental
 and Permanent Funds and Internal Service Fund
 Last Ten Fiscal Years

Table 2

Fiscal Year Ended June 30	(1) General Government	Administration of Justice Finance	(6) Public Safety	Public Health and Welfare	(2) Social Cultural and Recreational	Agricultural and Natural Resources	(7) Other General Government	Highway and Bridge Maintenance	Education	(5) Debt Service	(3) Capital Outlay	Governmental and Expendable Trust Funds Total	(4) Internal Service Funds	Total Expenditures	
1996	\$2,383,725	\$2,038,650	\$1,978,781	\$4,555,421	\$1,069,594	\$766,514	\$110,079	\$0	\$3,709,460	\$40,783,312	\$6,606,767	\$7,462,834	\$71,465,137	\$4,472,407	\$75,937,544
1997	2,595,657	2,173,080	2,143,475	5,466,726	1,142,333	797,518	146,759	0	4,077,815	43,242,637	7,032,612	5,985,581	74,804,193	5,386,736	80,190,929
1998	2,574,668	2,394,903	2,251,889	5,993,100	1,082,210	1,112,685	149,579	0	4,406,231	47,372,147	9,423,369	11,508,314	88,269,095	4,635,881	92,904,976
1999	2,962,590	2,571,207	2,575,767	7,462,565	1,160,917	1,191,525	157,082	0	4,284,010	51,112,199	6,417,932	22,747,270	102,643,064	6,130,237	108,773,301
2000	3,824,596	2,724,528	2,831,239	9,500,485	1,096,130	1,271,206	156,963	0	4,434,229	54,650,108	7,235,317	28,340,679	116,065,480	6,434,442	122,499,922
2001	4,138,290	2,905,620	3,088,221	10,463,518	1,235,780	1,282,116	170,995	0	4,763,871	58,270,374	7,290,146	30,823,892	124,432,823	8,202,117	132,634,940
2002	2,448,437	3,021,555	3,066,540	11,983,640	1,261,356	1,429,224	177,534	14,148,406	5,863,820	61,982,255	11,812,398	27,094,575	144,289,740	11,449,634	155,739,374
2003	2,788,083	3,286,362	3,228,252	13,243,505	1,298,118	1,758,217	193,300	5,894,828	5,171,748	65,515,940	9,721,740	10,385,234	122,485,327	11,335,167	133,820,494
2004	3,145,503	3,533,305	3,699,015	13,927,155	1,481,066	1,848,469	207,467	6,671,289	5,500,638	66,534,973	9,591,623	11,399,324	127,539,827	13,062,257	140,602,084
2005	3,357,168	3,611,852	4,171,933	15,401,864	2,069,088	2,090,873	208,904	7,373,991	6,007,485	72,501,698	10,417,676	6,976,294	134,188,826	14,607,785	148,796,611

NOTES:

- (1) This figure decreased in 2002 due to reclassifications to Other General Government for compliance with GASB 34.
- (2) Until 1998, the Blount County Library expenditures were split between "General Government" and "Social, Cultural, and Recreational". Starting in 1998, all Blount County Library expenditures are reported in "Social, Cultural, and Recreational".
- (3) In 1999, capital expenditures of \$22.7 million can be summarized as follows: \$14.6 million for the Jail/Justice Center project, \$6.0 million for building projects and equipment in the Blount County School Department, and \$2.1 million equipment expenditures in the General County and Highway Department funds.
- (3) This total includes the discretely presented Blount County School Department.
- (4) Expenses for the self insurance fund are reported on Exhibit D-2.
- (5) In 1998, Debt Service includes early repayment of \$1,456,000 capital outlay notes funded from school fund balances in excess of the legal minimum of three percent.
- (6) In 1999, Public Safety expenditures include operational expenditures for part of the year for the newly opened Blount County Jail/Justice Center.
- (7) This column was created in 2002 to comply with GASB 34. This figure reflects reclassifications from other categories.

Table 3

Blount County, Tennessee
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Tax Year</u>	<u>(1) Total Tax Levy</u>	<u>(2) Current Collections</u>	<u>Percent of Levy Collected</u>	<u>(3) Adjustments and Delinquent Collections</u>	<u>(2+3) Total Tax Collections and Adjustments</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
1995	\$22,158,995	\$21,114,567	95.3%	\$1,027,678	\$22,142,245	99.92%	\$16,750	0.08%
1996	22,841,296	21,829,352	95.6%	1,009,892	22,839,244	99.99%	2,052	0.01%
1997	24,400,348	23,256,538	95.3%	1,138,287	24,394,825	99.98%	5,523	0.02%
1998	28,298,037	26,843,314	94.9%	1,406,182	28,249,496	99.83%	48,541	0.17%
1999	33,960,073	32,383,291	95.4%	1,563,694	33,946,985	99.96%	13,088	0.04%
2000	34,939,330	32,854,459	94.0%	1,996,490	34,850,949	99.75%	88,381	0.25%
2001	37,958,289	35,571,677	93.7%	1,731,740	37,303,417	98.27%	654,872	1.73%
2002	39,115,205	36,661,486	93.7%	1,729,938	38,391,424	98.15%	723,782	1.85%
2003	39,711,720	37,425,998	94.2%	2,073,308	39,499,306	99.47%	212,414	0.53%
2004	46,308,037	43,855,503	94.7%	N/A(4)	N/A(4)	N/A(4)	N/A(4)	N/A(4)

NOTES:

- (1) Total tax levy does not include amounts for public utilities, which are assessed at the state level by the Public Service Commission. Local taxes include real and personal property taxes, hotel/motel taxes, and local option taxes.
- (2) Current collections include amounts collected from the Trustee's Office through June 30 of each year.
- (3) Delinquent tax collections includes amounts collected by the Trustee's Office after June 30 of each year, and amounts collected by the clerk and master in Chancery Court.
- (4) Tax notices are sent out after June 30 each year, become due and payable October 1, but do not become delinquent until March 1 of the following year.

Table 4

Blount County, Tennessee
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) <i>Real Property</i>		(2) <i>Personal Property</i>		(3) <i>Public Utilities</i>		(4) <i>Total</i>		Assessed to Total Estimated Actual Value
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
1995	\$764,422,250	\$2,748,324,200	\$162,792,548	\$542,641,826	\$63,967,331	\$151,265,745	\$991,182,129	\$3,442,231,771	29%
1996	895,861,240	3,239,106,700	164,814,786	549,382,620	57,453,827	127,994,313	1,118,129,853	3,916,483,633	29%
1997	921,466,845	3,332,008,300	160,536,465	535,121,550	55,609,022	132,402,433	1,137,612,332	3,999,532,283	28%
1998	983,935,650	3,997,558,529	144,229,094	540,609,071	49,644,107	139,559,505	1,177,808,851	4,677,727,105	25%
1999	1,232,503,210	4,453,285,600	208,023,880	693,413,933	58,768,971	134,636,818	1,499,296,061	5,281,336,351	28%
2000	1,272,216,315	4,946,056,673	211,035,528	756,481,084	61,973,835	156,961,136	1,545,225,678	5,859,498,893	26%
2001	1,519,951,905	5,516,960,400	245,276,006	817,586,687	74,499,300	173,254,186	1,839,727,211	6,507,801,273	28%
2002	1,565,196,350	5,688,269,000	239,712,697	799,042,323	77,983,116	178,655,478	1,882,892,163	6,665,966,801	28%
2003	1,838,979,015	6,762,567,879	383,341,000	827,730,370	76,918,382	190,318,851	2,299,238,397	7,780,617,100	30%
2004	1,905,680,397	6,584,396,155	401,972,880	830,966,148	93,371,186	231,027,960	2,401,024,463	7,646,390,263	31%

NOTES:

- (1) Real property includes commercial and industrial property assessed at 40percent and residential and farms assessed at 25 percent of the estimated actual value.
- (2) Personal property is assessed at 30 percent of the estimated actual value.
- (3) Public Utilities assessments are made by the State of Tennessee for all counties and cities in the state at 55 percent of the estimated actual value.
- (4) Figures have been compiled from the Tax Aggregate Report of Tennessee.

Table 5

Blount County, Tennessee
Property Tax Rate - Direct and
Overlapping Governments
Last Ten Fiscal Years

<u>Tax Year</u>	<u>City of Maryville</u>	<u>City of Alcoa</u>	<u>Blount County</u>
1995-96	\$2.35	\$2.15	\$2.10
1996-97	2.47	2.15	2.10
1997-98	2.47	2.30	2.15
1998-99	2.66	2.15	2.07
1999-00	2.66	2.15	2.36
2000-01	2.33	2.40	2.36
2001-02	2.10	2.15	2.15
2002-03	2.15	2.15	2.15
2003-04	2.27	2.20	2.15
2004-05	2.27	2.20	2.43

NOTES:

(1) Tax rates are in dollars per \$100 of assessed value.

(2) Ratio of Assessed Value to Appraised Value:

Commercial and Industrial	40%
Residential and Farm	25%
Public Utilities	55%

Table 6

Blount County, Tennessee
Special Assessment Billings and Collections
Last Ten Fiscal Years

Not Applicable to Blount County, Tennessee

NOTE:

Blount County has had no material special assessment billings and collections within the last ten years.

Table 7

Blount County, Tennessee
Computation of Legal Debt Margin
June 30, 2005

Not Applicable to Blount County, Tennessee

NOTE:

Section 9-21-103 of the laws of the State of Tennessee provide that bonds or notes may be issued without regard to any limit on indebtedness for Tennessee counties.

Table 8

Blount County, Tennessee
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>(1) Population</u>	<u>(2) Assessed Value</u>	<u>(3) Gross Bonded Debt</u>	<u>(4) Less: Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	97,030	\$991,182,129	\$20,600,000	\$2,239,808	\$18,360,192	1.9%	\$189.22
1996	99,010	1,118,129,853	21,805,000	2,346,905	19,458,095	1.7%	196.53
1997	100,218	1,137,612,332	27,320,417	2,441,909	24,878,508	2.2%	248.24
1998	101,295	1,177,808,851	32,678,663	3,084,996	29,593,667	2.5%	292.15
1999	102,785	1,499,296,061	49,551,667	3,210,460	46,341,207	3.1%	450.86
2000	105,823	1,545,225,678	92,239,584	5,249,215	86,990,369	5.6%	822.04
2001	108,000	1,839,727,211	113,302,917	7,362,429	105,940,488	5.8%	980.93
2002	111,500	1,882,892,163	124,974,217	7,638,661	117,335,556	6.2%	1,052.34
2003	111,510	2,299,238,397	126,125,417	5,625,671	120,499,746	5.2%	1,080.62
2004	113,744	2,401,024,463	133,125,417	5,188,632	127,936,785	5.3%	1,124.78

NOTES:

- (1) U.S. Bureau of Census figures were used for 2000. Figures for 1995 through 1999 were projected by Woods & Poole Economics, Inc. Recent figures are taken from the website www.tennesseeanytime.gov.
- (2) Assessed Values have been compiled from the "Tax Aggregate Report of Tennessee" published annually by the Tennessee State Board of Equalization. (also see table 4)
- (3) Gross Bonded Debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports including undrawn proceeds from loan agreements.
- (4) Debt Service fund balance is per Comprehensive Annual Financial Reports without the reserves for internal notes.

Table 6

Blount County, Tennessee
Ratio of Annual Debt Service Expenditures for General
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Bond, Note and Loan Agreement</u>	<u>Interest and Other Charges</u>	<u>(1) Debt Service Fund Expenditures</u>	<u>(2) General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1996	\$4,810,779	\$1,795,988	\$6,606,767	\$63,771,759	10.36%
1997	5,799,083	1,233,529	7,032,612	68,525,349	10.26%
1998	8,013,083	1,410,286	9,423,369	76,539,770	12.31%
1999	4,007,667	2,395,141	6,402,808	79,539,910	8.05%
2000	4,265,083	2,955,733	7,220,816	87,537,759	8.25%
2001	4,119,250	3,153,796	7,273,046	93,457,306	7.78%
2002	4,657,500	4,181,402	8,838,902	117,195,165	7.54%
2003	3,214,500	5,256,555	8,471,055	112,097,093	7.56%
2004	3,490,000	5,544,306	9,034,306	116,140,503	7.78%
2005	3,440,000	6,436,959	9,876,959	127,212,532	7.76%

NOTES:

- (1) Debt Service Expenditures include all principal and interest payments plus other related expenditures in the Debt Service Fund.
- (2) Total expenditures on Table 2 for fiscal year ended June 30, 2005, are stated at \$148,796,611. Total General Governmental Expenditures for fiscal year ended June 30, 2005, on Table 9 above do not include Internal Service Funds and capital outlay. (Example: For the year ended June 30, 2005, \$148,796,611 - \$14,607,785 - \$6,976,294 = \$127,212,532).

Table 1C

Blount County, Tennessee
Schedule of Direct and Overlapping Debt
June 30, 2005

DIRECT DEBT

Notes Payable	\$2,480,000	
Public Building Authority Loan Agreements	114,096,094	
Tennessee State School Bond Authority Loan	615,783	
General Bonded Debt	27,285,000	
Less debt service funds	<u>(5,682,938)</u>	
Total direct debt		\$138,793,939

OVERLAPPING DEBT

City of Maryville	\$58,284,500	
City of Alcoa	<u>24,887,963</u>	
Total overlapping debt		<u>83,172,463</u>

TOTAL DIRECT AND OVERLAPPING DEBT \$221,966,402

NOTE:

Amounts for the City of Maryville and the City of Alcoa include both bonds and notes, but exclude debt specifically associated with utility revenues.

Amounts for the county include primary government and discretely presented Blount County School Debt only, and exclude other component unit debt serviced by the individual component units.

Blount County, Tennessee
Revenue Bond Coverage
Last Ten Fiscal Years

Not Applicable to Blount County, Tennessee

NOTE:

The only revenue bonds issued have been for Blount Memorial Hospital Inc., which is not included in Blount County as part of the primary government.

Table 12

Blount County, Tennessee
Demographic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(3) Median Age</u>	<u>(4) Unemployment Rate</u>
1995	97,030	\$19,346	38.1	5.4%
1996	99,010	19,856	38.1	2.8%
1997	100,218	20,128	38.1	3.3%
1998	101,211	22,227	38.1	3.2%
1999	102,785	23,416	38.1	3.7%
2000	105,823	24,262	38.4	2.7%
2001	108,000	25,370	38.4	4.0%
2002	111,500	28,455	38.4	3.7%
2003	111,510	26,253	38.4	4.0%
2004	113,744	n/a	38.0	4.9%

NOTES:

- (1) The 2000 figure is from the U.S. Bureau of the Census.
Years 2001 - 2004 taken from the www.tennesseeanytime.gov website.
- (2) Taken from the www.tennesseeanytime.gov website
- (3) United States Bureau of the Census figures for 2000 were used to interpolate intervening years and to project 1995 through 1999.
The 2000 figure is actual per United States Bureau of the Census.
- (4) Taken from the www.tennesseeanytime.gov website

These figures reflect the latest reliable information.

Table 1:

Blount County, Tennessee
Property Value, Construction and Bank Deposits
Last Ten Years

Calendar Year	(1) <i>Construction</i>		(2) Bank Deposits	(3) <i>Property Values</i>		
	<u>Commercial</u>	<u>Residential</u>		<u>Commercial</u>	<u>Residential</u>	<u>Utilities</u>
1995	N/A	N/A	\$1,099,751,000	\$1,058,249,826	\$2,004,136,300	\$151,265,345
1996	N/A	N/A	1,168,353,000	1,123,279,720	2,352,711,200	127,994,313
1997	N/A	N/A	1,190,702,000	1,123,936,450	2,451,599,600	132,402,433
1998	N/A	N/A	1,295,797,000	1,254,117,448	2,953,326,099	139,559,505
1999	N/A	N/A	1,360,587,000	1,487,958,133	3,316,601,500	134,636,818
2000	\$ 3,366	\$ 25,205	1,369,913,000	1,633,864,243	3,702,993,333	156,961,136
2001	18,114	91,104	1,414,525,649	1,755,665,387	4,168,193,100	173,254,186
2002	13,938	108,951	1,441,370,111	1,753,236,323	4,329,777,300	178,655,478
2003	24,404	234,122	1,672,479,952	1,862,780,051	4,862,993,520	190,318,851
2004	25,846	229,552	1,326,372,236	1,916,323,314	5,068,196,025	231,027,960

NOTES:

(1) Blount County passed a resolution in July 2000 to require building permits.

(2) Information was provided by the Blount County Accounting Department.

(3) 1997 figures were provided by the State of Tennessee Tax Aggregate Report. Farm property values are not included.

Table 14

Blount County, Tennessee
Principal Taxpayers
June 30, 2005

<u>Taxpayer</u>	(1) 2004 <u>Assessment</u>	(2) Percent of Total Assessed <u>Valuation</u>	(1) Taxes <u>Assessed</u>
Denso Manufacturing Tenn	\$75,515,097	3.65%	\$1,782,156
Alcoa Inc	61,269,092	2.96%	1,445,951
Alcoa Aluminum Company Inc	27,526,836	1.33%	649,633
CMH Services, Inc.	8,608,417	0.42%	203,159
Eldon Office Products	6,903,761	0.33%	144,979
CBL & Associates Limited	6,240,840	0.30%	124,817
Newell Office Products	6,197,280	0.30%	146,256
Presbyterian Homes of Tennessee Inc.	5,696,190	0.28%	134,430
CTI Molecular Imaging Inc	5,175,384	0.25%	122,139
Camellia Trace at Mountain View LLC	5,063,200	0.24%	119,492
	<u>\$208,196,097</u>	<u>10.06%</u>	<u>\$4,873,012</u>

NOTES:

(1) Taken from the records of the Blount County Information Technology Department.

(2) The figures used for this table were based on amounts from the Trustee's Official Tax Billing Summary. Percentages were figured using total 2005 Real and Personal Property Assessment figure of \$1,988,796,602 plus total 2005 Public Utilities Assessment figure of \$80,000,000.

Table 15

Blount County, Tennessee
Miscellaneous Statistical Data
June 30, 2005

Date of Organization: July 11,1795

Form of Government: Commission/County Mayor

Fiscal Year Begins: 07/01/XX

Area: 585 square miles

Miles of Streets: Approximately 1,258 miles

Building Permits: The Blount County Commission adopted a resolution requiring building permits on July 1, 2000. Building permits issued this fiscal year totaled 1,115

Education:
(Includes Maryville, Alcoa, and Blount County)

<u>Public</u>	<u>Number</u>	<u>Membership</u>
Elementary	13	7,817
Middle School	4	4,359
Senior High	4	5,082
Total		17,258

<u>Private</u>	<u>Number</u>	<u>Enrollment</u>
Elementary	1	54
Parochial	3	383

<u>Colleges</u>	<u>Enrollment</u>
Maryville College	1,080
Pellissippi State Community College	719

Elections: Registered voters 73,125
Votes cast in last election 48,723

Continued

Table 15

Blount County, Tennessee
Miscellaneous Statistical Data (Continued)

Population:	Official U.S. Census		
	1940	41,116	
	1950	54,691	
	1960	57,525	
	1970	63,744	
	1980	77,770	
	1990	85,969	
	2000	105,823	
Recreation (public):	Parks		17
	Recreation Centers		3
	Supervised Summer Playgrounds		2
	Ballfields		9
	Tennis Courts		14
	Swimming Pools		3
	Soccer Fields		2
Libraries:	Blount County Public Library		
	Lamar Memorial Library (Maryville College)		
Police Protection (overlapping):	<u>Maryville</u>	<u>Alcoa</u>	<u>Blount County</u>
Certified Police Officers	44	36	249
Civilian Employees	9	7	39
Average Income Level:	Per Capita	\$26,253 (1)	
Median Disposable Income:	Per Median Household	\$39,249 (2)	
Employment:	Labor Force	58,820 (1)	
	Employed Persons	55,940 (1)	
	Unemployment Rate	4.90% (1)	
	Unemployment	2,880 (1)	

NOTES:

(1) Tennessee Department of Labor and Workforce Development

(2) Blount County New Comers Guide 2005-06

Table 16

Blount County, Tennessee
 Schedule of Insurance in Force
 June 30, 2005

Name of Company	Type of Coverage	Policy Number	Inception Date	Expiration Date	Policy Limits	Annual Premium
Clarendon America	School Buses-Auto	XLA00311160	7/1/2005	7/1/2006	\$1,000,000 Per Occ	Included in GL
Clarendon America	School Board Errors & Omissions	XLA00311160	7/1/2005	7/1/2006	\$1,000,000 Per Occ. \$1,000,000 Aggregate \$100,000 SIR	Included in GL
Allianz	Property	CLP3003591	7/1/2005	7/1/2006	\$100,000,000 Loss Limit/Replacement Cost \$5,000,000 Flood \$5,000,000 Earthquake \$2,500,000 Newly Acquired Locaitons \$1,000,000 Terrorism \$100,000 Deductible \$5,000 EDP Deductible	\$ 104,881.00
Allianz	Boiler & Machinery	CLP3003591	7/1/2005	7/1/2006	\$10,000,000 \$5,000 Deductible	included in Property
Clarendon America	General Liability	XLA00311160	7/1/2005	7/1/2006	\$1,000,000 Per Occurrence \$2,000,000 Aggregate \$50,000 SIR Sexual Abuse/\$250,000 SIR All other	330,378.00
Clarendon America	Automobile	XLA00311160	7/1/2005	7/1/2006	\$1,000,000 Per Occurrence \$100,000 SIR	Included in GL
Clarendon America	Public Officials E&O	XLA00311160	7/1/2005	7/1/2006	\$1,000,000 Per Occurrence \$1,000,000 General Aggregate \$100,000 SIR	Included in GL
Clarendon America	Law Enforcement Liability	XLA00311160	7/1/2005	7/1/2006	\$1,000,000 Per Occurrence \$2,000,000 Aggregate \$100,000 SIR	Included in GL
Chubb	Fiduciary	81716360	7/1/2005	7/1/2006	\$1,000,000 Per Occurrence \$10,000 Deductible	8,300.00
Zurich	Crime	CCP0062399	7/1/2005	7/1/2006	\$500,000 Public Dishonesty-\$5000Ded \$500,000 Forgery/Alteration-\$5000Ded \$500,000 Theft, Disappearance, Destruction \$5000 ded \$500,000 Computer Fraud-\$5000 Ded	5,880.00
Safety National	Excess Workers' Compensation	RENL OF SP8364TN	7/1/2005	7/1/2006	\$1,000,000 Per Occ/\$25,000,000 Max Limit \$350,000 Retention	41,049.00

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 30, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not

be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

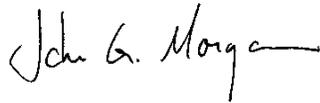
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blount County's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01.

We have also noted certain matters that we reported to the management of Blount County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 30, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Blount County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Blount County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Blount County's management. Our responsibility is to express an opinion on Blount County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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 Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Blount County's compliance with those requirements.

In our opinion, Blount County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Blount County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Blount County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 30, 2005. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Industrial Development Board of Blount County

Board of Directors
Industrial Development Board
of Blount County, Tennessee
Maryville, Tennessee

We have audited the financial statements of the governmental activities and each major fund of The Industrial Development Board of Blount County, Tennessee (a component unit of Blount County, Tennessee), as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether Industrial Development Board of Blount County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Industrial Development Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, federal awarding agencies and pass-through entities, Blount County, Tennessee, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Blount County Children's Home

Board of Directors
Blount County Children's Home
Maryville, Tennessee

Board of Directors Blount County Children's Home Maryville, Tennessee

We have audited the financial statements of the Blount County Children's Home (a component unit of Blount County, Tennessee) as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether Blount County Children's Home's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount County Children's Home's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, federal awarding agencies and pass-through entities, Blount County, Tennessee, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
For the Blount Memorial Hospital, Inc.

Board of Directors
Blount Memorial Hospital, Inc.

We have audited the financial statements of Blount Memorial Hospital, Inc. as of and for the year ended June 30, 2005, and have issued our report thereon. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount Memorial Hospital, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Blount Memorial Hospital, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of directors, management, and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Blount County Emergency Communications District

Board of Directors
Blount County Emergency
Communications District
Alcoa, Tennessee

We have audited the financial statements of the business-type activities of the Blount County Emergency Communications District, a component unit of Blount County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether Blount County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, pass-through entities, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
For the Public Building Authority of Blount County

Board of Directors
The Public Building Authority of Blount County, Tennessee
Maryville, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of The Public Building Authority of Blount County, Tennessee, a component unit of Blount County, Tennessee, as of June 30, 2005 and for the year then ended, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether The Public Building Authority of Blount County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Public Building Authority of Blount County, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the PBA Board of Directors, Blount County, Tennessee, management, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 452,169
National School Lunch Program	10.555	(2)	1,330,717
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	257,574
Total U.S. Department of Agriculture			<u>\$ 2,040,460</u>
U.S. Department of Justice:			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 133,761
Passed-through State Office of Criminal Justice Programs:			
Byrne Formula Grant Program	16.579	(2)	51,910
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grant	16.523	GR051662800	11,788
Total U.S. Department of Justice			<u>\$ 197,459</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 1,003,654
Highway Safety Cluster:			
State and Community Highway Safety Program	20.600	Z-04-016787	38,512
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-05-024094	187,712
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	Z-04-016767	121,819
Passed-through State Department of Military:			
Interagency Hazardous Material Public Sector Training & Planning Grants	20.703	GG-04-10887-00	5,150
Total U.S. Department of Transportation			<u>\$ 1,356,847</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,593,800
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	2,087,759
Special Education - Preschool Grants	84.173	N/A	128,852
Vocational Education - Basic Grants to States	84.048	N/A	180,428
Safe and Drug Free Schools and Communities	84.186	(2)	64,403
Innovative Education Program Strategies	84.298	N/A	52,853
Educational Technology State Grants Program	84.318	(2)	40,235
Reading Excellence Program	84.338	N/A	134,327
Improving Teacher Quality State Grants	84.367	N/A	506,357
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-05-022196-00	156,412

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Human Services:			
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	(2)	\$ 70,688
Total U.S. Department of Education			<u>\$ 5,016,114</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-05-022291-00	\$ 17,414
Total U.S. Department of Health and Human Services			<u>\$ 17,414</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	(3)	\$ 137,946
Emergency Management Performance Grants	97.042	(4)	21,151
State & Local All Hazards Emergency Operations Planning	97.051	Z-03-015139-01	26,021
Community Emergency Response Teams	97.054	Z-03-015496-01	3,543
Total U.S. Department of Homeland Security			<u>\$ 188,661</u>
Total Expenditures of Federal Awards			<u>\$ 8,816,955</u>
<u>State Grants</u>			
Tourism Grant - State Dept. of Tourism Development	N/A	(2)	\$ 86,000
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Litter Program - State Dept. of Transportation	N/A	(2)	56,277
Transportation Enhancement Program- State Dept. of Transportation	N/A	(2)	175,010
State Reappraisal - Comptroller of the Treasury	N/A	(2)	37,582
Health Department Program - State Dept. of Health	N/A	(2)	253,464
Child Care Assistance Program - State Dept. of Human Services	N/A	(2)	97,350
Adult Basic Education - State Dept. of Education	N/A	(2)	41,285
Family Resource Center Grant - State Dept. of Education	N/A	(2)	33,300
Families First Grant - State Dept. of Education	N/A	(2)	8,195
Safe Schools Act Grant - State Dept. of Education	N/A	(2)	40,280
Early Childhood Education Pilot Project - State Dept. of Education	N/A	(2)	209,392
High Schools That Work - State Dept. of Education	N/A	(2)	7,433
Model Dropout Prevention Program - State Dept. of Education	N/A	(2)	5,832
Technology that Works Grant - State Dept. of State	N/A	(2)	4,800
Juvenile Court Home Base - State Dept. of Finance and Admin.	N/A	(2)	144,586
Total State Grants			<u>\$ 15,525,693</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-04-020071-00: \$40,847; Z-03-014402-00: \$25,797; Z-03-017726-00: \$71,302
- (4) Z-04-020296-00: \$4,230; Z-05-025362-00: \$16,921

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Comprehensive Annual Financial Report for Blount County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of Blount County.
2. The audit of the financial statements disclosed no reportable conditions in internal control.
3. The audit disclosed one instance of noncompliance which is material to the financial statements of Blount County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Highway Safety Cluster: the State and Community Highway Safety Program, the Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants, and the Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons Program (CFDA Nos. 20.600, 20.601, and 20.605); and the Highway Planning and Construction Grant (CFDA No. 20.205) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDING RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our examination, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. The written response of the director of accounts and budgets is quoted directly in this report. Other officials offered oral responses to the finding and recommendation; however, these oral responses have not been included in this report.

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS, COUNTY MAYOR, HIGHWAY SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

FINDING 05.01 **EXPENDITURES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL OF VARIOUS FUNDS DUE TO THE ACCRUAL OF AMOUNTS NECESSARY TO LIQUIDATE A DEFICIT IN THE EMPLOYEE INSURANCE – HEALTH FUND**
 (Material Noncompliance Under Government Auditing Standards)

The Employee Insurance – Health Fund (internal service fund) had a net assets deficit of \$1,011,440 at June 30, 2005. A client proposed an adjustment to record interfund receivables and payables, and this adjustment was posted after June 30th to distribute the deficit to the participating operating funds. Interfund payables were recorded in the following operating funds:

Fund	Interfund Payable
General	\$ 256,529
Public Library	13,044
Other Special Revenue	1,630
Highway/Public Works	40,762
Other Capital Projects	1,087
General Purpose School	698,388

Although total expenditures were held within total appropriations for each of the budgeted funds, the accrual of these interfund payables resulted in expenditures exceeding appropriations at the following major category levels (legal level of control).

<u>Fund/Major Category</u>	
General - Transfers Out	\$ 255,555
Public Library - Transfers Out	13,044
Other Special Revenue - Transfers Out	1,630
Highway/Public Works - Transfers Out	40,762
General Purpose School - Instruction - Other	640,662

Management has taken steps to increase insurance premiums for the 2005-2006 year to provide more adequate funding for the Employee Insurance – Health Fund.

RECOMMENDATION

The Employee Insurance – Health Fund should be closely monitored during the year to ensure adequate funding. Steps should be taken to correct funding shortfalls in a timely manner, including amending appropriations in the affected operating funds.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS (DIRECT QUOTE)

“We concur. Funding of the Health Insurance Fund has been an ongoing issue and one we have taken several steps to address. First, an increase in premiums has been approved to help offset the losses. Second, a new employee health care center has been implemented that should have a significant impact in improving the Health Fund.”

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

There were no findings and questioned costs for federal awards.

BLOUNT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.