

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

BLOUNT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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CHRIS SIZEMORE
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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

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Audit Highlights

Comprehensive Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2006.

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Blount County 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:

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ Invoice dates on several purchases were altered to circumvent budgetary controls, expenditures exceeded appropriations, and several purchase orders were issued after the purchases were made.

INTRODUCTORY SECTION

341 COURT STREET
MARYVILLE, TN 37804-5906
PHONE (865) 273-5710
FAX (865) 273-5725

BLOUNT COUNTY GOVERNMENT

DAVID R. BENNETT, CPA, CGFM
DIRECTOR OF ACCOUNTS AND BUDGETS
ASSISTANT COUNTY EXECUTIVE



Letter of Transmittal

October 15, 2006

Honorable Jerry Cunningham
Blount County Mayor
Blount County Government
341 Court Street
Maryville, TN 37804-5906

Dear Mayor Cunningham:

We are pleased to submit to you the Comprehensive Annual Financial Report of Blount County, Tennessee for the year ended June 30, 2006. 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, 2006, 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, 2006, 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 115,000. 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. He 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 required supplementary information. 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

Honorable Jerry Cunningham
County Mayor
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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-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 59,170 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 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 four 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 updating and approving the next steps of our 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. The fluid plan includes funding for land on both the east and west sides of the County for new schools. In addition, the plan includes the construction of a new middle school, a new elementary school and renovation of an existing middle school into a freshman academy, all of which will relieve overcrowding in our schools. The County Commission has unanimously endorsed the concept of long-term capital planning as described above. This process includes 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.

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

Honorable Jerry Cunningham
County Mayor
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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 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, 2005. This was the thirteenth 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.

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 2005-2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was

Honorable Jerry Cunningham
County Mayor
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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, Amy Cowden, Susan Gennoe, Natalie Harris, Pat James, Faye McDaniel, Angel Monroe, Patti Shaw, Sharon Stinnett, Julie Talbott, Dana West, 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
Blount County Finance Director

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, 2005

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.



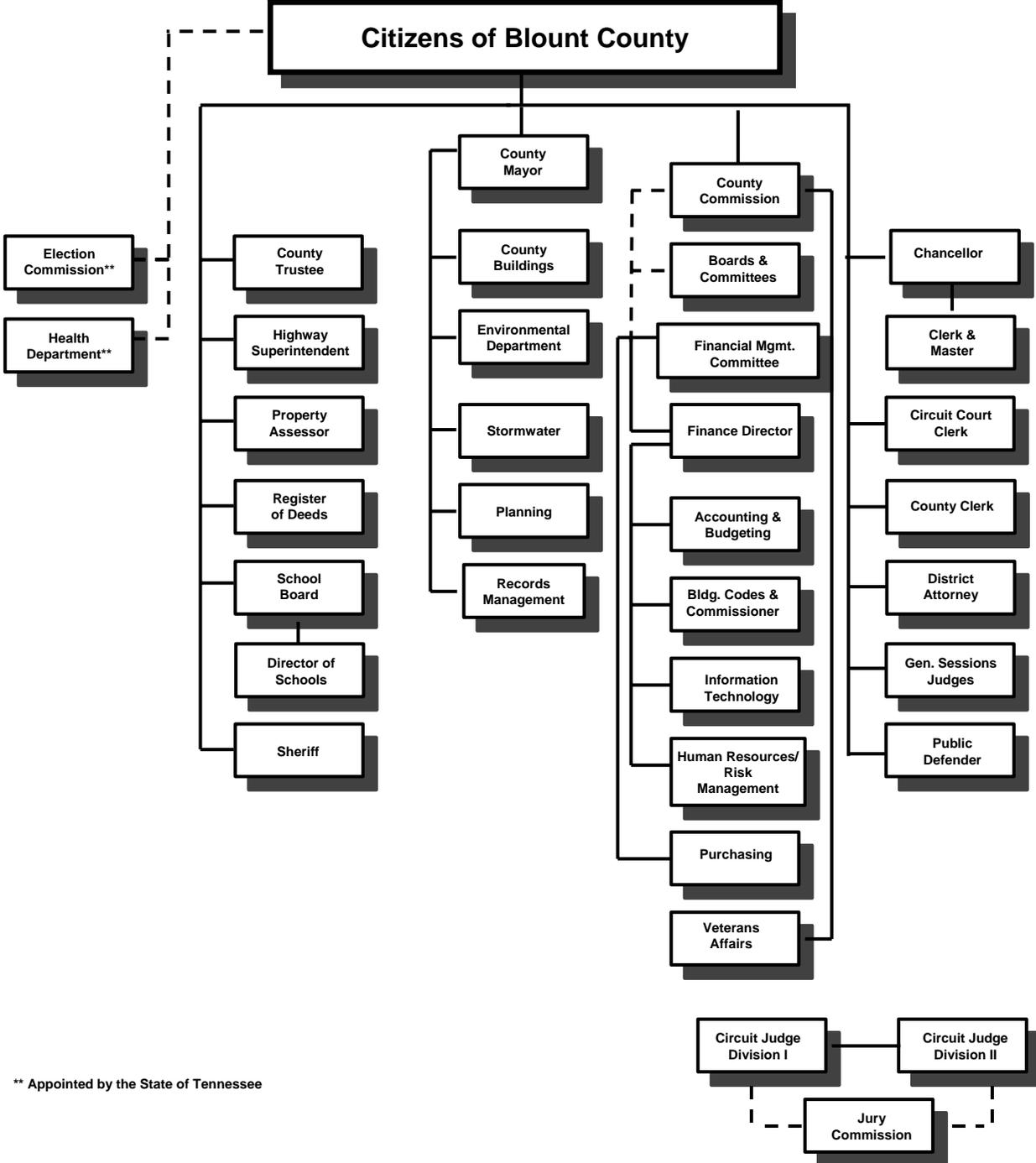
Carla E. Perry

President

Jeffrey L. Esser

Executive Director

Blount County Organization Chart



** Appointed by the State of Tennessee

Blount County Officials

June 30, 2006

Officials

Beverley 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 Hatcher, Circuit and General Sessions Courts Clerk
James Carroll, Clerk and Master
Penny Whaley, Register
James Berrong, Sheriff
David Bennett, Director of Finance
Judy Hackney, Purchasing Agent

Board of County Commissioners

Robert Ramsey, Chairman	Bob Kidd
Jeff McCall, Chairman Pro-Tem	Keith Brock
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 Keeble	

Financial Management Committee

Mike Walker	Bill Dunlap
Bob Kidd	Alvin Hord
David Graham	Kenneth Melton
Robert Ramsey	

Board of Education

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

October 13, 2006

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, 2006, 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 4.5 percent and 2.1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Children's Home (which represent .1 percent and .1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc. (which represent 41.6 percent and 58.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .2 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 34.4 percent and 5.4 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, 2006, 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 October 13, 2006, 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 implemented the provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section - an amendment of NCGA Statement 1.

The management's discussion and analysis on pages 23 through 33 and the budgetary comparison information on pages 137 through 143 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" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2006

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, 2006. 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 the 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 management's discussion and analysis.

FINANCIAL HIGHLIGHTS FOR FY 2006

Key financial highlights for 2006 are as follows:

In total, net assets of the Primary Government decreased by \$14.7 million. Net assets of the DPCU School Department increased \$11.7 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 \$33 million in revenue or 44 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$42.6 million or 56 percent of total revenues of \$75.6 million. General revenues of the DPCU School Department were \$66.5 million.

Total assets of governmental activities in the Primary Government were \$173 million as taxes receivable ended at \$33.2 million, cash ended at \$16 million, and capital assets, net of accumulated depreciation, ended at \$117 million. Total assets in the DPCU School Department were \$126 million as taxes receivable ended at \$16.6 million, cash ended at \$10.2 million, and capital assets, net of accumulated depreciation, ended at \$97 million.

The county had \$90.4 million in expenses with \$42.6 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$24.9 million) were adequate to provide current funding for these programs. The DPCU School Department had \$78.7 million in expenses related to governmental activities; \$23.8 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 \$39.6, \$15.6, and \$10.2 million, respectively) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$34.7 million in revenues and \$36.1 million in expenditures. The Highway/Public Works Fund had \$6.7 million in revenue and \$6.4 million in expenditures. The General Debt Service Fund had \$10 million in revenue and \$10.4 million in expenditures. The Other Capital Projects Fund had \$5.9 million in revenues and \$26.1 million in expenditures. Major funding for this fund was provided by long-term loan proceeds. Fund balance for the General Fund decreased by \$.4 million to \$2.5 million and decreased by \$1.1 million to \$5.8 million in the General Debt Service Fund. Fund balance increased for the Highway/Public Works Fund by \$.3 million to \$.4 million and decreased in the Other Capital Projects Fund by \$.9 million to \$1.5 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, 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 2006, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2006. 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 \$24 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$103.4 million at the close of the most recent fiscal year.

A large portion of the county's net assets reflects 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 reflects 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 2006 and a comparison to the prior year.

An additional portion of the county's net assets, \$8.7 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$1.1 million of net assets are subject to external restriction.

Tables 2 a & b show the changes in net assets for fiscal year 2006 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year.

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

	<u>Blount County Government</u>	
	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 55,960,773	\$ 50,716,370
Capital Assets	117,100,064	113,850,249
Total Assets	<u>\$ 173,060,837</u>	<u>\$ 164,566,619</u>
Long-term liabilities outstanding	\$ 158,726,199	\$ 142,287,793
Other Liabilities	38,252,463	31,466,012
Total Liabilities	<u>\$ 196,978,662</u>	<u>\$ 173,753,805</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 71,945,970	\$ 69,673,900
Restricted	8,728,044	8,814,195
Unrestricted	<u>(104,591,839)</u>	<u>(87,675,281)</u>
Total Net Assets	<u>\$ (23,917,825)</u>	<u>\$ (9,187,186)</u>

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

	DPCU School Department	
	2006	2005
Current and Other Assets	\$ 29,273,765	\$ 29,896,363
Capital Assets	97,018,828	86,581,140
Total Assets	<u>\$ 126,292,593</u>	<u>\$ 116,477,503</u>
Long-term liabilities outstanding	\$ 889,611	\$ 1,301,625
Other Liabilities	21,959,945	23,416,759
Total Liabilities	<u>\$ 22,849,556</u>	<u>\$ 24,718,384</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 96,178,828	\$ 85,326,140
Restricted	1,131,898	1,265,274
Unrestricted	6,132,311	5,167,705
Total Net Assets	<u>\$ 103,443,037</u>	<u>\$ 91,759,119</u>

Education expenditures of \$28 million accounted for approximately 31 percent of the \$90.4 million total expenses for governmental activities. Of that \$90.4 million in governmental activities expenses, \$23.6 million was covered by direct charges to users of the services. A significant portion of those charges is for constitutional officers' fees and commissions 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 \$2.2 million annually has been designated for roads and bridges, a public works function.

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

	Blount County Government	
	2006	2005
Revenues:		
Program Revenues:		
Charges for Services	\$ 23,629,012	\$ 20,484,944
Operating Grants and Contributions	4,736,202	5,585,547
Capital Grants and Contributions	14,234,010	9,163,880
General Revenues:		
Property Taxes	24,920,611	24,403,395
Sales Taxes	2,192,732	2,089,375
Other Taxes	3,188,703	2,671,799
Grants and Contributions not restricted to specific programs	1,507,334	1,885,267
Unrestricted Investment Income	834,929	388,903
Gain on Sale of Capital Assets	380,283	-
Miscellaneous	26,679	34,955
Total Revenues	<u>\$ 75,650,495</u>	<u>\$ 66,708,065</u>
Expenses:		
General Government	\$ 4,574,541	\$ 3,594,673
Finance	4,219,651	3,800,073
Administration of Justice	4,417,115	4,439,900
Public Safety	16,897,954	16,863,564
Public Health and Welfare	1,798,707	2,126,494
Social, Cultural, and Recreational Services	2,790,337	3,568,200
Agricultural and Natural Resources	229,274	211,185
Other Operations	10,411,231	3,024,776
Highways	10,424,179	9,567,174
Education	28,004,179	18,423,799
Interest	5,938,315	5,803,384
Other Debt Service	675,651	309,437
Total Expenses	<u>\$ 90,381,134</u>	<u>\$ 71,732,659</u>
Increase/(decrease) in Net Assets	\$ (14,730,639)	\$ (5,024,594)
Nets Assets - July 1	(9,187,186)	(10,650,507)
Restatement for Capital Assets	-	6,487,915
Net Assets - June 30	<u>\$ (23,917,825)</u>	<u>\$ (9,187,186)</u>

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

	Blount County School Department	
	2006	2005
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,167,807	\$ 3,785,483
Operating Grants and Contributions	7,177,283	9,157,406
Capital Grants and Contributions	12,476,636	3,978,445
General Revenues:		
Property Taxes	15,647,059	15,818,864
Sales Taxes	10,165,748	9,417,172
Other Taxes	424,651	410,978
Grants and Contributions not restricted to specific programs	39,551,938	34,714,283
Unrestricted Investment Income	552,360	388,027
Miscellaneous	178,864	247,500
Total Revenues	<u>\$ 90,342,346</u>	<u>\$ 77,918,158</u>
Expenses:		
Education	<u>\$ 78,658,428</u>	<u>\$ 74,715,324</u>
Total Expenses	<u>\$ 78,658,428</u>	<u>\$ 74,715,324</u>
Increase/(decrease) in Net Assets	\$ 11,683,918	\$ 3,202,834
Nets Assets - July 1	<u>91,759,119</u>	<u>88,556,285</u>
Net Assets - June 30	<u><u>\$ 103,443,037</u></u>	<u><u>\$ 91,759,119</u></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 \$12 million. Approximately \$3.9 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 \$5.9 million. Approximately \$5.2 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 \$.3 million, while total fund balance was \$2.5 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 .8 percent of total General Fund expenditures, while total fund balance represents seven percent of that same amount.

The Highway/Public Works Fund continues to hold its own in terms of funding the needs of the department. Revenues exceeded expenditures by \$.3 million. Fund balance climbed to \$.4 million.

The General Debt Service Fund again finished very strong at June 30, 2006. A net decrease of \$1.1 million in fund balance was planned, leaving a fund balance of \$5.8 million at year end.

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 Annotated. 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 \$.4 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 \$.4 million actual use of fund balance during the fiscal year ended June 30, 2006. 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 \$4.2 million, while total fund balance was \$4.6 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 6.4 percent of total General Purpose School Fund expenditures, while total fund balance represents 6.9 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, 2006, amounts to \$72 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, 2006, amounts to \$96 million (net of accumulated depreciation and related debt).

Note IV.C. (Capital Assets) provides capital asset activity during the 2006 fiscal year. During 2006, 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 construction projects related to new schools and school improvements.

Long-term debt. At the end of the 2006 fiscal year, the county had total loan agreements outstanding of \$131.2 million. In addition, the county had total General Obligation Refunding Bonds outstanding of \$27.2 million. Of these amounts, all are backed by the full faith and credit of the county. 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 and bonds, 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.

Interest and fiscal charges amounted to 7.3 percent of the total expenses for governmental activities.

The DPCU School Department has a note payable in the amount of \$.8 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 3.1 percent, slightly below the rate a year ago. The state's average unemployment rate is currently 4.6 percent and the national average is 4.6 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 2006 fiscal year. At the end of the 2006 fiscal year, unreserved fund balance in the General Fund was \$.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, 2006

	Primary	Component Units					
	Government			Blount	Blount	Emergency	Public
	Total	School	Industrial	County	Memorial	Communica-	Building
	Governmental	Department	Development	Children's	Hospital	tions	Authority
	Activities		Board	Home		District	
<u>ASSETS</u>							
Cash	\$ 55,097	\$ 0	\$ 1,149,188	\$ 543,050	\$ 4,289,746	\$ 583,311	\$ 41,565,954
Equity in Pooled Cash and Investments	16,015,905	10,186,991	0	0	0	0	0
Inventories	0	0	0	0	1,938,375	0	0
Accounts Receivable	307,904	124,294	2,531,577	0	14,957,531	116,918	3,398,670
Due from Other Governments	2,370,962	2,469,320	0	14,406	0	0	0
Due from Primary Government	0	3,024	343,563	0	0	0	0
Due from Component Units	705,296	0	0	0	0	0	0
Property Taxes Receivable	33,205,742	16,636,382	0	0	0	0	0
Allowance for Uncollectible Property Taxes	(263,745)	(146,246)	0	0	0	0	0
Prepaid Items	234,214	0	0	0	915,393	20,383	0
Notes Receivable - Current	420,000	0	2,500	0	0	0	0
Lease Payments Receivable - Current	0	0	73,200	0	0	0	0
Intergovernmental Receivable - Current	0	0	360,118	0	0	0	0
Other Current Assets	0	0	22,318	0	2,040,000	0	0
Restricted Assets:							
Restricted for Foundation	0	0	0	0	1,176,332	0	0
Other Restricted Assets	0	0	0	0	142,249,689	0	0
Notes Receivable - Noncurrent	420,000	0	0	0	0	0	0
Unamortized Debt Issuance Cost	2,489,398	0	0	0	1,686,568	0	913,337
Lease Payments Receivable - Noncurrent	0	0	1,091,900	0	0	0	0
Intergovernmental Receivable - Noncurrent	0	0	1,165,076	0	0	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	0	181,405,000

(Continued)

Exhibit A

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

	Primary	Component Units					
	Government			Blount	Blount	Emergency	Public
	Total	School	Industrial	County	Memorial	Communica-	Building
	Governmental	Department	Development	Children's	Hospital	tions	Authority
	Activities		Board	Home		District	
<u>ASSETS (CONT.)</u>							
Capital Assets:							
Assets Not Depreciated:							
Land	\$ 6,530,314	\$ 7,333,251	\$ 20,958,282	\$ 0	\$ 3,708,169	\$ 40,000	\$ 0
Construction in Progress	353,757	17,081,495	0	0	2,286,321	0	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	34,569,244	71,793,865	2,141,338	108,627	79,235,045	504,274	0
Other Capital Assets	3,244,872	810,217	43,750	35,983	20,518,201	245,714	14,747
Infrastructure - Roads, Streets, and Bridges	72,401,877	0	37,861	0	0	0	0
Total Assets	\$ 173,060,837	\$ 126,292,593	\$ 29,920,671	\$ 702,066	\$ 275,001,370	\$ 1,510,600	\$ 227,297,708

LIABILITIES

Accounts Payable	\$ 2,494,330	\$ 473,240	\$ 1,486,281	\$ 0	\$ 2,676,867	\$ 16,239	\$ 286
Accrued Payroll	89,065	4,222,010	0	0	4,638,561	14,576	0
Accrued Interest Payable	601,895	0	0	0	901,969	0	0
Payroll Deductions Payable	19,538	10,597	0	16,823	0	0	0
Due to Component Units	346,587	0	0	0	0	0	0
Due to Primary Government	0	705,296	0	0	0	0	0
Other Current Liabilities	1,498,405	586,330	31,055	2,742	2,349,884	0	42,155,817
Deferred Revenue - Property Taxes	32,101,897	15,962,472	0	0	0	0	0
Unearned Revenues	696,256	0	3,033,857	0	0	0	0

(Continued)

Exhibit A

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

	Primary	Component Units					
	Government			Blount	Blount	Emergency	Public
	Total	School	Industrial	County	Memorial	Communica-	Building
	Governmental	Department	Development	Children's	Hospital	tions	Authority
	Activities		Board	Home		District	
<u>LIABILITIES (CONT.)</u>							
Unamortized Premiums on Debt	\$ 404,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Noncurrent Liabilities:							
Due Within One Year	3,706,986	429,217	795,505	0	2,935,000	0	2,165,000
Due in More than One Year	155,019,213	460,394	14,986,312	0	116,608,197	0	181,405,000
Total Liabilities	<u>\$ 196,978,662</u>	<u>\$ 22,849,556</u>	<u>\$ 20,333,010</u>	<u>\$ 19,565</u>	<u>\$ 130,110,478</u>	<u>\$ 30,815</u>	<u>\$ 225,726,103</u>
<u>NET ASSETS</u>							
Invested in Capital Assets,							
Net of Related Debt	\$ 71,945,970	\$ 96,178,828	\$ 7,399,414	\$ 0	\$(832,915)	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	144,610	0	789,988	14,747
Restricted for:							
Public Library	585,732	0	0	0	0	0	0
Highways	777,949	0	0	0	0	0	0
Debt Service	5,486,829	0	0	0	0	0	0
Drug Control	572,040	0	0	0	0	0	0
Tourism	307,906	0	0	0	0	0	0
Constitutional Officers' Data Processing Systems	261,989	0	0	0	0	0	0
Federal Assistance Programs	0	1,131,898	0	0	0	0	0
Other Purposes	250,196	0	1,143,549	102,420	761,365	0	0
Permanent Endowment:							
Nonexpendable	485,403	0	0	0	0	0	0
Unrestricted	<u>(104,591,839)</u>	<u>6,132,311</u>	<u>1,044,698</u>	<u>435,471</u>	<u>144,962,442</u>	<u>689,797</u>	<u>1,556,858</u>
Total Net Assets	<u>\$ (23,917,825)</u>	<u>\$ 103,443,037</u>	<u>\$ 9,587,661</u>	<u>\$ 682,501</u>	<u>\$ 144,890,892</u>	<u>\$ 1,479,785</u>	<u>\$ 1,571,605</u>

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, 2006

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	Blount	Industrial Development Board	Blount	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
					Governmental Activities	School Department		County Children's Home			
<u>Primary Government</u>											
Governmental Activities:											
General Government	\$ 4,574,541	\$ 1,955,082	\$ 21,713	\$ 466,250	\$ (2,131,496)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,219,651	2,799,250	100,401	0	(1,320,000)	0	0	0	0	0	0
Administration of Justice	4,417,115	3,693,907	210,363	0	(512,845)	0	0	0	0	0	0
Public Safety	16,897,954	3,505,190	391,118	659,967	(12,341,679)	0	0	0	0	0	0
Public Health and Welfare	1,798,707	234,463	526,892	1,000,000	(37,352)	0	0	0	0	0	0
Social, Cultural, and Recreational Services	2,790,337	299,353	865,927	579,439	(1,045,618)	0	0	0	0	0	0
Agricultural and Natural Resources	229,274	0	0	0	(229,274)	0	0	0	0	0	0
Other Operations	10,411,231	0	0	3,921,667	(6,489,564)	0	0	0	0	0	0
Highways	10,424,179	693,191	2,619,788	7,606,687	495,487	0	0	0	0	0	0
Education	28,004,179	10,448,576	0	0	(17,555,603)	0	0	0	0	0	0
Debt Service:											
Interest	5,938,315	0	0	0	(5,938,315)	0	0	0	0	0	0
Other Debt Service	675,651	0	0	0	(675,651)	0	0	0	0	0	0
Total Primary Government	\$ 90,381,134	\$ 23,629,012	\$ 4,736,202	\$ 14,234,010	\$ (47,781,910)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Component Units</u>											
Blount County School Department	\$ 78,658,428	\$ 4,167,807	\$ 7,177,283	\$ 12,476,636	\$ 0	\$ (54,836,702)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Industrial Development Board	4,468,366	147,764	3,049,493	2,390,965	0	0	1,119,856			0	0

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

		Net (Expense) Revenue and Changes in Net Assets									
		Program Revenues				Primary Government	Component Units				
Functions/Programs	Expenses	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 Communications District	Public Building Authority
Component Units (Cont.)											
Blount County Children's Home	\$ 457,279	\$ 0	\$ 171,356	\$ 0	\$ 0	\$ 0	\$ 0	\$ (285,923)	\$ 0	\$ 0	\$ 0
Blount Memorial Hospital	149,379,603	142,130,538	12,274,795	0	0	0	0	0	5,025,730	0	0
Emergency Communications District	1,655,828	909,108	217,036	0	0	0	0	0	0	(529,684)	0
Public Building Authority	14,249,369	13,706,674	0	0	0	0	0	0	0	0	(542,695)
Total Component Units	\$ 248,868,873	\$ 161,061,891	\$ 22,889,963	\$ 14,867,601	\$ 0	\$ (54,836,702)	\$ 1,119,856	\$ (285,923)	\$ 5,025,730	\$ (529,684)	\$ (542,695)
General Revenues:											
Property Taxes Levied for General Purposes					\$ 16,000,205	\$ 15,647,059	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					8,920,406	0	0	0	0	0	0
Sales Taxes					2,192,732	10,165,748	0	0	0	0	0
Other Taxes					3,188,703	424,651	0	0	0	0	0
Grants and Contributions not restricted to specific programs					1,507,334	39,551,938	2,570	52,837	1,218,624	577,457	0
Unrestricted Investment Income					834,929	552,360	73,147	3,830	3,716,180	18,337	1,024,043
Gain on Sale of Capital Assets					380,283	0	0	0	0	0	0
Miscellaneous					26,679	178,864	26,100	24,314	0	59,912	0
Total General Revenues					\$ 33,051,271	\$ 66,520,620	\$ 101,817	\$ 80,981	\$ 4,934,804	\$ 655,706	\$ 1,024,043
Change in Net Assets					\$ (14,730,639)	\$ 11,683,918	\$ 1,221,673	(204,942)	9,960,534	\$ 126,022	\$ 481,348
Net Assets, July 1, 2005					(9,187,186)	91,759,119	8,365,988	887,443	134,930,358	1,631,584	1,090,257
Restatement for Capital Assets					0	0	0	0	0	(277,821)	0
Net Assets, June 30, 2006					\$ (23,917,825)	\$ 103,443,037	\$ 9,587,661	\$ 682,501	\$ 144,890,892	\$ 1,479,785	\$ 1,571,605

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, 2006

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 54,997	\$ 55,097
Equity in Pooled Cash and Investments	2,069,005	463,950	4,875,796	2,682,819	1,842,427	11,933,997
Accounts Receivable	190,953	46,391	35,739	0	9,293	282,376
Due from Other Governments	1,418,689	914,536	37,725	0	12	2,370,962
Due from Other Funds	68,890	0	0	0	6,734	75,624
Property Taxes Receivable	19,491,885	0	13,713,857	0	0	33,205,742
Allowance for Uncollectible Property Taxes	(160,955)	0	(102,790)	0	0	(263,745)
Notes Receivable	0	0	840,000	0	0	840,000
Total Assets	\$ 23,078,567	\$ 1,424,877	\$ 19,400,327	\$ 2,682,819	\$ 1,913,463	\$ 48,500,053
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 354,463	\$ 540,610	\$ 1,060	\$ 1,160,551	\$ 32,869	\$ 2,089,553
Accrued Payroll	33,871	54,269	0	0	925	89,065
Payroll Deductions Payable	9,518	9,271	0	0	749	19,538
Due to Other Funds	6,734	626	0	0	57,077	64,437
Due to Component Units	343,563	0	0	0	0	343,563
Other Current Liabilities	5,090	0	0	0	7,148	12,238
Deferred Revenue - Current Property Taxes	18,791,354	0	13,310,543	0	0	32,101,897
Deferred Revenue - Delinquent Property Taxes	483,068	0	269,051	0	0	752,119
Other Deferred Revenues	581,099	413,220	0	0	0	994,319
Total Liabilities	\$ 20,608,760	\$ 1,017,996	\$ 13,580,654	\$ 1,160,551	\$ 98,768	\$ 36,466,729
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 1,551,183	\$ 33,705	\$ 0	\$ 4,393,883	\$ 126,653	\$ 6,105,424
Reserved for Computer System - Register	135,301	0	0	0	0	135,301
Reserved for Automation Purposes - Circuit Court	60,645	0	0	0	0	60,645
Reserved for Automation Purposes - Sheriff	66,043	0	0	0	0	66,043
Reserved for Other General Purposes	386,582	0	840,000	0	485,403	1,711,985
Unreserved, Reported In:						
General Fund	270,053	0	0	0	0	270,053

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In (Cont.):

Special Revenue Funds
 Debt Service Funds
 Capital Projects Funds (Deficit)
 Total Fund Balances

Total Liabilities and Fund Balances

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

	Major Funds			Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	Other Funds Govern- mental Funds		Govern- mental Funds
	\$ 0	\$ 373,176	\$ 0	\$ 0	\$ 1,202,639	\$ 1,575,815
	0	0	4,979,673	0	0	4,979,673
	0	0	0	(2,871,615)	0	(2,871,615)
	<u>\$ 2,469,807</u>	<u>\$ 406,881</u>	<u>\$ 5,819,673</u>	<u>\$ 1,522,268</u>	<u>\$ 1,814,695</u>	<u>\$ 12,033,324</u>
	<u>\$ 23,078,567</u>	<u>\$ 1,424,877</u>	<u>\$ 19,400,327</u>	<u>\$ 2,682,819</u>	<u>\$ 1,913,463</u>	<u>\$ 48,500,053</u>

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2006

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)		\$	12,033,324
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	6,530,314	
Add: construction in progress		353,757	
Add: infrastructure net of accumulated depreciation		72,401,877	
Add: buildings and improvements net of accumulated depreciation		34,569,244	
Add: other capital assets net of accumulated depreciation		<u>3,244,872</u>	117,100,064
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,746,438
(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.			2,445,535
(4) 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.			(601,895)
(5) 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.			
Less: notes payable	\$	(1,005,000)	
Less: other loans payable		(131,231,616)	
Less: bonds payable		(27,170,000)	
Add: deferred amount on refunding		1,337,409	
Add: deferred charges - debt issuance costs		2,489,398	
Less: compensated absences payable		(656,992)	
Less: other deferred revenue - premium on debt		<u>(404,490)</u>	<u>(156,641,291)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ (23,917,825)</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, 2006

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 19,314,485	\$ 2,380,422	\$ 9,289,202	\$ 0	\$ 79,431	\$ 31,063,540
Licenses and Permits	842,492	354,226	0	0	0	1,196,718
Fines, Forfeitures, and Penalties	873,467	0	0	0	479,102	1,352,569
Charges for Current Services	374,887	0	0	0	105,084	479,971
Other Local Revenues	780,252	723,522	440,883	4,573	255,879	2,205,109
Fees Received from County Officials	6,180,718	0	0	0	0	6,180,718
State of Tennessee	2,707,454	3,252,350	0	1,134,032	0	7,093,836
Federal Government	3,463,872	0	0	810,893	68,495	4,343,260
Other Governments and Citizens Groups	126,153	0	317,337	3,921,667	807,283	5,172,440
Total Revenues	\$ 34,663,780	\$ 6,710,520	\$ 10,047,422	\$ 5,871,165	\$ 1,795,274	\$ 59,088,161
Expenditures						
Current:						
General Government	\$ 4,143,501	\$ 0	\$ 0	\$ 0	\$ 163,319	\$ 4,306,820
Finance	4,067,447	0	0	0	3,581	4,071,028
Administration of Justice	3,984,545	0	0	0	287,728	4,272,273
Public Safety	16,252,856	0	0	0	54,605	16,307,461
Public Health and Welfare	1,780,768	0	0	0	0	1,780,768
Social, Cultural, and Recreational Services	592,210	0	0	0	1,652,365	2,244,575
Agricultural and Natural Resources	231,259	0	0	0	0	231,259
Other Operations	3,797,173	0	0	10,651,777	25,649	14,474,599
Highways	63,751	6,362,460	0	0	0	6,426,211
Debt Service:						
Principal on Debt	0	0	4,006,511	0	0	4,006,511
Interest on Debt	0	0	5,958,205	0	0	5,958,205
Other Debt Service	0	0	415,971	0	0	415,971
Capital Projects	1,225,623	0	0	15,418,867	0	16,644,490
Total Expenditures	\$ 36,139,133	\$ 6,362,460	\$ 10,380,687	\$ 26,070,644	\$ 2,187,247	\$ 81,140,171
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,475,353)	\$ 348,060	\$ (333,265)	\$ (20,199,479)	\$ (391,973)	\$ (22,052,010)
Other Financing Sources (Uses)						
Other Loans Issued	\$ 1,625,380	\$ 0	\$ 0	\$ 18,565,870	\$ 0	\$ 20,191,250
Transfers In	300,756	0	0	785,000	847,224	1,932,980

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (847,224)	\$ 0	\$ (785,000)	\$ (57,876)	\$ 0	\$ (1,690,100)
Total Other Financing Sources (Uses)	\$ 1,078,912	\$ 0	\$ (785,000)	\$ 19,292,994	\$ 847,224	\$ 20,434,130
Net Change in Fund Balances	\$ (396,441)	\$ 348,060	\$ (1,118,265)	\$ (906,485)	\$ 455,251	\$ (1,617,880)
Fund Balance, July 1, 2005	2,866,248	58,821	6,937,938	2,428,753	1,359,444	13,651,204
Fund Balance, June 30, 2006	\$ 2,469,807	\$ 406,881	\$ 5,819,673	\$ 1,522,268	\$ 1,814,695	\$ 12,033,324

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

Exhibit C-4

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, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(1,617,880)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:			
Add: capital assets purchased in the current period		\$	2,056,347
Less: current year depreciation expense			<u>(5,680,008)</u>
			(3,623,661)
(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.			
			6,909,166
(3) Governmental funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains or losses are recorded for disposals.			
Less: loss on disposals of capital assets			(35,690)
(4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2005		\$	(2,707,391)
Add: deferred delinquent property taxes and other deferred June 30, 2006			<u>1,746,438</u>
			(960,953)
(5) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: other loan proceeds		\$	(20,191,250)
Add: change in premium on debt issuances			31,601
Add: change in deferred debt issuance costs			722,097
Add: principal payment on notes			220,000
Add: principal payment on other loans			3,671,511
Add: principal payment on bonds			115,000
Less: change in deferred amount on refunding debt			<u>(167,782)</u>
			(15,598,823)

(Continued)

Exhibit C-4

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.		
	Add: change in accrued interest payable	\$	19,890
	Less: change in compensated absences		<u>(85,885)</u>
		\$	(65,995)
(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 revenue of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		<u>263,197</u>
	Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(14,730,639)</u></u>

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2006

	<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 4,081,908
Accounts Receivable	25,528
Due from Other Funds	61,346
Due from Component Units	705,296
Prepaid Items	<u>234,214</u>
Total Assets	<u>\$ 5,108,292</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 404,777
Due to Other Funds	72,533
Due to Component Units	3,024
Other Current Liabilities	1,486,167
Unearned Revenues	<u>696,256</u>
Total Liabilities	<u>\$ 2,662,757</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 2,445,535</u>
Total Net Assets	<u>\$ 2,445,535</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, 2006

	<u>Governmental Activities- Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 15,762,889
Total Operating Revenues	<u>\$ 15,762,889</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 503,390
Insurance Premiums	499,872
Building and Contents Insurance	104,881
Other Administrative Expenses	78,178
Medical Claims	13,356,500
Liability Insurance	387,785
Other Self-Insured Claims	286,363
Medical Clinic Administrative Expenses	64,377
Medical Clinic Other Contracted Services	176,701
Total Operating Expenses	<u>\$ 15,458,047</u>
Operating Income (Loss)	<u>\$ 304,842</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 201,235
Total Nonoperating Revenues (Expenses)	<u>\$ 201,235</u>
Income (Loss) Before Transfers	\$ 506,077
Transfers Out	<u>(242,880)</u>
Change in Net Assets	\$ 263,197
Net Assets, July 1, 2005	<u>2,182,338</u>
Net Assets, June 30, 2006	<u><u>\$ 2,445,535</u></u>

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

Exhibit D-3

Blount County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	<u>Governmental Activities- Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for self-insurance premiums	\$ 16,940,927
Payments to fiscal agents	(503,390)
Payments to insurers	(970,394)
Payments for claims	(14,333,193)
Payments for administrative costs	(78,678)
Payments for medical clinic administrative costs	(62,835)
Payments for medical clinic contracted services	(156,817)
Net cash provided by (used in) operating activities	<u>\$ 835,620</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	\$ 183,414
Net cash provided by (used in) investing activities	<u>\$ 183,414</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to other funds	\$ (182,160)
Net cash provided by (used in) noncapital financing activities	<u>\$ (182,160)</u>
Increase (decrease) in cash	\$ 836,874
Cash, July 1, 2005	<u>3,245,034</u>
Cash, June 30, 2006	<u><u>\$ 4,081,908</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities</u>	
Operating Income (Loss)	\$ 304,842
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	1,239,116
(Increase) decrease in prepaid expenses	(7,707)
Increase (decrease) in other current liabilities	(700,631)
Net cash provided by (used in) operating activities	<u><u>\$ 835,620</u></u>

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

Exhibit E

Blount County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,897,555
Equity in Pooled Cash and Investments	1,612,298
Accounts Receivable	7,559
Due from Other Governments	3,472,762
Taxes Receivable	9,204,534
Allowance for Uncollectible Taxes	<u>(80,914)</u>
Total Assets	<u>\$ 18,113,794</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 29,629
Payroll Deductions Payable	552,456
Due to Other Taxing Units	12,610,265
Due to Litigants, Heirs, and Others	3,899,768
Due to Joint Ventures	969,604
Other Current Liabilities	<u>52,072</u>
Total Liabilities	<u>\$ 18,113,794</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, 2006

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 following are the more significant accounting policies of Blount County:

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 nonprofit 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 \$1,951,909 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 nonprofit 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 \$22,083 in other operating funds to the Children's Home during the 2005-06 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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.

Blount County issues all debt for the discretely presented Blount County School Department. During the year ended June 30, 2006, Blount County issued \$14,541,250 of debt for school purposes. Proceeds from these debt issues were deposited into the Other Capital Projects Fund. During the year, \$12,476,636 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 funds financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 single columns by fund type.

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

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

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

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, the 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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, used to account for general liability, property and casualty, employee health and dental, and workers' compensation programs. 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 deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 School Department's General Purpose School Fund. 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 outstanding at the end of the fiscal year is referred to as either due to/from other funds.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .46 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.

Most payables are disaggregated on the face of the financial statements. The balance in the account Other Current Liabilities (\$1,498,405) on the Statement of Net Assets consists of internal service fund liabilities for self-insured claims (\$1,486,167) and law enforcement seizures pending disposition in the General Fund (\$5,090) and nonmajor governmental funds (\$7,148).

3. Prepaid Items

Prepaid items in the Self-Insurance Funds totaling \$234,214 represent amounts paid for insurance for the 2006-07 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 of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	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, 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.

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 \$250,196, with the primary restrictions being for: (1) District Attorney General (\$101,702), and (2) Public Defender (\$78,676).

As of June 30, 2006, Blount County had \$113,145,316 in outstanding debt for capital purposes of other entities (schools of \$111,145,316 and industrial purposes of \$2,000,000). In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (the cities of Maryville and Alcoa school systems) based on an average daily attendance proration. This debt is a liability of Blount County, but the capital assets acquired are reported in the financial statements of the other entities. 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. The following table reflects designations on June 30, 2006.

<u>Fund/Purpose</u>	<u>Amount</u>
Highway/Public Works:	
Capital Purposes	\$ 264,397
Public Library:	
Capital Purposes	147,632

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 (\$307,906), (2) a reserve for expenditures of the Public Defender’s Office in the General Fund (\$78,676), (3) a reserve for a long-term note receivable in the General Debt Service Fund (\$840,000), and (4) a reserve of endowment principal for the Blount County Children’s Home in nonmajor governmental funds (\$485,403).

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 the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Blount County School Department

Exhibit K-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net 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 the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Blount County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the District Attorney General Fund (special revenue fund), the Constitutional Officers – Fees Fund (special revenue fund), the Endowment Principal Fund (permanent fund), which are 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 County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The Other Capital Projects Fund had a fund deficit of \$2,871,615 on June 30, 2006, due to liabilities and outstanding commitments for construction contracts. There were undrawn loan proceeds of \$34,430,155 available on June 30, 2006, to cover these liabilities and outstanding commitments.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$42,413. This resulted from the accrual of liabilities related to state aid projects due at June 30, 2006. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by the excess of revenues over expenditures in the Highway/Public Works Fund during the year.

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, 2006, Blount County had the following investments carried at 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 127,322</u>
Total		<u><u>\$ 127,322</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, 2006, 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 \$840,000 at June 30, 2006. 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 \$420,000.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 5,953,912	\$ 578,522	\$ (2,120)	\$ 6,530,314
Construction in Progress	95,550	258,207	0	353,757
Total Capital Assets Not Depreciated	<u>\$ 6,049,462</u>	<u>\$ 836,729</u>	<u>\$ (2,120)</u>	<u>\$ 6,884,071</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,099,693	\$ 402,480	\$ 0	\$ 44,502,173
Roads, Streets, and Bridges	104,795,606	6,909,166	(87,945)	111,616,827
Other Capital Assets	10,468,957	817,138	(698,637)	10,587,458
Total Capital Assets Depreciated	<u>\$ 159,364,256</u>	<u>\$ 8,128,784</u>	<u>\$ (786,582)</u>	<u>\$ 166,706,458</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,049,731	\$ 883,198	\$ 0	\$ 9,932,929
Roads, Streets, and Bridges	35,442,625	3,812,315	(39,990)	39,214,950
Other Capital Assets	7,071,113	984,495	(713,022)	7,342,586
Total Accumulated Depreciation	<u>\$ 51,563,469</u>	<u>\$ 5,680,008</u>	<u>\$ (753,012)</u>	<u>\$ 56,490,465</u>
Total Capital Assets Depreciated, Net	<u>\$ 107,800,787</u>	<u>\$ 2,448,776</u>	<u>\$ (33,570)</u>	<u>\$ 110,215,993</u>
Governmental Activities Capital Assets, Net	<u>\$ 113,850,249</u>	<u>\$ 3,285,505</u>	<u>\$ (35,690)</u>	<u>\$ 117,100,064</u>

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

Governmental Activities:

General Government	\$ 190,301
Finance	83,337
Administration of Justice	230,253
Public Safety	790,169
Public Health and Welfare	24,116
Social, Cultural, and Recreational	317,877
Other Operations	23,100
Highways	<u>4,020,855</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 5,680,008</u></u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 7,333,251	\$ 0	\$ 0	\$ 7,333,251
Construction in Progress	9,548,039	12,476,636	(4,943,180)	<u>17,081,495</u>
Total Capital Assets Not Depreciated	<u>\$ 16,881,290</u>	<u>\$ 12,476,636</u>	<u>\$ (4,943,180)</u>	<u>\$ 24,414,746</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 96,766,368	\$ 4,943,180	\$ 0	\$ 101,709,548
Other Capital Assets	3,406,700	112,240	(119,897)	<u>3,399,043</u>
Total Capital Assets Depreciated	<u>\$ 100,173,068</u>	<u>\$ 5,055,420</u>	<u>\$ (119,897)</u>	<u>\$ 105,108,591</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 27,924,152	\$ 1,991,531	\$ 0	\$ 29,915,683
Other Capital Assets	2,549,066	159,657	(119,897)	<u>2,588,826</u>
Total Accumulated Depreciation	<u>\$ 30,473,218</u>	<u>\$ 2,151,188</u>	<u>\$ (119,897)</u>	<u>\$ 32,504,509</u>

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 27,924,152	\$ 1,991,531	\$ 0	\$ 29,915,683
Other Capital Assets	2,549,066	159,657	(119,897)	2,588,826
Total Accumulated Depreciation	<u>\$ 30,473,218</u>	<u>\$ 2,151,188</u>	<u>\$ (119,897)</u>	<u>\$ 32,504,509</u>
Total Capital Assets Depreciated, Net	<u>\$ 69,699,850</u>	<u>\$ 2,904,232</u>	<u>\$ 0</u>	<u>\$ 72,604,082</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,581,140</u>	<u>\$ 15,380,868</u>	<u>\$ (4,943,180)</u>	<u>\$ 97,018,828</u>

Depreciation expense totaling \$2,151,188 was charged by the discretely presented Blount County School Department.

D. Construction Commitments

At June 30, 2006, the county had various uncompleted construction projects of approximately \$4,393,883 in the Other Capital Projects Fund. Funding has been provided through authorized loan agreements, discussed in Note IV.F., 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, 2006, is as follows:

Due to/from other funds:

Primary Government:

Receivable Fund	Payable Fund	Amount
General	Internal Service	\$ 11,813
"	Nonmajor governmental	57,077
Nonmajor governmental	General	6,734
Internal Service	Highway/Public Works	626
Internal Service	Internal Service	60,720
Total		<u>\$ 136,970</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:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government: Internal Service	Component Unit: School Department	\$ 705,296
Component Unit: School Department Industrial Development Board	Primary Government: Internal Service General	3,024 <u>343,563</u>
Total		<u>\$ 1,051,883</u>

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Primary Government:

<u>Transfer Out</u>	<u>Transfers In</u> General Fund
Other Capital Projects Fund	\$ 57,876
Internal service funds	<u>242,880</u>
Total	<u>\$ 300,756</u>

<u>Transfer Out</u>	<u>Transfers In</u>	
	<u>Other Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$ 0	\$ 847,224
General Debt Service Fund	<u>785,000</u>	<u>0</u>
Total Transfers	<u>\$ 785,000</u>	<u>\$ 847,224</u>

Discretely Presented Blount County School Department:

	Transfer In General Purpose School Fund
Transfer Out	
Nonmajor governmental funds	\$ 4,315
Total	\$ 4,315

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

F. Long-term 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 31 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, 2006, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds - Refunding	2 to 5%	\$ 27,325,000	\$ 27,170,000
Capital Outlay Notes	4.2 to 6	2,500,000	1,005,000
Other Loans - Variable Rate	Variable	71,850,000	32,239,845
Other Loans - Fixed Rate	4 to 6.2	39,000,000	5,315,000
Other Loans - Synthetic			
Fixed Rate by Swap	Variable	93,000,000	93,000,000
Loan Agreement - State School Bond Authority	0	817,498	676,771

The capital outlay notes above include \$1,005,000, 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, 2006, Blount County had borrowed \$727,865 under the agreement. The authority credits interest earnings on the undrawn amount against Blount County's required repayment schedule. The county reflects a liability of \$676,771 for the outstanding loan agreement as of June 30, 2006.

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, 2006:

Description	Amount of Loan Agreement	Outstanding Principal 6-30-06	Interest Type	Rates as of 6-30-06	Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Jail Project (Series II B)	\$ 10,000,000	\$ 7,395,000	Variable	4%	.49%
Various Purpose (Series IV-C-1)	39,000,000	39,000,000	Synthetic Fixed by Swap	4.34	.43
<u>Blount County Public Building Authority</u>					
School and Library School, Jail and Courthouse	10,000,000	415,000	Fixed	4 to 4.55	N/A
Various Purpose	20,000,000	1,910,000	Fixed	4 to 4.55	N/A
Library	7,000,000	990,000	Fixed	4.15 to 4.8	N/A
Various Purpose (Series A-1-A)	4,100,000	3,100,000	Variable	3.99	.43
Various Purpose (Series A-5-A)	20,000,000	20,000,000	Synthetic Fixed by Swap	4.38	.42
Various Purpose (Series B-1-C)	10,000,000	10,000,000	Synthetic Fixed by Swap	4.073	.49
Various Purpose (Series B-4-A)	9,100,000	7,525,000	Variable	3.8	.43
Various Purpose (Series D-1-B)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.566	.44
Various Purpose (Series D-5-A)	14,000,000	14,000,000	Synthetic Fixed by Swap	3.942	.43
Industrial Park (Series B-10-A)	13,650,000	13,650,000	Variable	3.91	.43
School (Series D-8-A)	2,000,000	2,000,000	Fixed	5.55 to 6.2	N/A
	35,000,000	<u>569,845</u> *	Variable	3.91	.43
		<u><u>\$130,554,845</u></u>			

*\$34,430,155 remains available for future draws under this loan agreement at June 30, 2006.

In addition to the debt issued during the year, the county also authorized issuance of an additional \$30,500,000 in loan agreements that have not been issued as of the date of this report. Of this amount, \$27,500,000 is authorized for various capital purposes of the primary government and the School Department. The remaining \$3,000,000 is authorized for loans to the Industrial Development Board for expenditures related to a new industrial park.

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2006, 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 \$131,231,616.

Estimated interest payments, and estimated other fees are included for the loan agreements. The Series II-B, and four 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, 2006.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 200,000	\$ 1,028,178	\$ 235,000	\$ 44,559
2008	630,000	1,022,928	245,000	34,278
2009	1,675,000	1,006,753	255,000	23,497
2010	2,085,000	956,503	270,000	12,150
2011	2,155,000	893,953	0	0
2012-2016	11,970,000	3,279,146	0	0
2017-2019	8,455,000	703,751	0	0
Total	\$ 27,170,000	\$ 8,891,212	\$ 1,005,000	\$ 114,484

Year Ending June 30	Loans Payable		
	Principal	Interest	Other Fees
2007	\$ 2,976,339	\$ 5,406,028	\$ 573,057
2008	2,856,339	5,290,259	559,024
2009	1,966,339	5,169,301	545,700
2010	1,696,339	5,089,021	536,751
2011	1,756,339	5,022,219	529,144
2012-2016	8,846,695	23,926,065	2,511,745
2017-2021	24,298,381	21,540,118	2,268,835
2022-2026	36,434,845	14,476,810	1,564,656
2027-2031	50,400,000	6,870,132	723,115
Total	<u>\$ 131,231,616</u>	<u>\$ 92,789,953</u>	<u>\$ 9,812,027</u>

There is \$4,979,673 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital amounted to \$257, based on the 2000 federal census. Total debt per capita, including bonds, notes and other loans, amounted to \$1,506, 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, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.31%
Variable payment to counterparty		<u>-3.84%</u>
Net interest rate swap payments		0.47%
Variable-rate bond coupon payments		<u>3.91%</u>
Synthetic interest rate on bonds		<u><u>4.38%</u></u>

Fair value: As of June 30, 2006, the swap had a negative fair value of (\$1,342,324). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, 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, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2006. 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 the BMA increase 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 4.38 percent as of June 30, 2006. Also, as of June 30, 2006, the BMA rate was 3.91 percent whereas 70 percent of LIBOR was 3.84 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, 2006, 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	<u>Variable Rate Bonds</u>		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2007	\$ 0	\$ 782,000	\$ 94,000	\$	876,000
2008	0	782,000	94,000		876,000
2009	0	782,000	94,000		876,000
2010	0	782,000	94,000		876,000
2011	0	782,000	94,000		876,000
2012-2016	0	3,910,000	470,000		4,380,000
2017-2021	0	3,910,000	470,000		4,380,000
2022-2026	0	3,910,000	470,000		4,380,000
2027-2031	20,000,000	3,620,074	435,150		24,055,223
Total	\$ 20,000,000	\$ 19,260,074	\$ 2,315,150	\$	41,575,223

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 3.90 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, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.900%
Variable payment to counterparty		<u>-3.734%</u>
Net interest rate swap payments		0.166%
Variable-rate bond coupon payments		<u>3.907%</u>
 Synthetic interest rate on bonds		 <u><u>4.073%</u></u>

Fair value: As of June 30, 2006, the swap had a negative fair value of (\$139,138). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, 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, who was rated AAA by Standard and Poor’s and Fitch and Aaa by Moody’s Investor Service as of June 30, 2006. 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 the BMA increase 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 4.073 percent as of June 30, 2006. Also, as of June 30, 2006, the BMA rate was 3.907 percent whereas 70 percent of LIBOR was 3.734 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, 2006, 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		
2007	\$ 0	\$ 390,700	\$ 16,600	\$	407,300
2008	0	390,700	16,600		407,300
2009	0	390,700	16,600		407,300
2010	0	390,700	16,600		407,300
2011	0	390,700	16,600		407,300
2012-2016	0	1,953,500	83,000		2,036,500
2017-2021	0	1,953,500	83,000		2,036,500
2022-2026	0	1,953,500	83,000		2,036,500
2027-2030	10,000,000	1,311,580	55,726		11,367,306
Total	\$ 10,000,000	\$ 9,125,580	\$ 387,726	\$	19,513,306

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 (0.35%). 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, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.264%
Variable payment to counterparty		<u>-3.498%</u>
Net interest rate swap payments		-0.234%
Variable-rate bond coupon payments		<u>3.800%</u>
 Synthetic interest rate on bonds		 <u><u>3.566%</u></u>

Fair value: As of June 30, 2006, the swap had a positive fair value of \$342,956. The positive fair value of the swap may be countered by increases in total interest payments required under the variable-rate bond, creating higher synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, the county's exposure to credit risk is equal to the amount of the derivative's fair value. However, should interest rates change and the fair value of the swap becomes negative, the county would no longer be exposed to credit risk. 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, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2006. 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 the BMA increase to above 59 percent of LIBOR plus 35 basis points, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR plus 35 basis points, 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 3.566 percent as of June 30, 2006. Also, as of June 30, 2006, the BMA rate was 3.8 percent whereas 59 percent of LIBOR plus 35 basis points was 3.498 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, 2006, 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		
2007	\$ 0	\$ 380,000	\$ (23,400)	\$	356,600
2008	0	380,000	(23,400)		356,600
2009	0	380,000	(23,400)		356,600
2010	0	380,000	(23,400)		356,600
2011	0	380,000	(23,400)		356,600
2012-2016	0	1,900,000	(117,000)		1,783,000
2017-2021	0	1,900,000	(117,000)		1,783,000
2022-2026	0	1,900,000	(117,000)		1,783,000
2027-2028	10,000,000	703,000	(43,290)		10,659,710
Total	\$ 10,000,000	\$ 8,303,000	\$ (511,290)	\$	17,791,710

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, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment to counterparty		<u>-3.84%</u>
Net interest rate swap payments		0.43%
Variable-rate bond coupon payments		<u>3.91%</u>
Synthetic interest rate on bonds		<u><u>4.34%</u></u>

Fair value: As of June 30, 2006, the swap had a negative fair value of (\$1,903,334). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, 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, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2006. 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 the BMA increase 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 4.34 percent as of June 30, 2006. Also, as of June 30, 2006, the BMA rate was 3.91 percent whereas 70 percent of LIBOR was 3.84 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, 2006, 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	
	Principal	Interest	Payment	Total
2007	\$ 0	\$ 1,524,900	\$ 167,700	\$ 1,692,600
2008	0	1,524,900	167,700	1,692,600
2009	0	1,524,900	167,700	1,692,600
2010	0	1,524,900	167,700	1,692,600
2011	0	1,524,900	167,700	1,692,600
2012-2016	0	7,624,500	838,500	8,463,000
2017-2021	23,010,000	6,421,002	706,146	30,137,148
2022-2023	15,990,000	946,220	104,060	17,040,280
Total	\$ 39,000,000	\$ 22,616,222	\$ 2,487,206	\$ 64,103,428

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 D-1-B.

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 \$14 million Series D-1-B 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 3.533 percent and receives a variable payment computed as

59 percent of the one-month London Interbank Offered Rate (LIBOR) plus 35 basis points (0.35%). The swap has a notional amount of \$14 million and the associated variable-rate bond has a \$14 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series D-1-B 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, 2027. As of June 30, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.533%
Variable payment to counterparty		<u>-3.498%</u>
Net interest rate swap payments		0.035%
Variable-rate bond coupon payments		<u>3.907%</u>
Synthetic interest rate on bonds		<u><u>3.942%</u></u>

Fair value: As of June 30, 2006, the swap had a positive fair value of \$6,980. The positive fair value of the swap may be countered by increases in total interest payments required under the variable-rate bond, creating higher synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, the county's exposure to credit risk is equal to the amount of the swap's fair value. However, if interest rates change and the fair value of the swap becomes negative, the county would no longer be exposed to credit risk. 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, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2006. 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 should BMA increase to above 59 percent of LIBOR plus 35 basis points, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR plus 35 basis points, 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 3.533 percent and the synthetic rates of 3.942 percent as of June 30, 2006. Also, as of June 30, 2006, the BMA rate was 3.907 percent whereas 59 percent of LIBOR plus 35 basis points was 3.498 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, 2006, 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	<u>Variable Rate Bonds</u>		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2007	\$ 0	\$ 546,980	\$ 4,900	\$ 551,880
2008	0	546,980	4,900	551,880
2009	0	546,980	4,900	551,880
2010	0	546,980	4,900	551,880
2011	0	546,980	4,900	551,880
2012-2016	0	2,734,900	24,500	2,759,400
2017-2021	0	2,734,900	24,500	2,759,400
2022-2026	12,000,000	2,266,060	20,300	14,286,360
2027	2,000,000	78,140	700	2,078,840
Total	<u>\$ 14,000,000</u>	<u>\$ 10,548,900</u>	<u>\$ 94,500</u>	<u>\$ 24,643,400</u>

The county has also issued Hospital Revenue Bonds on behalf of Blount Memorial Hospital, Inc. Total Hospital Revenue Bonds outstanding at June 30, 2006, amounted to \$119,970,000. 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, 2006, was as follows:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2005	\$ 27,285,000	\$ 1,225,000
Additions	0	0
Deductions	<u>(115,000)</u>	<u>(220,000)</u>
Balance, June 30, 2006	<u>\$ 27,170,000</u>	<u>\$ 1,005,000</u>
Balance Due Within One Year	<u>\$ 200,000</u>	<u>\$ 235,000</u>
	<u>Other</u>	<u>Compensated</u>
	<u>Loans</u>	<u>Absences</u>
	<u>Payable</u>	
Balance, July 1, 2005	\$ 114,711,877	\$ 571,107
Additions	20,191,250	902,989
Deductions	<u>(3,671,511)</u>	<u>(817,104)</u>
Balance, June 30, 2006	<u>\$ 131,231,616</u>	<u>\$ 656,992</u>
Balance Due Within One Year	<u>\$ 2,976,339</u>	<u>\$ 295,647</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 160,063,608
Less: Balance Due Within One Year	(3,706,986)
Less: Deferred Amount on Refunding	<u>(1,337,409)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 155,019,213</u>

Compensated absences will be paid from the employing funds.

Defeasance of Prior Debt

In the prior year, Blount County defeased a portion of certain outstanding PBA loans by placing the proceeds of new bonds into an irrevocable trust to provide for a portion of future debt service payments on the PBA loans. The trustee is empowered and required to pay the principal and interest on the defeased loans as originally scheduled until the call dates on the refunded debt. Accordingly, the trust accounts and the defeased loans are not included in the county's financial statements. At June 30, 2006, the following outstanding loans are considered defeased:

	<u>Amount</u>
1997 PBA Loan (callable 3-1-07)	\$ 6,860,000
1998 PBA Loan (callable 4-1-09)	14,495,000
1999 PBA Loan (callable 4-1-08)	4,625,000

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, 2006, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-06</u>
Capital Outlay Notes	4%	\$2,500,000	\$ 840,000

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, 2006, including interest payments, are presented in the following table:

<u>Year Ending June 30</u>	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 420,000	\$ 33,600
2008	420,000	16,800
Total	<u>\$ 840,000</u>	<u>\$ 50,400</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Blount County School Department for the year ended June 30, 2006, was as follows:

	Notes	Compensated Absences
Balance, July 1, 2005	\$ 1,255,000	\$ 46,625
Additions	0	3,526
Deductions	(415,000)	(540)
	<hr/>	<hr/>
Balance, June 30, 2006	\$ 840,000	\$ 49,611
	<hr/>	<hr/>
Balance Due Within One Year	\$ 420,000	\$ 9,217
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 889,611
Less: Balance Due Within One Year	<u>(429,217)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 460,394</u>

Compensated absences will be paid from the employing funds.

G. Internal Financing

In-lieu-of issuing debt with financial institutions, Blount County often chooses to internally finance various projects with idle county funds. These debt issues that will be repaid from the same fund in which the loan was obtained are reflected as operating transfers (not notes receivable) in the financial statements of this report. On February 10, 2006, Blount County issued a three-year internal note of \$785,000 to loan idle funds from the General Debt Service Fund to the Other Capital Projects Fund for the purchase of land to be known as the Blount County Fairgrounds. The note will mature on February 10, 2009, and has no associated interest rate. As of June 30, 2006, the entire amount of \$785,000 was outstanding. This note will subsequently be paid by the General Debt Service Fund.

H. 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, 2006, interest earned and expended totaled \$19,520.

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, and \$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 \$232,985 for general liability, property, and casualty coverage; \$46,411 for health coverage; \$26,129 for dental coverage; and \$2,140,010 for workers' compensation coverage at June 30, 2006, 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	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$ 133,407	\$ 264,080	\$ (149,102)	\$ 248,385
2005-2006	248,385	286,363	(202,796)	331,952

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$ 599,878	\$ 11,634,299	\$ (11,347,922)	\$ 886,255
2005-2006	886,255	12,541,939	(12,485,481)	942,713

Dental

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$ 20,865	\$ 692,615	\$ (657,045)	\$ 56,435
2005-2006	56,435	659,511	(653,676)	62,270

Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$ 469,939	388,926	\$ (398,202)	\$ 460,663
2005-2006	460,663	155,050	(466,481)	149,232

B. Accounting Changes

For the year ended June 30, 2006, Blount County adopted the provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1). GASB Statement No. 44 amends the guidance related to the preparation of the statistical section. This

statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Blount County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Blount County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Blount County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Blount County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Event

On August 17, 2006, the Blount County Commission adopted the Fiscal Control Acts of 1957, which include the County Budgeting Law, the County Fiscal Procedure Law, and the County Purchasing Law. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds of the county under the supervision of a Director of Accounts and Budgets. These acts will go into effect in Blount County beginning July 1, 2007.

D. Contingent Liabilities

There are several 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 would not materially affect the financial statements of the county.

E. Change in Administration

On January 19, 2006, the Blount County Commission appointed commission chairman Robert Ramsey as acting interim county mayor pursuant to Section 5-5-103, Tennessee Code Annotated, due to the incapacitation of county mayor Beverley Woodruff. On August 31, 2006, Beverley Woodruff left the Office of County Mayor and was succeeded by Jerry Cunningham.

F. 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 \$10,491,271, 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 \$592,210 to the operations of the commission during the year ended June 30, 2006. 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.

G. 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, 2006, 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, 2006, Blount County's annual pension cost of \$2,252,368 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, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$2,252,368	100%	\$0
6-30-05	2,122,184	100	0
6-30-04	1,667,095	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)
6-30-05	\$43,225	\$49,331	\$6,106	87.62%	\$24,944	24.48%
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

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, 2006, 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, 2006, 2005, and 2004, were \$1,958,765, \$1,845,628, and \$1,110,858, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

In addition to the retirement commitments described above, 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, and the last ten consecutive years of service with Blount County. As of June 30, 2006, ten retirees of the primary government and 120 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 (\$43,029) and the discretely presented Blount County School Department (\$661,691). Also during the year, expenditures were recognized for post-employment dental insurance premiums for Blount County (\$1,848) and the discretely presented Blount County School Department (\$28,335).

I. Office of Central Accounting, Budgeting, and Purchasing

Blount County operated under provisions of the County Financial Management System of 1981, which 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. As noted in note V.C., the county adopted the Fiscal Control Acts of 1957 effective July 1, 2007.

J. Purchasing Laws

Purchasing procedures are governed by provisions of the County Financial Management System of 1981, which provides for purchases to be made by the Financial Management Committee. The committee established a policy that purchases exceeding \$5,000 are to be made on a competitive bid basis for the County Mayor's Office and the discretely presented Blount County School Department. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law Section 54-7-113, Tennessee Code Annotated. Competitive bids are required on highway purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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, 2006. 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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	15
Furniture, fixtures, equipment, and signs	5-15

2. 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.

3. 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.

B. 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:

1. 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.

2. 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.

3. 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, 2006.

C. 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.

1. 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.

2. Accounts Receivable

Due from Other Governments

The Industrial Development Board was awarded a grant from the Tennessee Department of Economic and Community Development to be used for infrastructure development for the Denso Project. The grant is in the amount of \$7,845,000 and requires a participating match of \$4,155,177. At June 30, 2006 the amount of reimbursement due from the State of Tennessee was \$2,390,965.

Other

Other receivables consist of amounts due from a land sale of \$123,750 and miscellaneous receivables of \$16,862.

3. Capital Assets

Capital asset activities for the year ended June 30, 2006, were as follows:

Governmental activities:

	Balance			Balance
	7-1-05	Additions	Retirements	6-30-06
Land	\$ 8,453,422	\$ 13,011,667	\$ 506,807	\$ 20,958,282
Building and improvements	2,575,746	1,495,420	1,520,433	2,550,733
Furniture, fixtures, and equipment	195,339	3,617	0	198,956
Signs	17,112	27,906	0	45,018
Construction in progress	492,905	1,002,515	1,495,420	0
Totals	\$ 11,734,524	\$ 15,541,125	\$ 3,522,660	\$ 23,752,989
Less: accumulated depreciation				
Buildings and improvements	\$ (425,611)	\$ (59,275)	\$ (75,491)	\$ (409,395)
Furniture, fixtures, and equipment	(141,507)	(13,699)	0	(155,206)
Signs	(5,396)	(1,761)	0	(7,157)
Total accumulated depreciation	\$ (572,514)	\$ (74,735)	\$ (75,491)	\$ (571,758)
Governmental activities Capital assets, net	\$ 11,162,010	\$ 15,466,390	\$ 3,447,169	\$ 23,181,231

4. 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 \$ 555,312

Note payable to SunTrust Bank with
interest at 4.75%, due \$9,800 monthly,
including interest, until November 2014,
unsecured 1,428,369

Two notes payable to individuals with interest at 6%, due annually in installments of \$371,484, until January 2008, secured by deed of trust	681,076
Five notes payable to individuals with interest at 6%, due annually in installments of \$444,323 until August 2008, secured by deed of trust	1,187,681
Note payable to SunTrust Bank with interest at 3.50%, due \$2,155 monthly, including interest, until March 2009, unsecured	5,108
Note payable to AmSouth Bank with interest at 5.08% with principal due January 1, 2008, unsecured	1,000,000
Note payable to Blount County, Tennessee, with interest at 6% payable semi annually. Principal to be repaid as land when the Research and Development Park is sold	5,900,000
Note payable to Knox County, Tennessee, with interest at 6% payable semi annually. Principal to be repaid as land when the Research and Development Park is sold	5,000,000
Note payable to GMAC with interest at 8.75%, due \$1,109 monthly, including interest, until June 2008, collateralized by vehicle	24,271
	<u>\$ 15,781,817</u>
Less: Current portion	<u>(795,505)</u>
Total	<u><u>\$ 14,986,312</u></u>

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

Debt payable, July 1, 2005	\$4,780,626
Issued during the period	13,246,400
Debt retired	<u>(2,245,209)</u>
Debt payable, June 30, 2006	<u><u>\$15,781,817</u></u>

Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2007	\$ 795,505	\$ 911,537	\$ 1,707,042
2008	1,837,367	839,145	2,676,512
2009	501,795	764,528	1,266,323
2010	537,478	720,586	1,258,064
2011	61,467	710,133	771,600
2012-2016	12,048,205	3,438,375	15,486,580
Total	<u>\$ 15,781,817</u>	<u>\$ 7,384,304</u>	<u>\$ 23,166,121</u>

5. Net Assets

Restricted Net Assets

Restricted for development and maintenance	\$ 1,010,060
Restricted for training	<u>133,489</u>
Total Restricted	<u>\$ 1,143,549</u>

D. 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.

E. COMMITMENTS

The board has entered into a contract for grading and other site development work totaling \$7,918,180. As of June 3, 2006, the board has incurred \$2,653,801 under the contract leaving a remaining commitment on the contract of \$5,265,379.

F. CAPITAL LEASES

To induce certain businesses to locate in 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 20-year period.	
Balance remaining on lease	<u>\$ 1,165,100</u>
Total aggregate minimum future lease payments	\$ 1,165,100
Current portion	<u>(73,200)</u>
Amount receivable after one year	<u>\$ 1,091,900</u>

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

Fiscal Year Ending June 30	
2007	\$ 73,200
2008	73,200
2009	73,200
2010	73,200
2011	73,200

G. INTERGOVERNMENTAL COOPERATION AGREEMENT

In May 2006, the board entered into an intergovernmental cooperation agreement with Blount County, Tennessee, the City of Maryville, Tennessee, the City of Alcoa, Tennessee, and Knox County, Tennessee. The agreement calls for the acquisition of property to be developed into a research and development park. The purchase price and subsequent development costs are to be funded by loans from the four participating governments to the board of \$5,000,000 each. These loans are to be repaid with interest at six percent from sales proceeds. The four governments will share excess sales proceeds and property tax revenues equally.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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. Receivable balances for the governmental activities include amounts due from the State of 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:

<u>Assets</u>	<u>Years</u>
Buildings	25 – 50
Improvements	10 – 50
Machinery and Equipment	03 – 20

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.

Sick Leave

All full-time employees will be allowed six days per year with full pay.

2. 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 fund, but only the Board of Directors may transfer appropriations between major funds.

3. 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.

B. 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:

1. 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.

2. Deposits and Investments Laws and Regulations

In accordance with state law, all deposits of government funds in

financial institutions must be federally insured or secured with acceptable collateral.

C. 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.

1. 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.

2. Accounts Receivable

State of Tennessee

The Blount County Children's Home contracts with the State of Tennessee to provide visitation/counseling care/treatment of children at a specified reimbursement rate. The amount due from the state at June 30, 2006, totals \$14,406.

3. Capital Assets

Capital asset activities for the year ended June 30, 2006, was as follows:

Governmental activities:	Balance			Balance
	7-1-05	Additions	Disposals	6-30-06
Building and improvements	\$ 632,526	\$ 0	\$ 0	\$ 632,526
Equipment	166,071	0	0	166,071
Furniture and fixtures	37,382	1,240	0	38,622
Totals	\$ 835,979	\$ 1,240	\$ 0	\$ 837,219
Less: accumulated depreciation				
Buildings and improvements	\$ (520,179)	\$ (3,719)	\$ 0	\$ (523,898)
Equipment	(114,003)	(17,632)	0	(131,635)
Furniture and fixtures	(36,748)	(328)	0	(37,076)
Total accumulated depreciation	\$ (670,930)	\$ (21,679)	\$ 0	\$ (692,609)
Governmental Activities Capital assets, net	<u>\$ 165,049</u>	<u>\$ (20,439)</u>	<u>\$ 0</u>	<u>\$ 144,610</u>

Depreciation expense was charged to governmental activities as follows:

Children's Home \$ 21,679

4. Accrued Expenses

Payables in the governmental funds are composed of:

Simple IRA - ER	\$ 1,168
Simple IRA - EE	1,574
SUTA Payroll Tax Liability	337
Form 941 Payroll Tax Liability	16,486
	<u>\$ 19,565</u>

5. Net Assets

Activity	Restricted by	Amount
Memorial Scholarship	Contributors/Board	\$ 14,299
Building	Board	50,997
Webb	Board	37,124
Total Restricted Net Assets for Other Purposes		<u><u>\$ 102,420</u></u>

D. OTHER NOTES

1. 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.

2. 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, workers' compensation, and director's liability. Settled claims, if any, have not exceeded this commercial coverage in any of the past three fiscal years.

3. 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, 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.

VIII. OTHER NOTES – DISCRETELY PRESENTED BLOUNT MEMORIAL HOSPITAL, INC.

A. DESCRIPTION OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Affiliate Entities

Other assets at June 30, 2006, represent the hospital's \$2,040,000 investment in a general partnership which operates a medical facility in Blount County. The hospital also 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.

2. 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.

3. 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 23 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.

4. 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. Cash and investments held by the foundation are in trust accounts and classified as assets limited as to use.

5. 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.

6. 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:

<u>Assets</u>	<u>Years</u>
Land improvements	8 to 25
Buildings, improvements, and capital equipment	10 to 30
Equipment	3 to 15

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 third party payors under provisions of reimbursement formulas in effect and is net of the provision for bad debts.

13. 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.

14. 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.

B. CASH EQUIVALENTS AND ASSETS LIMITED AS TO USE

At June 30, 2006, cash and cash equivalent balances include \$743,930 deposited with one financial institution, which are collateralized by U.S. Government Agency Obligations segregated by the Federal Reserve Bank in a pledged account (market value of \$743,930). The hospital's remaining balances of cash 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.

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 credit risk category) and are categorized by investment type as follows:

	<u>6-30-06</u>
U.S. Treasury portfolio (cash equivalents)	\$ 8,193,052
U.S. Treasury notes	25,905,294
U.S. government agency securities	42,972,299
Corporate bonds	34,074,313
Common stocks	<u>31,104,731</u>
 Total	 <u><u>\$ 142,249,689</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>6-30-06</u>
Short-term	\$ 15,198,855
Intermediate	95,925,556
Equity	<u>31,125,278</u>
	<u><u>\$ 142,249,689</u></u>

The foundation's cash balances at financial institutions are covered by Federal Deposit Insurance Corporation insurance (risk category insured) subject to certain limits. Foundation assets limited as to use are comprised of the following:

	<u>6-30-06</u>
Cash	\$148,230
U.S. government portfolio mutual funds	64,120
Bond mutual Funds	539,150
Equity Mutual Funds	<u>424,832</u>
 Total	 <u><u>\$1,176,332</u></u>

C. 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:

	Year Ended 6-30-06
Gross patient service charges	\$ 401,702,132
Contractual adjustments and discounts	(237,210,958)
Charity care charges foregone	(15,338,962)
Provision for bad debts	<u>(7,021,674)</u>
Net patient service revenue	<u>\$ 142,130,538</u>

D. 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 41 and 11 percent, respectively, for 2006.

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.

E. MALPRACTICE TRUST FUND AND EMPLOYEE GROUP HEALTH CLAIMS

The hospital is covered under the "Tennessee Governmental Tort Liability Act" (Tennessee Code Annotated 29-20-101, 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 \$216,400 were paid from the fund during the year ended June 30, 2006. At June 30, 2006, 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 \$1,013,950 at June 30, 2006. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$8,679,000 for 2006.

F. PROPERTY AND EQUIPMENT

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

	Balance 7-1-05	Additions	Retirements	Balance 6-30-06
Land	\$ 3,708,169	\$ 0	\$ 0	\$ 3,708,169
Land improvements	2,847,793	15,208	0	2,863,001
Buildings, improvements, and capital equipment	108,727,791	24,366,221	0	133,094,012
Equipment	69,125,097	7,396,560	(2,105,460)	74,416,197
Construction in progress	17,838,935	6,913,665	(22,466,279)	2,286,321
	<u>\$ 202,247,785</u>	<u>\$ 38,691,654</u>	<u>\$ (24,571,739)</u>	<u>\$ 216,367,700</u>
Less: allowances for depreciation	(100,209,689)	(11,355,347)	945,072	(110,619,964)
Total	<u>\$ 102,038,096</u>	<u>\$ 27,336,307</u>	<u>\$ (23,626,667)</u>	<u>\$ 105,747,736</u>

Construction in progress at June 30, 2006, consists primarily of costs related to facility additions with total estimated costs to complete of approximately \$1,062,000.

G. LONG-TERM DEBT

Changes in long-term debt are summarized as follows:

	Balance 7-1-05	Additions	Principal Payments	Balance 6-30-06
Series 1998A Bonds	\$ 10,445,000	\$ 0	\$ (1,120,000)	\$ 9,325,000
Series 1998B Bonds	13,350,000	0	(605,000)	12,745,000
Series A-3-A Bonds	40,000,000	0	0	40,000,000
Series C-2-A Bonds	58,975,000	0	(1,075,000)	57,900,000
Total outstanding	<u>\$ 122,770,000</u>	<u>\$ 0</u>	<u>\$ (2,800,000)</u>	<u>\$ 119,970,000</u>
Less current portion	(2,800,000)			(2,935,000)
Less unamortized loss on bonding refund	<u>(497,873)</u>			<u>(426,803)</u>
Long-term portion	<u>\$ 119,472,127</u>			<u>\$ 116,608,197</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 2006 and 2005). 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 \$1,170,000 in 2007 to \$1,515,000 in 2013 at interest rates ranging from 4.15 percent to 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$640,000 in 2007 to \$4,610,000 in 2020 at interest rates ranging from 5 percent to 5.25 percent. 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 \$1,125,000 in 2007 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 percent 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 percent 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 to 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 \$1,728,000 as of June 30, 2006. 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
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	1,400,000	0	2,165,000	3,565,000
2012-2016	7,725,000	5,200,000	7,545,000	20,470,000
2017-2021	9,075,000	12,350,000	4,610,000	26,035,000
2022-2026	10,700,000	22,450,000	0	33,150,000
2027-2029	24,100,000	0	0	24,100,000
Total	<u>\$ 57,900,000</u>	<u>\$ 40,000,000</u>	<u>\$ 22,070,000</u>	<u>\$ 119,970,000</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, 2006, which was 3.91 percent):

	Series C-2-A	Series A-3-A	Series 1998A and B	Total
2007	\$ 2,472,042	\$ 1,811,500	\$ 1,018,860	\$ 5,302,402
2008	2,427,810	1,811,500	934,575	5,173,885
2009	2,380,727	1,811,500	845,743	5,037,970
2010	2,331,608	1,811,500	752,074	4,895,182
2011	2,279,556	1,811,500	654,045	4,745,101
2012-2016	10,534,239	8,846,034	1,928,138	21,308,411
2017-2021	8,922,831	7,183,321	487,900	16,594,052
2022-2026	6,988,890	3,333,429	0	10,322,319
2027-2029	2,281,161	0	0	2,281,161
Total	<u>\$ 40,618,864</u>	<u>\$ 28,420,284</u>	<u>\$ 6,621,335</u>	<u>\$ 75,660,483</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 \$5,264,197 in 2006. During 2006, 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, 2006, for the outstanding bond issues consisted of the following:

	June 30 2006
Debt service reserve funds	\$ 2,956,862
Bond funds	2,332,448
Project fund	<u>6,413,471</u>
Total	<u>\$ 11,702,781</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.

H. 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 \$2,854,685 in 2006. Employee contributions were \$3,280,301 in 2006. Participants in the plan are permitted to direct investments into various investment funds offered through the insurance company administering the plan.

I. FOUNDATION

At June 30, 2006, the foundation's assets total \$1,187,708, and consist of cash and investments. A portion of the investments at June 30, 2006, totaling \$761,365, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. Net assets at June 30, 2006, total \$1,176,332, and the 2006 statement of revenues, expenses, and changes in net assets includes foundation contribution revenue of \$691,029, net investment income of \$75,478, and distributions and other expenses of \$660,644. 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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Assets, Liabilities, and Equity

a. Cash and Investments

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

b. 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.

c. Capital Assets and Depreciation

In the basic financial statements, long-term assets are accounted for and capitalized 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 capital assets is recorded as an expense in the Statement of Activities. 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:

<u>Assets</u>	<u>Years</u>
Buildings	25 – 50
Improvements	10 – 50
Machinery and equipment	3 – 20

d. Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2006, 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.

2. Revenues and Expenses

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 nonoperating.

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.

3. 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.

B. 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. Changes in fixed assets and depreciation are as follows:

Description	Balance		Balance	Accumulated	Net Value
	July 1, 2005 (Restated)	Additions			
Land	\$ 40,000	\$ 0	\$ 40,000	\$ 0	\$ 40,000
Building and improvements	957,608	8,868	966,476	462,202	504,274
Furniture and equipment	471,773	45,048	516,821	271,107	245,714
Totals	<u>\$ 1,469,381</u>	<u>\$ 53,916</u>	<u>\$ 1,523,297</u>	<u>\$ 733,309</u>	<u>\$ 789,988</u>

Depreciation expense for the fiscal year ended June 30, 2006, amounted to \$74,592.

C. 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.

D. 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 \$8,831 per month through December 31, 2006.

E. 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, 2006, the Blount County Emergency Communications District contributed \$85,396 to the plan, in addition to \$41,863 withheld from employees.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2005. 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.

F. 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, 2005, at \$3,500 per month.

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

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2007	\$ 43,050
2008	45,204
2009	47,466
2010	49,836
2011	25,524

G. 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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Assets, Liabilities, and Equity

a. Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand and money market accounts of the Public Building Authority.

Investments are carried at fair value. Fair value is based on quoted market price.

b. 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.

2. 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.

3. 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.

B. 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:

1. 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.

2. 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.

3. 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, 2006.

C. 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, 2006.

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

A summary of bond transactions of the authority for the period from July 1, 2005, through June 30, 2006, is as follows:

	Public Facility Bonds
Debt payable - July 1, 2005	\$ 135,260,000
Issued during the period	50,650,000
Debt retired	<u>(2,340,000)</u>
Debt payable - June 30, 2006	<u>\$ 183,570,000</u>

Bonds payable at June 30, 2006, 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 from 4% to 5.2%	\$ 7,275,000
\$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%	16,405,000
\$7,000,000 - 1999 Public Facility Bonds due in installments of \$300,000 to \$575,000 through June 30, 2019; interest from 4.15% to 5.40%	5,615,000
\$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%	3,100,000
\$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%	7,525,000
\$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%	14,000,000

<u>Public Facility Bonds (Cont.)</u>	<u>Amount Outstanding</u>
\$13,650,000 - 2005 Public Facility Bonds due in installments of \$400,000 in June 2012 through June 2016 and installments beginning June 2024 through June 2027 ranging from \$2,300,000 to \$3,775,000; interest at 5%	\$ 13,650,000
\$35,000,000 - 2006 Local Government Improvement Bonds due in installments of \$1,000,000 beginning June 2024 through June 2028 and \$5,000,000 beginning June 2032 through June 2037; interest at 5%	35,000,000
\$2,000,000 - 2006 Local Government Improvement Bonds due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; interest at 5.982%	<u>2,000,000</u>
Total Bonds Outstanding	<u>\$ 183,570,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2006, including interest payments, are \$351,521,249 as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2007	\$ 11,064,960
2008	11,375,083
2009	11,361,500
2010	11,351,570
2011	11,313,539
2012-2016	57,264,397
2017-2021	67,509,230
2022-2026	65,838,304
2027-2031	69,192,666
2032-2036	30,000,000
2037	<u>5,250,000</u>
Total	<u>\$ 351,521,249</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 Conduit Debt.

E. 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, 2006, 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.

F. AGREEMENTS AND CONTRACTUAL OBLIGATIONS

During the years ended June 30, 1997, through June 30, 2006, the PBA entered into ten loan agreements with Blount County, Tennessee, whereby PBA has issued revenue bonds amounting to \$156,850,000. 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, 2006, 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	14,000,000
13,650,000	9,727,853
35,000,000	0
2,000,000	0

During the year ended June 30, 2006, five 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	\$ 686,887
Maryville Parking Garage	1,203,136
Health Department Dental Clinic/Addition	7,219
Carpenter Elementary School	9,400,128
Health Department Primary Care Clinic	171,341
New William Blount Middle School	388,424
Highway Department - Land Development Project	9,920
Magistrate's Office	38,340
Schools Capital Outlay	692,797
Schools - Operations & Maintenance Improvements	<u>753,152</u>
Total Construction	<u>\$ 13,351,344</u>

Administration:

Salaries	\$ 213,889
Other Administrative Expense	<u>60,142</u>
Total Administration	<u>\$ 274,031</u>

G. LITIGATION

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

H. 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 \$892,965,000 have been issued on behalf of the following entities: Cities of Oak Ridge, Knoxville, Fayetteville, Hendersonville, Alcoa, Etowah, Greenville, Lexington, Maryville, Winchester, Johnson City, Morristown, Cleveland, Mt. Juliet, Sevierville, Erwin, and Red Bank; Counties of Blount, Roane, Claiborne, Jefferson, Monroe, Coffee, Hamblen, Morgan, Warren, Greene, Campbell, Cumberland, Hawkins, White, Bradley, and Johnson; Cleveland Utilities Board and Hamblen (MHH).

I. 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 \$892,965,000 to other governmental entities (Notes 8) as of June 30, 2006. 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.

J. CAPITAL ASSETS

Capital assets at June 30, 2006, consist of a vehicle being depreciated over five years using the straight-line method of depreciation. Depreciation expense for the year ended June 30, 2006, amounted to \$776.

K. BOND ISSUE COSTS/AMORTIZATION

Bond issue costs incurred are being amortized over the life of the bond issues. Costs amounting to \$500,325, \$94,156, and \$476,825 are being amortized over 24 years and 22 years, respectively. Amortization expense amounted to \$35,060 for the year ended June 30, 2006.

L. PAYROLL AND PERSONNEL

The authority's personnel are paid by Blount County, Tennessee. Salaries and payroll taxes for PBA personnel totaled \$213,889 for the year ended June 30, 2006. 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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 19,314,485	\$ 0	\$ 0	\$ 19,314,485	\$ 18,900,274	\$ 19,000,274	\$ 314,211
Licenses and Permits	842,492	0	0	842,492	989,829	989,829	(147,337)
Fines, Forfeitures, and Penalties	873,467	0	0	873,467	652,176	765,960	107,507
Charges for Current Services	374,887	0	0	374,887	467,979	467,979	(93,092)
Other Local Revenues	780,252	0	0	780,252	592,375	802,745	(22,493)
Fees Received from County Officials	6,180,718	0	0	6,180,718	5,218,916	5,272,436	908,282
State of Tennessee	2,707,454	0	0	2,707,454	3,592,040	2,983,427	(275,973)
Federal Government	3,463,872	0	0	3,463,872	2,303,925	4,602,116	(1,138,244)
Other Governments and Citizens Groups	126,153	0	0	126,153	30,561	150,080	(23,927)
Total Revenues	\$ 34,663,780	\$ 0	\$ 0	\$ 34,663,780	\$ 32,748,075	\$ 35,034,846	\$ (371,066)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 202,519	\$ (5,088)	\$ 4,491	\$ 201,922	\$ 202,773	\$ 202,773	\$ 851
Board of Equalization	4,852	(30)	305	5,127	2,799	5,299	172
Beer Board	26	(174)	148	0	477	477	477
Budget and Finance Committee	3,124	0	0	3,124	3,134	3,134	10
County Mayor/Executive	239,442	(2,234)	912	238,120	250,921	250,921	12,801
Personnel Office	139,864	(7,568)	7,450	139,746	149,473	149,473	9,727
Election Commission	865,872	(742)	26,915	892,045	376,566	939,066	47,021
Register of Deeds	452,480	(2,383)	1,552	451,649	515,068	515,068	63,419
Planning	196,929	(2,577)	2,633	196,985	205,987	205,987	9,002
Building	111,915	(1,046)	3,882	114,751	303,555	303,556	188,805
Codes Compliance	101,674	(8,231)	6,524	99,967	115,682	115,682	15,715
County Buildings	1,128,073	(53,038)	44,080	1,119,115	1,040,520	1,130,956	11,841
Other General Administration	467,679	(75)	8,863	476,467	467,203	477,003	536
Preservation of Records	83,203	(14,475)	19,397	88,125	103,641	103,641	15,516

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 145,849	\$ (14,465)	\$ 24,075	\$ 155,459	\$ 196,174	\$ 196,174	\$ 40,715
<u>Finance</u>							
Accounting and Budgeting	791,892	(681)	1,282	792,493	815,909	815,909	23,416
Purchasing	283,596	(4,240)	2,356	281,712	308,593	308,593	26,881
Property Assessor's Office	776,718	(144,353)	203,880	836,245	843,263	843,263	7,018
Reappraisal Program	281,237	(6,635)	23,367	297,969	275,141	322,641	24,672
County Trustee's Office	369,880	(2,067)	2,209	370,022	363,237	370,121	99
County Clerk's Office	985,928	(11,341)	1,892	976,479	1,004,511	1,004,511	28,032
Data Processing	578,196	(35,762)	47,842	590,276	606,462	606,462	16,186
<u>Administration of Justice</u>							
Circuit Court	175,534	(28,121)	45,350	192,763	202,085	216,328	23,565
Circuit Court Clerk	1,694,083	(40,576)	49,389	1,702,896	1,708,469	1,749,673	46,777
General Sessions Court	880,250	(11,294)	11,125	880,081	924,311	942,821	62,740
Chancery Court	441,282	(3,340)	3,499	441,441	465,382	469,642	28,201
Juvenile Court	480,776	(11,891)	17,271	486,156	545,369	543,628	57,472
Office of Public Defender	39,883	(282)	318	39,919	42,597	55,493	15,574
Other Administration of Justice	272,737	0	0	272,737	246,442	272,792	55
<u>Public Safety</u>							
Sheriff's Department	8,140,345	(103,520)	509,497	8,546,322	7,992,273	8,850,432	304,110
Special Patrols	39,979	(165)	0	39,814	42,272	42,326	2,512
Traffic Control	17,705	0	0	17,705	39,038	26,298	8,593
Drug Enforcement	64,158	0	0	64,158	57,633	68,315	4,157
Jail	5,859,908	(68,905)	124,757	5,915,760	5,736,415	6,211,146	295,386
Workhouse	8,901	0	0	8,901	8,912	8,912	11
Juvenile Services	1,160,767	(16,052)	13,782	1,158,497	1,447,554	1,288,951	130,454
Fire Prevention and Control	4,297	0	0	4,297	4,297	4,297	0

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 120,310	\$ (2,677)	\$ 1,906	\$ 119,539	\$ 149,151	\$ 206,956	\$ 87,417
Disaster Relief	161,010	(97,899)	2,313	65,424	116,021	152,227	86,803
Other Emergency Management	632,228	(24,858)	51,589	658,959	824,990	1,319,661	660,702
County Coroner/Medical Examiner	43,248	0	0	43,248	45,734	45,734	2,486
<u>Public Health and Welfare</u>							
Local Health Center	873,724	(6,726)	94,962	961,960	1,138,720	1,141,194	179,234
Rabies and Animal Control	138,349	0	0	138,349	138,349	138,349	0
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
General Welfare Assistance	240,363	0	0	240,363	194,745	249,377	9,014
Other Local Welfare Services	101,412	0	0	101,412	131,557	131,557	30,145
Sanitation Management	33,997	0	0	33,997	38,147	38,147	4,150
Other Public Health and Welfare	332,923	(5,336)	7,077	334,664	336,587	336,587	1,923
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	592,210	0	0	592,210	555,860	592,210	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	135,065	(204)	72	134,933	127,421	141,578	6,645
Soil Conservation	96,194	(127)	283	96,350	88,873	97,552	1,202
<u>Other Operations</u>							
Tourism	768,732	(21,156)	11,814	759,390	708,361	806,361	46,971
Industrial Development	1,951,909	0	170	1,952,079	846,609	1,952,079	0
Other Economic and Community Development	156,612	(10,000)	11,809	158,421	166,395	166,395	7,974
Veterans' Services	159,205	0	518	159,723	157,602	159,756	33
Other Charges	34,357	(1,040)	444	33,761	42,563	34,103	342
Contributions to Other Agencies	54,900	0	0	54,900	54,900	54,900	0
Miscellaneous	671,458	(9,032)	7,291	669,717	361,679	671,679	1,962

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 63,751	\$ (2,661)	\$ 8,823	\$ 69,913	\$ 71,084	\$ 72,500	\$ 2,587
<u>Capital Projects</u>							
Other General Government Projects	1,225,623	(373,109)	143,069	995,583	1,025,572	1,025,572	29,989
Total Expenditures	\$ 36,139,133	\$ (1,156,176)	\$ 1,551,183	\$ 36,534,140	\$ 34,995,058	\$ 39,216,238	\$ 2,682,098
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (1,475,353)	\$ 1,156,176	\$ (1,551,183)	\$ (1,870,360)	\$ (2,246,983)	\$ (4,181,392)	\$ 2,311,032
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 1,625,380	\$ 0	\$ 0	\$ 1,625,380	\$ 550,000	\$ 1,650,000	\$ (24,620)
Proceeds from Sale of Capital Assets	0	0	0	0	11,335	11,335	(11,335)
Transfers In	300,756	0	0	300,756	340,084	388,565	(87,809)
Transfers Out	(847,224)	0	0	(847,224)	(859,076)	(859,076)	11,852
Total Other Financing Sources (Uses)	\$ 1,078,912	\$ 0	\$ 0	\$ 1,078,912	\$ 42,343	\$ 1,190,824	\$ (111,912)
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ (396,441)	\$ 1,156,176	\$ (1,551,183)	\$ (791,448)	\$ (2,204,640)	\$ (2,990,568)	\$ 2,199,120
	2,866,248	(1,156,176)	0	1,710,072	3,618,972	3,700,000	(1,989,928)
Fund Balance, June 30, 2006							
	\$ 2,469,807	\$ 0	\$ (1,551,183)	\$ 918,624	\$ 1,414,332	\$ 709,432	\$ 209,192

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,380,422	\$ 0	\$ 0	\$ 2,380,422	\$ 2,405,000	\$ 2,405,000	\$ (24,578)
Licenses and Permits	354,226	0	0	354,226	300,000	300,000	54,226
Other Local Revenues	723,522	0	0	723,522	355,200	400,024	323,498
State of Tennessee	3,252,350	0	0	3,252,350	3,533,340	3,533,340	(280,990)
Total Revenues	\$ 6,710,520	\$ 0	\$ 0	\$ 6,710,520	\$ 6,593,540	\$ 6,638,364	\$ 72,156
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 578,463	\$ (771)	\$ 1,391	\$ 579,083	\$ 602,242	\$ 640,962	\$ 61,879
Highway and Bridge Maintenance	4,448,841	(2,381)	28,245	4,474,705	4,140,606	4,095,815	(378,890)
Operation and Maintenance of Equipment	1,325,049	(1,224)	4,069	1,327,894	1,339,034	1,429,359	101,465
Capital Outlay	10,107	0	0	10,107	233,000	183,240	173,133
Total Expenditures	\$ 6,362,460	\$ (4,376)	\$ 33,705	\$ 6,391,789	\$ 6,314,882	\$ 6,349,376	\$ (42,413)
Excess (Deficiency) of Revenues Over Expenditures	\$ 348,060	\$ 4,376	\$ (33,705)	\$ 318,731	\$ 278,658	\$ 288,988	\$ 29,743
Net Change in Fund Balance	\$ 348,060	\$ 4,376	\$ (33,705)	\$ 318,731	\$ 278,658	\$ 288,988	\$ 29,743
Fund Balance, July 1, 2005	58,821	(4,376)	0	54,445	104,250	104,250	(49,805)
Fund Balance, June 30, 2006	\$ 406,881	\$ 0	\$ (33,705)	\$ 373,176	\$ 382,908	\$ 393,238	\$ (20,062)

BLOUNT COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

A. BUDGETARY INFORMATION

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 Blount 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 Blount County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with 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 schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$42,413. This resulted from the accrual of liabilities related to state aid projects due at June 30, 2006. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by the excess of revenues over expenditures in the Highway/Public Works Fund during the year.

**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, 2006

	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	28,061	29,198	613,523	577,141	101,332
Accounts Receivable	0	0	2,715	2,554	370
Due from Other Governments	0	0	6	6	0
Due from Other Funds	6,734	0	0	0	0
Total Assets	<u>\$ 34,795</u>	<u>\$ 29,198</u>	<u>\$ 616,344</u>	<u>\$ 579,701</u>	<u>\$ 101,702</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 814	\$ 0	\$ 28,944	\$ 513	\$ 0
Accrued Payroll	0	0	925	0	0
Payroll Deductions Payable	0	0	743	0	0
Due to Other Funds	0	0	0	0	0
Other Current Liabilities	0	0	0	7,148	0
Total Liabilities	<u>\$ 814</u>	<u>\$ 0</u>	<u>\$ 30,612</u>	<u>\$ 7,661</u>	<u>\$ 0</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 110	\$ 5,215	\$ 85,653	\$ 33,028	\$ 107
Reserved for Other General Purposes	0	0	0	0	0
Unreserved	33,871	23,983	500,079	539,012	101,595
Total Fund Balances	<u>\$ 33,981</u>	<u>\$ 29,198</u>	<u>\$ 585,732</u>	<u>\$ 572,040</u>	<u>\$ 101,702</u>
Total Liabilities and Fund Balances	<u>\$ 34,795</u>	<u>\$ 29,198</u>	<u>\$ 616,344</u>	<u>\$ 579,701</u>	<u>\$ 101,702</u>

(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>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>Endowment</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 54,897	\$ 54,997	\$ 0	\$ 54,997
Equity in Pooled Cash and Investments	7,769	0	1,357,024	485,403	1,842,427
Accounts Receivable	34	1,897	7,570	1,723	9,293
Due from Other Governments	0	0	12	0	12
Due from Other Funds	0	0	6,734	0	6,734
Total Assets	\$ 7,803	\$ 56,794	\$ 1,426,337	\$ 487,126	\$ 1,913,463
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 875	\$ 0	\$ 31,146	\$ 1,723	\$ 32,869
Accrued Payroll	0	0	925	0	925
Payroll Deductions Payable	6	0	749	0	749
Due to Other Funds	283	56,794	57,077	0	57,077
Other Current Liabilities	0	0	7,148	0	7,148
Total Liabilities	\$ 1,164	\$ 56,794	\$ 97,045	\$ 1,723	\$ 98,768
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 2,540	\$ 0	\$ 126,653	\$ 0	\$ 126,653
Reserved for Other General Purposes	0	0	0	485,403	485,403
Unreserved	4,099	0	1,202,639	0	1,202,639
Total Fund Balances	\$ 6,639	\$ 0	\$ 1,329,292	\$ 485,403	\$ 1,814,695
Total Liabilities and Fund Balances	\$ 7,803	\$ 56,794	\$ 1,426,337	\$ 487,126	\$ 1,913,463

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, 2006

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Revenues</u>					
Local Taxes	\$ 9,588	\$ 9,585	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	400,321	22,914
Charges for Current Services	0	0	97,024	0	0
Other Local Revenues	0	0	201,179	26,310	4,994
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	807,223	60	0
Total Revenues	<u>\$ 9,588</u>	<u>\$ 9,585</u>	<u>\$ 1,105,426</u>	<u>\$ 426,691</u>	<u>\$ 27,908</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 8,994	\$ 0	\$ 154,325	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	298
Public Safety	0	0	0	54,505	0
Social, Cultural, and Recreational Services	0	0	1,652,365	0	0
Other Operations	95	6,034	0	0	0
Total Expenditures	<u>\$ 9,089</u>	<u>\$ 6,034</u>	<u>\$ 1,806,690</u>	<u>\$ 54,505</u>	<u>\$ 298</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 499</u>	<u>\$ 3,551</u>	<u>\$ (701,264)</u>	<u>\$ 372,186</u>	<u>\$ 27,610</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 807,224	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 807,224</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 499	\$ 3,551	\$ 105,960	\$ 372,186	\$ 27,610
Fund Balance, July 1, 2005	33,482	25,647	479,772	199,854	74,092
Fund Balance, June 30, 2006	<u>\$ 33,981</u>	<u>\$ 29,198</u>	<u>\$ 585,732</u>	<u>\$ 572,040</u>	<u>\$ 101,702</u>

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	\$ 60,258	\$ 0	\$ 79,431	\$ 0	\$ 79,431
Fines, Forfeitures, and Penalties	55,867	0	479,102	0	479,102
Charges for Current Services	4,379	3,681	105,084	0	105,084
Other Local Revenues	3,876	0	236,359	19,520	255,879
Federal Government	68,495	0	68,495	0	68,495
Other Governments and Citizens Groups	0	0	807,283	0	807,283
Total Revenues	<u>\$ 192,875</u>	<u>\$ 3,681</u>	<u>\$ 1,775,754</u>	<u>\$ 19,520</u>	<u>\$ 1,795,274</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 163,319	\$ 0	\$ 163,319
Finance	0	3,581	3,581	0	3,581
Administration of Justice	287,430	0	287,728	0	287,728
Public Safety	0	100	54,605	0	54,605
Social, Cultural, and Recreational Services	0	0	1,652,365	0	1,652,365
Other Operations	0	0	6,129	19,520	25,649
Total Expenditures	<u>\$ 287,430</u>	<u>\$ 3,681</u>	<u>\$ 2,167,727</u>	<u>\$ 19,520</u>	<u>\$ 2,187,247</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (94,555)</u>	<u>\$ 0</u>	<u>\$ (391,973)</u>	<u>\$ 0</u>	<u>\$ (391,973)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 40,000	\$ 0	\$ 847,224	\$ 0	\$ 847,224
Total Other Financing Sources (Uses)	<u>\$ 40,000</u>	<u>\$ 0</u>	<u>\$ 847,224</u>	<u>\$ 0</u>	<u>\$ 847,224</u>
Net Change in Fund Balances	\$ (54,555)	\$ 0	\$ 455,251	\$ 0	\$ 455,251
Fund Balance, July 1, 2005	61,194	0	874,041	485,403	1,359,444
Fund Balance, June 30, 2006	<u>\$ 6,639</u>	<u>\$ 0</u>	<u>\$ 1,329,292</u>	<u>\$ 485,403</u>	<u>\$ 1,814,695</u>

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,588	\$ 0	\$ 0	\$ 9,588	\$ 10,967	\$ 10,967	\$ (1,379)
Total Revenues	\$ 9,588	\$ 0	\$ 0	\$ 9,588	\$ 10,967	\$ 10,967	\$ (1,379)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 8,994	\$ (62)	\$ 110	\$ 9,042	\$ 9,710	\$ 9,710	\$ 668
<u>Other Operations</u>							
Other Charges	95	0	0	95	750	750	655
Total Expenditures	\$ 9,089	\$ (62)	\$ 110	\$ 9,137	\$ 10,460	\$ 10,460	\$ 1,323
Excess (Deficiency) of Revenues Over Expenditures	\$ 499	\$ 62	\$ (110)	\$ 451	\$ 507	\$ 507	\$ (56)
Net Change in Fund Balance	\$ 499	\$ 62	\$ (110)	\$ 451	\$ 507	\$ 507	\$ (56)
Fund Balance, July 1, 2005	33,482	(62)	0	33,420	35,000	35,000	(1,580)
Fund Balance, June 30, 2006	\$ 33,981	\$ 0	\$ (110)	\$ 33,871	\$ 35,507	\$ 35,507	\$ (1,636)

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,585	\$ 0	\$ 0	\$ 9,585	\$ 7,150	\$ 7,150	\$ 2,435
Total Revenues	\$ 9,585	\$ 0	\$ 0	\$ 9,585	\$ 7,150	\$ 7,150	\$ 2,435
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 6,034	\$ (4,830)	\$ 5,215	\$ 6,419	\$ 6,475	\$ 6,475	\$ 56
Total Expenditures	\$ 6,034	\$ (4,830)	\$ 5,215	\$ 6,419	\$ 6,475	\$ 6,475	\$ 56
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,551	\$ 4,830	\$ (5,215)	\$ 3,166	\$ 675	\$ 675	\$ 2,491
Net Change in Fund Balance	\$ 3,551	\$ 4,830	\$ (5,215)	\$ 3,166	\$ 675	\$ 675	\$ 2,491
Fund Balance, July 1, 2005	25,647	(4,830)	0	20,817	19,449	19,449	1,368
Fund Balance, June 30, 2006	\$ 29,198	\$ 0	\$ (5,215)	\$ 23,983	\$ 20,124	\$ 20,124	\$ 3,859

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 97,024	\$ 0	\$ 0	\$ 97,024	\$ 93,000	\$ 93,000	\$ 4,024
Other Local Revenues	201,179	0	0	201,179	149,800	149,800	51,379
Other Governments and Citizens Groups	807,223	0	0	807,223	807,223	807,223	0
Total Revenues	\$ 1,105,426	\$ 0	\$ 0	\$ 1,105,426	\$ 1,050,023	\$ 1,050,023	\$ 55,403
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 154,325	\$ (15,830)	\$ 17,373	\$ 155,868	\$ 162,526	\$ 162,526	\$ 6,658
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,589,569	(70,037)	64,183	1,583,715	1,648,973	1,648,973	65,258
Other Social, Cultural, and Recreational	62,796	(2,567)	4,097	64,326	72,951	72,951	8,625
Total Expenditures	\$ 1,806,690	\$ (88,434)	\$ 85,653	\$ 1,803,909	\$ 1,884,450	\$ 1,884,450	\$ 80,541
Excess (Deficiency) of Revenues Over Expenditures	\$ (701,264)	\$ 88,434	\$ (85,653)	\$ (698,483)	\$ (834,427)	\$ (834,427)	\$ 135,944
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 807,224	\$ 0	\$ 0	\$ 807,224	\$ 807,224	\$ 807,224	\$ 0
Total Other Financing Sources (Uses)	\$ 807,224	\$ 0	\$ 0	\$ 807,224	\$ 807,224	\$ 807,224	\$ 0
Net Change in Fund Balance	\$ 105,960	\$ 88,434	\$ (85,653)	\$ 108,741	\$ (27,203)	\$ (27,203)	\$ 135,944
Fund Balance, July 1, 2005	479,772	(88,434)	0	391,338	312,768	312,768	78,570
Fund Balance, June 30, 2006	\$ 585,732	\$ 0	\$ (85,653)	\$ 500,079	\$ 285,565	\$ 285,565	\$ 214,514

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 400,321	\$ 0	\$ 0	\$ 400,321	\$ 57,000	\$ 57,000	\$ 343,321
Other Local Revenues	26,310	0	0	26,310	5,000	5,000	21,310
Other Governments and Citizens Groups	60	0	0	60	0	0	60
Total Revenues	<u>\$ 426,691</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 426,691</u>	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 364,691</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 54,505	\$ (10,281)	\$ 33,028	\$ 77,252	\$ 62,000	\$ 85,000	\$ 7,748
Total Expenditures	<u>\$ 54,505</u>	<u>\$ (10,281)</u>	<u>\$ 33,028</u>	<u>\$ 77,252</u>	<u>\$ 62,000</u>	<u>\$ 85,000</u>	<u>\$ 7,748</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 372,186</u>	<u>\$ 10,281</u>	<u>\$ (33,028)</u>	<u>\$ 349,439</u>	<u>\$ 0</u>	<u>\$ (23,000)</u>	<u>\$ 372,439</u>
Net Change in Fund Balance	\$ 372,186	\$ 10,281	\$ (33,028)	\$ 349,439	\$ 0	\$ (23,000)	\$ 372,439
Fund Balance, July 1, 2005	199,854	(10,281)	0	189,573	147,455	147,455	42,118
Fund Balance, June 30, 2006	<u>\$ 572,040</u>	<u>\$ 0</u>	<u>\$ (33,028)</u>	<u>\$ 539,012</u>	<u>\$ 147,455</u>	<u>\$ 124,455</u>	<u>\$ 414,557</u>

Exhibit G-7

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 60,258	\$ 0	\$ 0	\$ 60,258	\$ 45,000	\$ 45,000	\$ 15,258
Fines, Forfeitures, and Penalties	55,867	0	0	55,867	26,200	26,200	29,667
Charges for Current Services	4,379	0	0	4,379	5,000	5,000	(621)
Other Local Revenues	3,876	0	0	3,876	5,000	5,000	(1,124)
Federal Government	68,495	0	0	68,495	63,573	63,573	4,922
Other Governments and Citizens Groups	0	0	0	0	37,900	37,900	(37,900)
Total Revenues	\$ 192,875	\$ 0	\$ 0	\$ 192,875	\$ 182,673	\$ 182,673	\$ 10,202
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 287,430	\$ (975)	\$ 2,540	\$ 288,995	\$ 297,564	\$ 300,684	\$ 11,689
Total Expenditures	\$ 287,430	\$ (975)	\$ 2,540	\$ 288,995	\$ 297,564	\$ 300,684	\$ 11,689
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (94,555)	\$ 975	\$ (2,540)	\$ (96,120)	\$ (114,891)	\$ (118,011)	\$ 21,891
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 40,000	\$ 0	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000	\$ 0
Total Other Financing Sources (Uses)	\$ 40,000	\$ 0	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ (54,555)	\$ 975	\$ (2,540)	\$ (56,120)	\$ (74,891)	\$ (78,011)	\$ 21,891
Fund Balance, June 30, 2006	61,194	(975)	0	60,219	84,618	84,618	(24,399)
	\$ 6,639	\$ 0	\$ (2,540)	\$ 4,099	\$ 9,727	\$ 6,607	\$ (2,508)

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,289,202	\$ 9,070,221	\$ 9,070,221	\$ 218,981
Other Local Revenues	440,883	518,000	530,253	(89,370)
State of Tennessee	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	317,337	214,280	214,280	103,057
Total Revenues	<u>\$ 10,047,422</u>	<u>\$ 10,002,501</u>	<u>\$ 10,014,754</u>	<u>\$ 32,668</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,006,511	\$ 3,820,000	\$ 4,006,511	\$ 0
<u>Interest on Debt</u>				
General Government	5,958,205	7,456,199	7,281,696	1,323,491
<u>Other Debt Service</u>				
General Government	415,971	439,200	439,445	23,474
Total Expenditures	<u>\$ 10,380,687</u>	<u>\$ 11,715,399</u>	<u>\$ 11,727,652</u>	<u>\$ 1,346,965</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (333,265)</u>	<u>\$ (1,712,898)</u>	<u>\$ (1,712,898)</u>	<u>\$ 1,379,633</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (785,000)	\$ 0	\$ (785,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (785,000)</u>	<u>\$ 0</u>	<u>\$ (785,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,118,265)	\$ (1,712,898)	\$ (2,497,898)	\$ 1,379,633
Fund Balance, July 1, 2005	<u>6,937,938</u>	<u>4,983,702</u>	<u>4,983,702</u>	<u>1,954,236</u>
Fund Balance, June 30, 2006	<u>\$ 5,819,673</u>	<u>\$ 3,270,804</u>	<u>\$ 2,485,804</u>	<u>\$ 3,333,869</u>

Proprietary Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or 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, 2006

	Internal Service Funds				Total
	Self- Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	
<u>ASSETS</u>					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 462,795	\$ 1,312,340	\$ 37,981	\$ 2,268,792	\$ 4,081,908
Accounts Receivable	0	12,898	542	12,088	25,528
Due from Other Funds	0	0	60,720	626	61,346
Due from Component Units	0	671,674	24,582	9,040	705,296
Prepaid Items	102,142	0	0	132,072	234,214
Total Assets	<u>\$ 564,937</u>	<u>\$ 1,996,912</u>	<u>\$ 123,825</u>	<u>\$ 2,422,618</u>	<u>\$ 5,108,292</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ 0	\$ 275,394	\$ 10,844	\$ 118,539	\$ 404,777
Due to Other Funds	0	60,720	0	11,813	72,533
Due to Component Units	0	0	0	3,024	3,024
Other Current Liabilities	331,952	942,713	62,270	149,232	1,486,167
Unearned Revenues	0	671,674	24,582	0	696,256
Total Liabilities	<u>\$ 331,952</u>	<u>\$ 1,950,501</u>	<u>\$ 97,696</u>	<u>\$ 282,608</u>	<u>\$ 2,662,757</u>
<u>NET ASSETS</u>					
Unrestricted	<u>\$ 232,985</u>	<u>\$ 46,411</u>	<u>\$ 26,129</u>	<u>\$ 2,140,010</u>	<u>\$ 2,445,535</u>
Total Net Assets	<u>\$ 232,985</u>	<u>\$ 46,411</u>	<u>\$ 26,129</u>	<u>\$ 2,140,010</u>	<u>\$ 2,445,535</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, 2006

	Internal Service Funds				
	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>Operating Revenues</u>					
Self-Insurance Premiums	\$ 774,143	\$ 13,843,844	\$ 673,488	\$ 471,414	\$ 15,762,889
Total Operating Revenues	\$ 774,143	\$ 13,843,844	\$ 673,488	\$ 471,414	\$ 15,762,889
<u>Operating Expenses</u>					
Fiscal Agent Charges	\$ 39,034	\$ 404,135	\$ 144	\$ 60,077	\$ 503,390
Insurance Premiums	0	458,824	0	41,048	499,872
Building and Contents Insurance	104,881	0	0	0	104,881
Other Administrative Expenses	0	78,178	0	0	78,178
Medical Claims	0	12,541,939	659,511	155,050	13,356,500
Liability Insurance	387,785	0	0	0	387,785
Other Self-Insured Claims	286,363	0	0	0	286,363
Medical Clinic Administrative Expenses	0	64,377	0	0	64,377
Medical Clinic Other Contracted Services	0	176,701	0	0	176,701
Total Operating Expenses	\$ 818,063	\$ 13,724,154	\$ 659,655	\$ 256,175	\$ 15,458,047
Operating Income (Loss)	\$ (43,920)	\$ 119,690	\$ 13,833	\$ 215,239	\$ 304,842
<u>Nonoperating Revenues (Expenses)</u>					
Investment Income	\$ 0	\$ 48,161	\$ 2,495	\$ 150,579	\$ 201,235
Total Nonoperating Revenues (Expenses)	\$ 0	\$ 48,161	\$ 2,495	\$ 150,579	\$ 201,235
Income (Loss) Before Transfers	\$ (43,920)	\$ 167,851	\$ 16,328	\$ 365,818	\$ 506,077
Transfers Out	(60,720)	(121,440)	0	(60,720)	(242,880)
Change in Net Assets	\$ (104,640)	\$ 46,411	\$ 16,328	\$ 305,098	\$ 263,197
Net Assets, July 1, 2005	337,625	0	9,801	1,834,912	2,182,338
Net Assets, June 30, 2006	\$ 232,985	\$ 46,411	\$ 26,129	\$ 2,140,010	\$ 2,445,535

Exhibit I-3

Blount County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Internal Service Funds				Total
	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	
<u>Cash Flows from Operating Activities</u>					
Receipts for self-insurance premiums	\$ 858,649	\$ 14,975,618	\$ 615,170	\$ 491,490	\$ 16,940,927
Payments to fiscal agents	(39,034)	(404,135)	(144)	(60,077)	(503,390)
Payments to insurers	(470,522)	(458,824)	0	(41,048)	(970,394)
Payments for claims	(174,193)	(13,027,513)	(678,694)	(452,793)	(14,333,193)
Payments for administrative costs	0	(78,678)	0	0	(78,678)
Payments for medical clinic administrative costs	0	(62,835)	0	0	(62,835)
Payments for medical clinic contracted services	0	(156,817)	0	0	(156,817)
Net cash provided by (used in) operating activities	\$ 174,900	\$ 786,816	\$ (63,668)	\$ (62,428)	\$ 835,620
<u>Cash Flows from Investing Activities</u>					
Interest on investments	\$ 0	\$ 42,483	\$ 2,440	\$ 138,491	\$ 183,414
Net cash provided by (used in) investing activities	\$ 0	\$ 42,483	\$ 2,440	\$ 138,491	\$ 183,414
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers to other funds	\$ (60,720)	\$ (60,720)	\$ 0	\$ (60,720)	\$ (182,160)
Net cash provided by (used in) noncapital financing activities	\$ (60,720)	\$ (60,720)	\$ 0	\$ (60,720)	\$ (182,160)
Increase (decrease) in cash	\$ 114,180	\$ 768,579	\$ (61,228)	\$ 15,343	\$ 836,874
Cash, July 1, 2005	348,615	543,761	99,209	2,253,449	3,245,034
Cash, June 30, 2006	\$ 462,795	\$ 1,312,340	\$ 37,981	\$ 2,268,792	\$ 4,081,908

(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)	\$ (43,920)	\$ 119,690	\$ 13,833	\$ 215,239	\$ 304,842
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 operating receivables	113,109	1,177,044	(64,151)	13,114	1,239,116
(Increase) decrease in prepaid expenses	22,144	0	0	(29,851)	(7,707)
Increase (decrease) in other current operating liabilities	83,567	(509,918)	(13,350)	(260,930)	(700,631)
Net cash provided by (used in) operating activities	\$ 174,900	\$ 786,816	\$ (63,668)	\$ (62,428)	\$ 835,620

Fiduciary Funds

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

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

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 Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	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	\$ 7,830	\$ 25,268	\$ 1,027,543	\$ 0	\$ 551,657	\$ 1,612,298
Cash	0	0	0	0	3,897,555	0	3,897,555
Accounts Receivable	0	0	0	4,547	2,213	799	7,559
Due from Other Governments	2,418,938	245,732	788,877	19,215	0	0	3,472,762
Taxes Receivable	0	2,188,725	7,015,809	0	0	0	9,204,534
Allowance for Uncollectible Taxes	0	(19,240)	(61,674)	0	0	0	(80,914)
Total Assets	<u>\$ 2,418,938</u>	<u>\$ 2,423,047</u>	<u>\$ 7,768,280</u>	<u>\$ 1,051,305</u>	<u>\$ 3,899,768</u>	<u>\$ 552,456</u>	<u>\$ 18,113,794</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 29,629	\$ 0	\$ 0	\$ 29,629
Payroll Deductions Payable	0	0	0	0	0	552,456	552,456
Due to Other Taxing Units	2,418,938	2,423,047	7,768,280	0	0	0	12,610,265
Due to Litigants, Heirs, and Others	0	0	0	0	3,899,768	0	3,899,768
Due to Joint Ventures	0	0	0	969,604	0	0	969,604
Other Current Liabilities	0	0	0	52,072	0	0	52,072
Total Liabilities	<u>\$ 2,418,938</u>	<u>\$ 2,423,047</u>	<u>\$ 7,768,280</u>	<u>\$ 1,051,305</u>	<u>\$ 3,899,768</u>	<u>\$ 552,456</u>	<u>\$ 18,113,794</u>

Exhibit J-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,275,596	\$ 12,275,596	\$ 0
Due From Other Governments	2,121,997	2,418,938	2,121,997	2,418,938
Total Assets	\$ 2,121,997	\$ 14,694,534	\$ 14,397,593	\$ 2,418,938
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,121,997	\$ 14,694,534	\$ 14,397,593	\$ 2,418,938
Total Liabilities	\$ 2,121,997	\$ 14,694,534	\$ 14,397,593	\$ 2,418,938
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,573	\$ 4,527,036	\$ 4,528,779	\$ 7,830
Due From Other Governments	200,737	245,732	200,737	245,732
Accounts Receivable	156	0	156	0
Taxes Receivable	2,051,808	2,188,725	2,051,808	2,188,725
Allowance for Uncollectible Taxes	(23,870)	(19,240)	(23,870)	(19,240)
Total Assets	\$ 2,238,404	\$ 6,942,253	\$ 6,757,610	\$ 2,423,047
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,238,404	\$ 6,942,253	\$ 6,757,610	\$ 2,423,047
Total Liabilities	\$ 2,238,404	\$ 6,942,253	\$ 6,757,610	\$ 2,423,047
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 31,895	\$ 14,725,193	\$ 14,731,820	\$ 25,268
Due From Other Governments	668,840	788,877	668,840	788,877
Accounts Receivable	519	0	519	0
Taxes Receivable	6,840,219	7,015,809	6,840,219	7,015,809
Allowance for Uncollectible Taxes	(79,575)	(61,674)	(79,575)	(61,674)
Total Assets	\$ 7,461,898	\$ 22,468,205	\$ 22,161,823	\$ 7,768,280
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 7,461,898	\$ 22,468,205	\$ 22,161,823	\$ 7,768,280
Total Liabilities	\$ 7,461,898	\$ 22,468,205	\$ 22,161,823	\$ 7,768,280

(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	\$ 620,058	\$ 644,512	\$ 237,027	\$ 1,027,543
Accounts Receivable	4,115	4,547	4,115	4,547
Due From Other Governments	0	19,215	0	19,215
Total Assets	\$ 624,173	\$ 668,274	\$ 241,142	\$ 1,051,305
<u>Liabilities</u>				
Accounts Payable	\$ 13,924	\$ 29,629	\$ 13,924	\$ 29,629
Due to Joint Venture	581,044	586,573	198,013	969,604
Other Current Liabilities	29,205	52,072	29,205	52,072
Total Liabilities	\$ 624,173	\$ 668,274	\$ 241,142	\$ 1,051,305
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,955,054	\$ 27,129,089	\$ 28,186,588	\$ 3,897,555
Accounts Receivable	2,215	2,213	2,215	2,213
Total Assets	\$ 4,957,269	\$ 27,131,302	\$ 28,188,803	\$ 3,899,768
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,957,269	\$ 27,131,302	\$ 28,188,803	\$ 3,899,768
Total Liabilities	\$ 4,957,269	\$ 27,131,302	\$ 28,188,803	\$ 3,899,768
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 405,421	\$ 69,474,750	\$ 69,328,514	\$ 551,657
Accounts Receivable	799	799	799	799
Total Assets	\$ 406,220	\$ 69,475,549	\$ 69,329,313	\$ 552,456
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 406,220	\$ 69,475,549	\$ 69,329,313	\$ 552,456
Total Liabilities	\$ 406,220	\$ 69,475,549	\$ 69,329,313	\$ 552,456

(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	\$ 1,066,947	\$ 101,647,087	\$ 101,101,736	\$ 1,612,298
Cash	4,955,054	27,129,089	28,186,588	3,897,555
Accounts Receivable	7,804	7,559	7,804	7,559
Due From Other Governments	2,991,574	3,472,762	2,991,574	3,472,762
Taxes Receivable	8,892,027	9,204,534	8,892,027	9,204,534
Allowance for Uncollectible Taxes	(103,445)	(80,914)	(103,445)	(80,914)
Total Assets	<u>\$ 17,809,961</u>	<u>\$ 141,380,117</u>	<u>\$ 141,076,284</u>	<u>\$ 18,113,794</u>
<u>Liabilities</u>				
Accounts Payable	\$ 13,924	\$ 29,629	\$ 13,924	\$ 29,629
Payroll Deductions Payable	406,220	69,475,549	69,329,313	552,456
Due to Other Taxing Units	11,822,299	44,104,992	43,317,026	12,610,265
Due to Litigants, Heirs, and Others	4,957,269	27,131,302	28,188,803	3,899,768
Due to Joint Ventures	581,044	586,573	198,013	969,604
Other Current Liabilities	29,205	52,072	29,205	52,072
Total Liabilities	<u>\$ 17,809,961</u>	<u>\$ 141,380,117</u>	<u>\$ 141,076,284</u>	<u>\$ 18,113,794</u>

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.

Exhibit K-1

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 8,782,381	\$ 1,404,610	\$ 10,186,991
Accounts Receivable	0	124,294	124,294
Due from Other Governments	2,052,761	416,559	2,469,320
Due from Primary Government	416	2,608	3,024
Property Taxes Receivable	16,636,382	0	16,636,382
Allowance for Uncollectible Property Taxes	(146,246)	0	(146,246)
Total Assets	<u>\$ 27,325,694</u>	<u>\$ 1,948,071</u>	<u>\$ 29,273,765</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 416,145	\$ 57,095	\$ 473,240
Accrued Payroll	3,820,985	401,025	4,222,010
Payroll Deductions Payable	8,968	1,629	10,597
Due to Primary Government	627,674	77,622	705,296
Other Current Liabilities	529,163	57,167	586,330
Deferred Revenue - Current Property Taxes	15,962,472	0	15,962,472
Deferred Revenue - Delinquent Property Taxes	472,403	0	472,403
Other Deferred Revenues	920,106	0	920,106
Total Liabilities	<u>\$ 22,757,916</u>	<u>\$ 594,538</u>	<u>\$ 23,352,454</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 357,351	\$ 384,685	\$ 742,036
Unreserved, Reported In:			
General Fund	4,210,427	0	4,210,427
Special Revenue Funds	0	968,848	968,848
Total Fund Balances	<u>\$ 4,567,778</u>	<u>\$ 1,353,533</u>	<u>\$ 5,921,311</u>
Total Liabilities and Fund Balances	<u>\$ 27,325,694</u>	<u>\$ 1,948,071</u>	<u>\$ 29,273,765</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, 2006

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)		\$	5,921,311
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	7,333,251	
Add: construction in progress		17,081,495	
Add: buildings and improvements		71,793,865	
Add: other capital assets		<u>810,217</u>	97,018,828
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,392,509
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(840,000)	
Less: compensated absences		<u>(49,611)</u>	<u>(889,611)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 103,443,037</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, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 26,315,466	\$ 0	\$ 26,315,466
Licenses and Permits	2,888	0	2,888
Charges for Current Services	351	4,166,256	4,166,607
Other Local Revenues	839,217	47,602	886,819
State of Tennessee	39,125,169	151,035	39,276,204
Federal Government	458,572	6,425,217	6,883,789
Total Revenues	<u>\$ 66,741,663</u>	<u>\$ 10,790,110</u>	<u>\$ 77,531,773</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 43,958,864	\$ 3,740,842	\$ 47,699,706
Support Services	20,967,287	899,919	21,867,206
Operation of Non-Instructional Services	268,008	6,298,058	6,566,066
Capital Outlay	82,790	0	82,790
Debt Service:			
Principal on Debt	415,000	0	415,000
Interest on Debt	50,200	0	50,200
Other Debt Service	58,917	0	58,917
Total Expenditures	<u>\$ 65,801,066</u>	<u>\$ 10,938,819</u>	<u>\$ 76,739,885</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 940,597</u>	<u>\$ (148,709)</u>	<u>\$ 791,888</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 4,315	\$ 0	\$ 4,315
Transfers Out	0	(4,315)	(4,315)
Total Other Financing Sources (Uses)	<u>\$ 4,315</u>	<u>\$ (4,315)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 944,912	\$ (153,024)	\$ 791,888
Fund Balance, July 1, 2005	3,622,866	1,506,557	5,129,423
Fund Balance, June 30, 2006	<u>\$ 4,567,778</u>	<u>\$ 1,353,533</u>	<u>\$ 5,921,311</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, 2006

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)		\$	791,888
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	112,240	
Less: current year depreciation expense		<u>(2,151,188)</u>	(2,038,948)
(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.			12,476,636
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes/other deferred June 30, 2005	\$	(1,350,181)	
Add: deferred delinquent property taxes/other deferred June 30, 2006		<u>1,392,509</u>	42,328
(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.			
Less: change in compensated absences			<u>(2,986)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>11,683,918</u></u>

Exhibit K-5

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2006

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 379,684	\$ 823,287	\$ 201,639	\$ 1,404,610
Accounts Receivable	0	17,757	106,537	124,294
Due from Other Governments	203,754	204,642	8,163	416,559
Due from Primary Government	0	2,608	0	2,608
Total Assets	<u>\$ 583,438</u>	<u>\$ 1,048,294</u>	<u>\$ 316,339</u>	<u>\$ 1,948,071</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 33,776	\$ 6,557	\$ 16,762	\$ 57,095
Accrued Payroll	280,174	55,485	65,366	401,025
Payroll Deductions Payable	0	1,627	2	1,629
Due to Primary Government	48,868	22,999	5,755	77,622
Other Current Liabilities	40,492	9,856	6,819	57,167
Total Liabilities	<u>\$ 403,310</u>	<u>\$ 96,524</u>	<u>\$ 94,704</u>	<u>\$ 594,538</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 180,128	\$ 176,773	\$ 27,784	\$ 384,685
Unreserved	0	774,997	193,851	968,848
Total Fund Balances	<u>\$ 180,128</u>	<u>\$ 951,770</u>	<u>\$ 221,635</u>	<u>\$ 1,353,533</u>
Total Liabilities and Fund Balances	<u>\$ 583,438</u>	<u>\$ 1,048,294</u>	<u>\$ 316,339</u>	<u>\$ 1,948,071</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, 2006

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 2,758,516	\$ 1,407,740	\$ 4,166,256
Other Local Revenues	0	33,451	14,151	47,602
State of Tennessee	0	55,913	95,122	151,035
Federal Government	4,329,261	2,095,956	0	6,425,217
Total Revenues	<u>\$ 4,329,261</u>	<u>\$ 4,943,836</u>	<u>\$ 1,517,013</u>	<u>\$ 10,790,110</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 3,740,842	\$ 0	\$ 0	\$ 3,740,842
Support Services	899,919	0	0	899,919
Operation of Non-Instructional Services	0	4,761,397	1,536,661	6,298,058
Total Expenditures	<u>\$ 4,640,761</u>	<u>\$ 4,761,397</u>	<u>\$ 1,536,661</u>	<u>\$ 10,938,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (311,500)</u>	<u>\$ 182,439</u>	<u>\$ (19,648)</u>	<u>\$ (148,709)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (4,315)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,315)</u>
Total Other Financing Sources (Uses)	<u>\$ (4,315)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,315)</u>
Net Change in Fund Balances	\$ (315,815)	\$ 182,439	\$ (19,648)	\$ (153,024)
Fund Balance, July 1, 2005	<u>495,943</u>	<u>769,331</u>	<u>241,283</u>	<u>1,506,557</u>
Fund Balance, June 30, 2006	<u>\$ 180,128</u>	<u>\$ 951,770</u>	<u>\$ 221,635</u>	<u>\$ 1,353,533</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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 26,315,466	\$ 0	\$ 0	\$ 26,315,466	\$ 26,091,000	\$ 26,170,122	\$ 145,344
Licenses and Permits	2,888	0	0	2,888	4,000	4,000	(1,112)
Charges for Current Services	351	0	0	351	0	0	351
Other Local Revenues	839,217	0	0	839,217	493,993	655,026	184,191
State of Tennessee	39,125,169	0	0	39,125,169	38,497,000	38,772,967	352,202
Federal Government	458,572	0	0	458,572	263,000	426,944	31,628
Total Revenues	\$ 66,741,663	\$ 0	\$ 0	\$ 66,741,663	\$ 65,348,993	\$ 66,029,059	\$ 712,604
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 34,135,546	\$ (16,140)	\$ 63,232	\$ 34,182,638	\$ 34,206,500	\$ 34,855,622	\$ 672,984
Special Education Program	6,160,321	(18,295)	23,682	6,165,708	6,378,100	6,397,379	231,671
Vocational Education Program	2,796,038	(15,613)	14,998	2,795,423	2,860,500	2,868,500	73,077
Adult Education Program	202,296	(3,921)	16,069	214,444	186,800	235,990	21,546
Other	664,663	0	17,240	681,903	720,000	720,000	38,097
<u>Support Services</u>							
Attendance	157,965	0	0	157,965	158,650	160,150	2,185
Health Services	446,234	(853)	7,640	453,021	477,200	477,200	24,179
Other Student Support	1,529,761	(7,479)	13,089	1,535,371	1,590,950	1,581,478	46,107
Regular Instruction Program	1,817,623	(4,405)	13,008	1,826,226	1,855,300	1,879,700	53,474
Special Education Program	420,818	(750)	2,004	422,072	417,400	430,000	7,928
Vocational Education Program	66,679	(3,067)	73	63,685	74,950	74,950	11,265
Adult Programs	86,848	(34)	196	87,010	107,000	97,610	10,600
Other Programs	80,479	0	0	80,479	107,150	89,255	8,776
Board of Education	1,003,989	(11,139)	8,584	1,001,434	1,007,971	1,047,671	46,237
Director of Schools	473,064	(11,104)	14,720	476,680	502,725	505,025	28,345

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 4,043,022	\$ (3,180)	\$ 11,101	\$ 4,050,943	\$ 4,151,117	\$ 4,165,617	\$ 114,674
Fiscal Services	2,889	(2,889)	0	0	0	0	0
Operation of Plant	5,580,421	(15,458)	40,204	5,605,167	5,853,950	5,859,072	253,905
Maintenance of Plant	1,525,159	(68,805)	72,872	1,529,226	1,516,500	1,553,900	24,674
Transportation	3,264,049	(5,964)	3,887	3,261,972	3,035,420	3,286,120	24,148
Central and Other	468,287	(13,310)	30,637	485,614	462,700	506,100	20,486
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	268,008	0	4,115	272,123	0	273,066	943
<u>Capital Outlay</u>							
Regular Capital Outlay	82,790	0	0	82,790	95,000	95,000	12,210
<u>Principal on Debt</u>							
Education	415,000	0	0	415,000	415,000	415,000	0
<u>Interest on Debt</u>							
Education	50,200	0	0	50,200	50,200	50,200	0
<u>Other Debt Service</u>							
Education	58,917	0	0	58,917	58,917	58,917	0
Total Expenditures	\$ 65,801,066	\$ (202,406)	\$ 357,351	\$ 65,956,011	\$ 66,290,000	\$ 67,683,522	\$ 1,727,511
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 940,597	\$ 202,406	\$ (357,351)	\$ 785,652	\$ (941,007)	\$ (1,654,463)	\$ 2,440,115
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 4,315	\$ 0	\$ 0	\$ 4,315	\$ 682,007	\$ 4,245	\$ 70
Transfers Out	0	0	0	0	(50,000)	(83,980)	83,980
Total Other Financing Sources (Uses)	\$ 4,315	\$ 0	\$ 0	\$ 4,315	\$ 632,007	\$ (79,735)	\$ 84,050

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 944,912	\$ 202,406	\$ (357,351)	\$ 789,967	\$ (309,000)	\$ (1,734,198)	\$ 2,524,165
Fund Balance, July 1, 2005	3,622,866	(202,406)	0	3,420,460	3,146,525	3,146,525	273,935
Fund Balance, June 30, 2006	\$ 4,567,778	\$ 0	\$ (357,351)	\$ 4,210,427	\$ 2,837,525	\$ 1,412,327	\$ 2,798,100

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,329,261	\$ 0	\$ 0	\$ 4,329,261	\$ 4,982,553	\$ 5,425,264	\$ (1,096,003)
Total Revenues	\$ 4,329,261	\$ 0	\$ 0	\$ 4,329,261	\$ 4,982,553	\$ 5,425,264	\$ (1,096,003)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,874,199	\$ (9,074)	\$ 840	\$ 1,865,965	\$ 1,807,190	\$ 1,916,537	\$ 50,572
Special Education Program	1,629,633	(14,364)	9,032	1,624,301	1,616,836	2,084,035	459,734
Vocational Education Program	231,307	(23,111)	72,823	281,019	261,718	294,391	13,372
Student Body Education Program	4,071	(2,542)	0	1,529	194,998	33,980	32,451
Other	1,632	(1,664)	70	38	0	560	522
<u>Support Services</u>							
Other Student Support	64,062	0	18,530	82,592	74,303	85,780	3,188
Regular Instruction Program	161,508	0	1,038	162,546	235,231	205,627	43,081
Special Education Program	548,267	(13,670)	74,913	609,510	607,534	695,866	86,356
Vocational Education Program	4,025	(2,005)	360	2,380	12,300	8,432	6,052
Transportation	89,010	0	0	89,010	90,717	99,466	10,456
Central and Other	33,047	0	2,522	35,569	43,855	35,632	63
Total Expenditures	\$ 4,640,761	\$ (66,430)	\$ 180,128	\$ 4,754,459	\$ 4,944,682	\$ 5,460,306	\$ 705,847
Excess (Deficiency) of Revenues Over Expenditures	\$ (311,500)	\$ 66,430	\$ (180,128)	\$ (425,198)	\$ 37,871	\$ (35,042)	\$ (390,156)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,266	\$ 33,980	\$ (33,980)
Transfers Out	(4,315)	0	0	(4,315)	(60,137)	(4,315)	0
Total Other Financing Sources (Uses)	\$ (4,315)	\$ 0	\$ 0	\$ (4,315)	\$ (37,871)	\$ 29,665	\$ (33,980)
Net Change in Fund Balance	\$ (315,815)	\$ 66,430	\$ (180,128)	\$ (429,513)	\$ 0	\$ (5,377)	\$ (424,136)
Fund Balance, July 1, 2005	495,943	(66,430)	0	429,513	248,274	248,274	181,239
Fund Balance, June 30, 2006	\$ 180,128	\$ 0	\$ (180,128)	\$ 0	\$ 248,274	\$ 242,897	\$ (242,897)

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures/ (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,758,516	\$ 0	\$ 0	\$ 2,758,516	\$ 2,790,000	\$ 2,870,000	\$ (111,484)
Other Local Revenues	33,451	0	0	33,451	10,000	10,000	23,451
State of Tennessee	55,913	0	0	55,913	56,000	56,000	(87)
Federal Government	2,095,956	0	0	2,095,956	1,783,000	1,906,000	189,956
Total Revenues	\$ 4,943,836	\$ 0	\$ 0	\$ 4,943,836	\$ 4,639,000	\$ 4,842,000	\$ 101,836
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,761,397	\$ (78,882)	\$ 176,773	\$ 4,859,288	\$ 4,761,800	\$ 5,128,000	\$ 268,712
Total Expenditures	\$ 4,761,397	\$ (78,882)	\$ 176,773	\$ 4,859,288	\$ 4,761,800	\$ 5,128,000	\$ 268,712
Excess (Deficiency) of Revenues Over Expenditures	\$ 182,439	\$ 78,882	\$ (176,773)	\$ 84,548	\$ (122,800)	\$ (286,000)	\$ 370,548
Net Change in Fund Balance	\$ 182,439	\$ 78,882	\$ (176,773)	\$ 84,548	\$ (122,800)	\$ (286,000)	\$ 370,548
Fund Balance, July 1, 2005	769,331	(78,882)	0	690,449	452,801	452,801	237,648
Fund Balance, June 30, 2006	\$ 951,770	\$ 0	\$ (176,773)	\$ 774,997	\$ 330,001	\$ 166,801	\$ 608,196

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,407,740	\$ 0	\$ 0	\$ 1,407,740	\$ 1,434,000	\$ 1,305,535	\$ 102,205
Other Local Revenues	14,151	0	0	14,151	5,000	7,000	7,151
State of Tennessee	95,122	0	0	95,122	75,000	75,000	20,122
Total Revenues	\$ 1,517,013	\$ 0	\$ 0	\$ 1,517,013	\$ 1,514,000	\$ 1,387,535	\$ 129,478
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,536,661	\$ (32,621)	\$ 27,784	\$ 1,531,824	\$ 1,532,800	\$ 1,560,335	\$ 28,511
Total Expenditures	\$ 1,536,661	\$ (32,621)	\$ 27,784	\$ 1,531,824	\$ 1,532,800	\$ 1,560,335	\$ 28,511
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,648)	\$ 32,621	\$ (27,784)	\$ (14,811)	\$ (18,800)	\$ (172,800)	\$ 157,989
Net Change in Fund Balance	\$ (19,648)	\$ 32,621	\$ (27,784)	\$ (14,811)	\$ (18,800)	\$ (172,800)	\$ 157,989
Fund Balance, July 1, 2005	241,283	(32,621)	0	208,662	209,500	209,500	(838)
Fund Balance, June 30, 2006	\$ 221,635	\$ 0	\$ (27,784)	\$ 193,851	\$ 190,700	\$ 36,700	\$ 157,151

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, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<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	\$ 1,225,000	\$ 0	\$ 220,000	\$ 1,005,000
Total Notes Payable					\$ 1,225,000	\$ 0	\$ 220,000	\$ 1,005,000
<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	\$ 570,417	\$ 0	\$ 570,417	\$ 0
Jail Project (Series IIB)	10,000,000	Variable	12-31-1996	12-31-16	8,105,000	0	710,000	7,395,000
School & Library	10,000,000	4 to 4.55	11-01-1997	3-1-07	810,000	0	395,000	415,000
School, Jail & Courthouse	20,000,000	4 to 4.55	8-1-1998	4-1-08	2,805,000	0	895,000	1,910,000
Various Purposes	7,000,000	4.15 to 4.8	8-1-1999	4-1-09	1,290,000	0	300,000	990,000
Various Purposes (Series IV-C-1)	39,000,000	Variable(3)	3-1-00	6-1-23	39,000,000	0	0	39,000,000
Library	4,100,000	Variable	12-1-00	6-1-23	3,300,000	0	200,000	3,100,000
Various Purposes (Series A-1-A)	20,000,000	Variable(3)	4-1-01	6-1-30	20,000,000	0	0	20,000,000
Various Purposes (Series A-5-A)	10,000,000	Variable(4)	6-27-02	6-1-30	10,000,000	0	0	10,000,000
Various Purposes (Series B-1-C)	9,100,000	Variable	2-27-03	6-1-30	8,075,000	0	550,000	7,525,000
Various Purposes (Series B-4-A)	10,000,000	Variable(4)	1-29-04	6-1-28	10,000,000	0	0	10,000,000
Various Purposes (Series D-1-B)	14,000,000	Variable(5)	3-17-05	6-1-27	10,140,677	3,859,323	0	14,000,000
Various Purposes (Series D-5-A)	13,650,000	Variable	12-28-05	6-1-27	0	13,650,000	0	13,650,000
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	0	2,000,000	0	2,000,000
School (Series D-8-A)	(1)	Variable	6-29-06	6-1-37	0	569,845	0	569,845
<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	615,783	112,082	51,094	676,771
Total Other Loans Payable					\$ 114,711,877	\$ 20,191,250	\$ 3,671,511	\$ 131,231,616

(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 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT (Cont.)</u>								
<u>BONDS PAYABLE</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	\$ 7,380,000	\$ 0	\$ 70,000	\$ 7,310,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	5,045,000	0	45,000	5,000,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	14,860,000	0	0	14,860,000
Total Bonds Payable					\$ 27,285,000	\$ 0	\$ 115,000	\$ 27,170,000
<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	\$ 1,255,000	\$ 0	\$ 415,000	\$ 840,000
Total Notes Payable					\$ 1,255,000	\$ 0	\$ 415,000	\$ 840,000

- (1) - Total amount available under this Public Building Authority of Blount County Loan Agreement is \$35,000,000, of which \$34,430,155 had not been drawn as of June 30, 2006.
- (2) - Total amount available under this Tennessee State School Bond Authority Agreement is \$817,498, of which \$89,633 had not been drawn as of June 30, 2006.
- (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.
- (5) - These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2006.

Exhibit L-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 200,000	\$ 1,028,178	\$ 1,228,178
2008	630,000	1,022,928	1,652,928
2009	1,675,000	1,006,753	2,681,753
2010	2,085,000	956,503	3,041,503
2011	2,155,000	893,953	3,048,953
2012	2,220,000	825,263	3,045,263
2013	2,305,000	748,269	3,053,269
2014	2,385,000	661,294	3,046,294
2015	2,475,000	576,760	3,051,760
2016	2,585,000	467,560	3,052,560
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>\$ 27,170,000</u>	<u>\$ 8,891,212</u>	<u>\$ 36,061,212</u>

Exhibit L-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2006

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-06
<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>\$ 840,000</u>
Total Notes Receivable						<u><u>\$ 840,000</u></u>

Exhibit L-4

Blount County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2006

From Fund	To Fund	Purpose	Amount
Primary Government:			
General	Public Library	To provide funds for operations	\$ 807,224
General	Other Special Revenue	"	40,000
Other Capital Projects	General	To refund excess cash balance from project	57,876
Self Insurance	General	To provide funds for payroll	60,720
Employee Insurance - Health	General	"	121,440
Worker's Compensation	General	"	60,720
General Debt Service	Other Capital Projects	To provide funds for land purchase	<u>785,000</u>
Total Transfers Primary Government			<u>\$ 1,932,980</u>
Discretely Presented Blount County School Department:			
School Federal Projects	General Purpose School	To transfer local grant revenues	<u>\$ 4,315</u>
Total Transfers Discretely Presented Blount County School Department			<u>\$ 4,315</u>

Exhibit L-5

Blount County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 107,466	\$ 50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	72,728	100,000	"
Director of Schools	Board of Education	100,990 (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 Finance	County Commission	77,172	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> , and County Commission	86,810 (2)	25,000	"
Purchasing Agent	County Commission	53,081	25,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty			500,000	Zurich Insurance Services, Inc.
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 \$5,581 for serving as director of Juvenile Detention Center, law enforcement training supplement of \$1,037, and \$7,507 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, 2006

	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	\$ 15,124,834	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	0	0	0	0	0	0
Trustee's Collections - Prior Year	679,084	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	81,709	0	0	0	0	0
Interest and Penalty	91,567	0	0	0	0	0
Pick-up Taxes	66,279	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	321,708	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	1,593,827	0	0	0	0	0
Litigation Tax - General	439,155	0	0	0	0	0
Litigation Tax - Special Purpose	0	9,588	9,585	0	0	0
Business Tax	422,852	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	12,245	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	261,904	0	0	0	0	0
Wholesale Beer Tax	219,321	0	0	0	0	0
Total Local Taxes	\$ 19,314,485	\$ 9,588	\$ 9,585	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 977	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	475,310	0	0	0	0	0
<u>Permits</u>						
Building Permits	365,107	0	0	0	0	0
Other Permits	1,098	0	0	0	0	0
Total Licenses and Permits	\$ 842,492	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 5,721	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	4,271	0
Drug Court Fees	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	1,953
DUI Treatment Fines	0	0	0	0	0	0
<u>Criminal Court</u>						
Fines	11,121	0	0	0	0	0
Officers Costs	37,283	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	166,200	0	0	0	0	0
Officers Costs	501,130	0	0	0	0	0
Game and Fish Fines	1,483	0	0	0	0	0
Drug Control Fines	0	0	0	0	35,035	0
Jail Fees	53,758	0	0	0	0	0
District Attorney General Fees	80,485	0	0	0	0	20,961
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,738	0	0	0	0	0
Courtroom Security Fee	2,119	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	8,146	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	283	0	0	0	361,015	0
Total Fines, Forfeitures, and Penalties	\$ 873,467	\$ 0	\$ 0	\$ 0	\$ 400,321	\$ 22,914
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 12,777	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	253,370	0	0	3,271	0	0
<u>Fees</u>						
Copy Fees	6,592	0	0	5,788	0	0
Library Fees	0	0	0	87,965	0	0
Telephone Commissions	22,074	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>Fees (Cont.)</u>						
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Register	67,228	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	12,846	0	0	0	0	0
Total Charges for Current Services	\$ 374,887	\$ 0	\$ 0	\$ 97,024	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 135,043	\$ 0	\$ 0	\$ 40,088	\$ 26,310	\$ 4,994
Lease/Rentals	30,942	0	0	0	0	0
Sale of Materials and Supplies	277,392	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Maps	2,124	0	0	0	0	0
Miscellaneous Refunds	8,382	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	35,544	0	0	0	0	0
Sale of Property	0	0	0	0	0	0
Contributions & Gifts	21,482	0	0	12,704	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	269,343	0	0	148,387	0	0
Total Other Local Revenues	\$ 780,252	\$ 0	\$ 0	\$ 201,179	\$ 26,310	\$ 4,994
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 1,253,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	322,131	0	0	0	0	0
General Sessions Court Clerk	1,624,417	0	0	0	0	0
Clerk and Master	364,656	0	0	0	0	0
Register	1,033,493	0	0	0	0	0
Sheriff	45,686	0	0	0	0	0
Trustee	1,536,817	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,180,718	\$ 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	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	38,119	0	0	0	0	0
Other General Government Grants	41,000	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	73,137	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	712,560	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	74,338	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	252,868	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0
Alcoholic Beverage Tax	105,935	0	0	0	0	0
Mixed Drink Tax	49,315	0	0	0	0	0
Contracted Prisoner Boarding	1,124,054	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	20,475	0	0	0	0	0
Other State Grants	138,155	0	0	0	0	0
Other State Revenues	51,286	0	0	0	0	0
Total State of Tennessee	\$ 2,707,454	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 373,997	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	668,371	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	2,421,504	0	0	0	0	0
Total Federal Government	\$ 3,463,872	\$ 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>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 124,915	\$ 0	\$ 0	\$ 807,223	\$ 0	\$ 0
Contracted Services	1,238	0	0	0	0	0
<u>Other</u>						
Other	0	0	0	0	60	0
Total Other Governments and Citizens Groups	<u>\$ 126,153</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 807,223</u>	<u>\$ 60</u>	<u>\$ 0</u>
Total	<u>\$ 34,663,780</u>	<u>\$ 9,588</u>	<u>\$ 9,585</u>	<u>\$ 1,105,426</u>	<u>\$ 426,691</u>	<u>\$ 27,908</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	\$ 8,542,402	\$ 0	\$ 0	\$ 23,667,236
Discount on Property Taxes	0	0	0	(110,462)	0	0	(110,462)
Trustee's Collections - Prior Year	0	0	0	381,881	0	0	1,060,965
Circuit/Clerk & Master Collections - Prior Years	0	0	0	45,590	0	0	127,299
Interest and Penalty	0	0	0	51,573	0	0	143,140
Pick-up Taxes	0	0	0	37,279	0	0	103,558
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	321,708
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	105,183	0	0	105,183
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	2,194,306	0	0	0	2,194,306
Hotel/Motel Tax	0	0	0	0	0	0	1,593,827
Litigation Tax - General	60,258	0	0	0	0	0	499,413
Litigation Tax - Special Purpose	0	0	0	0	0	0	19,173
Business Tax	0	0	0	235,756	0	0	658,608
Mineral Severance Tax	0	0	186,116	0	0	0	186,116
Other County Local Option Taxes	0	0	0	0	0	0	12,245
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	261,904
Wholesale Beer Tax	0	0	0	0	0	0	219,321
Total Local Taxes	\$ 60,258	\$ 0	\$ 2,380,422	\$ 9,289,202	\$ 0	\$ 0	\$ 31,063,540
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 977
Cable TV Franchise	0	0	0	0	0	0	475,310
<u>Permits</u>							
Building Permits	0	0	0	0	0	0	365,107
Other Permits	0	0	354,226	0	0	0	355,324
Total Licenses and Permits	\$ 0	\$ 0	\$ 354,226	\$ 0	\$ 0	\$ 0	\$ 1,196,718

(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	5,721
Drug Control Fines	0	0	0	0	0	0	4,271
Drug Court Fees	26,841	0	0	0	0	0	26,841
District Attorney General Fees	0	0	0	0	0	0	1,953
DUI Treatment Fines	1,235	0	0	0	0	0	1,235
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	11,121
Officers Costs	0	0	0	0	0	0	37,283
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	166,200
Officers Costs	0	0	0	0	0	0	501,130
Game and Fish Fines	0	0	0	0	0	0	1,483
Drug Control Fines	0	0	0	0	0	0	35,035
Jail Fees	0	0	0	0	0	0	53,758
District Attorney General Fees	0	0	0	0	0	0	101,446
DUI Treatment Fines	27,791	0	0	0	0	0	27,791
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	5,738
Courtroom Security Fee	0	0	0	0	0	0	2,119
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	8,146
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	361,298
Total Fines, Forfeitures, and Penalties	\$ 55,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,352,569
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,777
Other General Service Charges	0	0	0	0	0	0	256,641
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	12,380
Library Fees	0	0	0	0	0	0	87,965
Telephone Commissions	0	0	0	0	0	0	22,074

(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		
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	Total	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Constitutional Officers' Fees and Commissions	\$ 0	\$ 3,681	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,681	
Data Processing Fee - Register	0	0	0	0	0	0	67,228	
<u>Other Charges for Services</u>								
Other Charges for Services	4,379	0	0	0	0	0	17,225	
Total Charges for Current Services	\$ 4,379	\$ 3,681	\$ 0	\$ 0	\$ 0	\$ 0	\$ 479,971	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 851	\$ 0	\$ 8,525	\$ 417,883	\$ 0	\$ 19,520	\$ 653,214	
Lease/Rentals	0	0	0	23,000	0	0	53,942	
Sale of Materials and Supplies	0	0	0	0	0	0	277,392	
Sale of Gasoline	0	0	330,040	0	0	0	330,040	
Sale of Maps	0	0	0	0	0	0	2,124	
Miscellaneous Refunds	0	0	0	0	0	0	8,382	
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	35,544	
Sale of Property	0	0	382,403	0	0	0	382,403	
Contributions & Gifts	3,025	0	0	0	4,573	0	41,784	
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	2,554	0	0	0	420,284	
Total Other Local Revenues	\$ 3,876	\$ 0	\$ 723,522	\$ 440,883	\$ 4,573	\$ 19,520	\$ 2,205,109	
<u>Fees Received from County Officials</u>								
<u>Fees-In-Lieu of Salary</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,253,518	
Circuit Court Clerk	0	0	0	0	0	0	322,131	
General Sessions Court Clerk	0	0	0	0	0	0	1,624,417	
Clerk and Master	0	0	0	0	0	0	364,656	
Register	0	0	0	0	0	0	1,033,493	
Sheriff	0	0	0	0	0	0	45,686	
Trustee	0	0	0	0	0	0	1,536,817	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,180,718	

(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	
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	Total
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	0	38,119
Other General Government Grants	0	0	0	0	0	0	41,000
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	73,137
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	712,560
<u>Public Works Grants</u>							
State Aid Program	0	0	709,454	0	0	0	709,454
Litter Program	0	0	0	0	0	0	74,338
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	252,868
Beer Tax	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	0	105,935
Mixed Drink Tax	0	0	0	0	0	0	49,315
Contracted Prisoner Boarding	0	0	0	0	0	0	1,124,054
Gasoline and Motor Fuel Tax	0	0	2,457,769	0	0	0	2,457,769
Petroleum Special Tax	0	0	85,127	0	0	0	85,127
Registrar's Salary Supplement	0	0	0	0	0	0	20,475
Other State Grants	0	0	0	0	1,134,032	0	1,272,187
Other State Revenues	0	0	0	0	0	0	51,286
Total State of Tennessee	\$ 0	\$ 0	\$ 3,252,350	\$ 0	\$ 1,134,032	\$ 0	\$ 7,093,836
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	373,997
Other Federal through State	68,495	0	0	0	810,893	0	1,547,759
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	2,421,504
Total Federal Government	\$ 68,495	\$ 0	\$ 0	\$ 0	\$ 810,893	\$ 0	\$ 4,343,260

(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	
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	Total
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 317,337	\$ 3,921,667	\$ 0	\$ 5,171,142
Contracted Services	0	0	0	0	0	0	1,238
<u>Other</u>							
Other	0	0	0	0	0	0	60
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 317,337	\$ 3,921,667	\$ 0	\$ 5,172,440
Total	\$ 192,875	\$ 3,681	\$ 6,710,520	\$ 10,047,422	\$ 5,871,165	\$ 19,520	\$ 59,088,161

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, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 14,972,904	\$ 0	\$ 0	\$ 0	\$ 14,972,904
Discount on Property Taxes	(193,940)	0	0	0	(193,940)
Trustee's Collections - Prior Year	703,274	0	0	0	703,274
Circuit/Clerk & Master Collections - Prior Years	69,125	0	0	0	69,125
Interest and Penalty	91,152	0	0	0	91,152
Pick-up Taxes	65,558	0	0	0	65,558
Payments in-Lieu-of Taxes - T.V.A.	12,153	0	0	0	12,153
Payments in-Lieu-of Taxes - Local Utilities	108,183	0	0	0	108,183
<u>County Local Option Taxes</u>					
Local Option Sales Tax	10,062,340	0	0	0	10,062,340
Business Tax	412,822	0	0	0	412,822
Other County Local Option Taxes	11,895	0	0	0	11,895
Total Local Taxes	\$ 26,315,466	\$ 0	\$ 0	\$ 0	\$ 26,315,466
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,888	\$ 0	\$ 0	\$ 0	\$ 2,888
Total Licenses and Permits	\$ 2,888	\$ 0	\$ 0	\$ 0	\$ 2,888
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 351	\$ 0	\$ 0	\$ 0	\$ 351
<u>Education Charges</u>					
Receipts from Individual Schools	0	0	2,758,516	0	2,758,516
Community Service Fees - Children	0	0	0	1,407,740	1,407,740
Total Charges for Current Services	\$ 351	\$ 0	\$ 2,758,516	\$ 1,407,740	\$ 4,166,607
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 505,834	\$ 0	\$ 33,451	\$ 13,075	\$ 552,360
Lease/Rentals	1,200	0	0	0	1,200
Retirees' Insurance Payments	29,170	0	0	0	29,170
Miscellaneous Refunds	20,273	0	0	0	20,273
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	8,063	0	0	0	8,063
Contributions & Gifts	154,395	0	0	0	154,395
<u>Other Local Revenues</u>					
Other Local Revenues	120,282	0	0	1,076	121,358
Total Other Local Revenues	\$ 839,217	\$ 0	\$ 33,451	\$ 14,151	\$ 886,819
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 36,886,428	\$ 0	\$ 0	\$ 0	\$ 36,886,428
Early Childhood Education	73,727	0	0	0	73,727
School Food Service	0	0	55,913	0	55,913
Driver Education	13,893	0	0	0	13,893
Other State Education Funds	58,058	0	0	95,122	153,180
Career Ladder Program	647,048	0	0	0	647,048

(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	\$ 252,641	\$ 0	\$ 0	\$ 0	\$ 252,641
<u>Other State Revenues</u>					
Mixed Drink Tax	31,715	0	0	0	31,715
State Revenue Sharing - T.V.A.	843,309	0	0	0	843,309
Other State Grants	318,350	0	0	0	318,350
Total State of Tennessee	\$ 39,125,169	\$ 0	\$ 55,913	\$ 95,122	\$ 39,276,204
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,574,499	\$ 0	\$ 1,574,499
Breakfast	0	0	521,457	0	521,457
Adult Education State Grant Program	160,733	0	0	0	160,733
Vocational Education - Basic Grants to States	0	231,965	0	0	231,965
Title I Grants to Local Education Agencies	0	1,450,830	0	0	1,450,830
Innovative Education Program Strategies	0	62,037	0	0	62,037
Special Education - Grants to States	56,735	2,033,277	0	0	2,090,012
Eisenhower Professional Development State Grants	0	473,005	0	0	473,005
Other Federal through State	137,265	78,147	0	0	215,412
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	103,839	0	0	0	103,839
Total Federal Government	\$ 458,572	\$ 4,329,261	\$ 2,095,956	\$ 0	\$ 6,883,789
Total	\$ 66,741,663	\$ 4,329,261	\$ 4,943,836	\$ 1,517,013	\$ 77,531,773

Exhibit L-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Clerical Personnel	\$	36,548	
Temporary Personnel		2,286	
Board and Committee Members Fees		113,155	
Social Security		9,340	
State Retirement		3,253	
Employee and Dependent Insurance		4,260	
Life Insurance		140	
Medical Insurance		5,280	
Dental Insurance		231	
Unemployment Compensation		74	
Employer Medicare		2,183	
Dues and Memberships		5,903	
Operating Lease Payments		1,848	
Legal Notices, Recording, and Court Costs		1,441	
Printing, Stationery, and Forms		3,955	
Travel		4,060	
Tuition		1,372	
Other Contracted Services		5,384	
Data Processing Supplies		122	
Duplicating Supplies		382	
Office Supplies		284	
Other Supplies and Materials		790	
Workers' Compensation Insurance		228	
Total County Commission			\$ 202,519

Board of Equalization

Board and Committee Members Fees	\$	4,470	
Social Security		277	
Unemployment Compensation		36	
Employer Medicare		65	
Workers' Compensation Insurance		4	
Total Board of Equalization			4,852

Beer Board

Legal Notices, Recording, and Court Costs	\$	26	
Total Beer Board			26

Budget and Finance Committee

Operating Lease Payments	\$	716	
Legal Notices, Recording, and Court Costs		573	

(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 (Cont.)

Printing, Stationery, and Forms	\$	477	
Other Contracted Services		239	
Duplicating Supplies		554	
Other Charges		565	
Total Budget and Finance Committee			\$ 3,124

County Mayor/Executive

County Official/Administrative Officer	\$	107,466	
Clerical Personnel		64,455	
Part-time Personnel		7,128	
Social Security		10,066	
State Retirement		15,382	
Employee and Dependent Insurance		24	
Life Insurance		448	
Medical Insurance		15,918	
Dental Insurance		696	
Unemployment Compensation		145	
Employer Medicare		2,626	
Advertising		385	
Dues and Memberships		2,640	
Maintenance & Repair Services - Office Equipment		283	
Printing, Stationery, and Forms		1,495	
Travel		2,346	
Tuition		1,155	
Gasoline		248	
Office Supplies		405	
Periodicals		250	
Other Supplies and Materials		989	
Workers' Compensation Insurance		267	
Other Charges		4,625	
Total County Mayor/Executive			239,442

Personnel Office

Supervisor/Director	\$	63,649
Clerical Personnel		32,579
Social Security		5,554
State Retirement		8,353
Employee and Dependent Insurance		4,425
Life Insurance		317
Medical Insurance		10,120

(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.)

Dental Insurance	\$	443	
Unemployment Compensation		112	
Employer Medicare		1,299	
Advertising		2,333	
Consultants		300	
Dues and Memberships		220	
Operating Lease Payments		1,550	
Legal Services		3,413	
Travel		2,162	
Tuition		1,069	
Office Supplies		1,413	
Other Supplies and Materials		136	
Workers' Compensation Insurance		149	
Other Charges		268	
Total Personnel Office			\$ 139,864

Election Commission

County Official/Administrative Officer	\$	59,496
Clerical Personnel		75,238
Custodial Personnel		475
Temporary Personnel		24,685
Other Salaries & Wages		9,000
Election Commission		19,750
Election Workers		29,765
In-Service Training		2,320
Social Security		11,759
State Retirement		11,723
Employee and Dependent Insurance		3,018
Life Insurance		480
Medical Insurance		15,840
Dental Insurance		693
Unemployment Compensation		727
Employer Medicare		2,750
Operating Lease Payments		713
Legal Notices, Recording, and Court Costs		14,664
Printing, Stationery, and Forms		3,689
Rentals		450
Travel		5,010
Tuition		2,550
Other Contracted Services		1,340

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Duplicating Supplies	\$	162	
Office Supplies		4,571	
Other Supplies and Materials		228	
Workers' Compensation Insurance		434	
Data Processing Equipment		789	
Voting Machines		563,553	
Total Election Commission			\$ 865,872

Register of Deeds

County Official/Administrative Officer	\$	66,117	
Clerical Personnel		240,107	
Part-time Personnel		980	
Social Security		18,572	
State Retirement		26,489	
Employee and Dependent Insurance		9,940	
Life Insurance		1,012	
Medical Insurance		47,520	
Dental Insurance		2,079	
Unemployment Compensation		456	
Employer Medicare		4,343	
Dues and Memberships		670	
Operating Lease Payments		7,212	
Maintenance & Repair Services - Office Equipment		1,266	
Printing, Stationery, and Forms		5,267	
Travel		1,438	
Other Contracted Services		7,318	
Data Processing Supplies		4,185	
Duplicating Supplies		2,384	
Office Supplies		1,145	
Other Supplies and Materials		2,583	
Workers' Compensation Insurance		505	
Furniture and Fixtures		892	
Total Register of Deeds			452,480

Planning

Assistant(s)	\$	71,185
Supervisor/Director		62,050
Social Security		8,023
State Retirement		11,524
Employee and Dependent Insurance		6,390

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Life Insurance	\$	434	
Medical Insurance		14,746	
Dental Insurance		645	
Unemployment Compensation		157	
Employer Medicare		1,876	
Dues and Memberships		13,247	
Operating Lease Payments		2,016	
Legal Notices, Recording, and Court Costs		1,607	
Printing, Stationery, and Forms		245	
Travel		1,038	
Tuition		150	
Duplicating Supplies		296	
Food Supplies		51	
Library Books/Media		370	
Office Supplies		677	
Workers' Compensation Insurance		202	
Total Planning			\$ 196,929

Building

Supervisor/Director	\$	55,722
Clerical Personnel		8,306
Other Salaries & Wages		10,380
Social Security		4,609
State Retirement		3,807
Life Insurance		260
Medical Insurance		10,641
Dental Insurance		466
Unemployment Compensation		261
Employer Medicare		1,078
Dues and Memberships		205
Legal Notices, Recording, and Court Costs		1,690
Printing, Stationery, and Forms		855
Travel		798
Tuition		491
Gasoline		269
Office Supplies		3,012
Textbooks		2,699
Other Supplies and Materials		5,743
Workers' Compensation Insurance		318
Other Charges		37

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Furniture and Fixtures	\$ 268	
Total Building		\$ 111,915

Codes Compliance

Supervisor/Director	\$ 54,835	
Clerical Personnel	9,920	
Social Security	3,936	
State Retirement	5,601	
Employee and Dependent Insurance	4,260	
Life Insurance	231	
Medical Insurance	7,839	
Dental Insurance	343	
Unemployment Compensation	86	
Employer Medicare	920	
Dues and Memberships	3,245	
Maintenance & Repair Services - Vehicles	585	
Printing, Stationery, and Forms	510	
Travel	144	
Duplicating Supplies	164	
Gasoline	1,509	
Office Supplies	270	
Workers' Compensation Insurance	97	
Other Charges	7,179	
Total Codes Compliance		101,674

County Buildings

Supervisor/Director	\$ 52,080
Clerical Personnel	22,846
Custodial Personnel	178,208
Maintenance Personnel	105,530
Part-time Personnel	12,188
Social Security	22,683
State Retirement	31,457
Employee and Dependent Insurance	14,920
Life Insurance	1,244
Medical Insurance	68,640
Dental Insurance	3,003
Unemployment Compensation	849
Employer Medicare	5,305
Communication	120

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Dues and Memberships	\$	96	
Engineering Services		250	
Maintenance Agreements		35,513	
Maintenance & Repair Services - Buildings		26,703	
Maintenance & Repair Services - Equipment		24,114	
Maintenance & Repair Services - Office Equipment		203	
Maintenance & Repair Services - Vehicles		639	
Pest Control		1,200	
Permits		1,498	
Other Contracted Services		3,654	
Custodial Supplies		41,097	
Equipment and Machinery Parts		207	
Gasoline		2,815	
Natural Gas		83,347	
Office Supplies		591	
Periodicals		146	
Tires and Tubes		628	
Uniforms		1,636	
Utilities		366,385	
Vehicle Parts		123	
Other Supplies and Materials		9,069	
Workers' Compensation Insurance		562	
Food Service Equipment		318	
Heating and Air Conditioning Equipment		3,066	
Maintenance Equipment		5,140	
Total County Buildings			\$ 1,128,073

Other General Administration

Audit Services	\$	24,210	
Communication		131,128	
Legal Services		56,821	
Postal Charges		122,899	
Other Contracted Services		1,200	
Electricity		2,189	
Office Supplies		19	
Utilities		6,072	
Boiler Insurance		1,857	
Building and Contents Insurance		12,030	
Vehicle and Equipment Insurance		62,302	
Other Charges		46,952	
Total Other General Administration			467,679

(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

Other Salaries & Wages	\$	56,104	
Social Security		3,419	
State Retirement		3,109	
Employee and Dependent Insurance		1,952	
Life Insurance		174	
Medical Insurance		7,920	
Dental Insurance		346	
Unemployment Compensation		188	
Employer Medicare		800	
Dues and Memberships		230	
Operating Lease Payments		765	
Travel		407	
Tuition		35	
Other Contracted Services		763	
Office Supplies		3,145	
Other Supplies and Materials		3,760	
Workers' Compensation Insurance		86	
Total Preservation of Records			\$ 83,203

Risk Management

Clerical Personnel	\$	3,012
Other Salaries & Wages		68,692
Social Security		4,257
State Retirement		6,109
Employee and Dependent Insurance		6,402
Life Insurance		264
Medical Insurance		10,120
Dental Insurance		443
Unemployment Compensation		144
Employer Medicare		996
Communication		11,429
Dues and Memberships		275
Operating Lease Payments		205
Legal Services		15,029
Legal Notices, Recording, and Court Costs		172
Postal Charges		10,527
Travel		1,209
Tuition		1,598
Other Contracted Services		1,405
Duplicating Supplies		727

(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.)

Gasoline	\$	333	
Office Supplies		890	
Other Supplies and Materials		378	
Workers' Compensation Insurance		122	
Other Charges		306	
Data Processing Equipment		805	
Total Risk Management			\$ 145,849

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	77,172	
Accountants/Bookkeepers		487,959	
Social Security		34,382	
State Retirement		46,260	
Employee and Dependent Insurance		24,255	
Life Insurance		1,910	
Medical Insurance		74,844	
Dental Insurance		3,274	
Unemployment Compensation		1,152	
Employer Medicare		8,041	
Dues and Memberships		3,540	
Operating Lease Payments		5,009	
Printing, Stationery, and Forms		4,298	
Travel		9,752	
Tuition		4,223	
Data Processing Supplies		597	
Office Supplies		1,235	
Workers' Compensation Insurance		852	
Other Charges		3,137	
Total Accounting and Budgeting			791,892

Purchasing

County Official/Administrative Officer	\$	53,081
Purchasing Personnel		137,716
Social Security		11,269
State Retirement		15,340
Employee and Dependent Insurance		17,755
Life Insurance		694
Medical Insurance		30,360
Dental Insurance		1,328

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Unemployment Compensation	\$	409	
Employer Medicare		2,636	
Dues and Memberships		738	
Operating Lease Payments		1,848	
Legal Notices, Recording, and Court Costs		2,007	
Maintenance & Repair Services - Office Equipment		172	
Printing, Stationery, and Forms		1,192	
Travel		1,440	
Tuition		1,250	
Data Processing Supplies		222	
Duplicating Supplies		293	
Office Supplies		710	
Other Supplies and Materials		2,824	
Workers' Compensation Insurance		312	
Total Purchasing			\$ 283,596

Property Assessor's Office

County Official/Administrative Officer	\$	66,117
Assistant(s)		224,690
Clerical Personnel		157,181
Other Per Diem & Fees		12,600
Social Security		27,569
State Retirement		39,840
Employee and Dependent Insurance		33,015
Life Insurance		1,663
Medical Insurance		63,360
Dental Insurance		2,772
Unemployment Compensation		672
Employer Medicare		6,448
Advertising		279
Communication		1,364
Data Processing Services		44,896
Dues and Memberships		2,672
Operating Lease Payments		3,590
Legal Services		17,161
Maintenance & Repair Services - Vehicles		707
Printing, Stationery, and Forms		627
Rentals		1,556
Travel		4,057
Tuition		200

(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.)

Other Contracted Services	\$	17,164	
Duplicating Supplies		1,066	
Gasoline		1,157	
Office Supplies		3,148	
Other Supplies and Materials		1,981	
Workers' Compensation Insurance		687	
Other Charges		37,547	
Data Processing Equipment		27	
Office Equipment		905	
Total Property Assessor's Office			\$ 776,718

Reappraisal Program

Assistant(s)	\$	113,639	
Clerical Personnel		27,692	
Temporary/Part-time Personnel		23,910	
Other Per Diem & Fees		7,200	
Social Security		10,310	
State Retirement		12,867	
Employee and Dependent Insurance		13,668	
Life Insurance		637	
Medical Insurance		26,400	
Dental Insurance		1,155	
Unemployment Compensation		336	
Employer Medicare		2,411	
Travel		652	
Other Contracted Services		36,982	
Gasoline		880	
Office Supplies		350	
Utilities		575	
Other Supplies and Materials		369	
Workers' Compensation Insurance		272	
Data Processing Equipment		300	
Furniture and Fixtures		632	
Total Reappraisal Program			281,237

County Trustee's Office

County Official/Administrative Officer	\$	66,117	
Clerical Personnel		175,551	
Temporary Personnel		17,511	
Overtime Pay		3,231	

(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 (Cont.)

Social Security	\$	15,780	
State Retirement		21,098	
Employee and Dependent Insurance		11,780	
Life Insurance		857	
Medical Insurance		34,760	
Dental Insurance		1,521	
Unemployment Compensation		426	
Employer Medicare		3,691	
Dues and Memberships		1,050	
Operating Lease Payments		1,617	
Legal Services		6,475	
Legal Notices, Recording, and Court Costs		264	
Printing, Stationery, and Forms		802	
Travel		1,463	
Tuition		1,065	
Other Contracted Services		354	
Duplicating Supplies		616	
Office Supplies		2,447	
Other Supplies and Materials		688	
Workers' Compensation Insurance		364	
Office Equipment		352	
Total County Trustee's Office			\$ 369,880

County Clerk's Office

County Official/Administrative Officer	\$	66,117
Clerical Personnel		595,675
Part-time Personnel		17,650
Social Security		40,733
State Retirement		55,953
Employee and Dependent Insurance		33,548
Life Insurance		2,369
Medical Insurance		118,800
Dental Insurance		5,198
Unemployment Compensation		1,415
Employer Medicare		9,526
Dues and Memberships		799
Operating Lease Payments		4,861
Printing, Stationery, and Forms		10,654
Travel		1,308
Tuition		20

(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.)

Other Contracted Services	\$	613	
Data Processing Supplies		900	
Gasoline		956	
Office Supplies		12,651	
Periodicals		1,489	
Other Supplies and Materials		531	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		1,048	
Communication Equipment		196	
Furniture and Fixtures		2,818	
Total County Clerk's Office			\$ 985,928

Data Processing

Supervisor/Director	\$	76,199	
Data Processing Personnel		309,453	
Social Security		23,175	
State Retirement		33,141	
Employee and Dependent Insurance		12,780	
Life Insurance		1,369	
Medical Insurance		47,520	
Dental Insurance		2,079	
Unemployment Compensation		517	
Employer Medicare		5,420	
Communication		600	
Data Processing Services		4,339	
Maintenance & Repair Services - Equipment		9,915	
Printing, Stationery, and Forms		12,736	
Travel		913	
Tuition		5,766	
Other Contracted Services		2,476	
Data Processing Supplies		4,163	
Equipment Parts - Light		8,941	
Office Supplies		254	
Workers' Compensation Insurance		588	
Data Processing Equipment		15,563	
Furniture and Fixtures		289	
Total Data Processing			578,196

(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	\$	20,934	
Other Per Diem & Fees		2,850	
Operating Lease Payments		2,688	
Legal Notices, Recording, and Court Costs		99,880	
Maintenance & Repair Services - Office Equipment		407	
Printing, Stationery, and Forms		417	
Travel		1,378	
Tuition		554	
Other Contracted Services		5,524	
Duplicating Supplies		643	
Office Supplies		1,408	
Other Supplies and Materials		2,587	
Workers' Compensation Insurance		105	
Building Improvements		13,289	
Communication Equipment		830	
Furniture and Fixtures		6,828	
Motor Vehicles		15,212	
Total Circuit Court			\$ 175,534

Circuit Court Clerk

County Official/Administrative Officer	\$	66,117
Clerical Personnel		1,045,041
Overtime Pay		13,851
Social Security		67,844
State Retirement		91,957
Employee and Dependent Insurance		63,362
Life Insurance		3,943
Medical Insurance		204,600
Dental Insurance		8,951
Unemployment Compensation		2,575
Employer Medicare		15,867
Bank Charges		108
Communication		753
Dues and Memberships		1,590
Operating Lease Payments		2,281
Maintenance Agreements		4,160
Maintenance & Repair Services - Office Equipment		499
Maintenance & Repair Services - Vehicles		1,449
Printing, Stationery, and Forms		12,870
Travel		7,640

(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.)

Tuition	\$	2,951	
Other Contracted Services		5,636	
Data Processing Supplies		4,824	
Duplicating Supplies		2,735	
Office Supplies		4,788	
Other Supplies and Materials		6,947	
Workers' Compensation Insurance		1,715	
Building Improvements		13,907	
Communication Equipment		1,896	
Data Processing Equipment		21,233	
Furniture and Fixtures		10,853	
Office Equipment		1,140	
Total Circuit Court Clerk			\$ 1,694,083

General Sessions Court

Judge(s)	\$	411,447
Salary Supplements		54,642
Secretary(ies)		91,548
Temporary/Part-time Personnel		5,693
Other Per Diem & Fees		780
Social Security		28,365
State Retirement		48,411
Employee and Dependent Insurance		8,520
Life Insurance		1,126
Medical Insurance		37,840
Dental Insurance		1,656
Unemployment Compensation		254
Employer Medicare		8,055
Communication		45
Dues and Memberships		440
Operating Lease Payments		7,046
Legal Notices, Recording, and Court Costs		124,987
Maintenance & Repair Services - Office Equipment		542
Printing, Stationery, and Forms		6,305
Travel		5,741
Tuition		600
Other Contracted Services		22,612
Library Books/Media		1,975
Office Supplies		1,640
Other Supplies and Materials		3,437

(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.)

Workers' Compensation Insurance	\$	913	
Other Charges		714	
Building Improvements		1,300	
Furniture and Fixtures		2,766	
Office Equipment		850	
Total General Sessions Court			\$ 880,250

Chancery Court

County Official/Administrative Officer	\$	66,117	
Clerical Personnel		237,492	
Social Security		18,407	
State Retirement		26,261	
Employee and Dependent Insurance		12,780	
Life Insurance		1,081	
Medical Insurance		51,040	
Dental Insurance		2,233	
Unemployment Compensation		467	
Employer Medicare		4,305	
Dues and Memberships		724	
Operating Lease Payments		4,563	
Legal Notices, Recording, and Court Costs		3,060	
Printing, Stationery, and Forms		7,649	
Travel		186	
Tuition		40	
Duplicating Supplies		981	
Office Supplies		3,161	
Other Supplies and Materials		256	
Workers' Compensation Insurance		479	
Total Chancery Court			441,282

Juvenile Court

Youth Service Officer(s)	\$	146,319	
Secretary(ies)		23,260	
Other Salaries & Wages		55,782	
Social Security		14,411	
State Retirement		19,421	
Employee and Dependent Insurance		528	
Life Insurance		837	
Medical Insurance		31,680	
Dental Insurance		1,386	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Unemployment Compensation	\$	380	
Employer Medicare		3,370	
Dues and Memberships		130	
Evaluation and Testing		1,454	
Operating Lease Payments		5,589	
Legal Notices, Recording, and Court Costs		154,644	
Medical and Dental Services		794	
Printing, Stationery, and Forms		1,377	
Travel		5,316	
Tuition		1,835	
Other Contracted Services		3,429	
Office Supplies		1,559	
Other Supplies and Materials		35	
Workers' Compensation Insurance		380	
Other Charges		1,997	
Furniture and Fixtures		4,415	
Office Equipment		448	
Total Juvenile Court			\$ 480,776

Office of Public Defender

Clerical Personnel	\$	30,650	
Social Security		1,900	
Unemployment Compensation		159	
Employer Medicare		445	
Travel		779	
Tuition		112	
Other Contracted Services		3,000	
Workers' Compensation Insurance		52	
Other Charges		964	
Furniture and Fixtures		1,822	
Total Office of Public Defender			39,883

Other Administration of Justice

Attendants	\$	195,482
Longevity Pay		3,213
Social Security		12,039
State Retirement		17,028
Employee and Dependent Insurance		12,074
Life Insurance		612
Medical Insurance		23,453

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Dental Insurance	\$	1,122	
Unemployment Compensation		319	
Employer Medicare		2,816	
Workers' Compensation Insurance		4,579	
Total Other Administration of Justice			\$ 272,737

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,685
Assistant(s)		63,774
Supervisor/Director		187,410
Deputy(ies)		3,167,159
Detective(s)		333,441
Lieutenant(s)		169,588
Sergeant(s)		136,974
Accountants/Bookkeepers		53,605
Salary Supplements		16,500
Mechanic(s)		31,335
Clerical Personnel		139,716
Attendants		206,135
Part-time Personnel		9,797
Longevity Pay		81,837
Overtime Pay		302,605
Other Salaries & Wages		10,000
In-Service Training		146,792
Social Security		311,689
State Retirement		423,107
Employee and Dependent Insurance		278,976
Life Insurance		16,887
Medical Insurance		673,404
Dental Insurance		29,517
Unemployment Compensation		7,813
Employer Medicare		72,896
Communication		10,264
Dues and Memberships		5,094
Evaluation and Testing		14,187
Operating Lease Payments		10,278
Legal Services		2,416
Licenses		7,680
Maintenance Agreements		36,288

(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.)

Maintenance & Repair Services - Equipment	\$	46,828	
Maintenance & Repair Services - Vehicles		46,542	
Matching Share		23,750	
Printing, Stationery, and Forms		14,699	
Transportation - Other than Students		2,665	
Travel		52,658	
Tuition		43,905	
Other Contracted Services		11,139	
Basic Skills Materials		33,405	
Data Processing Supplies		15,176	
Duplicating Supplies		2,053	
Electricity		2,106	
Equipment and Machinery Parts		690	
Garage Supplies		1,099	
Gasoline		388,291	
Law Enforcement Supplies		14,504	
Lubricants		5,183	
Office Supplies		9,205	
Small Tools		982	
Tires and Tubes		20,305	
Uniforms		96,043	
Vehicle Parts		38,285	
In-Service/Staff Development		6,464	
Other Supplies and Materials		13,069	
Liability Insurance		4,372	
Workers' Compensation Insurance		128,969	
Other Charges		3,150	
Communication Equipment		49,742	
Data Processing Equipment		35,217	
Total Sheriff's Department			\$ 8,140,345

Special Patrols

Investigator(s)	\$	29,151
Social Security		1,753
State Retirement		2,498
Life Insurance		105
Medical Insurance		4,883
Dental Insurance		214
Unemployment Compensation		43
Employer Medicare		410

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Office Supplies	\$	165	
Workers' Compensation Insurance		<u>757</u>	
Total Special Patrols			\$ 39,979

Traffic Control

Assistant(s)	\$	14,417	
Social Security		893	
Life Insurance		23	
Medical Insurance		1,320	
Dental Insurance		58	
Unemployment Compensation		101	
Employer Medicare		209	
Workers' Compensation Insurance		<u>684</u>	
Total Traffic Control			17,705

Drug Enforcement

Deputy(ies)	\$	34,539	
Clerical Personnel		14,131	
Longevity Pay		1,821	
Social Security		3,100	
State Retirement		3,116	
Life Insurance		129	
Medical Insurance		5,153	
Dental Insurance		225	
Unemployment Compensation		110	
Employer Medicare		725	
Workers' Compensation Insurance		<u>1,109</u>	
Total Drug Enforcement			64,158

Jail

Assistant(s)	\$	36,252
Supervisor/Director		41,985
Captain(s)		51,033
Lieutenant(s)		114,404
Sergeant(s)		109,065
Computer Programmer(s)		136,974
Medical Personnel		183,647
Guards		94,765
Clerical Personnel		152,050
Attendants		1,911,806

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	64,241	
Part-time Personnel		167,727	
Longevity Pay		32,894	
Overtime Pay		110,125	
In-Service Training		28,000	
Social Security		199,930	
State Retirement		248,635	
Employee and Dependent Insurance		166,723	
Life Insurance		11,234	
Medical Insurance		528,535	
Dental Insurance		23,244	
Unemployment Compensation		7,758	
Employer Medicare		46,757	
Contracts with Private Agencies		8,564	
Dues and Memberships		999	
Evaluation and Testing		3,077	
Maintenance & Repair Services - Buildings		688	
Maintenance & Repair Services - Equipment		1,960	
Medical and Dental Services		507,234	
Printing, Stationery, and Forms		3,686	
Travel		26,799	
Tuition		13,495	
Other Contracted Services		8,756	
Custodial Supplies		48,604	
Data Processing Supplies		12,123	
Food Preparation Supplies		12,510	
Food Supplies		274,926	
Prisoners Clothing		7,830	
Uniforms		27,934	
Other Supplies and Materials		65,972	
Workers' Compensation Insurance		85,428	
Other Charges		281,539	
Total Jail			\$ 5,859,908

Workhouse

County Official/Administrative Officer	\$	7,507	
Social Security		457	
State Retirement		643	
Employer Medicare		107	
Workers' Compensation Insurance		187	
Total Workhouse			8,901

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Captain(s)	\$	53,581	
Lieutenant(s)		48,610	
Sergeant(s)		59,541	
Teachers		102,655	
Medical Personnel		18,155	
Guards		56,147	
Attendants		429,923	
Part-time Personnel		10,162	
Overtime Pay		14,806	
Other Salaries & Wages		33,428	
Social Security		43,909	
State Retirement		59,511	
Employee and Dependent Insurance		31,849	
Life Insurance		2,508	
Medical Insurance		116,089	
Dental Insurance		5,079	
Unemployment Compensation		1,430	
Employer Medicare		10,265	
Maintenance Agreements		1,650	
Maintenance & Repair Services - Office Equipment		500	
Medical and Dental Services		3,955	
Printing, Stationery, and Forms		1,385	
Travel		1,307	
Tuition		1,888	
Other Contracted Services		7,040	
Custodial Supplies		201	
Office Supplies		2,619	
Prisoners Clothing		2,133	
Uniforms		6,073	
Other Supplies and Materials		8,038	
Workers' Compensation Insurance		24,528	
Furniture and Fixtures		1,802	
Total Juvenile Services			\$ 1,160,767

Fire Prevention and Control

Contracts with Private Agencies	\$	4,297	
Total Fire Prevention and Control			4,297

Civil Defense

Supervisor/Director	\$	16,615	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Clerical Personnel	\$	30,299	
Social Security		2,863	
State Retirement		4,212	
Life Insurance		181	
Medical Insurance		7,040	
Dental Insurance		308	
Unemployment Compensation		56	
Employer Medicare		670	
Communication		274	
Operating Lease Payments		1,076	
Maintenance & Repair Services - Vehicles		5	
Printing, Stationery, and Forms		450	
Travel		2,100	
Other Contracted Services		317	
Duplicating Supplies		27	
Gasoline		731	
Office Supplies		340	
In-Service/Staff Development		192	
Other Supplies and Materials		447	
Workers' Compensation Insurance		149	
Transfers to Other Funds		12,183	
Other Charges		39,775	
Total Civil Defense			\$ 120,310

Disaster Relief

Overtime Pay	\$	19,906	
Social Security		1,229	
State Retirement		1,706	
Employee and Dependent Insurance		152	
Life Insurance		48	
Medical Insurance		1,724	
Dental Insurance		75	
Employer Medicare		288	
Postal Charges		50	
Printing, Stationery, and Forms		3,898	
Other Contracted Services		17,889	
Other Supplies and Materials		211	
Other Charges		19,473	
Law Enforcement Equipment		94,361	
Total Disaster Relief			161,010

(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

Contracts with Government Agencies	\$	274,044	
Office Supplies		202	
Other Supplies and Materials		114	
Law Enforcement Equipment		357,868	
Total Other Emergency Management			\$ 632,228

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	43,248	
Total County Coroner/Medical Examiner			43,248

Public Health and Welfare

Local Health Center

Guidance Personnel	\$	19,749	
Medical Personnel		427,032	
Clerical Personnel		71,149	
Custodial Personnel		24,467	
Part-time Personnel		1,658	
Social Security		33,058	
State Retirement		41,333	
Employee and Dependent Insurance		38,066	
Life Insurance		1,846	
Medical Insurance		102,696	
Dental Insurance		4,493	
Unemployment Compensation		1,430	
Employer Medicare		7,731	
Communication		10,398	
Contracts with Government Agencies		9,734	
Laundry Service		571	
Operating Lease Payments		4,636	
Maintenance & Repair Services - Buildings		3,504	
Maintenance & Repair Services - Equipment		609	
Medical and Dental Services		179	
Pest Control		359	
Postal Charges		3,578	
Printing, Stationery, and Forms		1,623	
Travel		12,394	
Tuition		60	
Disposal Fees		1,052	
Other Contracted Services		355	
Custodial Supplies		7,499	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Drugs and Medical Supplies	\$	1,393	
Duplicating Supplies		189	
Electricity		20,303	
Office Supplies		4,704	
Periodicals		504	
Other Supplies and Materials		806	
Workers' Compensation Insurance		1,023	
Other Charges		13,199	
Office Equipment		344	
Total Local Health Center			\$ 873,724

Rabies and Animal Control

Contracts with Government Agencies	\$	138,349	
Total Rabies and Animal Control			138,349

Ambulance/Emergency Medical Services

Ambulance Services	\$	60,000	
Total Ambulance/Emergency Medical Services			60,000

General Welfare Assistance

Contributions	\$	238,113	
Pauper Burials		2,250	
Total General Welfare Assistance			240,363

Other Local Welfare Services

Contracts with Private Agencies	\$	101,412	
Total Other Local Welfare Services			101,412

Sanitation Management

Contracts with Government Agencies	\$	9,997	
Contracts with Private Agencies		24,000	
Total Sanitation Management			33,997

Other Public Health and Welfare

Assistant(s)	\$	126,403	
Supervisor/Director		55,870	
Secretary(ies)		24,293	
Part-time Personnel		1,500	
Other Per Diem & Fees		9,000	
Social Security		13,224	

(Continued)

Exhibit L-8

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.)

State Retirement	\$	18,603	
Employee and Dependent Insurance		11,289	
Life Insurance		774	
Medical Insurance		31,944	
Dental Insurance		1,398	
Unemployment Compensation		336	
Employer Medicare		3,093	
Communication		3,480	
Dues and Memberships		180	
Operating Lease Payments		1,296	
Postal Charges		667	
Printing, Stationery, and Forms		215	
Travel		24,676	
Other Contracted Services		129	
Custodial Supplies		415	
Office Supplies		2,012	
Periodicals		36	
Uniforms		345	
Other Supplies and Materials		12	
Workers' Compensation Insurance		325	
Other Charges		139	
Data Processing Equipment		900	
Health Equipment		369	
Total Other Public Health and Welfare			\$ 332,923

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	592,210	
Total Parks and Fair Boards			592,210

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$	4,183	
Contracts with Government Agencies		120,451	
Operating Lease Payments		1,450	
Travel		6,000	
Office Supplies		175	
Utilities		223	
Office Equipment		2,583	
Total Agriculture Extension Service			135,065

(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

Assistant(s)	\$	32,397	
Paraprofessionals		34,904	
Social Security		4,167	
State Retirement		5,822	
Life Insurance		266	
Medical Insurance		10,560	
Dental Insurance		462	
Unemployment Compensation		112	
Employer Medicare		975	
Communication		1,717	
Dues and Memberships		1,145	
Maintenance Agreements		575	
Postal Charges		1,175	
Travel		458	
Instructional Supplies and Materials		50	
Office Supplies		1,306	
Workers' Compensation Insurance		103	
Total Soil Conservation			\$ 96,194

Other Operations

Tourism

Other Salaries & Wages	\$	250,811	
Advertising		373,605	
Dues and Memberships		2,865	
Operating Lease Payments		1,428	
Postal Charges		6,213	
Printing, Stationery, and Forms		14,531	
Travel		3,249	
Tuition		1,240	
Other Contracted Services		31,865	
Office Supplies		160	
Other Supplies and Materials		102	
Other Charges		82,363	
Data Processing Equipment		300	
Total Tourism			768,732

Industrial Development

Contracts with Government Agencies	\$	294,148	
Other Contracted Services		1,425,855	
Site Development		231,906	
Total Industrial Development			1,951,909

(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	\$	72,934	
Communication		9,227	
Maintenance & Repair Services - Buildings		5,875	
Rentals		35,900	
Other Contracted Services		12,021	
Custodial Supplies		5,027	
Office Supplies		1,699	
Utilities		8,334	
Other Supplies and Materials		1,444	
Other Charges		2,417	
Communication Equipment		1,734	
Total Other Economic and Community Development			\$ 156,612

Veterans' Services

County Official/Administrative Officer	\$	58,077	
Supervisor/Director		31,508	
Clerical Personnel		23,365	
Social Security		6,733	
State Retirement		9,770	
Employee and Dependent Insurance		4,260	
Life Insurance		402	
Medical Insurance		15,795	
Dental Insurance		691	
Unemployment Compensation		168	
Employer Medicare		1,575	
Dues and Memberships		55	
Operating Lease Payments		1,812	
Maintenance Agreements		700	
Maintenance & Repair Services - Vehicles		70	
Printing, Stationery, and Forms		165	
Travel		838	
Duplicating Supplies		303	
Gasoline		1,082	
Office Supplies		1,039	
Other Supplies and Materials		249	
Workers' Compensation Insurance		168	
Communication Equipment		380	
Total Veterans' Services			159,205

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Employee and Dependent Insurance	\$	1,000	
Local Retirement		30,896	
Office Supplies		2,461	
Total Other Charges			\$ 34,357

Contributions to Other Agencies

Contributions	\$	45,000	
Dues and Memberships		9,900	
Total Contributions to Other Agencies			54,900

Miscellaneous

Communication	\$	85,000	
Excess Risk Insurance		10,025	
Liability Insurance		146,131	
Trustee's Commission		375,169	
Other Charges		55,133	
Total Miscellaneous			671,458

Highways

Litter and Trash Collection

Attendants	\$	27,061	
Social Security		1,569	
State Retirement		2,319	
Employee and Dependent Insurance		3,677	
Life Insurance		104	
Medical Insurance		5,280	
Dental Insurance		231	
Unemployment Compensation		56	
Employer Medicare		367	
Contracts with Government Agencies		3,499	
Other Contracted Services		16,962	
Other Supplies and Materials		1,858	
Workers' Compensation Insurance		768	
Total Litter and Trash Collection			63,751

Capital Projects

Other General Government Projects

Other Capital Outlay	\$	1,225,623	
Total Other General Government Projects			1,225,623

Total General Fund \$ 36,139,133

(Continued)

Exhibit L-8

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

Courthouse & Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$ 8,994	
Total County Buildings		\$ 8,994

Other Operations

Other Charges

Trustee's Commission	\$ 95	
Total Other Charges		<u>95</u>

Total Courthouse & Jail Maintenance Fund		\$ 9,089
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Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$ 5,940	
Trustee's Commission	<u>94</u>	
Total Other Charges		<u>\$ 6,034</u>

Total Law Library Fund		6,034
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Public Library Fund

General Government

County Buildings

Supervisor/Director	\$ 3,186	
Custodial Personnel	56,197	
Maintenance Personnel	23,148	
Part-time Personnel	7,551	
Social Security	5,472	
State Retirement	7,077	
Employee and Dependent Insurance	7,100	
Life Insurance	322	
Medical Insurance	21,120	
Dental Insurance	924	
Unemployment Compensation	280	
Employer Medicare	1,280	
Maintenance & Repair Services - Buildings	14,868	
Maintenance & Repair Services - Equipment	4,493	
Uniforms	487	
Other Supplies and Materials	675	
Workers' Compensation Insurance	<u>145</u>	
Total County Buildings		\$ 154,325

(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

Libraries

County Official/Administrative Officer	\$	150,837	
Assistant(s)		91,690	
Supervisor/Director		178,269	
Paraprofessionals		168,532	
Custodial Personnel		21,828	
Part-time Personnel		201,375	
Social Security		48,802	
State Retirement		50,168	
Employee and Dependent Insurance		34,795	
Life Insurance		2,244	
Medical Insurance		106,920	
Dental Insurance		4,678	
Unemployment Compensation		2,662	
Employer Medicare		11,413	
Communication		9,899	
Data Processing Services		25,385	
Dues and Memberships		455	
Operating Lease Payments		6,701	
Maintenance Agreements		7,222	
Maintenance & Repair Services - Office Equipment		20	
Pest Control		680	
Postal Charges		5,923	
Printing, Stationery, and Forms		215	
Travel		2,835	
Tuition		1,814	
Permits		851	
Other Contracted Services		33,377	
Custodial Supplies		16,038	
Data Processing Supplies		2,359	
Library Books/Media		167,523	
Office Supplies		17,665	
Periodicals		19,587	
Utilities		155,043	
Other Supplies and Materials		9,335	
Building and Contents Insurance		20,000	
Trustee's Commission		1,389	
Workers' Compensation Insurance		1,261	
Data Processing Equipment		7,881	
Other Equipment		1,898	
Total Libraries			\$ 1,589,569

(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.)

Other Social, Cultural, and Recreational

Part-time Personnel	\$	26,375	
Social Security		1,635	
Unemployment Compensation		180	
Employer Medicare		382	
Food Supplies		323	
Other Supplies and Materials		33,850	
Workers' Compensation Insurance		51	
Total Other Social, Cultural, and Recreational			\$ 62,796

Total Public Library Fund \$ 1,806,690

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	17,316	
Animal Food and Supplies		5,894	
Other Supplies and Materials		27,100	
Trustee's Commission		4,195	
Total Sheriff's Department			\$ 54,505

Total Drug Control Fund 54,505

District Attorney General Fund

Administration of Justice

District Attorney General

Library Books/Media	\$	18	
Trustee's Commission		280	
Total District Attorney General			\$ 298

Total District Attorney General Fund 298

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	54,490	
Probation Officer(s)		29,085	
Secretary(ies)		24,582	
Social Security		6,601	
State Retirement		9,269	
Employee and Dependent Insurance		4,260	

(Continued)

Exhibit L-8

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

Other Special Revenue Fund (Cont.)

Administration of Justice (Cont.)

Criminal Court (Cont.)

Life Insurance	\$	397	
Medical Insurance		15,840	
Dental Insurance		693	
Unemployment Compensation		173	
Employer Medicare		1,544	
Communication		3,144	
Dues and Memberships		595	
Operating Lease Payments		1,014	
Postal Charges		116	
Printing, Stationery, and Forms		1,185	
Travel		10,264	
Tuition		2,207	
Drug Treatment		111,000	
Other Contracted Services		2,467	
Instructional Supplies and Materials		1,218	
Library Books/Media		134	
Office Supplies		1,265	
Other Supplies and Materials		4,768	
Trustee's Commission		959	
Workers' Compensation Insurance		160	
Total Criminal Court			\$ 287,430

Total Other Special Revenue Fund \$ 287,430

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Bank Charges	\$	3,581	
Total County Trustee's Office			\$ 3,581

Public Safety

Sheriff's Department

Bank Charges	\$	100	
Total Sheriff's Department			100

Total Constitutional Officers - Fees Fund 3,681

(Continued)

Exhibit L-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	72,728	
Assistant(s)		62,707	
Supervisor/Director		54,961	
Accountants/Bookkeepers		38,957	
Dispatchers/Radio Operators		33,080	
Clerical Personnel		30,577	
Social Security		18,103	
State Retirement		25,324	
Employee and Dependent Insurance		12,172	
Life Insurance		888	
Medical Insurance		28,428	
Dental Insurance		1,243	
Unemployment Compensation		133	
Employer Medicare		4,234	
Advertising		364	
Communication		5,382	
Dues and Memberships		4,300	
Maintenance Agreements		6,337	
Postal Charges		296	
Printing, Stationery, and Forms		150	
Travel		125	
Tuition		165	
Data Processing Supplies		921	
Drugs and Medical Supplies		619	
Electricity		15,317	
Natural Gas		16,733	
Office Supplies		3,286	
Water and Sewer		1,695	
Boiler Insurance		100	
Building and Contents Insurance		1,939	
Liability Insurance		38,041	
Trustee's Commission		52,927	
Vehicle and Equipment Insurance		38,669	
Workers' Compensation Insurance		3,826	
Liability Claims		1,015	
Other Charges		2,721	
Total Administration			\$ 578,463

Highway and Bridge Maintenance

Supervisor/Director	\$	108,173
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(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Foremen	\$	128,111	
Equipment Operators		205,711	
Equipment Operators - Heavy		115,324	
Equipment Operators - Light		736,121	
Truck Drivers		121,169	
Laborers		121,397	
Overtime Pay		18,178	
Other Salaries & Wages		281,106	
Social Security		111,095	
State Retirement		147,551	
Employee and Dependent Insurance		111,958	
Life Insurance		6,312	
Medical Insurance		264,317	
Dental Insurance		11,564	
Unemployment Compensation		1,219	
Employer Medicare		25,982	
Evaluation and Testing		1,413	
Laundry Service		24,111	
Other Contracted Services		1,558,780	
Asphalt - Hot Mix		124,943	
Asphalt - Liquid		61,547	
Concrete		2,420	
Crushed Stone		61,113	
Pipe - Metal		18,717	
Road Signs		9,529	
Salt		4,811	
Structural Steel		4,760	
Uniforms		4,200	
Wood Products		1,000	
Other Supplies and Materials		10,760	
Workers' Compensation Insurance		20,079	
State Aid Projects		25,370	
Total Highway and Bridge Maintenance			\$ 4,448,841

Operation and Maintenance of Equipment

Supervisor/Director	\$	54,961
Foremen		86,323
Mechanic(s)		285,498
Nightwatchmen		85,587
Clerical Personnel		32,747

(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 (Cont.)

Overtime Pay	\$	8,663	
Social Security		33,331	
State Retirement		47,632	
Employee and Dependent Insurance		36,702	
Life Insurance		1,892	
Medical Insurance		72,455	
Dental Insurance		3,170	
Unemployment Compensation		314	
Employer Medicare		7,795	
Maintenance & Repair Services - Equipment		3,948	
Maintenance & Repair Services - Vehicles		3,871	
Diesel Fuel		89,413	
Equipment and Machinery Parts		59,062	
Gasoline		331,594	
Lubricants		3,046	
Tires and Tubes		7,762	
Other Supplies and Materials		61,892	
Workers' Compensation Insurance		7,391	
Total Operation and Maintenance of Equipment			\$ 1,325,049

Capital Outlay

Furniture and Fixtures	\$	1,077	
Highway Equipment		9,030	
Total Capital Outlay			10,107

Total Highway/Public Works Fund \$ 6,362,460

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	115,000	
Principal on Notes		220,000	
Principal on Other Loans		3,671,511	
Total General Government			\$ 4,006,511

Interest on Debt

General Government

Interest on Bonds	\$	1,135,019	
Interest on Notes		54,129	
Interest on Other Loans		4,769,057	
Total General Government			5,958,205

(Continued)

Exhibit L-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 188,319	
Other Debt Service	227,652	
Total General Government	<u>415,971</u>	\$ 415,971

Total General Debt Service Fund \$ 10,380,687

Other Capital Projects Fund

Other Operations

Industrial Development

Contributions	\$ 5,900,000	
Total Industrial Development	<u>5,900,000</u>	\$ 5,900,000

Payments to Cities

Payments to Schools - Other	\$ 4,751,777	
Total Payments to Cities	<u>4,751,777</u>	4,751,777

Capital Projects

General Administration Projects

Other Contracted Services	\$ 125,544	
Underwriter's Discount	291,037	
Other Debt Issuance Charges	554,559	
Total General Administration Projects	<u>971,140</u>	971,140

Administration of Justice Projects

Other Charges	\$ 2,426	
Total Administration of Justice Projects	<u>2,426</u>	2,426

Public Health and Welfare Projects

Other Contracted Services	\$ 218,619	
Total Public Health and Welfare Projects	<u>218,619</u>	218,619

Social, Cultural, and Recreation Projects

Other Contracted Services	\$ 136,780	
Other Charges	337,860	
Land	576,402	
Building Purchases	210,000	
Total Social, Cultural, and Recreation Projects	<u>1,261,042</u>	1,261,042

Highway & Street Capital Projects

Other Contracted Services	\$ 57,845	
Total Highway & Street Capital Projects	<u>57,845</u>	57,845

(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

Supervisor/Director	\$	140,865	
Clerical Personnel		57,253	
Social Security		10,575	
State Retirement		4,907	
Employee and Dependent Insurance		4,260	
Life Insurance		214	
Medical Insurance		10,560	
Dental Insurance		462	
Unemployment Compensation		98	
Employer Medicare		2,824	
Legal Services		17,443	
Other Contracted Services		11,952,945	
Building Improvements		4,396	
Data Processing Equipment		11,543	
Land		5,000	
Transportation Equipment		36,624	
Other Equipment		83,500	
Other Capital Outlay		564,326	
Total Education Capital Projects			\$ 12,907,795

Total Other Capital Projects Fund \$ 26,070,644

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$	19,520	
Total Miscellaneous			\$ 19,520

Total Endowment Fund 19,520

Total Governmental Funds - Primary Government \$ 81,140,171

Exhibit L-9

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 23,012,631	
Career Ladder Program	458,660	
Career Ladder Extended Contracts	201,779	
Salary Supplements	405,516	
Educational Assistants	954,879	
Overtime Pay	9,108	
Other Salaries & Wages	671	
Certified Substitute Teachers	375,717	
Non-certified Substitute Teachers	262,782	
Social Security	1,557,316	
State Retirement	1,363,000	
Employee and Dependent Insurance	1,118,728	
Life Insurance	85,990	
Medical Insurance	2,780,005	
Dental Insurance	131,389	
Employer Medicare	364,391	
Contracts with Other School Systems	106,550	
Maintenance & Repair Services - Equipment	10,282	
Printing, Stationery, and Forms	6,857	
Other Contracted Services	66,384	
Instructional Supplies and Materials	343,848	
Textbooks	488,083	
Data Processing Equipment	25,000	
Regular Instruction Equipment	5,980	
Total Regular Instruction Program		\$ 34,135,546

Special Education Program

Teachers	\$ 3,696,104
Career Ladder Program	69,240
Career Ladder Extended Contracts	18,000
Clerical Personnel	107,762
Educational Assistants	730,575
Social Security	284,975
State Retirement	246,151
Employee and Dependent Insurance	226,538
Life Insurance	15,704
Medical Insurance	555,010
Dental Insurance	25,429
Employer Medicare	66,648

(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.)

Special Education Program (Cont.)

Contracts with Other Public Agencies	\$	39,607	
Contracts with Private Agencies		13,957	
Maintenance & Repair Services - Equipment		734	
Instructional Supplies and Materials		45,466	
Other Supplies and Materials		653	
In Service/Staff Development		9,450	
Special Education Equipment		8,318	
Total Special Education Program			\$ 6,160,321

Vocational Education Program

Teachers	\$	2,052,503	
Career Ladder Program		30,000	
Career Ladder Extended Contracts		4,000	
Social Security		125,734	
State Retirement		113,469	
Employee and Dependent Insurance		118,440	
Life Insurance		7,552	
Medical Insurance		230,786	
Dental Insurance		10,705	
Employer Medicare		29,405	
Maintenance & Repair Services - Equipment		1,509	
Other Contracted Services		2,571	
Instructional Supplies and Materials		65,247	
Other Supplies and Materials		3,247	
Liability Insurance		870	
Total Vocational Education Program			2,796,038

Adult Education Program

Teachers	\$	118,790	
Paraprofessionals		11,262	
Instructional Computer Personnel		26,400	
Social Security		9,661	
State Retirement		4,085	
Life Insurance		224	
Medical Insurance		10,368	
Dental Insurance		461	
Employer Medicare		2,259	
Advertising		1,172	
Other Contracted Services		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.)

Instruction (Cont.)

Adult Education Program (Cont.)

Instructional Supplies and Materials	\$	10,124	
Workers' Compensation Insurance		450	
Data Processing Equipment		6,790	
Total Adult Education Program			\$ 202,296

Other

Local Retirement	\$	661,903	
Other Charges		2,760	
Total Other			664,663

Support Services

Attendance

Supervisor/Director	\$	79,332	
Clerical Personnel		38,852	
Social Security		7,184	
State Retirement		7,775	
Employee and Dependent Insurance		6,700	
Life Insurance		338	
Medical Insurance		15,459	
Dental Insurance		645	
Employer Medicare		1,680	
Total Attendance			157,965

Health Services

Medical Personnel	\$	343,325	
Social Security		20,944	
State Retirement		17,213	
Employee and Dependent Insurance		8,792	
Life Insurance		817	
Medical Insurance		26,800	
Dental Insurance		1,343	
Employer Medicare		4,898	
Travel		1,914	
Other Contracted Services		250	
Drugs and Medical Supplies		18,110	
Other Supplies and Materials		1,828	
Total Health Services			446,234

(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

Teachers	\$	4,500	
Guidance Personnel		1,092,658	
Social Workers		10,968	
Secretary(ies)		46,227	
Social Security		72,934	
State Retirement		69,635	
Employee and Dependent Insurance		41,957	
Life Insurance		4,227	
Medical Insurance		128,889	
Dental Insurance		5,973	
Employer Medicare		17,046	
Communication		400	
Evaluation and Testing		24,961	
Travel		2,383	
Other Contracted Services		341	
Instructional Supplies and Materials		1,783	
Office Supplies		216	
Other Supplies and Materials		4,380	
In Service/Staff Development		283	
Total Other Student Support			\$ 1,529,761

Regular Instruction Program

Supervisor/Director	\$	124,748	
Librarians		902,655	
Secretary(ies)		131,617	
Educational Assistants		146,257	
Social Security		78,269	
State Retirement		75,474	
Employee and Dependent Insurance		63,029	
Life Insurance		4,482	
Medical Insurance		140,437	
Dental Insurance		6,537	
Employer Medicare		18,304	
Travel		9,606	
Tuition		449	
Library Books/Media		84,001	
Other Supplies and Materials		113	
In Service/Staff Development		31,645	
Total Regular Instruction Program			1,817,623

(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

Supervisor/Director	\$	34,500	
Psychological Personnel		244,673	
Secretary(ies)		36,055	
Social Security		19,073	
State Retirement		16,642	
Employee and Dependent Insurance		13,281	
Life Insurance		904	
Medical Insurance		28,112	
Dental Insurance		1,249	
Employer Medicare		4,461	
Travel		10,746	
Other Contracted Services		3,441	
In Service/Staff Development		7,681	
Total Special Education Program			\$ 420,818

Vocational Education Program

Secretary(ies)	\$	42,961	
Social Security		2,592	
State Retirement		3,769	
Life Insurance		164	
Medical Insurance		10,368	
Dental Insurance		461	
Employer Medicare		606	
Postal Charges		350	
Travel		231	
Office Supplies		2,183	
Other Supplies and Materials		996	
Other Equipment		1,998	
Total Vocational Education Program			66,679

Adult Programs

Supervisor/Director	\$	44,497	
Clerical Personnel		14,518	
Social Security		3,449	
State Retirement		3,134	
Employee and Dependent Insurance		4,442	
Life Insurance		228	
Medical Insurance		10,273	
Dental Insurance		464	

(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.)

Adult Programs (Cont.)

Employer Medicare	\$	806	
Advertising		285	
Workers' Compensation Insurance		250	
In Service/Staff Development		2,686	
Other Charges		1,816	
Total Adult Programs			\$ 86,848

Other Programs

Social Workers	\$	14,490	
Educational Assistants		31,238	
Social Security		2,634	
State Retirement		3,568	
Employee and Dependent Insurance		10,687	
Life Insurance		175	
Medical Insurance		16,336	
Dental Insurance		734	
Employer Medicare		617	
Total Other Programs			80,479

Board of Education

Secretary(ies)	\$	14,878	
Other Salaries & Wages		70,705	
Board and Committee Members Fees		25,200	
Social Security		6,866	
State Retirement		5,781	
Employee and Dependent Insurance		2,417	
Life Insurance		76	
Medical Insurance		4,376	
Dental Insurance		450	
Unemployment Compensation		20,267	
Employer Medicare		1,605	
Audit Services		27,000	
Dues and Memberships		7,811	
Legal Services		16,852	
Printing, Stationery, and Forms		1,652	
Travel		1,982	
Tuition		850	
Other Contracted Services		18,966	
Other Supplies and Materials		1,959	

(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.)

Board of Education (Cont.)

Liability Insurance	\$	84,954	
Trustee's Commission		542,384	
Workers' Compensation Insurance		136,171	
Other Charges		10,787	
Total Board of Education			\$ 1,003,989

Director of Schools

County Official/Administrative Officer	\$	99,990	
Assistant(s)		17,604	
Supervisor/Director		79,303	
Career Ladder Program		1,000	
Secretary(ies)		40,707	
Clerical Personnel		35,767	
Other Salaries & Wages		7,929	
Social Security		15,609	
State Retirement		19,280	
Employee and Dependent Insurance		7,632	
Life Insurance		652	
Medical Insurance		21,014	
Dental Insurance		918	
Disability Insurance		1,404	
Employer Medicare		4,002	
Communication		19,815	
Dues and Memberships		6,676	
Postal Charges		13,262	
Printing, Stationery, and Forms		8,212	
Travel		654	
Other Contracted Services		10,176	
Office Supplies		16,543	
Other Supplies and Materials		847	
Other Charges		40,302	
Administration Equipment		3,766	
Total Director of Schools			473,064

Office of the Principal

Principals	\$	1,213,679	
Accountants/Bookkeepers		49,965	
Assistant Principals		850,210	
Secretary(ies)		844,416	

(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.)

Office of the Principal (Cont.)

Social Security	\$	177,694	
State Retirement		189,007	
Employee and Dependent Insurance		149,036	
Life Insurance		9,383	
Medical Insurance		343,779	
Dental Insurance		15,476	
Employer Medicare		41,557	
Communication		129,370	
Dues and Memberships		7,150	
Travel		446	
Other Contracted Services		2,336	
Other Supplies and Materials		197	
Other Charges		265	
Other Equipment		19,056	
Total Office of the Principal			\$ 4,043,022

Fiscal Services

Other Contracted Services	\$	1,699	
Office Supplies		1,190	
Total Fiscal Services			2,889

Operation of Plant

Custodial Personnel	\$	1,833,722	
Social Security		111,057	
State Retirement		144,497	
Employee and Dependent Insurance		129,161	
Life Insurance		6,913	
Medical Insurance		393,065	
Dental Insurance		17,463	
Employer Medicare		25,780	
Evaluation and Testing		1,800	
Other Contracted Services		117,067	
Custodial Supplies		146,860	
Electricity		2,036,805	
Fuel Oil		105,870	
Natural Gas		179,074	
Water and Sewer		235,147	
Building and Contents Insurance		91,250	
Plant Operation Equipment		4,890	
Total Operation of Plant			5,580,421

(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.)

Maintenance of Plant

Supervisor/Director	\$	39,705	
Secretary(ies)		35,767	
Maintenance Personnel		561,872	
Social Security		38,600	
State Retirement		53,310	
Employee and Dependent Insurance		27,293	
Life Insurance		2,398	
Medical Insurance		90,977	
Dental Insurance		3,746	
Employer Medicare		9,027	
Communication		873	
Maintenance & Repair Services - Buildings		57,462	
Maintenance & Repair Services - Equipment		50,313	
Maintenance & Repair Services - Vehicles		9,264	
Other Contracted Services		141,498	
Equipment and Machinery Parts		79,594	
Gasoline		52,906	
Uniforms		36,050	
Other Supplies and Materials		208,455	
Other Charges		20,900	
Maintenance Equipment		5,149	
Total Maintenance of Plant			\$ 1,525,159

Transportation

Supervisor/Director	\$	53,941	
Clerical Personnel		33,105	
Social Security		5,347	
State Retirement		5,852	
Life Insurance		319	
Medical Insurance		10,714	
Dental Insurance		480	
Employer Medicare		1,250	
Contracts with Parents		4,729	
Contracts with Vehicle Owners		2,511,148	
Maintenance & Repair Services - Vehicles		4,292	
Medical and Dental Services		1,898	
Other Contracted Services		362,174	
Tires and Tubes		1,500	
Vehicle and Equipment Insurance		267,300	
Total Transportation			3,264,049

(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.)

Central and Other

Supervisor/Director	\$	40,498	
Teachers		62,086	
Computer Programmer(s)		134,558	
Clerical Personnel		67,478	
Social Security		18,337	
State Retirement		20,194	
Employee and Dependent Insurance		20,818	
Life Insurance		1,046	
Medical Insurance		40,064	
Dental Insurance		1,738	
Employer Medicare		4,288	
Data Processing Supplies		19,070	
Data Processing Equipment		27,765	
Regular Instruction Equipment		10,347	
Total Central and Other			\$ 468,287

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	186,108	
Educational Assistants		13,630	
Social Security		12,335	
State Retirement		10,292	
Employee and Dependent Insurance		4,442	
Life Insurance		723	
Medical Insurance		26,113	
Dental Insurance		1,156	
Employer Medicare		2,884	
Instructional Supplies and Materials		8,245	
Workers' Compensation Insurance		461	
In Service/Staff Development		1,619	
Total Early Childhood Education			268,008

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	82,790	
Total Regular Capital Outlay			82,790

(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.)

Principal on Debt

Education

Principal on Notes	\$ 415,000	
Total Education		\$ 415,000

Interest on Debt

Education

Interest on Notes	\$ 50,200	
Total Education		50,200

Other Debt Service

Education

Other Debt Service	\$ 58,917	
Total Education		<u>58,917</u>

Total General Purpose School Fund		\$ 65,801,066
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 590,073	
Educational Assistants	668,833	
Social Security	80,216	
State Retirement	55,068	
Employee and Dependent Insurance	42,373	
Life Insurance	3,267	
Medical Insurance	137,942	
Dental Insurance	6,477	
Employer Medicare	18,760	
Maintenance & Repair Services - Equipment	84	
Instructional Supplies and Materials	7,945	
Workers' Compensation Insurance	3,927	
In Service/Staff Development	<u>259,234</u>	
Total Regular Instruction Program		\$ 1,874,199

Special Education Program

Teachers	\$ 118,686
Clerical Personnel	79,451
Educational Assistants	921,312
Social Security	67,075
State Retirement	61,259

(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.)

Special Education Program (Cont.)

Employee and Dependent Insurance	\$	62,306	
Life Insurance		3,038	
Medical Insurance		217,685	
Dental Insurance		11,973	
Employer Medicare		15,679	
Instructional Supplies and Materials		59,063	
Workers' Compensation Insurance		3,106	
Special Education Equipment		9,000	
Total Special Education Program			\$ 1,629,633

Vocational Education Program

Secretary(ies)	\$	22,162	
Social Security		1,270	
State Retirement		1,926	
Employee and Dependent Insurance		4,754	
Life Insurance		87	
Medical Insurance		5,542	
Dental Insurance		250	
Employer Medicare		297	
Travel		11,972	
Other Contracted Services		700	
Instructional Supplies and Materials		31,477	
Office Supplies		350	
T&I Construction Materials		5,619	
Other Supplies and Materials		7,456	
Workers' Compensation Insurance		74	
Other Charges		6,833	
Vocational Instruction Equipment		130,138	
Other Equipment		400	
Total Vocational Education Program			231,307

Student Body Education Program

Instructional Supplies and Materials	\$	2,542	
Workers' Compensation Insurance		4	
Other Charges		1,525	
Total Student Body Education Program			4,071

Other

Instructional Supplies and Materials	\$	1,632	
Total Other			1,632

(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

Other Student Support

Teachers	\$	31,182	
Social Security		551	
State Retirement		496	
Life Insurance		35	
Medical Insurance		5,091	
Dental Insurance		231	
Employer Medicare		129	
Evaluation and Testing		304	
Other Contracted Services		2,508	
Workers' Compensation Insurance		36	
In Service/Staff Development		6,496	
Other Charges		17,003	
Total Other Student Support			\$ 64,062

Regular Instruction Program

Supervisor/Director	\$	56,730	
Secretary(ies)		35,767	
Social Security		9,340	
State Retirement		9,580	
Employee and Dependent Insurance		1,775	
Life Insurance		466	
Medical Insurance		15,198	
Dental Insurance		665	
Employer Medicare		2,184	
Travel		337	
Other Supplies and Materials		844	
Workers' Compensation Insurance		298	
In Service/Staff Development		28,324	
Total Regular Instruction Program			161,508

Special Education Program

Psychological Personnel	\$	123,601	
Clerical Personnel		58,033	
Other Salaries & Wages		82,506	
Social Security		16,318	
State Retirement		16,957	
Employee and Dependent Insurance		5,001	
Life Insurance		830	
Medical Insurance		23,276	

(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.)

Dental Insurance	\$	1,286	
Employer Medicare		3,816	
Other Contracted Services		187,943	
Workers' Compensation Insurance		743	
In Service/Staff Development		27,957	
Total Special Education Program			\$ 548,267

Vocational Education Program

Travel	\$	2,155	
Other Supplies and Materials		1,257	
Other Equipment		613	
Total Vocational Education Program			4,025

Transportation

Other Contracted Services	\$	89,010	
Total Transportation			89,010

Central and Other

Computer Programmer(s)	\$	13,321	
Other Salaries & Wages		9,265	
Social Security		1,272	
State Retirement		1,411	
Employee and Dependent Insurance		1,525	
Life Insurance		40	
Medical Insurance		1,875	
Dental Insurance		90	
Employer Medicare		297	
In Service/Staff Development		1,874	
Data Processing Equipment		2,077	
Total Central and Other			33,047

Total School Federal Projects Fund \$ 4,640,761

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	40,889	
Accountants/Bookkeepers		51,460	
Cafeteria Personnel		1,754,943	

(Continued)

Exhibit L-9

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.)

Social Security	\$	111,369	
State Retirement		90,779	
Employee and Dependent Insurance		116,033	
Life Insurance		4,532	
Medical Insurance		293,325	
Dental Insurance		13,493	
Unemployment Compensation		3,993	
Local Retirement		15,631	
Employer Medicare		26,046	
Dues and Memberships		3,072	
Maintenance & Repair Services - Equipment		40,149	
Printing, Stationery, and Forms		4,063	
Transportation - Other than Students		36,660	
Travel		5,320	
Other Contracted Services		66,433	
Custodial Supplies		45,365	
Food Supplies		1,804,732	
Office Supplies		4,516	
Uniforms		9,974	
Other Supplies and Materials		76,257	
Workers' Compensation Insurance		36,392	
In Service/Staff Development		7,628	
Other Charges		1,965	
Data Processing Equipment		40,893	
Food Service Equipment		55,485	
Total Food Service			\$ 4,761,397

Total Central Cafeteria Fund \$ 4,761,397

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	59,282
Clerical Personnel		35,767
Custodial Personnel		84,500
Part-time Personnel		982,540
Social Security		68,533
State Retirement		32,857
Employee and Dependent Insurance		21,134

(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.)

Life Insurance	\$	467	
Medical Insurance		55,002	
Dental Insurance		2,691	
Employer Medicare		16,020	
Communication		44	
Contracts with Vehicle Owners		21,945	
Travel		889	
Other Contracted Services		30,714	
Food Supplies		64,012	
Instructional Supplies and Materials		18,621	
Other Supplies and Materials		5,029	
Trustee's Commission		14,051	
Workers' Compensation Insurance		3,743	
In Service/Staff Development		936	
Building Improvements		7,497	
Data Processing Equipment		600	
Other Equipment		9,787	
Total Community Services			\$ 1,536,661
Total Extended School Program Fund			\$ 1,536,661
Total Governmental Funds - Blount County School Department			\$ 76,739,885

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, 2006

	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	\$ 1,938,148	\$ 6,218,746	\$ 8,156,894
Trustee's Collections - Prior Years	0	92,526	296,647	389,173
Circuit/Clerk and Master Collections - Prior Years	0	10,370	29,263	39,633
Interest and Penalty	0	11,992	38,448	50,440
Pick-up Taxes	0	8,623	27,650	36,273
Payments in Lieu of Taxes - Local Utilities	0	8,731	33,353	42,084
Local Option Sales Tax	12,275,596	1,314,462	4,215,589	17,805,647
Business Tax	0	54,992	175,154	230,146
Other County Local Option Taxes	0	1,481	4,902	6,383
Marriage Licenses	0	383	1,223	1,606
Other Local Revenue	0	111	355	466
Mixed Drink Tax	0	4,113	13,190	17,303
Other Loans Issued	0	1,081,104	3,670,673	4,751,777
Total Cash Receipts	\$ 12,275,596	\$ 4,527,036	\$ 14,725,193	\$ 31,527,825
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 12,142,230	\$ 4,476,579	\$ 14,558,255	\$ 31,177,064
Trustee's Commission	133,366	52,200	173,565	359,131
Total Cash Disbursements	\$ 12,275,596	\$ 4,528,779	\$ 14,731,820	\$ 31,536,195
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (1,743)	\$ (6,627)	\$ (8,370)
Cash Balance, July 1, 2005	0	9,573	31,895	41,468
Cash Balance, June 30, 2006	\$ 0	\$ 7,830	\$ 25,268	\$ 33,098

STATISTICAL SECTION

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

	Table	Page(s)
Financial Trends:		
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-7	267-277
Revenue Capacity:		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	8-11	278-281
Debt Capacity:		
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. The tables on legal debt margin information and pledged-revenue coverage are not applicable to counties in Tennessee.	12-16	282-286
Demographic and Economic Information:		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	17-18	287-288
Operating Information:		
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	19-21	289-292

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

Blount County, Tennessee
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Primary government					
Governmental activities					
Invested in capital assets, net of related debt	\$ 51,728,208	\$ 57,351,592	\$ 59,706,540	\$ 69,673,900	\$ 71,945,970
Restricted	9,990,936	9,911,031	8,653,731	8,814,195	8,728,044
Unrestricted (1)	<u>(51,088,982)</u>	<u>(63,242,963)</u>	<u>(79,010,778)</u>	<u>(87,675,281)</u>	<u>(104,591,839)</u>
Total primary government net assets	<u>\$ 10,630,162</u>	<u>\$ 4,019,660</u>	<u>\$ (10,650,507)</u>	<u>\$ (9,187,186)</u>	<u>\$ (23,917,825)</u>
Discretely presented school department					
Invested in capital assets, net of related debt	\$ 0	\$ 75,973,266	\$ 82,774,679	\$ 85,326,140	\$ 96,178,828
Invested in capital assets	72,770,777	0	0	0	0
Restricted	754,323	721,330	1,017,010	1,265,274	1,131,898
Unrestricted	<u>5,104,102</u>	<u>4,631,320</u>	<u>4,764,596</u>	<u>5,167,705</u>	<u>6,132,311</u>
Total discretely presented school department	<u>\$ 78,629,202</u>	<u>\$ 81,325,916</u>	<u>\$ 88,556,285</u>	<u>\$ 91,759,119</u>	<u>\$ 103,443,037</u>

(1) Unrestricted net assets reflect negative due to the recording of the capital assets in the discretely presented school department and the reflection of the debt associated with those assets in the primary government.

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	2002		2003		2004	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
Expenses						
Governmental activities:						
General government	\$ 5,355,239	\$ 0	\$ 4,399,856	\$ 0	\$ 5,430,866	\$ 0
Finance	3,340,103	0	3,311,723	0	3,563,683	0
Administration of Justice	3,330,315	0	4,011,613	0	4,673,361	0
Public Safety	13,335,695	0	13,332,303	0	14,205,852	0
Public health and welfare	1,287,783	0	685,915	0	2,382,789	0
Social, cultural, and recreational services	2,338,949	0	1,865,186	0	3,449,953	0
Agricultural and natural resources	184,931	0	195,594	0	228,265	0
Other operations (1)	0	0	2,647,369	0	2,814,754	0
Highways	8,929,084	0	8,460,227	0	9,049,039	0
Education (2)	39,276,376	0	18,534,543	0	20,527,255	0
Debt Service:				0		
Interest on long-term debt	4,055,309	0	5,014,825	0	5,393,155	0
Other debt service	285,553	0	213,838	0	222,176	0
Component unit - Blount County School Dpt (3)	0	63,819,023	0	68,009,114	0	68,896,160
Total Expenses	\$ 81,719,337	\$ 63,819,023	\$ 62,672,992	\$ 68,009,114	\$ 71,941,148	\$ 68,896,160
Program Revenues						
Governmental activities:						
Charges for service:						
General government	\$ 1,421,051	\$ 0	\$ 1,768,644	\$ 0	\$ 1,735,416	\$ 0
Finance	2,084,640	0	2,175,230	0	2,242,694	0
Administration of justice	1,770,985	0	2,050,852	0	2,462,591	0
Public safety	3,816,601	0	3,755,338	0	4,009,453	0
Public health and welfare	203,416	0	201,843	0	229,657	0
Social, Cultural, and Recreational Services	75,890	0	119,102	0	137,777	0
Other operations	0	0	0	0	0	0
Highways	211,308	0	209,073	0	240,798	0
Education	5,427,260	0	6,073,404	0	7,653,220	0
Component unit - Blount County School Department	0	28,261,320	0	16,328,038	0	20,472,984
Operating grants and contributions	3,992,979	0	4,657,436	0	4,475,670	0
Capital grants and contributions	6,497,200	0	7,523,806	0	6,109,157	0
Total revenues	\$ 25,501,330	\$ 28,261,320	\$ 28,534,728	\$ 16,328,038	\$ 29,296,433	\$ 20,472,984
Net (expense)/revenue Total	\$ (56,218,007)	\$ (35,557,703)	\$ (34,138,264)	\$ (51,681,076)	\$ (42,644,715)	\$ (48,423,176)

(Continued)

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting) (cont.)

	2002		2003		2004	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes (4)	\$ 21,175,563	\$ 11,902,615	\$ 20,495,228	\$ 13,353,250	\$ 20,519,109	\$ 13,276,553
Sales taxes	1,933,074	8,260,215	2,051,371	8,608,959	2,051,999	9,047,945
Other taxes	2,584,793	328,283	2,635,443	350,531	2,940,085	380,830
Grants and Contributions not restricted	1,659,427	30,097,597	1,832,348	31,727,487	1,786,291	32,586,709
Unrestricted Investment Income	955,450	242,030	468,279	164,922	315,668	141,350
Gain on Sale of Capital Assets	0	0	15,751	0	0	0
Miscellaneous	19,051	225,800	29,342	172,641	67,025	220,158
Total governmental activities	<u>\$ 28,327,358</u>	<u>\$ 51,056,540</u>	<u>\$ 27,527,762</u>	<u>\$ 54,377,790</u>	<u>\$ 27,680,177</u>	<u>\$ 55,653,545</u>
Change in Net Assets						
Total	<u><u>\$ (27,890,649)</u></u>	<u><u>\$ 15,498,837</u></u>	<u><u>\$ (6,610,502)</u></u>	<u><u>\$ 2,696,714</u></u>	<u><u>\$ (14,964,538)</u></u>	<u><u>\$ 7,230,369</u></u>

(Continued)

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting) (cont.)

	2005		2006	
	Primary Government	Component Unit	Primary Government	Component Unit
Expenses				
Governmental activities:				
General government	\$ 3,594,673	\$ 0	\$ 4,574,541	\$ 0
Finance	3,800,073	0	4,219,651	0
Administration of Justice	4,439,900	0	4,417,115	0
Public Safety	16,863,564	0	16,897,954	0
Public health and welfare	2,126,494	0	1,798,707	0
Social, cultural, and recreational services	3,568,200	0	2,790,337	0
Agricultural and natural resources	211,185	0	229,274	0
Other operations (1)	3,024,776	0	10,411,231	0
Highways	9,567,174	0	10,424,179	0
Education (2)	18,423,799	0	28,004,179	0
Debt Service:				
Interest on long-term debt	5,803,384	0	5,938,315	0
Other debt service	309,437	0	675,651	0
Component unit - Blount County School Dpt (3)	0	74,715,324	0	78,658,428
Total Expenses	\$ 71,732,659	\$ 74,715,324	\$ 90,381,134	\$ 78,658,428
Program Revenues				
Governmental activities:				
Charges for service:				
General government	\$ 1,733,147	\$ 0	\$ 1,955,082	\$ 0
Finance	2,488,877	0	2,799,250	0
Administration of justice	2,644,818	0	3,693,907	0
Public safety	3,118,865	0	3,505,190	0
Public health and welfare	239,990	0	234,463	0
Social, Cultural, and Recreational Services	137,449	0	299,353	0
Other operations	0	0	0	0
Highways	626,590	0	693,191	0
Education	9,495,208	0	10,448,576	0
Component unit - Blount County School Department	0	16,921,334	0	23,821,726
Operating grants and contributions	5,585,547	0	4,736,202	0
Capital grants and contributions	9,163,880	0	14,234,010	0
Total revenues	\$ 35,234,371	\$ 16,921,334	\$ 42,599,224	\$ 23,821,726
Net (expense)/revenue Total	\$ (36,498,288)	\$ (57,793,990)	\$ (47,781,910)	\$ (54,836,702)

(Continued)

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting) (cont.)

	2005		2006	
	Primary Government	Component Unit	Primary Government	Component Unit
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes (4)	\$ 24,403,395	\$ 15,818,864	\$ 24,920,611	\$ 15,647,059
Sales taxes	2,089,375	9,417,172	2,192,732	10,165,748
Other taxes	2,671,799	410,978	3,188,703	424,651
Grants and Contributions not restricted	1,885,267	34,714,283	1,507,334	39,551,938
Unrestricted Investment Income	388,903	388,027	834,929	552,360
Gain on Sale of Capital Assets	0	0	380,283	0
Miscellaneous	34,955	247,500	26,679	178,864
Total governmental activities	<u>\$ 31,473,694</u>	<u>\$ 60,996,824</u>	<u>\$ 33,051,271</u>	<u>\$ 66,520,620</u>
Change in Net Assets				
Total	<u>\$ (5,024,594)</u>	<u>\$ 3,202,834</u>	<u>\$ (14,730,639)</u>	<u>\$ 11,683,918</u>

- (1) The increase from 2005 to 2006 in "other operations" expense is due to expenditures of \$5.9 million for Industrial Development Board land and \$1.1 million for a Denso project.
- (2) The fluctuation in "education" expense is due to building of new schools.
- (3) The decrease in 2003 from 2002 in "component unit - Blount County school department" is due to loss of federal grant funds.
- (4) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

Table 3

Blount County, Tennessee
Governmental Activities Tax Revenues By Source
Last Five Years
(accrual basis of accounting)

Fiscal Year	(1) Property Tax	Local Option Sales Tax	Other County Local Option Tax	Franchise Tax	Hotel Motel Tax	Litigation Tax	Business Tax	Mineral Severance Tax	Wholesale Beer Tax	Bank Excise Tax	Total
Primary Government											
2002	\$ 21,175,563	\$ 1,933,074	\$ 10,580	\$ 412,349	\$ 1,192,724	\$ 386,535	\$ 568,087	\$ 221,961	\$ 204,906	\$ 220,421	\$ 26,326,200
2003	20,495,228	2,051,371	13,070	516,793	1,247,852	436,846	543,934	200,841	192,900	237,050	25,935,885
2004	20,519,109	2,051,999	12,780	334,840	1,432,895	468,306	573,916	241,471	211,531	185,911	26,032,758
2005	24,403,395	2,089,375	12,068	444,644	1,208,531	452,121	614,025	187,439	197,842	163,315	29,772,755
2006	24,920,611	2,192,732	12,191	475,310	1,593,827	518,586	658,608	186,116	219,321	261,904	31,039,206
Component Unit											
2002	\$ 11,902,615	\$ 8,260,215	\$ 10,436				\$ 317,847				\$ 20,491,113
2003	13,353,250	8,608,959	12,823				337,708				22,312,740
2004	13,276,553	9,047,945	12,459				368,371				22,705,328
2005	15,818,864	9,417,172	11,833				399,145				25,647,014
2006	15,647,059	10,165,748	11,829				412,822				26,237,458

(1) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

Table 4

Blount County, Tennessee
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Primary Government:										
General Fund										
Reserved	\$ 954,091	\$ 900,035	\$ 1,068,271	\$ 843,014	\$ 1,132,799	\$ 1,308,975	\$ 1,287,499	\$ 1,383,612	\$ 1,580,757	\$ 2,199,754
Unreserved (1)	2,171,043	2,392,667	3,512,389	4,669,539	6,264,104	7,444,928	6,690,574	4,978,869	1,285,491	270,053
Total General Fund	<u>\$ 3,125,134</u>	<u>\$ 3,292,702</u>	<u>\$ 4,580,660</u>	<u>\$ 5,512,553</u>	<u>\$ 7,396,903</u>	<u>\$ 8,753,903</u>	<u>\$ 7,978,073</u>	<u>\$ 6,362,481</u>	<u>\$ 2,866,248</u>	<u>\$ 2,469,807</u>
All other governmental funds										
Reserved	\$ 3,616,069	\$ 15,284,827	\$ 10,570,553	\$ 25,541,630	\$ 27,826,554	\$ 10,362,695	\$ 8,618,763	\$ 4,220,791	\$ 5,151,581	\$ 5,879,644
Unreserved, reported in:										
Special revenue funds	902,785	940,206	528,456	938,816	1,375,433	875,227	798,270	648,416	823,477	1,575,815
Debt service funds	2,441,909	3,084,996	3,210,460	5,249,215	7,362,429	5,138,661	5,625,671	5,188,632	5,682,938	4,979,673
Capital projects funds	1,365,103	(12,129,487)	(3,275,954)	(23,731,929)	(22,411,860)	(7,013,296)	(6,118,925)	(2,394,359)	(873,040)	(2,871,615)
Total all other governmental funds	<u>\$ 8,325,866</u>	<u>\$ 7,180,542</u>	<u>\$ 11,033,515</u>	<u>\$ 7,997,732</u>	<u>\$ 14,152,556</u>	<u>\$ 9,363,287</u>	<u>\$ 8,923,779</u>	<u>\$ 7,663,480</u>	<u>\$ 10,784,956</u>	<u>\$ 9,563,517</u>
Component Unit:										
General Fund (General purpose school)										
Reserved	\$ 1,689,351	\$ 169,764	\$ 300,515	\$ 326,153	\$ 253,485	\$ 260,089	\$ 74,174	\$ 200,825	\$ 202,515	\$ 357,351
Unreserved	2,030,943	3,905,471	2,822,549	3,251,323	4,031,036	3,618,603	3,103,351	3,112,273	3,420,351	4,210,427
Total General Fund	<u>\$ 3,720,294</u>	<u>\$ 4,075,235</u>	<u>\$ 3,123,064</u>	<u>\$ 3,577,476</u>	<u>\$ 4,284,521</u>	<u>\$ 3,878,692</u>	<u>\$ 3,177,525</u>	<u>\$ 3,313,098</u>	<u>\$ 3,622,866</u>	<u>\$ 4,567,778</u>
All other governmental funds										
Reserved	\$ 1,119,297	\$ 570,761	\$ 584,958	\$ 235,424	\$ 336,988	\$ 155,189	\$ 137,384	\$ 331,076	\$ 607,445	\$ 384,685
Unreserved, reported in:										
Special revenue funds				920,279	817,358	754,072	725,021	947,734	899,112	968,848
Capital projects funds	584,737	1,531,425	824,583	10,252	955					
Total all other governmental funds	<u>\$ 1,704,034</u>	<u>\$ 2,102,186</u>	<u>\$ 1,409,541</u>	<u>\$ 1,165,955</u>	<u>\$ 1,155,301</u>	<u>\$ 909,261</u>	<u>\$ 862,405</u>	<u>\$ 1,278,810</u>	<u>\$ 1,506,557</u>	<u>\$ 1,353,533</u>

(1) Reduction in fund balance is a result of planned spending. Fund balance will increase over the next several years as part of long-term planning.

Table 5

Blount County, Tennessee
General Government
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Local Taxes	\$ 15,967,552	\$ 17,224,001	\$ 20,360,562	\$ 24,751,474	\$ 25,765,753	\$ 26,306,237	\$ 25,527,028	\$ 26,194,901	\$ 29,569,391	\$ 31,063,540
Licenses and permits	313,029	356,167	316,486	390,862	468,013	522,244	641,140	595,562	950,329	1,196,718
Fines, forfeitures, and penalties	391,525	469,270	448,545	483,554	533,230	445,239	659,520	820,307	946,992	1,352,569
Charges for current services	3,276,057	3,491,746	3,907,443	4,084,874	4,294,925	4,660,197	5,052,826	446,452	475,109	479,971
Other local revenues	915,690	1,317,257	1,859,094	1,718,976	1,605,310	1,444,940	1,298,367	1,552,600	1,680,010	2,205,109
Fees received from county officials	0	0	0	0	0	0	0	4,968,786	5,169,449	6,180,718
State of Tennessee	3,779,317	4,100,896	4,249,108	4,673,806	5,290,287	5,243,812	4,911,821	4,400,244	5,053,540	7,093,836
Federal government	892,865	651,550	498,063	1,774,513	1,335,123	3,110,552	2,892,713	3,505,148	2,858,007	4,343,260
Other governments and citizens groups	492,358	422,316	546,804	597,779	4,600,405	3,359,089	2,343,607	1,284,830	1,312,299	5,172,440
Total Revenues	\$ 26,028,393	\$ 28,033,203	\$ 32,186,105	\$ 38,475,838	\$ 43,893,046	\$ 45,092,310	\$ 43,327,022	\$ 43,768,830	\$ 48,015,126	\$ 59,088,161
Expenditures (1)										
General government	\$ 15,608,415	\$ 15,883,502	\$ 17,990,081	\$ 24,793,249	\$ 28,611,764	\$ 4,884,279	\$ 2,788,083	\$ 3,145,503	\$ 3,357,168	\$ 4,306,820
Finance	0	0	0	0	0	3,021,207	3,286,362	3,533,305	3,611,852	4,071,028
Administration of justice	0	0	0	0	0	2,857,349	3,228,252	3,699,015	4,171,933	4,272,273
Public safety	0	0	0	0	0	11,932,616	13,243,505	13,927,155	15,401,864	16,307,461
Public health and welfare	0	0	0	0	0	1,261,356	1,298,118	1,481,066	2,069,088	1,780,768
Social, cultural, and recreational services	0	0	0	0	0	452,604	1,758,217	1,848,469	2,090,873	2,244,575
Agricultural and natural resources	0	0	0	0	0	177,534	193,300	207,467	208,904	231,259
Other operations (2)	0	0	0	0	0	0	5,894,828	6,671,289	7,373,991	14,474,599
Highways	4,562,460	4,680,344	5,278,090	5,188,043	5,089,816	5,863,820	5,171,748	5,500,638	6,007,485	6,426,211
Debt service:	7,032,612	9,423,369	6,417,932	7,235,317	7,356,852	0	0	0	0	0
Principal	0	0	0	0	0	4,708,500	3,537,500	3,490,000	3,440,000	4,006,511
Interest	0	0	0	0	0	3,990,428	4,960,603	5,238,355	5,605,576	5,958,205
Other debt service	0	0	0	0	0	221,763	303,543	305,951	831,383	415,971
Capital projects	1,172,944	8,595,645	19,588,562	22,682,670	24,897,988	27,062,372	10,385,234	11,399,324	6,976,294	16,644,490
Total expenditures	\$ 28,376,431	\$ 38,582,860	\$ 49,274,665	\$ 59,899,279	\$ 65,956,420	\$ 66,433,828	\$ 56,049,293	\$ 60,447,537	\$ 61,146,411	\$ 81,140,171
Excess (Deficiency) of revenues over expenditures	\$ (2,348,038)	\$(10,549,657)	\$(17,088,560)	\$(21,423,441)	\$(22,063,374)	\$(21,341,518)	\$(12,722,271)	\$(16,678,707)	\$(13,131,285)	\$(22,052,010)

(Continued)

Table 5

Blount County, Tennessee
General Government
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting) (Cont.)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<u>Other financing sources (uses)</u>										
Transfers in	\$ 4,203,114	\$ 3,780,888	\$ 4,442,540	\$ 5,140,052	\$ 4,977,575	\$ 5,340,414	\$ 5,779,881	\$ 1,004,173	\$ 1,110,588	\$ 1,932,980
Transfers out	(4,056,163)	(3,633,151)	(4,209,615)	(4,855,989)	(4,753,287)	(5,122,593)	(5,555,205)	(775,957)	(1,180,756)	(1,690,100)
Operating transfers to component units	(2,059,562)	(3,331,467)	(766,495)	(678,024)	(647,319)	0	0	0	0	0
Operating transfers from component units	551,338	1,942,150	473,565	318,675	244,334	0	0	0	0	0
Public Building Authority loan proceeds	0	0	0	0	0	0	0	0	0	0
Other loans issued	2,043,834	8,094,048	19,414,025	18,898,506	30,099,743	31,052,280	11,282,257	13,574,600	12,343,060	20,191,250
Notes issued	2,381,000	2,500,000	3,050,000	422,000	0	0	0	0	0	0
Premiums on debt issued	0	0	0	895,000	0	0	0	0	448,731	0
Refunding bonds issued	0	0	0	3,500,000	0	0	0	0	27,325,000	0
Refunding notes issued	0	0	0	0	0	0	0	0	0	0
Payments to refunded bond escrow agent	0	0	0	(4,390,000)	0	0	0	0	(27,290,095)	0
Total other financing sources (uses)	<u>\$ 3,063,561</u>	<u>\$ 9,352,468</u>	<u>\$ 22,404,020</u>	<u>\$ 19,250,220</u>	<u>\$ 29,921,046</u>	<u>\$ 31,270,101</u>	<u>\$ 11,506,933</u>	<u>\$ 13,802,816</u>	<u>\$ 12,756,528</u>	<u>\$ 20,434,130</u>
Net change in fund balances	<u>\$ 715,523</u>	<u>\$ (1,197,189)</u>	<u>\$ 5,315,460</u>	<u>\$ (2,173,221)</u>	<u>\$ 7,857,672</u>	<u>\$ 9,928,583</u>	<u>\$ (1,215,338)</u>	<u>\$ (2,875,891)</u>	<u>\$ (374,757)</u>	<u>\$ (1,617,880)</u>
Debt service as a percentage of non-capital expenditures	25.85%	31.42%	21.62%	19.44%	17.92%	22.66%	19.27%	18.42%	18.23%	16.10%

(1) Conversion to GASB 34 resulted in changes in classification from 2001 to 2002.

(2) The increase from 2005 to 2006 in other operations is due to expenditures of \$5.9 million for Industrial Development Board land and \$1.1 million for a Denso project

Table 6

Blount County, Tennessee
Discretely Presented Blount County School Department
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Local Taxes (1)	\$ 15,079,869	\$ 15,664,124	\$ 16,118,001	\$ 18,131,328	\$ 19,063,788	\$ 20,509,906	\$ 22,239,198	\$ 22,923,346	\$ 25,695,368	\$ 26,315,466
Licenses and permits	4,914	4,473	5,056	4,871	4,249	4,321	3,895	3,530	3,030	2,888
Charges for current services	2,344,161	2,574,340	2,679,383	3,621,125	3,280,212	3,396,305	3,354,886	3,728,447	3,782,383	4,166,607
Other local revenues	440,539	352,789	437,159	811,919	890,853	492,091	370,430	450,343	759,551	886,819
State of Tennessee	24,193,725	26,942,152	28,304,068	29,302,321	30,535,730	31,249,021	32,831,035	33,617,315	36,193,548	39,276,204
Federal government	3,897,385	4,417,589	4,297,597	4,637,156	5,490,671	6,102,652	6,885,567	6,920,687	7,140,650	6,883,789
Other governments and citizens groups	0	0	0	0	0	0	0	0	6,000	0
Total Revenues	\$ 45,960,593	\$ 49,955,467	\$ 51,841,264	\$ 56,508,720	\$ 59,265,503	\$ 61,754,296	\$ 65,685,011	\$ 67,643,668	\$ 73,580,530	\$ 77,531,773
Expenditures (2)										
Current:										
Instruction	\$ 28,773,590	\$ 30,923,448	\$ 33,044,592	\$ 39,293,208	\$ 41,407,558	\$ 38,446,395	\$ 40,805,793	\$ 41,381,080	\$ 46,066,951	\$ 47,699,706
Support services	11,550,130	12,537,363	13,263,050	14,427,865	15,932,558	18,411,760	19,568,398	19,427,238	20,549,840	21,867,206
Operation of non-instructional services	3,530,391	3,836,835	3,992,924	28,770	0	5,124,100	5,138,749	5,410,808	5,773,611	6,566,066
Capital outlay	83,635	74,501	22,430	258,496	27,923	32,203	0	315,847	111,296	82,790
Capital projects	2,196,773	2,093,077	1,900,316	1,070,555	54,404	0	0	0	0	0
Debt Service:	0	0	789,203	900,265	902,335	0	0	0	0	0
Principal on Debt	0	0	0	0	0	2,500,000	415,000	415,000	415,000	415,000
Interest on Debt	0	0	0	0	0	107,500	96,111	83,400	66,800	50,200
Other Debt Service	0	0	0	0	0	284,207	408,983	58,917	58,917	58,917
Total Expenditures	\$ 46,134,519	\$ 49,465,224	\$ 53,012,515	\$ 55,979,159	\$ 58,324,778	\$ 64,906,165	\$ 66,433,034	\$ 67,092,290	\$ 73,042,415	\$ 76,739,885
Excess (Deficiency) of revenues over expenditures	\$ (173,926)	\$ 490,243	\$ (1,171,251)	\$ 529,561	\$ 940,725	\$ (3,151,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888
Other financing sources (uses)										
Transfers in	\$ 1,939,861	\$ 328,233	\$ 1,090,135	\$ 35,486	\$ 166,152	\$ 12,196	\$ 26,679	\$ 103,237	\$ 74,701	\$ 4,315
Transfers out	(1,035,199)	(2,270,383)	(1,563,700)	(354,161)	(410,486)	(12,196)	(26,679)	(103,237)	(74,701)	(4,315)
Notes issued	0	2,205,000	0	0	0	2,500,000	0	0	0	0
Total other financing sources (uses)	\$ 904,662	\$ 262,850	\$ (473,565)	\$ (318,675)	\$ (244,334)	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 730,736	\$ 753,093	\$ (1,644,816)	\$ 210,886	\$ 696,391	\$ (651,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888
Debt Service as a percentage of non-capital expenditures	N/A	N/A	1.54%	1.65%	1.55%	4.46%	1.38%	0.83%	0.74%	0.68%

(1) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

(2) Conversion to GASB 34 resulted in changes in classification from 2001 to 2002.

Table 7

**Blount County, Tennessee
General Government and
Discretely Presented Blount County School Department
Governmental Activities Tax Revenues By Source
Last Ten Years
(modified accrual basis of accounting)**

Fiscal Year	(1) Property Tax	Local Option Sales Tax	Other County Local Option Tax	Franchise Tax	Hotel Motel Tax	Litigation Tax	Business Tax	Mineral Severance Tax	Wholesale Beer Tax	Bank Excise Tax	Total
Primary Government											
1997	\$ 12,057,514	\$ 1,791,229	\$ 0	\$ 311,333	\$ 793,703	\$ 339,759	\$ 444,466	\$ 0	\$ 191,042	\$ 150,082	\$ 16,079,128
1998	12,973,743	1,899,775	0	354,023	873,328	320,079	476,848	0	207,730	273,163	17,378,689
1999	15,810,061	1,971,001	0	314,443	978,988	307,584	498,909	89,783	220,082	269,292	20,460,143
2000	19,821,941	2,027,267	4,775	389,490	1,133,344	382,495	579,243	153,109	220,232	193,939	24,905,835
2001	20,571,589	2,008,098	11,806	377,832	1,246,765	385,228	576,400	200,069	237,387	282,269	25,897,443
2002	21,118,885	1,946,451	10,580	412,349	1,192,724	386,535	568,087	221,961	204,906	220,421	26,282,899
2003	20,367,261	2,038,023	13,070	516,793	1,247,852	436,846	543,934	200,841	192,900	237,050	25,794,570
2004	20,634,240	2,080,256	11,966	334,840	1,432,895	468,306	573,916	241,471	211,531	185,911	26,175,332
2005	24,283,974	2,099,490	11,841	444,644	1,208,531	452,121	614,025	187,439	197,842	163,315	29,663,222
2006	24,991,736	2,194,306	12,245	475,310	1,593,827	518,586	658,608	186,116	219,321	261,904	31,111,959
Component Unit											
1997	\$ 7,899,179	\$ 6,798,553	\$ 0				\$ 290,921				\$ 14,988,653
1998	8,213,047	7,067,735	0				292,607				15,573,389
1999	8,676,833	7,077,308	0				274,254				16,028,395
2000	10,082,713	7,651,471	0				302,679				18,036,863
2001	10,460,135	8,206,126	8,933				293,231				18,968,425
2002	11,833,599	8,241,650	10,436				317,847				20,403,532
2003	13,153,346	8,608,959	12,823				337,708				22,112,836
2004	13,352,744	9,060,688	11,667				368,371				22,793,470
2005	15,739,811	9,394,839	11,610				399,145				25,545,405
2006	15,708,073	10,062,340	11,895				412,822				26,195,130

(1) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

Table 8

Blount County, Tennessee
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Year	Real Property		Tangible Personal Property Assessed	Public Utility Assesment	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential, Farms Property	Commercial, Industrial Property						
1997	1996	\$ 666,302,400	\$ 229,558,840	\$ 164,814,786	\$ 57,453,827	\$ 1,118,129,853	\$ 2.10	\$ 3,916,483,633	29%
1998	1997	685,940,885	235,525,960	160,536,465	55,609,022	1,137,612,332	2.10	3,999,999,814	28%
1999	1998	730,126,450	253,809,200	144,229,094	49,644,107	1,177,808,851	2.15	4,677,727,105	25%
2000	1999	914,685,050	317,818,160	208,023,880	58,768,971	1,499,296,061	2.07	5,281,336,351	28%
2001	2000	945,864,875	326,351,440	211,035,528	61,973,835	1,545,225,678	2.36	5,859,498,893	26%
2002	2001	1,144,720,425	375,231,480	245,276,006	74,499,300	1,839,727,211	2.36	6,507,801,273	28%
2003	2002	1,183,518,750	381,677,600	239,712,697	77,983,116	1,882,892,163	2.15	6,665,966,801	28%
2004	2003	1,225,719,350	383,341,000	229,918,665	76,918,382	1,915,897,397	2.15	7,348,354,761	26%
2005	2004	1,272,890,050	401,972,880	230,817,467	93,371,186	1,999,051,583	2.15	7,646,390,263	26%
2006	2005	1,320,505,025	412,208,880	226,599,419	92,003,890	2,051,317,214	2.43	8,629,870,466	24%

Table 9

**Blount County, Tennessee
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

<u>Fiscal Year Ending June 30</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>General Debt Service Fund</u>	<u>Total</u>	<u>City of Maryville</u>	<u>City of Alcoa</u>
1997	1996	\$ 0.530	\$ 1.050	\$ 0.52	\$ 2.10	\$ 2.47	\$ 2.15
1998	1997	0.590	1.050	0.51	2.15	2.47	2.30
1999	1998	0.740	0.940	0.39	2.07	2.66	2.15
2000	1999	0.815	1.025	0.52	2.36	2.66	2.15
2001	2000	0.815	1.025	0.52	2.36	2.33	2.40
2002	2001	0.710	0.990	0.45	2.15	2.10	2.15
2003	2002	0.690	1.070	0.39	2.15	2.15	2.15
2004	2003	0.690	1.070	0.39	2.15	2.27	2.20
2005	2004	0.780	1.210	0.44	2.43	2.27	2.20
2006	2005	0.790	1.200	0.44	2.43	1.95	1.92

Table 10

**Blount County, Tennessee
Principal Taxpayers
June 30, 2006**

Taxpayer	Fiscal Year 2006			Fiscal Year 1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Denso Manufacturing Tenn	\$75,515,097	1	3.65%	\$53,149,378	2	4.51%
Alcoa Inc.	61,269,092	2	2.96%	84,080,679	1	7.14%
Alcoa Aluminum Company, Inc.	27,526,836	3	1.33%	N/A	-	
CMH Services, Inc.	8,608,417	4	0.42%	N/A	-	
Eldon Office Products	6,903,761	5	0.33%	9,051,505	3	0.77%
CBL & Associates Limited	6,240,840	6	0.30%	7,087,000	5	0.60%
Newell Office Products	6,197,280	7	0.30%	N/A	-	
Presbyterian Homes of Tennessee, Inc.	5,696,190	8	0.28%	N/A	-	
CTI Molecular Imaging Inc	5,175,384	9	0.25%	N/A	-	
Camellia Trace at Mountain View LLC	<u>5,063,200</u>	10	<u>0.24%</u>	<u>N/A</u>	-	
Totals	<u>\$208,196,097</u>		<u>10.06%</u>	<u>\$153,368,562</u>		<u>13.02%</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 11

**Blount County, Tennessee
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Levy Collected</u>	<u>Adjustments and Delinquent Collections</u>	<u>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>
1996	\$ 22,841,296	\$ 21,829,352	95.60%	\$ 1,009,892	\$ 22,839,244	99.99%	\$ 2,052	0.01%
1997	24,400,348	23,256,538	95.30%	1,138,287	24,394,825	99.98%	5,523	0.02%
1998	28,298,037	26,843,314	94.90%	1,406,182	28,249,496	99.83%	48,541	0.17%
1999	33,960,073	32,383,291	95.40%	1,563,694	33,946,985	99.96%	13,088	0.04%
2000	34,939,330	32,854,459	94.00%	1,996,490	34,850,949	99.75%	88,381	0.25%
2001	37,958,289	35,571,677	93.70%	1,731,740	37,303,417	98.27%	654,872	1.73%
2002	39,115,205	36,661,486	93.70%	1,729,938	38,391,424	98.15%	723,782	1.85%
2003	39,711,720	37,425,998	94.20%	2,073,308	39,499,306	99.47%	212,414	0.53%
2004	46,308,037	43,855,503	94.70%	2,221,403	46,076,906	99.50%	231,131	0.50%
2005	47,621,873	44,927,221	94.34%	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 include 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 12

Blount County, Tennessee
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Capital Outlay Notes</u>	<u>Other Loans Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita Income</u>
1997	\$ 12,755,000	\$ 6,795,000	\$ 3,290,199	\$ 22,840,199	\$ 20,128	\$ 227.91
1998	8,520,000	8,139,000	13,726,580	30,385,580	22,227	300.22
1999	6,365,000	9,581,758	35,892,681	51,839,439	23,416	504.35
2000	4,055,000	8,303,583	53,789,104	66,147,687	24,262	625.08
2001	2,075,000	6,393,500	82,832,180	91,300,680	25,370	845.38
2002	0	5,562,500	112,081,960	117,644,460	28,455	1,055.11
2003	0	4,010,000	120,964,217	124,974,217	26,253	1,120.74
2004	0	3,105,000	131,538,817	134,643,817	27,111	1,183.74
2005	27,285,000	2,480,000	114,711,877	144,476,877	22,364	1,274.13
2006	27,170,000	1,845,000	131,231,616	160,246,616	N/A	N/A

NOTES:

- (1) 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.

Table 13

Blount County, Tennessee
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population</u>	<u>Estimated Actual Taxable Value of Property</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available on Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1997	100,218	\$3,916,483,633	\$ 22,840,199	\$ 2,441,909	\$ 20,398,290	0.5%	\$ 203.54
1998	101,295	3,999,999,814	30,385,580	3,084,996	27,300,584	0.7%	269.52
1999	102,785	4,677,727,105	51,839,439	3,210,460	48,628,979	1.0%	473.11
2000	105,823	5,281,336,351	66,147,687	5,249,215	60,898,472	1.2%	575.47
2001	108,000	5,859,498,893	91,300,680	7,362,429	83,938,251	1.4%	777.21
2002	111,500	6,507,801,273	117,644,460	5,138,661	112,505,799	1.7%	1,009.02
2003	111,510	6,665,966,801	124,974,217	5,625,671	119,348,546	1.8%	1,070.29
2004	113,744	7,348,354,761	134,643,817	5,188,632	129,455,185	1.8%	1,138.13
2005	113,393	7,646,390,263	144,476,877	5,682,938	138,793,939	1.8%	1,224.01
2006	N/A	8,629,870,466	160,246,616	4,979,673	155,266,943	N/A	N/A

NOTES:

- (1) U.S. Bureau of Census figures were used for 2000. Figures for 1997 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) General Obligation Bonds include all long-term general obligation bonds, notes, and loan agreements per the Comprehensive Annual Financial Reports.
- (4) Debt Service fund balance is per Comprehensive Annual Financial Reports without the reserves for internal notes.

Table 14

**Blount County, Tennessee
Schedule of Direct and Overlapping Debt
June 30, 2006**

DIRECT DEBT

Notes Payable	\$ 1,845,000	
Public Building Authority Loan Agreements	131,231,616	
General Bonded Debt	27,170,000	
Less debt service funds	<u>(4,979,673)</u>	
 Total direct debt		 \$ 155,266,943

OVERLAPPING DEBT

City of Maryville	\$ 59,337,418	
City of Alcoa	<u>25,987,963</u>	
 Total overlapping debt		 <u>85,325,381</u>

TOTAL DIRECT AND OVERLAPPING DEBT **\$ 240,592,324**

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 Schools debt only, and exclude other component unit debt serviced by the individual component units.

Table 15

**Blount County, Tennessee
Legal Debt Margin Information
Last Ten Fiscal Years**

(Not applicable to Blount County, Tennessee)

Table 16

**Blount County, Tennessee
Pledged-Revenue Coverage
Last Ten Fiscal Years**

(Not applicable to Blount County, Tennessee)

Table 17

**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>Unemployment Rate</u>
1996	99,010	\$ 19,856	38.1	2.80%
1997	100,218	20,128	38.1	3.30%
1998	101,211	22,227	38.1	3.20%
1999	102,785	23,416	38.1	3.70%
2000	105,823	24,262	38.4	2.70%
2001	108,000	25,370	38.4	4.00%
2002	111,500	28,455	38.4	3.70%
2003	111,510	26,253	38.4	4.00%
2004	113,744	27,111	38.5	4.90%
2005	113,393	22,364	40.2	4.60%

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) The 2005 figures are from the 2005 American Community Survey.
- (3) United States Bureau of the Census figures for 2000 were used to interpolate intervening years and to project 1996 through 1999.
The 2000 figure is actual per United States Bureau of the Census.

These figures reflect the latest reliable information.

Table 18

**Blount County, Tennessee
Principal Employers
Current Year and Nine Years Ago**

Employer	2005			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Denso Manufacturing Tennessee	2,300	1	4.06%	1,345	2	2.86%
Blount Memorial Hospital	1,973	2	3.48%	1,100	3	2.34%
Alcoa, Inc	1,900	3	3.35%	2,050	1	4.36%
Blount County Schools	1,488	4	2.63%	896	4	1.91%
Clayton Homes, Inc	1,100	5	1.94%	390	11	0.83%
IJ Company	800	6	1.41%	-		
Eldon	589	7	1.04%	350	12	0.74%
Maryville City Schools	560	8	0.99%	450	9	0.96%
McGhee Tyson Air National Guard	560	9	0.99%	450	8	0.96%
Blount County Government	550	10	0.97%	-		
BTR Sealing Systems Group	-			825	5	1.75%
Allied Signal Safety Restraints	-			750	6	1.60%
Proffitt's	-			330	7	0.70%
First Tennessee Bank	-			400	10	0.85%
	<u>11,820</u>		<u>20.86%</u>	<u>9,336</u>		<u>19.86%</u>

Table 19

Blount County, Tennessee
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Department	Full-time Equivalent Employees as of June 30										
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
General County	Commission	0	0	0	0	0	0	1	1	1	1	
	County Mayor	3	3	3	3	3	3	3	3	3	3	
	Insurance & Risk Management	1	2	1	2	3	3	2	3	3	2	
	Election Commission	3	3	3	3	3	3	3	3	3	3	
	Register of Deeds	8	8	8	11	12	12	12	12	11	11	
	Planning	2	2	3	3	3	3	3	3	3	3	
	Stormwater Administrator	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	
	County Buildings	4	4	4	11	11	11	12	12	12	13	
	Human Resources	1	1	1	1	1	1	1	1	2	2	
	Preservation of Records	0	0	0	1	1	1	1	1	2	2	
	Accounting & Budgeting	9	9	9	10	10	10	11	13	13	16	
	Purchasing	3	4	4	5	5	5	5	5	5	6	
	Property Assessor	12	14	15	17	15	15	16	17	18	19	
	Trustee	7	7	7	7	7	7	7	7	7	7	
	County Clerk	23	23	23	23	25	25	25	25	25	25	
	Information Technology	6	6	6	6	7	8	8	9	9	9	
	Circuit Court Clerk	29	32	37	37	38	38	39	34	40	42	
	Clerk & Master	8	9	8	9	9	9	10	10	10	10	
	Juvenile Court	5	5	5	5	6	7	7	8	8	7	
	Public Defender	0	0	0	0	0	0	0	0	0	0	
	Sheriff's Department	115	107	144	141	130	130	133	133	139	139	
	Justice Center	0	39	89	82	90	90	86	86	86	98	
	Juvenile Services	2	2	2	4	4	4	27	27	28	31	
	Emergency Management	1	1	1	1	1	1	1	1	2	2	
	Local Health Center	9	8	11	14	13	13	14	14	15	16	
	Field Line Inspection	5	5	5	5	5	5	5	5	6	6	
	Soil Conservation	2	2	2	2	2	2	2	2	2	2	
	Veteran's Services	3	3	3	3	3	3	3	3	3	3	
	Building Commissioner	N/A	N/A	0	0	1	1	1	1	1	5	
	Employee Benefits	1	1	1	1	0	0	0	0	0	0	
Sub-Total		262	300	395	407	408	410	438	439	458	484	
Public Library	County Buildings	1	0	0	0	0	0	4	4	4	4	
	Other General Administration	3	0	0	0	0	0	0	0	0	0	
	Libraries	13	11	13	13	14.5	21.5	25	25	25	25	
	Sub-Total		17	11	13	13	14.5	21.5	29	29	29	
Drug Court	State	0	0	0	3	3	3	3	3	3	3	
Highway	Administration	9	5	5	5	5	5	5	5	5	5	
	Highway & Bridge Maintenance	50	54	54	54	54	51	58	58	56	56	
	Operation & Maintenance of Equip.	12	12	12	12	12	13	13	14	14	14	
	Sub-Total		71	71	71	71	71	69	76	77	75	
Schools	Educational & Instructional Programs	650	670	693	917	756	762.8	792	799	818	825	
	Attendance Program	3	3	3	3	2.8	2.8	3	3	3	3	
	Health Services Program	1	1	2	7	7	7	6	4	4	7	
	Guidance & Testing Program	19	22	24	22	26	26	27	24	24	26	
	Family Resource Center	1	1	1	1	1	1	1	1	1	1	
	Libraries	18	21	19	19	21	21	31	25.5	25.5	25.5	
	Psychological Services	4	4	4	4	4	4	2.4	8	8	8	
	Career Technical Education	0	0	0	0	0	0	0	4	4	4	
	Office of the Superintendent	3	3	3	3	2.5	3	3	3	3	4	
	Office of the Principal	53	56	56	63	63.5	65.5	67	72	73	73	
	Fiscal Services	4	4	4	5	5	5	5	5	5	0	
	Operation & Maintenance of Plant	78	78	78	79	83	94	95	98	99.5	100.5	
	Board of Education	0	0	0	0	0	0	0	0	0	0	
	Transportation	1	1	1	1	1	1	1	2	2	2	
	Student Management & Technology	3	4	4	5	5	5	5	5	4.5	5.5	
	Food Service	63	61	70	58	51	51	60	60	58	58	
	Blount County Extended School	1	1	3	9	9	9	11	12	12	13	
	Sub-Total		902	930	965	1196	1037.8	1058.1	1109.4	1125.5	1144.5	1153.5
	GRAND TOTAL			1,252	1,312	1,444	1,690	1,534.3	1,561.6	1,655.4	1,673.5	1,709.5

Table 20

Blount County, Tennessee
General Government and Discretely
Presented Blount County School Department
Operating Indicators by Function
Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Property Assessor:										
Taxable/Non-taxable properties maintained	54,500	57,875	59,300	55,873	59,185	59,185	60,616	61,482	62,491	63,500
Personal properties maintained	2,500	3,400	3,400	470	4,000	4,000	4,406	4,664	4,688	4,950
Parcels reviewed for reappraisal	10,518	11,319	11,487	11,531	58,453	58,453	16,972	14,997	21,463	61,989
Real property	10,518	11,319	11,487	11,531	58,453	58,453	59,126	59,986	60,990	61,989
Trustee:										
Delinquent taxes	N/A	N/A	N/A	N/A	\$ 192,113	\$ 212,301	\$ 249,561	\$ 296,593	\$ 212,301	\$ 285,000
Commissions earned	\$ 883,377	\$ 888,422	\$ 888,422	\$ 1,146,229	\$ 1,192,907	\$ 1,486,142	\$ 1,287,681	\$ 1,315,657	\$ 1,486,142	\$ 1,500,000
Interest earned on investments	\$ 1,151,517	\$ 1,363,000	\$ 1,363,000	\$ 1,588,072	\$ 2,191,785	\$ 758,424	\$ 663,869	\$ 482,860	\$ 758,424	\$ 775,000
County Clerk:										
New business licenses issued	875	823	758	864	833	895	882	960	983	1,000
Marriage licenses issued	1,453	1,420	1,621	1,552	1,350	1,381	1,255	1,160	1,002	1,000
Estates filed for probate	589	619	535	590	570	578	612	532	533	535
Building Commissioner:										
Building permits	N/A	N/A	N/A	N/A	933	1,187	1,139	1,235	1,115	
Circuit Court Clerk:										
Criminal cases filed*	16,739	18,238	16,822	1,290	1,411	1,461	1,032	870	1,001	1,100
Civil cases filed	N/A	N/A	N/A	565	1,903	1,871	642	808	1,022	1,125
General Sessions Court:										
State cases filed*	819	661	820	11,360	10,318	10,395	10,020	7,561	8,864	9,750
Civil cases filed	N/A	N/A	N/A	3,562	3,996	3,935	4,920	5,614	5,624	5,900
Traffic division	N/A	N/A	N/A	N/A	N/A	N/A	1,023	8,117	9,715	10,700
Sheriff's Office:										
Civil papers received	20,481	20,540	19,728	21,996	23,106	17,497	17,350	17,836	18,500	19,000
Complaints answered	26,950	30,333	29,498	29,135	32,828	32,116	46,273	34,608	47,000	51,000
DARE programs conducted	666	756	618	659	619	504	495	383	380	389
DUI arrests	230	205	213	248	161	188	250	215	215	270
Speeding tickets issued	406	650	771	373	257	249	531	490	570	625
Average inmates housed a day	154	131	135	255	298	298	328	325	356	400
Cost per day to house inmate	\$ 32.00	\$ 41.00	N/A	\$ 41.00	\$ 45.00	\$ 45.00	\$ 47.60	\$ 44.77	\$ 53.91	\$ 55.00
Correctional officers certified by State	22	All	33	59	yes	yes	65	63	65	86
Rabies & Animal Control:										
Animal control complaints	2,410	2,928	2,671	2,994	2,997	3,610	1,179	3,518	3,674	3,314
Animals adopted	200	261	243	285	263	255	192	354	432	555
Animals euthanized	1,745	2,079	2,066	2,272	2,277	2,062	689	1,803	1,662	2,432
Parks and Recreation:										
Youth basketball participants	360	475	450	450	375	475	450	508	545	575
Youth soccer participants	480	550	485	485	905	1,045	1,100	1,132	1,150	1,200
Adult softball teams	106	106	205	205	201	181	182	185	183	180
Adult basketball teams	35	35	37	37	39	35	36	33	33	33
Adult volleyball teams	32	32	33	33	33	N/A	36	36	36	38
Senior Center membership	N/A	N/A	N/A	N/A	N/A	N/A	450	450	500	575
Highway Department:										
Miles of road maintained	1,059	1,060	1,071	1,079	1,085	1,081	1,079	1,085	1,090	1,240
Bridges maintained	200	182	182	120	120	120	120	120	120	120
Miles of rights-of-way mowed	2,118	4,640	4,284	2,158	2,170	2,162	2,158	2,170	2,180	2,480
Schools:										
Enrollment	10,500	11,000	11,350	11,297	11,410	10,962	10,978	11,137	11,308	11,421
Pupils transported by bus	7,732	7,980	6,333	7,558	8,042	6,166	6,200	6,500	6,800	7,000

* Cases are not separated by category

Table 21

**Blount County, Tennessee
General Government and Discretely Presented
Blount County School Department
Capital Asset Statistics by Function
Last Five Fiscal Years**

Function	Fiscal Year Ending				
	2002	2003	2004	2005	2006
General Government					
Blount County Courthouse	1	1	1	1	1
County Buildings					
Pickup Trucks	2	2	2	2	2
Property Assessor					
Cars	3	3	3	3	3
Sport Utility Vehicles	0	1	2	2	2
County Clerk					
Cars	1	1	1	1	1
Veterans Department					
Cars	1	1	1	1	1
County Mayor					
Sport Utility Vehicles	0	1	1	1	0
Administration of Justice					
Circuit Court					
Cars	0	0	1	1	1
Public Safety					
Sheriffs Department Building	1	1	1	1	1
Patrol Cars	107	143	165	177	189
Sport Utility Vehicles	14	22	27	32	39
Trucks	4	5	8	8	9
Vans	3	3	4	4	5
Mobile Command Unit	0	0	0	1	1
ATV	1	1	1	1	2
Boat	1	3	3	3	3
Motorcycles	0	0	0	4	10
Metro Narcotics Department	1	1	1	1	1
Cars	4	4	4	4	6
Trucks		2	2	2	5
Emergency Management					
Cars	0	0	0	0	0
Utility Vehicles	0	0	0	2	2
Public Health & Welfare					
Blount County Health Department & Environmental Department	1	1	1	1	1
Stormwater					
Sports Utility	0	0	1	1	1
Overlook Mental Health Bldg	1	1	1	1	1

(Continued)

Table 21

Blount County, Tennessee
General Government and Discretely Presented
Blount County School Department
Capital Asset Statistics by Function
Last Five Fiscal Years (cont.)

<u>Function</u>	<u>Fiscal Year Ending</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Social, Cultural, & Rec. Services					
Parks & Rec Office Bldg.	1	1	1	1	1
Senior Center Bldg	1	1	1	1	1
Everett Gym Bldg	1	1	1	1	1
Public Library (Old)	1	1	1	1	1
Public Library (New)	1	1	1	1	1
Other General Government					
Thompson Brown House	1	1	1	1	1
Townsend Visitors Center	1	1	1	1	1
Lincoln Extention Pavilion	1	1	1	1	1
Highway Department					
Highway Department Office	1	1	1	1	1
Salt Storage Bldg.	0	1	1	1	1
Bridges	61	61	61	62	62
Roads	341	355	371	395	413
Cars	5	5	5	5	5
Trucks	24	24	24	24	24
Sport Utility Vehicles	6	7	7	7	7
Heavy Equipment	56	58	59	59	59
Function					
Component Unit					
Blount County School Department					
Central Office	1	1	1	1	1
Elementary Schools	11	11	11	11	12
Middle Schools	4	4	4	4	4
High Schools	2	2	2	2	2
Vocation Bldgs	2	2	2	2	2
Buses	3	3	3	6	6
Cars	6	6	6	6	6
Vans	7	7	7	7	7
Trucks	14	15	15	15	16
Utility Veh.	3	3	3	3	4
Storage Bldg	1	1	1	1	1
Maintenance Bldg	1	1	1	1	1

Sources: Primary governments and Discretely Presented Blount County School Department's capital asset records.

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

October 13, 2006

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, 2006, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated October 13, 2006. 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 06.01.

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

October 13, 2006

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, 2006. 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, 2006.

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, 2006, and have issued our report thereon dated October 13, 2006. 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,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/yu

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
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, 2006, 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.

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. 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 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Industrial Development Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 06-1 and 06-2.

Compliance and Other Matters

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 two instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items 06-3 and 06-4.

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.

06-1 Finding:

Invoices or other documentation not always maintained to support charges to credit cards.

Recommendation:

Invoices or other documentation should be attached to credit card statements to document the charge. A credit card statement in itself is not adequate documentation for charges.

Management's Comment:

We concur with the finding and will take appropriate corrective action.

06-2 Finding:

Disbursements in excess of \$1,000 lacked two signatures on the check.

Recommendation:

Approved policy requires two signatures on checks exceeding \$1,000. We recommend that the policy be adhered to. Also, we recommend that disbursements initiated by electronic funds transfer in excess of \$1,000 require that the invoice be approved by two individuals and such approval be evidenced on the invoice.

Management's Comment:

We concur with the finding and will take appropriate corrective action.

06-3 Finding:

Item 6a of the Intergovernmental Corporation Agreement between the Board, Blount County, Tennessee, City of Alcoa, Tennessee, and City of Maryville, Tennessee, executed in 1997 requires that funds pursuant to this agreement are to be maintained in a separate account. When the board's funds were pooled into one account, these funds were included in the pool.

Recommendation:

We recommend that the funds held by the board related to this Intergovernmental Cooperation Agreement be transferred to a separate account.

Management's Comment:

We concur with the finding and will take appropriate corrective action.

06-4 **Finding:**

Item 7a of the Intergovernmental Cooperation between the board, Blount County, Tennessee, City of Alcoa, Tennessee, and City of Maryville, Tennessee, executed in 2006 requires that funds pursuant to this agreement are to be maintained in a separate account. These funds are commingled with other funds of the board in its pooled cash account.

Recommendation:

We recommend that the funds held by the board related to this Intergovernmental Cooperation Agreement be transferred to a separate account.

Management's Comment:

We concur with the finding and will take appropriate corrective action.

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
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 governmental activities and each major fund of the Blount County Children's Home (a component unit of Blount County, Tennessee), as of and for the year ended June 30, 2006, 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.

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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Blount County Children's Home's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 06-2 through 06-4.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

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 instances of noncompliance and other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as item 06-1.

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.

Compliance Finding:

06-1 Finding:

In violation of the Tennessee Code Annotated, expenditures in the general operating fund exceeded the approved budget by \$5,479. No budgets were prepared for restricted funds.

Recommendation:

Budgets are estimates of operational activity and are required to be prepared and should be reviewed and amended as circumstances of operations change.

Management Comment:

We concur with the recommendation.

Internal Control Findings:

06-2 Finding:

Although an annual budget was prepared, the revenue budget was not detailed as to the chart of accounts categories.

Recommendation:

Budgets should be more detailed, for example, broken down by the chart of accounts, not groups. We recommend that budgets be prepared for each significant area of operations, with input by personnel who will be responsible for meeting them, that budget information be compared to actual results of operations, and that the cause of significant variations be determined so that corrective action can be taken if necessary.

Management Comment:

We concur with the recommendation.

06-3 Finding:

Numerous adjusting entries were required at year-end, in order to correct previously recorded items.

Recommendation:

General ledger detail accounts should be reviewed and reconciled (as needed) by management to ascertain the propriety of amounts entered in the accounting system.

Management Comment:

We concur with the recommendation.

06-4 Finding:

The entity has experienced operating losses (a deficiency of revenues over expenses) amounting to \$116,870 and \$237,995, for the years ended June 30, 2005, and 2006, respectively.

Recommendation:

Actual results of operations should be compared to the budgeted amounts on at least a monthly basis. Discrepancies should be investigated and explained so necessary corrective action can be considered.

Management Comment:

We concur with the recommendation.

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
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, 2006, 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 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

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, 2006, 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.

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.

Compliance and Other Matters

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.

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.

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
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 Public Building Authority of Blount County, Tennessee, a component unit of Blount County, Tennessee, as of June 30, 2006, 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.

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.

Compliance and Other Matters

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.

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.

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 521,457
National School Lunch Program	10.555	N/A	1,574,499
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	291,609
Total U.S. Department of Agriculture			<u>\$ 2,387,565</u>
U.S. Department of Justice:			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 100,822
Passed-through State Office of Criminal Justice Programs:			
Byrne Formula Grant Program	16.579	(2)	68,495
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grant	16.523	GR051662800	2,947
Total U.S. Department of Justice			<u>\$ 172,264</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 810,893
Highway Safety Cluster:			
State and Community Highway Safety Program	20.600	Z-04-024076	8,999
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	(3)	150,761
Passed-through State Department of Military:			
Interagency Hazardous Material Public Sector Training & Planning Grants	20.703	GG-05-11610-00	7,000
Total U.S. Department of Transportation			<u>\$ 977,653</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,554,258
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	2,228,344
Special Education - Preschool Grants	84.173	N/A	95,304
Vocational Education - Basic Grants to States	84.048	N/A	203,680
Safe and Drug Free Schools and Communities	84.186	(2)	37,750
Innovative Education Program Strategies	84.298	N/A	31,468
Educational Technology State Grants Program	84.318	(2)	32,996
Reading Excellence Program	84.338	N/A	1,632
Improving Teacher Quality State Grants	84.367	N/A	469,688
Hurricane Recovery Act	84.938	(2)	122,757
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-05-022196-00	160,733

(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)	\$ 38,147
Total U.S. Department of Education			<u>\$ 4,976,757</u>
U.S. Election Assistance Commission:			
Passed-through State Secretary of State: Help America Vote Act Requirements Payments	90.401	(2)	\$ 466,250
Total U.S. Election Assistance Commission			<u>\$ 466,250</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	(2)	\$ 14,508
Total U.S. Department of Health and Human Services			<u>\$ 14,508</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	97.004	(4)	\$ 659,967
State and Local Homeland Security Exercise Support	97.006	Z-04-019753-01	12,943
Disaster Grants - Public Assistance	97.036	Z-06-030938-00	40,966
Emergency Management Performance Grants	97.042	Z-06-032868-00	12,183
Total U.S. Department of Homeland Security			<u>\$ 726,059</u>
Total Expenditures of Federal Awards			<u>\$ 9,721,056</u>

<u>State Grants</u>		<u>Contract Number</u>	Expenditures
Tourism Grant - State Department of Tourism Development	N/A	(2)	\$ 41,000
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	74,338
Transportation Enhancement Program- State Department of Transportation	N/A	(2)	134,032
State Reappraisal - Comptroller of the Treasury	N/A	(2)	38,119
Health Department Program - State Department of Health	N/A	(2)	712,560
Child Care Assistance Program - State Department of Human Services	N/A	(2)	95,122
Adult Basic Education - State Department of Education	N/A	(2)	41,022
Family Resource Center Grant - State Department of Education	N/A	(2)	26,868
Families First Grant - State Department of Education	N/A	(2)	6,827
Safe Schools Act Grant - State Department of Education	N/A	(2)	83,342
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	194,810
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	73,727
Model Dropout Prevention Program - State Department of Education	N/A	(2)	157
Safety Net - State Department of Health and Human Services	N/A	(2)	1,000,000
Juvenile Court Home Base - State Department of Finance and Admin.	N/A	(2)	138,155
Total State Grants			<u>\$ 2,669,079</u>

(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
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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-05-024094-00: \$125,565; Z-06-027271-00: \$25,196
- (4) Z-03-17726-00: \$44,226; Z-04-020071-00: \$276,622; Z-04-022419-01: \$339,119

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unqualified.
2. The audit of the financial statements of Blount County disclosed no reportable conditions in internal control.
3. The audit disclosed one instance of noncompliance that 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. Title I Grants to Local Educational Agencies (CFDA No. 84.010), Improving Teacher Quality State Grants (CFDA No. 84.367), Help America Vote Act Requirements Payments (CFDA No. 90.401), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) 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 highway superintendent is quoted in this report.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 06.01 **THE OFFICE HAD PURCHASING DEFICIENCIES** (Material Noncompliance Under Government Auditing Standards)

The office had the following purchasing deficiencies:

- A. The highway superintendent requested that a vendor change the date on two invoices for asphalt purchases totaling \$470,919 to reflect purchase dates in the subsequent fiscal year. These invoices were for state aid funded projects that were performed prior to June 30, 2006. The vendor changed the printed dates on the invoices by hand to reflect dates in July 2006 and initialed the changes. By changing the dates, the purchases were inappropriately charged to the 2006-07 fiscal year on the county's accounting records rather than the 2005-06 year, when the purchases were actually made. Section 39-16-504, Tennessee Code Annotated (TCA), states that it is unlawful to "knowingly make a false entry in, or false alteration of, a governmental record." We proposed, and the county accepted, audit adjustments to reflect these purchases as expenditures and payables in 2005-06 in the financial statements of this report.
- B. Accrual of the above-noted liabilities resulted in expenditures exceeding appropriations approved by the County Commission by \$378,890 in the Highway and Bridge Maintenance major appropriation category (the legal level of control) of the Highway/Public Works Fund, and total expenditures exceeding total appropriations by \$42,413. Section 54-7-113, TCA provides that "expenditure of funds for the operation of the county road department shall be made within the limits of the approved budget and the appropriations made for the department."
- C. We also noted three other invoices where the dates had been altered and initialed by vendors to reflect a date after the purchase order date. It appears these invoice dates were altered to make it seem as if the purchase orders had been obtained prior to the purchases.
- D. In addition, we noted two other invoices that were dated prior to the purchase order dates. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

RECOMMENDATION

Official records of the office should not be altered. Expenditures should be charged to the appropriate fiscal year and should be held within appropriations approved by the County Commission. Purchase orders should be issued for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE - HIGHWAY SUPERINTENDENT (DIRECT QUOTE)

All future transactions will be reflected as charged by the various vendors and within existing policies.

**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, 2006

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.