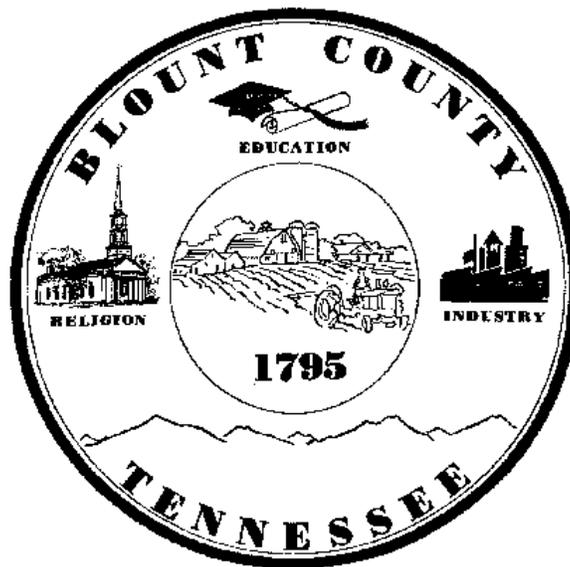

COMPREHENSIVE ANNUAL FINANCIAL REPORT

BLOUNT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



COMPREHENSIVE ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor 4

AMY HEMBREE, CPA
ANGIE COLLINS, CPA, CFE
MICHAEL JARREAU
DOUG SANDIDGE, CISA, CFE
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, 2007

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2007.

Results

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

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

Finding

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF FINANCE

- ◆ Internal financing arrangements were not properly documented and approved in compliance with state statutes.

OFFICES OF DIRECTOR OF FINANCE AND SHERIFF, AND THE PURCHASING DEPARTMENT

- ◆ The Offices of Director of Finance and Sheriff, and the Purchasing Department had deficiencies in procedures and controls over vehicle inventory records.

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

December 5, 2007

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, 2007. 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 Governmental Accounting Standards Board Statement No.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, 2007, 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 on Blount County's financial statements for the fiscal year ended June 30, 2007, 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 118,000. 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 21 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 Fund, this comparison is 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 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, Belk Department Store, Wal-Mart, Eldon, APAC-Tenn, Twin City Auto Dealerships, U.S. Food Service, City of Maryville, and Rockford Manufacturing. Denso Manufacturing is listed as the top employer of Blount County and has approximately 2,583 employees.

The region (which includes Blount County Government and the surrounding unincorporated area within the same county) has an employed labor force of approximately 59,379 which anticipates a growth rate between three and four percent each year for the next several years. The government's central business district expects 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 faces 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 continues its efforts to ensure 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 five years ago. Recently we finished the largest capital improvements program in the county's history, and we have continued to prepare for the future by working to update and approve 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. We are presently completing a site selection process to purchase land on the west side of the county for a new elementary school. In addition, we are in the final year and completion stage of a plan that includes the construction of a new middle school, a new elementary school, and renovation of an existing middle school into a freshman academy to relieve overcrowding in our schools. 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 employs a full-time risk management director as part of the comprehensive risk management program. The county combined four proprietary funds into one fund in the upcoming fiscal year. The Internal Service Fund includes the following projects: the self-insurance (general liability and casualty) project, the employee insurance - health project, employee insurance - dental project, and the workers' compensation project. This fund is under the supervision of the committee, with the exception of the health project which by vote this fiscal year has reverted to the supervision of the finance director. This fund continues to be a very positive force 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, 2006. This is the 13th consecutive year that Blount County has received this prestigious award. To be awarded a Certificate of Achievement, the government must publish 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.

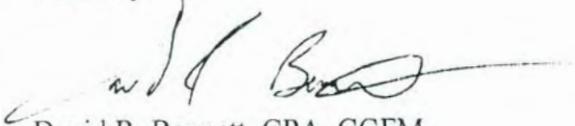
In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2006-2007. To qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Also, Blount County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual condensed financial report. 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, Pat James, Haley Mays, Faye McDaniel, Allen Rippetoe, 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
Assistant County Mayor/Finance Director

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, 2006

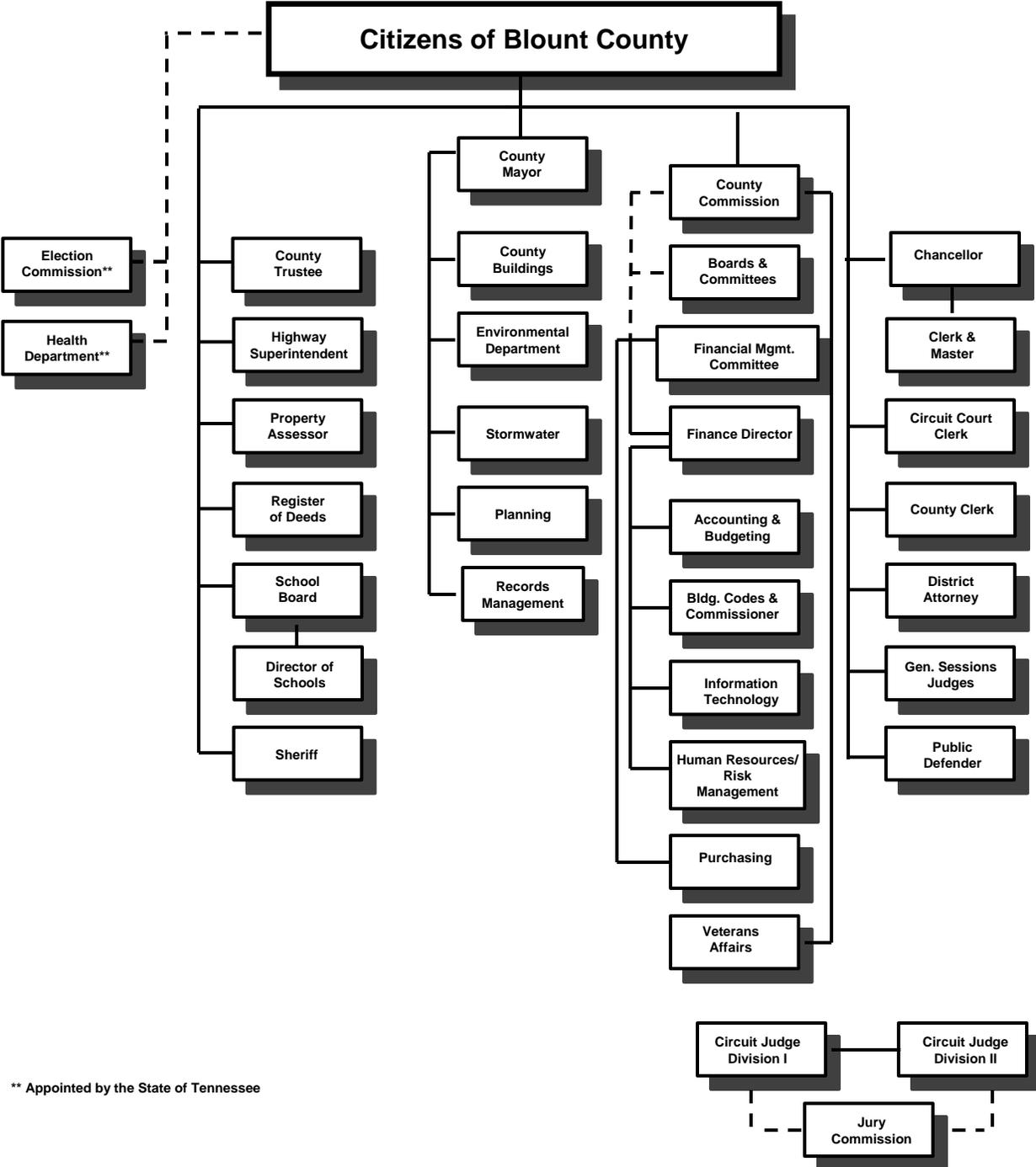
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Blount County Organization Chart



** Appointed by the State of Tennessee

Blount County Officials

June 30, 2007

Officials

Jerry Cunningham, 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
Brenda Flowers, 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	Mark Hasty
Tonya Burchfield	Wendy Pitts Reeves
David Ballard	Kenneth Melton
Brad Harrison	Bob Proffitt
Mike Lewis	Holden Lail
Steve Samples	Scott Helton
Gary Farmer	Ron French
David Graham	Mike Walker
Joe McCulley	Monika Murrell
Steve Hargis	Gerald Kirby
John Keeble	

Financial Management Committee

Mike Walker, Chairman	Bill Dunlap
Jerry Cunningham	Alvin Hord
David Ballard	Kenneth Melton
Dave Bennett	Mike Lewis

Board of Education

Mike Treadway, Chairman	John Paul Davis, Jr.
Charles Finley	Chris Cantrell
Don McNelly	William Miller
Rob Webb	

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

December 5, 2007

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, 2007, 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 5.5 percent and 3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Children's Home (which represent 0.1 percent and 0.1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc. (which represent 41.5 percent and 59.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent 0.3 percent and 0.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 33.1 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, 2007, 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 December 5, 2007, 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.

The accompanying financial statements of the aggregate discretely presented component units have been prepared assuming that the Blount County Public Building Authority will continue as a going concern. As discussed in note X.N. to the financial statements, the public building authority has experienced major operational changes during the year that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in note X.N. The financial statements of the aggregate discretely presented component units do not include any adjustments that might result from the outcome of this uncertainty.

The management's discussion and analysis on pages 23 through 32 and the budgetary comparison and pension information on pages 135 through 141 are not required parts of the basic financial statements but they do provide supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blount County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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, 2007. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A separate set of financial statements is not issued for the Blount County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. In addition, readers should review the separately issued discretely presented component unit financial statements for their MD&A.

FINANCIAL HIGHLIGHTS FOR FY 2007

Key Financial Highlights

In total, net assets of the Primary Government decreased by \$3.3 million. Net assets of the DPCU School Department increased \$8.3 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 \$41 million in revenue or 51 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$39.4 million or 49 percent of total revenues of \$80.4 million. General revenues of the DPCU School Department were \$71 million.

Total assets of governmental activities in the Primary Government were \$187.1 million as taxes receivable ended at \$36.5 million, cash ended at \$20 million, and capital assets, net of accumulated depreciation, ended at \$123.1 million. Total assets in the DPCU School Department were \$137.4 million as taxes receivable ended at \$17.3 million, cash ended at \$11.5 million, and capital assets, net of accumulated depreciation, ended at \$106.1 million.

The county had \$83.8 million in expenses with \$39.4 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$32.2 million) were adequate to provide current funding for these programs. The DPCU School Department had \$86.4 million in expenses related to governmental activities; \$23.7 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily property taxes and sales taxes of \$16 and \$10.4 million, respectively) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$37.6 million in revenues and \$35.1 million in expenditures. The General Debt Service Fund had \$14.6 million in revenues and \$10.9 million in expenditures. The Other Capital Projects Fund had \$1 million in revenues and \$20 million in expenditures. Major funding for this fund was provided by long-term loan proceeds. Fund balance for the General Fund increased by \$3.2 million to \$5.6 million and increased by \$2.3 million to \$8.1 million in the General Debt Service Fund. Fund balance decreased in the Other Capital Projects Fund by \$1.1 million to \$.4 million.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Assets and the Statement 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 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 2007, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2007. 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 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 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, proprietary, and fiduciary.

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, 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 \$27.3 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$111.8 million at the close of the most recent fiscal year.

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

Although the county's and the DPCU School Department's investment in 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.

Changes in net assets for the current fiscal year represent planned capital expenditures funded by debt. The decrease in net assets for the Primary Government was offset somewhat by increases in fund balances in all county funds. For the DPCU School Department, the increase in net assets is due to capital expenditures being funded by the Primary Government.

Table 1 provides a summary of the county's and the DPCU School Department's net assets for 2007 and a comparison to the prior year.

An additional portion of the county's net assets, \$12.8 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$1.2 million of net assets is subject to external restriction.

Tables 2 a & b show changes in net assets for fiscal year 2007 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>2007</u>	<u>2006</u>
Assets		
Current and Other Assets	\$ 63,996,408	\$ 55,960,773
Capital Assets	123,056,956	117,100,064
Total Assets	<u>\$ 187,053,364</u>	<u>\$ 173,060,837</u>
Liabilities:		
Long-term liabilities outstanding	\$ 169,528,712	\$ 155,019,213
Other Liabilities	44,790,282	41,959,449
Total Liabilities	<u>\$ 214,318,994</u>	<u>\$ 196,978,662</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 79,936,221	\$ 71,945,970
Restricted	12,779,291	8,728,044
Unrestricted	(119,981,142)	(104,591,839)
Total Net Assets	<u>\$ (27,265,630)</u>	<u>\$ (23,917,825)</u>

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

	<u>DPCU School Department</u>	
	<u>2007</u>	<u>2006</u>
Assets:		
Current and Other Assets	\$ 31,325,179	\$ 29,273,765
Capital Assets	106,083,939	97,018,828
Total Assets	<u>\$ 137,409,118</u>	<u>\$ 126,292,593</u>
Liabilities:		
Long-term liabilities outstanding	\$ 2,661,541	\$ 460,394
Other Liabilities	22,985,503	22,389,162
Total Liabilities	<u>\$ 25,647,044</u>	<u>\$ 22,849,556</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 105,663,939	\$ 96,178,828
Restricted	1,191,359	1,131,898
Unrestricted	4,906,776	6,132,311
Total Net Assets	<u>\$ 111,762,074</u>	<u>\$ 103,443,037</u>

Education expenditures of \$27.2 million accounted for approximately 32 percent of the \$83.8 million total expenses for governmental activities. Of that \$83.8 million in governmental activities expenses, \$25.7 million was covered by direct charges to users of the services. A significant portion of those charges is for constitutional officers' fees and commission and for premiums charged to the DPCU School Department for health insurance. Public safety charges for service include things like fees for boarding of prisoners in the county jail.

While sales taxes are not levied for a particular program or function, approximately \$2.3 million annually has been designated for roads and bridges, a public works function.

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

	<u>Blount County Government</u>	
	<u>2007</u>	<u>2006</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 25,692,814	\$ 23,629,012
Operating Grants and Contributions	4,835,443	4,736,202

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

	<u>Blount County Government</u>	
	<u>2007</u>	<u>2006</u>
Revenues (Cont.):		
Program Revenues (Cont.):		
Capital Grants and Contributions	\$ 8,908,820	\$ 14,234,010
General Revenues:		
Property Taxes	32,159,284	24,920,611
Sales Taxes	2,301,875	2,192,732
Other Taxes	3,157,284	3,188,703
Grants and Contributions Not Restricted to Specific Programs	2,107,312	1,507,334
Unrestricted Investment Income	1,197,753	834,929
Gain on Sale of Capital Assets	39,723	380,283
Miscellaneous	34,398	26,679
Total Revenues	<u>\$ 80,434,706</u>	<u>\$ 75,650,495</u>
Expenses:		
General Government	\$ 4,320,235	\$ 4,574,541
Finance	4,295,393	4,219,651
Administration of Justice	5,141,149	4,417,115
Public Safety	17,355,681	16,897,954
Public Health and Welfare	1,975,908	1,798,707
Social, Cultural, and Recreational Services	2,711,933	2,790,337
Agriculture and Natural Resources	234,364	229,274
Other Operations	2,827,630	10,411,231
Highways	9,946,373	10,424,179
Education	27,216,725	28,004,179
Interest	6,467,567	5,938,315
Other Debt Service	1,289,553	675,651
Total Expenses	<u>\$ 83,782,511</u>	<u>\$ 90,381,134</u>
Increase/(Decrease) in Net Assets	\$ (3,347,805)	\$ (14,730,639)
Nets Assets - July 1,	<u>(23,917,825)</u>	<u>(9,187,186)</u>
Net Assets - June 30,	<u>\$ (27,265,630)</u>	<u>\$ (23,917,825)</u>

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

	Blount County School Department	
	2007	2006
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,434,815	\$ 4,167,807
Operating Grants and Contributions	7,871,933	7,177,283
Capital Grants and Contributions	11,411,831	12,476,636
General Revenues:		
Property Taxes	15,982,164	15,647,059
Sales Taxes	10,446,190	10,165,748
Other Taxes	403,700	424,651
Grants and Contributions Not Restricted to Specific Programs	43,200,324	39,551,938
Unrestricted Investment Income	752,248	552,360
Miscellaneous	204,976	178,864
Total Revenues	<u>\$ 94,708,181</u>	<u>\$ 90,342,346</u>
Expenses:		
Education	\$ 86,389,144	\$ 78,658,428
Total Expenses	<u>\$ 86,389,144</u>	<u>\$ 78,658,428</u>
Increase/(Decrease) in Net Assets	\$ 8,319,037	\$ 11,683,918
Nets Assets - July 1,	103,443,037	91,759,119
Net Assets - June 30,	<u>\$ 111,762,074</u>	<u>\$ 103,443,037</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 \$17.2 million. Approximately \$13 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 \$7.6 million. Approximately \$7 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 \$3.2 million, while total fund balance was \$5.6 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 nine percent of total General Fund expenditures, while total fund balance represents 16 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 \$.2 million. Fund balance climbed to \$.6 million.

The General Debt Service Fund again finished very strong at June 30, 2007. A net increase of \$2.3 million in fund balance was tremendous considering there was a decrease last year. These savings were realized due to the use of variable rate debt instruments and the extremely favorable market conditions of these debt instruments.

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

Blount County's budgeting process is prescribed by Tennessee Code 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.

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 \$5.9 million, while total fund balance was \$6.1 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 8.1 percent of total General Purpose School Fund expenditures, while total fund balance represents 8.4 percent of that same amount.

Capital Assets and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2007, totals \$79.9 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, 2007, totals \$105.7 million (net of accumulated depreciation and related debt).

Note IV.C. (Capital Assets) provides capital assets activity during the 2007 fiscal year. During 2007, 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 2007 fiscal year, the county had total loan agreements outstanding of \$145.9 million. In addition, the county had total General Obligation Refunding Bonds outstanding of \$27 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, county long-term obligations include compensated absences, capital leases payable, and notes payable. Additional information on the county's long-term debt can be found in Note IV.G. of this report. Notes I.D.4. and IV.G. discuss compensated absences and notes payable.

Interest and fiscal charges totaled 9.3 percent of the total expenses for governmental activities.

The DPCU School Department has a note payable of \$.4 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 4.3 percent, slightly above 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 2007 fiscal year. At the end of the 2007 fiscal year, unreserved fund balance in the General Fund was at \$3.2 million.

Requests 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, 2007

	Primary Government	Component Units					
	Total Governmental Activities	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
<u>ASSETS</u>							
Cash	\$ 54,609	\$ 0	\$ 3,023,556	\$ 505,075	\$ 3,305,543	\$ 765,752	\$ 32,585,321
Equity in Pooled Cash and Investments	19,989,075	11,468,857	0	0	0	0	0
Inventories	0	0	0	0	2,206,529	0	0
Accounts Receivable	667,323	173,592	621,393	0	15,723,520	135,663	4,349,026
Due from Other Governments	2,866,324	2,568,449	0	22,898	0	98,507	0
Due from Primary Government	0	1,464	0	0	0	0	0
Due from Component Units	1,353,154	0	0	0	0	0	0
Property Taxes Receivable	36,533,006	17,314,913	0	0	0	0	0
Allowance for Uncollectible Property Taxes	(418,813)	(202,096)	0	0	0	0	0
Prepaid Items	0	0	0	0	1,030,517	22,254	0
Notes Receivable - Current	420,000	0	0	0	0	0	0
Lease Payments Receivable - Current	0	0	73,200	0	0	0	0
Intergovernmental Receivable - Current	0	0	745,903	0	0	0	0
Other Current Assets	0	0	0	0	2,040,000	0	0
Restricted Assets:							
Restricted for Foundation	0	0	0	0	1,316,586	0	0
Other Restricted Assets	0	0	0	0	157,299,764	0	0
Notes Receivable - Noncurrent	0	0	695,000	0	0	0	0
Unamortized Debt Issuance Cost	2,531,730	0	0	0	1,575,645	0	1,050,456
Lease Payments Receivable - Noncurrent	0	0	1,018,700	0	0	0	0
Intergovernmental Receivable - Noncurrent	0	0	426,673	0	0	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	0	194,070,000

(Continued)

Exhibit A

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

	Primary	Component Units					
	Governmental Activities	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
<u>ASSETS (CONT.)</u>							
Capital Assets:							
Assets Not Depreciated:							
Land	\$ 6,872,943	\$ 8,617,574	\$ 29,495,404	\$ 0	\$ 3,708,169	\$ 40,000	\$ 0
Construction in Progress	3,195,805	22,816,204	539,838	0	871,317	0	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	33,953,198	73,748,659	1,713,972	104,908	81,754,649	469,680	0
Other Capital Assets	3,596,521	901,502	32,290	30,415	19,930,990	438,291	11,642
Infrastructure - Roads, Streets, and Bridges	75,438,489	0	34,860	0	0	0	0
Total Assets	\$ 187,053,364	\$ 137,409,118	\$ 38,420,789	\$ 663,296	\$ 290,763,229	\$ 1,970,147	\$ 232,066,445

LIABILITIES

Accounts Payable	\$ 2,341,801	\$ 231,585	\$ 1,087,463	\$ 1,506	\$ 2,354,571	\$ 38,166	\$ 322,958
Accrued Payroll	70,722	4,212,117	0	0	5,239,363	19,288	0
Accrued Interest Payable	667,359	97,971	0	0	869,893	0	0
Payroll Deductions Payable	12,124	1,448	0	4,371	0	0	0
Retainage Payable	11,115	0	0	0	0	0	0
Due to Component Units	1,464	0	0	0	0	0	0
Due to Primary Government	0	658,154	695,000	0	0	0	0
Other Current Liabilities	1,959,237	580,486	10,000	0	3,137,237	0	34,194,919
Deferred Revenue - Property Taxes	35,169,033	16,647,240	0	0	0	0	0
Unearned Revenues	19,212	0	2,256,976	0	0	0	0

(Continued)

Exhibit A

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

	Primary Government Total Governmental Activities	Component Units					
		School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communica- tions District	Public Building Authority
LIABILITIES (CONT.)							
Unamortized Premiums on Debt	\$ 372,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Noncurrent Liabilities:							
Due Within One Year	4,165,326	556,502	869,038	0	3,090,000	0	2,335,000
Due in More than One Year	169,528,712	2,661,541	13,906,029	0	113,589,333	0	194,070,000
Total Liabilities	<u>\$ 214,318,994</u>	<u>\$ 25,647,044</u>	<u>\$ 18,824,506</u>	<u>\$ 5,877</u>	<u>\$ 128,280,397</u>	<u>\$ 57,454</u>	<u>\$ 230,922,877</u>
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	\$ 79,936,221	\$ 105,663,939	\$ 17,041,297	\$ 0	\$(3,807,275)	\$ 0	\$ 0
Invested in Capital Assets Restricted for:	0	0	0	135,323	0	947,971	11,642
Public Library	677,514	0	0	0	0	0	0
Highways	1,068,010	0	0	0	0	0	0
Debt Service	8,518,861	0	0	0	0	0	0
Drug Control	1,063,107	0	0	0	0	0	0
Tourism	305,708	0	0	0	0	0	0
Constitutional Officers' Data Processing Systems	366,702	0	0	0	0	0	0
Federal Assistance Programs	0	1,191,359	0	0	0	0	0
Other Purposes	293,986	0	1,917,493	106,764	848,379	0	0
Permanent Endowment: Nonexpendable	485,403	0	0	0	0	0	0
Unrestricted	<u>(119,981,142)</u>	<u>4,906,776</u>	<u>637,493</u>	<u>415,332</u>	<u>165,441,728</u>	<u>964,722</u>	<u>1,131,926</u>
Total Net Assets	<u>\$ (27,265,630)</u>	<u>\$ 111,762,074</u>	<u>\$ 19,596,283</u>	<u>\$ 657,419</u>	<u>\$ 162,482,832</u>	<u>\$ 1,912,693</u>	<u>\$ 1,143,568</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, 2007

		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
<u>Primary Government</u>											
Governmental Activities:											
General Government	\$ 4,320,235	\$ 2,026,204	\$ 22,180	\$ 0	\$ (2,271,851)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,295,393	2,906,651	127,016	0	(1,261,726)	0	0	0	0	0	0
Administration of Justice	5,141,149	4,730,640	220,645	323,084	133,220	0	0	0	0	0	0
Public Safety	17,355,681	3,570,510	124,432	417,269	(13,243,470)	0	0	0	0	0	0
Public Health and Welfare	1,975,908	174,046	755,886	0	(1,045,976)	0	0	0	0	0	0
Social, Cultural, and Recreational Services	2,711,933	288,594	885,854	1,010,435	(527,050)	0	0	0	0	0	0
Agriculture and Natural Resources	234,364	0	0	0	(234,364)	0	0	0	0	0	0
Other Operations	2,827,630	0	0	11,667	(2,815,963)	0	0	0	0	0	0
Highways	9,946,373	780,181	2,699,430	7,146,365	679,603	0	0	0	0	0	0
Education	27,216,725	11,215,988	0	0	(16,000,737)	0	0	0	0	0	0
Debt Service:											
Interest	6,467,567	0	0	0	(6,467,567)	0	0	0	0	0	0
Other Debt Service	1,289,553	0	0	0	(1,289,553)	0	0	0	0	0	0
Total Primary Government	\$ 83,782,511	\$ 25,692,814	\$ 4,835,443	\$ 8,908,820	\$ (44,345,434)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Component Units</u>											
Blount County School Department	\$ 86,389,144	\$ 4,434,815	\$ 7,871,933	\$ 11,411,831	\$ 0	\$ (62,670,565)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Industrial Development Board	2,063,917	77,638	2,681,710	5,556,148	0	0	6,251,579	0	0	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	\$ 363,013	\$ 0	\$ 276,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ (86,603)	\$ 0	\$ 0	\$ 0	
Blount Memorial Hospital												
Hospital	161,193,317	151,379,434	13,306,081	0	0	0	0	0	3,492,198	0	0	
Emergency Communications District												
Emergency Communications District	1,783,499	925,305	647,790	0	0	0	0	0	0	(210,404)	0	
Public Building Authority												
Authority	16,704,422	14,658,855	0	0	0	0	0	0	0	0	(2,045,567)	
Total Component Units	\$ 268,497,312	\$ 171,476,047	\$ 24,783,924	\$ 16,967,979	\$ 0	\$ (62,670,565)	\$ 6,251,579	\$ (86,603)	\$ 3,492,198	\$ (210,404)	\$ (2,045,567)	
General Revenues:												
Property Taxes Levied for General Purposes					\$ 18,839,042	\$ 15,982,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Property Taxes Levied for Debt Service					13,320,242	0	0	0	0	0	0	
Sales Taxes					2,301,875	10,446,190	0	0	0	0	0	
Other Taxes					3,157,284	403,700	0	0	0	0	0	
Grants and Contributions Not Restricted to Specific Programs					2,107,312	43,200,324	0	43,349	1,010,724	553,623	0	
Unrestricted Investment Income					1,197,753	752,248	141,390	14,129	13,089,018	25,989	1,546,549	
Gain on Sale of Capital Assets					39,723	0	0	0	0	0	0	
Miscellaneous					34,398	204,976	479,765	4,043	0	63,700	0	
Total General Revenues					\$ 40,997,629	\$ 70,989,602	\$ 621,155	\$ 61,521	\$ 14,099,742	\$ 643,312	\$ 1,546,549	
Change in Net Assets					\$ (3,347,805)	\$ 8,319,037	\$ 6,872,734	(25,082)	17,591,940	\$ 432,908	\$ (499,018)	
Net Assets, July 1, 2006					(23,917,825)	103,443,037	9,587,661	682,501	144,890,892	1,479,785	1,571,605	
Restatement of Beginning Net Assets					0	0	0	0	0	0	70,981	
Restatement for Capital Assets					0	0	3,135,888	0	0	0	0	
Net Assets, June 30, 2007					\$ (27,265,630)	\$ 111,762,074	\$ 19,596,283	\$ 657,419	\$ 162,482,832	\$ 1,912,693	\$ 1,143,568	

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, 2007

	Major Funds			Nonmajor	Total
	General	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 100	\$ 0	\$ 0	\$ 14,972	\$ 15,072
Equity in Pooled Cash and Investments	4,516,815	7,576,373	1,789,734	2,746,847	16,629,769
Accounts Receivable	441,730	49,226	79,894	68,121	638,971
Due from Other Governments	1,561,842	53,725	311,140	939,585	2,866,292
Due from Other Funds	30,600	0	4,784	41,009	76,393
Due from Component Units	0	695,000	0	0	695,000
Property Taxes Receivable	21,958,337	14,574,669	0	0	36,533,006
Allowance for Uncollectible Property Taxes	(248,701)	(170,112)	0	0	(418,813)
Notes Receivable - Current	0	420,000	0	0	420,000
Total Assets	<u>\$ 28,260,723</u>	<u>\$ 23,198,881</u>	<u>\$ 2,185,552</u>	<u>\$ 3,810,534</u>	<u>\$ 57,455,690</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 282,714	\$ 0	\$ 1,747,969	\$ 137,806	\$ 2,168,489
Accrued Payroll	1,801	0	0	68,921	70,722
Payroll Deductions Payable	267	0	0	11,857	12,124
Retainage Payable	0	0	11,115	0	11,115
Due to Other Funds	48,232	0	0	15,594	63,826
Other Current Liabilities	5,966	0	0	7,147	13,113
Deferred Revenue - Current Property Taxes	21,156,372	14,012,661	0	0	35,169,033
Deferred Revenue - Delinquent Property Taxes	483,403	342,411	0	0	825,814
Other Deferred Revenues	655,206	747,513	0	505,639	1,908,358
Total Liabilities	<u>\$ 22,633,961</u>	<u>\$ 15,102,585</u>	<u>\$ 1,759,084</u>	<u>\$ 746,964</u>	<u>\$ 40,242,594</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 1,678,704	\$ 0	\$ 27,793,134	\$ 390,822	\$ 29,862,660
Reserved for Computer System - Register	198,233	0	0	0	198,233
Reserved for Automation Purposes - Circuit Court	71,984	0	0	0	71,984
Reserved for Automation Purposes - Sheriff	96,485	0	0	0	96,485
Reserved for Other General Purposes	398,332	0	0	485,403	883,735
Unreserved, Reported In:					
General Fund	3,183,024	0	0	0	3,183,024
Special Revenue Funds	0	0	0	2,187,345	2,187,345
Debt Service Funds	0	8,096,296	0	0	8,096,296
Capital Projects Funds (Deficit)	0	0	(27,366,666)	0	(27,366,666)
Total Fund Balances	<u>\$ 5,626,762</u>	<u>\$ 8,096,296</u>	<u>\$ 426,468</u>	<u>\$ 3,063,570</u>	<u>\$ 17,213,096</u>
Total Liabilities and Fund Balances	<u>\$ 28,260,723</u>	<u>\$ 23,198,881</u>	<u>\$ 2,185,552</u>	<u>\$ 3,810,534</u>	<u>\$ 57,455,690</u>

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2007

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)		\$ 17,213,096
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 6,872,943	
Add: construction in progress	3,195,805	
Add: infrastructure net of accumulated depreciation	75,438,489	
Add: buildings and improvements net of accumulated depreciation	33,953,198	
Add: other capital assets net of accumulated depreciation	<u>3,596,521</u>	123,056,956
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,734,172
(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 of the internal service funds are included in governmental activities in the statement of net assets.		1,932,702
(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.		(667,359)
(5) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (770,000)	
Less: other loans payable	(145,876,433)	
Less: bonds payable	(26,970,000)	
Less: capital leases payable	(317,268)	
Add: deferred amount on refunding	1,182,558	
Add: deferred charges - debt issuance costs	2,531,730	
Less: compensated absences payable	(942,895)	
Less: other deferred revenue - premium on debt	<u>(372,889)</u>	<u>(171,535,197)</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (27,265,630)</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, 2007

	Major Funds			Nonmajor	Total
	General	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 21,950,863	\$ 13,585,221	\$ 0	\$ 2,549,490	\$ 38,085,574
Licenses and Permits	851,226	0	0	242,180	1,093,406
Fines, Forfeitures, and Penalties	798,592	0	0	788,111	1,586,703
Charges for Current Services	692,444	0	0	111,436	803,880
Other Local Revenues	1,220,751	713,531	11,428	852,074	2,797,784
Fees Received from County Officials	6,674,114	0	0	0	6,674,114
State of Tennessee	2,551,394	0	188,036	2,801,873	5,541,303
Federal Government	2,814,088	0	752,145	60,791	3,627,024
Other Governments and Citizens Groups	94,221	286,642	11,667	876,816	1,269,346
Total Revenues	\$ 37,647,693	\$ 14,585,394	\$ 963,276	\$ 8,282,771	\$ 61,479,134
<u>Expenditures</u>					
Current:					
General Government	\$ 3,956,999	\$ 0	\$ 0	\$ 174,991	\$ 4,131,990
Finance	4,091,458	0	0	697	4,092,155
Administration of Justice	4,495,189	0	0	293,426	4,788,615
Public Safety	16,109,012	0	0	287,691	16,396,703
Public Health and Welfare	1,935,359	0	0	0	1,935,359
Social, Cultural, and Recreational Services	585,906	0	0	1,717,860	2,303,766
Agriculture and Natural Resources	232,565	0	0	0	232,565
Other Operations	2,773,660	0	4,577,010	33,673	7,384,343
Highways	69,254	0	0	5,799,554	5,868,808

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Debt Service:					
Principal on Debt	0	3,433,233	0	0	3,433,233
Interest on Debt	0	6,402,103	0	0	6,402,103
Other Debt Service	0	1,023,435	0	0	1,023,435
Capital Projects	809,398	0	15,442,384	0	16,251,782
Total Expenditures	\$ 35,058,800	\$ 10,858,771	\$ 20,019,394	\$ 8,307,892	\$ 74,244,857
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,588,893	\$ 3,726,623	\$ (19,056,118)	\$ (25,121)	\$ (12,765,723)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 17,610,318	\$ 0	\$ 17,610,318
Transfers In	1,435,177	0	350,000	867,115	2,652,292
Transfers Out	(867,115)	(1,450,000)	0	0	(2,317,115)
Total Other Financing Sources (Uses)	\$ 568,062	\$ (1,450,000)	\$ 17,960,318	\$ 867,115	\$ 17,945,495
Net Change in Fund Balances	\$ 3,156,955	\$ 2,276,623	\$ (1,095,800)	\$ 841,994	\$ 5,179,772
Fund Balance, July 1, 2006	2,469,807	5,819,673	1,522,268	2,221,576	12,033,324
Fund Balance, June 30, 2007	\$ 5,626,762	\$ 8,096,296	\$ 426,468	\$ 3,063,570	\$ 17,213,096

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, 2007

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)		5,179,772
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 4,953,287	
Less: current year depreciation expense	(5,717,154)	
Less: net book value of assets disposed	<u>(985,335)</u>	(1,749,202)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		7,356,094
(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 and other deferred June 30, 2006	\$ (1,746,438)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>2,734,172</u>	987,734
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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	\$ (17,610,318)	
Add: change in premium on debt issuances	31,601	
Add: change in deferred debt issuance costs	42,332	
Add: principal payments on notes	235,000	
Add: principal payments on other loans	2,965,501	
Add: principal payments on bonds	200,000	
Add: principal payments on capital leases	32,732	
Less: change in deferred amount on refunding debt	<u>(154,851)</u>	(14,258,003)

(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.)

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	(65,464)
Change in compensated absences		<u>(285,903)</u>
		(351,367)
(6) 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 (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		<u>(512,833)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>(3,347,805)</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, 2007

	<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 39,537
Equity in Pooled Cash and Investments	3,359,306
Accounts Receivable	28,352
Due from Other Governments	32
Due from Other Funds	142,372
Due from Component Units	658,154
Total Assets	<u>\$ 4,227,753</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 173,312
Due to Other Funds	154,939
Due to Component Units	1,464
Other Current Liabilities	1,946,124
Unearned Revenues	19,212
Total Liabilities	<u>\$ 2,295,051</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 1,932,702</u>
Total Net Assets	<u>\$ 1,932,702</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, 2007

	<u>Governmental Activities- Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 16,592,619
Total Operating Revenues	<u>\$ 16,592,619</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 497,173
Insurance Premiums	610,493
Building and Contents Insurance	113,538
Other Administrative Expenses	127,103
Medical Claims	14,656,617
Liability Insurance	381,525
Other Self-Insured Claims	332,601
Medical Clinic Administrative Expenses	62,598
Medical Clinic Other Contracted Services	221,481
Total Operating Expenses	<u>\$ 17,003,129</u>
Operating Income (Loss)	<u>\$ (410,510)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 232,854
Total Nonoperating Revenues (Expenses)	<u>\$ 232,854</u>
Income (Loss) Before Transfers	\$ (177,656)
Transfers Out	<u>(335,177)</u>
Change in Net Assets	\$ (512,833)
Net Assets, July 1, 2006	<u>2,445,535</u>
Net Assets, June 30, 2007	<u><u>\$ 1,932,702</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, 2007

	Governmental Activities- Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 15,905,759
Payments to Fiscal Agents	(497,173)
Payments to Insurers	(1,001,948)
Payments for Claims	(14,495,780)
Payments for Administrative Costs	(126,234)
Payments for Medical Clinic Administrative Costs	(64,140)
Payments for Medical Clinic Contracted Services	(241,365)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (520,881)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 233,713</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 233,713</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (395,897)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (395,897)</u>
Increase (Decrease) in Cash	\$ (683,065)
Cash, July 1, 2006	<u>4,081,908</u>
Cash, June 30, 2007	<u><u>\$ 3,398,843</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (410,510)
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	(37,599)
(Increase) Decrease in Prepaid Expenses	234,214
Increase (Decrease) in Other Current Liabilities	<u>(306,986)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (520,881)</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 39,537
Equity in Pooled Cash and Investments per Net Assets	<u>3,359,306</u>
Cash, June 30, 2007	<u><u>\$ 3,398,843</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,906,169
Equity in Pooled Cash and Investments	1,286,217
Accounts Receivable	20,002
Due from Other Governments	3,636,141
Taxes Receivable	9,833,981
Allowance for Uncollectible Taxes	<u>(114,780)</u>
Total Assets	<u>\$ 17,567,730</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,244
Payroll Deductions Payable	197,247
Due to Other Taxing Units	13,388,217
Due to Litigants, Heirs, and Others	2,920,726
Due to Joint Ventures	977,235
Other Current Liabilities	<u>83,061</u>
Total Liabilities	<u>\$ 17,567,730</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, 2007

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.

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 \$843,008 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board. In addition, \$1,100,000 was provided from the General Fund for plant expansion as further discussed in Note IV.H.

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 \$171,190 in other operating funds to the Children's Home during the 2006-07 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 Blount 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, 2007, Blount County issued \$17,610,318 of debt for school purposes. Proceeds from these debt issues were deposited into the Other Capital Projects Fund. During the year, \$11,411,831 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.

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.

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.

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 .62 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 (\$1,959,237) on the Statement of Net Assets consists of internal service fund liabilities for self-insured claims (\$1,946,124), law enforcement seizures pending disposition in the General Fund (\$5,966), and nonmajor governmental funds (\$7,147).

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental 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

4. 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 the discretely presented School Department. 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.

5. 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.G. for details of the swap agreements.

6. 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 \$293,986, with the primary restrictions being for: (1) District Attorney General (\$77,879) and (2) Public Defender (\$92,624).

As of June 30, 2007, Blount County had \$129,858,401 in outstanding debt for capital purposes of other entities (schools of \$127,858,401 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, 2007.

<u>Fund/Purpose</u>	<u>Amount</u>
Highway/Public Works:	
Capital Purposes	\$ 87,489
Public Library:	
Capital Purposes	169,026

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 (\$305,708), (2) a reserve for expenditures of the Public Defender’s Office in the General Fund (\$92,624), (3) a reserve for a long-term note receivable in the General Debt Service Fund (\$420,000), 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-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net 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-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the 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), and 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 \$27,366,666 on June 30, 2007, due to liabilities and outstanding commitments for construction contracts. There were undrawn loan proceeds of \$31,819,837 available on June 30, 2007, to cover these liabilities and outstanding commitments.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2007, 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>\$ 230,998</u>
Total		<u><u>\$ 230,998</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, 2007, Blount County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Receivable

The General Debt Service Fund had an intergovernmental note receivable totaling \$420,000 at June 30, 2007. 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 balance of the note is expected to be received during the fiscal year ending June 30, 2008.

C. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance			Balance
	7-1-06	Increases	Decreases	6-30-07
Capital Assets Not Depreciated:				
Land	\$ 6,530,314	\$ 919,031	\$ (576,402)	\$ 6,872,943
Construction in Progress	353,757	2,981,437	(139,389)	3,195,805
Total Capital Assets Not Depreciated	\$ 6,884,071	\$ 3,900,468	\$ (715,791)	\$ 10,068,748
Capital Assets Depreciated:				
*Buildings and Improvements	\$ 44,852,173	\$ 139,389	\$ (210,000)	\$ 44,781,562
Roads, Streets, and Bridges	111,616,827	6,989,510	0	118,606,337
Other Capital Assets	10,587,458	1,419,403	(1,194,704)	10,812,157
Total Capital Assets Depreciated	\$ 167,056,458	\$ 8,548,302	\$ (1,404,704)	\$ 174,200,056
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,932,929	\$ 901,735	\$ (6,300)	\$ 10,828,364
Roads, Streets, and Bridges	39,214,950	3,952,898	0	43,167,848
Other Capital Assets	7,342,586	862,521	(989,471)	7,215,636
Total Accumulated Depreciation	\$ 56,490,465	\$ 5,717,154	\$ (995,771)	\$ 61,211,848
Total Capital Assets Depreciated, Net	\$ 110,565,993	\$ 2,831,148	\$ (408,933)	\$ 112,988,208
Governmental Activities				
Capital Assets, Net	\$ 117,450,064	\$ 6,731,616	\$ (1,124,724)	\$ 123,056,956

*The beginning balance in capital assets depreciated for Buildings and Improvements has been increased \$350,000 to correct for the prior year omission of the Drug Task Force Building from the capital assets records.

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

Governmental Activities:

General Government	\$ 175,499
Finance	16,822
Administration of Justice	265,119
Public Safety	865,558
Public Health and Welfare	21,364
Social, Cultural, and Recreational	271,254
Other Operations	17,734
Highways	<u>4,083,804</u>
 Total Depreciation Expense- Governmental Activities	 <u><u>\$ 5,717,154</u></u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 7,333,251	\$ 1,284,323	\$ 0	\$ 8,617,574
Construction in Progress	17,081,495	10,127,508	(4,392,799)	<u>22,816,204</u>
Total Capital Assets Not Depreciated	<u>\$ 24,414,746</u>	<u>\$ 11,411,831</u>	<u>\$ (4,392,799)</u>	<u>\$ 31,433,778</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 101,709,548	\$ 4,234,321	\$ 0	\$ 105,943,869
Other Capital Assets	3,399,043	262,606	(67,623)	<u>3,594,026</u>
Total Capital Assets Depreciated	<u>\$ 105,108,591</u>	<u>\$ 4,496,927</u>	<u>\$ (67,623)</u>	<u>\$ 109,537,895</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 29,915,683	\$ 2,279,527	\$ 0	\$ 32,195,210
Other Capital Assets	2,588,826	164,306	(60,608)	<u>2,692,524</u>
Total Accumulated Depreciation	<u>\$ 32,504,509</u>	<u>\$ 2,443,833</u>	<u>\$ (60,608)</u>	<u>\$ 34,887,734</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Total Capital Assets				
Depreciated, Net	\$ 72,604,082	\$ 2,053,094	\$ (7,015)	\$ 74,650,161
Governmental Activities				
Capital Assets, Net	\$ 97,018,828	\$ 13,464,925	\$ (4,399,814)	\$ 106,083,939

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

Governmental Activities:

Instruction	\$ 24,594
Support Services	2,317,697
Operation of Non-Instructional Services	<u>101,542</u>
Total Depreciation Expense- Governmental Activities	<u>\$ 2,443,833</u>

D. Construction Commitments

At June 30, 2007, the county had various uncompleted construction projects of approximately \$27,793,134 in the Other Capital Projects Fund. Funding has been provided through authorized loan agreements (see Note IV.G.) which the county draws as the projects progress.

Blount County has entered into operating agreements for existing projects 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, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Internal Service	\$ 15,008
"	Nonmajor governmental	15,592
Other Capital Projects	Internal Service	4,784
Nonmajor governmental	General	39,148
Nonmajor governmental	Internal Service	1,861
Internal Service	General	9,084
Internal Service	Nonmajor governmental	2
Internal Service	Internal Service	<u>133,286</u>
Total		<u>\$ 218,765</u>

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

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary Government: General Debt Service	Component Unit: Industrial Development Board	\$ 695,000
Internal Service	School Department	658,154
Component Unit: School Department	Primary Government: Internal Service	<u>1,464</u>
Total		<u>\$ 1,354,618</u>

During the fiscal year ended June 30, 2006, Blount County purchased property, intended for use as a county fairgrounds. The purchase price of \$785,000 was internally financed from the General Debt Service Fund. In January 2007, this property was transferred to the Industrial Development Board, a component unit of the county, for sale to a third party. The county executed an agreement with the Industrial Development Board providing for all proceeds from the sale of this property to be remitted to Blount County. However, under the terms of the agreement, the Industrial Development Board is not responsible for any proceeds not received. Therefore, the county bears the risk of loss in the event of default by the purchaser. Furthermore, the purchaser obtained financing of \$132,890 from Mountain National Bank (MNB). Per the sale contract, MNB holds the first lien on the property for the financing. The Industrial Development Board sold the property for \$820,000. The terms of the sale provided for the purchaser to pay \$125,000 at closing, with a note for the remaining \$695,000 to be paid over the next several years with a final payment due June 30, 2012, with the potential for a two-year extension. The down payment on the purchase, net of some related costs,

was received by the Industrial Development Board and remitted to Blount County during the current year. The balance due on the contract, \$695,000, is reflected as Due from Component Units on the balance sheet of the General Debt Service Fund. The amount of this receivable not expected to be received within one year is \$638,929.

Interfund Transfers

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Transfers Out	Transfers In General Fund
General Debt Service Fund	\$ 1,100,000
Internal Service funds	335,177
Total	\$ 1,435,177

Transfers Out	Transfers In	
	Other Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 867,115
General Debt Service Fund	350,000	0
Total Transfers	\$ 350,000	\$ 867,115

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. Capital Leases

On November 1, 2005, Blount County entered into a 14-year lease-purchase agreement for a building for the Fifth Judicial District Drug Task Force. The terms of the agreement require total lease payments of \$350,000 plus interest of 4.5 percent. Title to the building transfers to Blount County at the end of the lease period. The lease payments are made from the General Debt Service Fund.

On July 6, 2006, the Blount County School Department entered into a 13-year lease-purchase agreement for school energy facility upgrades. The terms of the agreement require total lease payments of \$2,738,602 plus interest of 5.4 percent. Title to the equipment transfers to Blount County at the end of the lease period. The lease payments are made from the General Purpose School Fund.

On September 1, 2006, the Blount County School Department entered into a five-year lease-purchase agreement for school band instruments. The terms of the agreement require total lease payments of \$111,555 plus interest of 6.31 percent. Title to the equipment transfers to Blount County at the end of the lease period. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds	
	Primary Government	School Department
2008	\$ 34,799	\$ 275,640
2009	34,799	281,616
2010	34,799	287,769
2011	34,799	294,109
2012	34,799	281,797
2013-2017	173,998	1,517,239
2018-2019	69,510	1,005,017
Total Minimum Lease Payments	\$ 417,503	\$ 3,943,187
Amount Representing Interest	(100,235)	(1,198,530)
Present Value of Minimum Lease Payments	<u>\$ 317,268</u>	<u>\$ 2,744,657</u>

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation

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

General obligation bonds, capital outlay notes, and other loans 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. 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, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds - Refunding	2 to 5%	\$ 27,325,000	\$ 26,970,000
Capital Outlay Notes	4.2 to 6	2,500,000	770,000
Other Loans - Variable Rate	Variable	86,850,000	48,590,163
Other Loans - Fixed Rate	4 to 6.2	29,000,000	3,650,000
Other Loans - Synthetic			
Fixed Rate by Swap	Variable	93,000,000	93,000,000
Loan Agreement - State School Bond Authority	0	727,865	636,270

The capital outlay notes above include \$770,000, 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 the proceeds to Blount County. In prior years it was noted that the total amount of this issue was \$817,498. However, as of June 30, 2007, Blount County had borrowed \$727,865 under the agreement, and had no intentions to borrow the remaining available balance. The authority credits interest earnings on the undrawn amount against Blount County's required repayment schedule. The county reflects a liability of \$636,270 for the outstanding loan agreement as of June 30, 2007.

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, 2007:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rates as of 6-30-07	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
Building Authority					
Jail Project (Series II B)	\$ 10,000,000	\$ 6,635,000	Variable	3.76%	.49%
Various Purpose (Series IV-C-1)	39,000,000	39,000,000	Synthetic Fixed by Swap	4.33	.43
<u>Blount County Public</u>					
Building Authority					
School, Jail, and Courthouse	20,000,000	975,000	Fixed	4 to 4.55	N/A
Various Purpose	7,000,000	675,000	Fixed	4.15 to 4.8	N/A
Library	4,100,000	2,900,000	Variable	3.74	.43
Various Purpose (Series A-1-A)	20,000,000	20,000,000	Synthetic Fixed by Swap	4.37	.41
Various Purpose (Series A-5-A)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.986	.49
Various Purpose (Series B-1-C)	9,100,000	7,225,000	Variable	3.6	.43
Various Purpose (Series B-4-A)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.525	.44
Various Purpose (Series D-1-B)	14,000,000	14,000,000	Synthetic Fixed by Swap	3.854	.44
Various Purpose (Series D-5-A)	13,650,000	13,650,000	Variable	3.81	.43
Industrial Park (Series B-10-A)	2,000,000	2,000,000	Fixed	5.55 to 6.2	N/A
School (Series D-8-A) *	35,000,000	17,994,963	Variable	3.81	.43
School					

*\$17,005,037 remains available for future draws under this loan agreement at June 30, 2007.

**\$14,814,800 remains available for future draws under this loan agreement at June 30, 2007.

In addition to the debt issued during the year, the county has also authorized issuance of an additional \$17,075,000 in loan agreements that have not been issued as of the date of this report. Of this amount, \$14,075,000 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, 2007, including interest payments, are presented in the following table. Estimated annual requirements for the other loans are also reflected in the table. Amounts reflected for other loans are based on the outstanding principal totaling \$145,876,433.

Estimated interest payments, and estimated other fees are included for the loan agreements. The Series II-B, and five PBAs 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, 2007.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
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	2,220,000	825,263	0	0
2013-2017	12,455,000	2,807,876	0	0
2018-2019	5,750,000	349,758	0	0
Total	\$ 26,970,000	\$ 7,863,034	\$ 770,000	\$ 69,925

Year Ending June 30	Other Loans		
	Principal	Interest	Other Fees
2008	\$ 2,845,501	\$ 5,878,348	\$ 617,464
2009	1,955,501	5,760,660	610,964
2010	1,685,501	5,683,808	604,136
2011	1,745,501	5,620,592	596,980
2012	2,230,501	5,554,987	589,579
2013-2017	8,377,505	26,641,267	2,823,013
2018-2022	30,342,505	23,575,139	2,532,262
2023-2027	39,388,755	15,965,069	1,762,759
2028-2032	49,310,200	7,325,411	781,810
2033-2034	7,994,963	418,716	47,257
Total	\$ 145,876,433	\$ 102,423,997	\$ 10,966,224

There is \$7,676,296 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$255, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,644, based on the 2000 federal census.

Swap Agreements

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: 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, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.31%
Variable payment from counterparty	% LIBOR	<u>-3.75%</u>
Net interest rate swap payments		0.56%
Variable-rate bond coupon payments		<u>3.81%</u>
Synthetic interest rate on bonds		<u><u>4.37%</u></u>

Fair value: As of June 30, 2007, the swap had a negative fair value of (\$1,403,524). 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, 2007, 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. 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, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. 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 increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2008	\$ 0	\$ 762,000	\$ 111,600	\$ 873,600
2009	0	762,000	111,600	873,600
2010	0	762,000	111,600	873,600
2011	0	762,000	111,600	873,600
2012	0	762,000	111,600	873,600
2013-2017	0	3,810,000	558,000	4,368,000
2018-2022	0	3,810,000	558,000	4,368,000
2023-2027	0	3,810,000	558,000	4,368,000
2028-2031	20,000,000	2,765,489	405,024	23,170,513
Total	\$ 20,000,000	\$ 18,005,489	\$ 2,637,024	\$ 40,642,513

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

Terms: Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 70 percent of the one-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-5-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2030. As of June 30, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.900%
Variable payment from counterparty	% LIBOR	<u>-3.724%</u>
Net interest rate swap payments		0.176%
Variable-rate bond coupon payments		<u>3.810%</u>
Synthetic interest rate on bonds		<u><u>3.986%</u></u>

Fair value: As of June 30, 2007, the swap had a negative fair value of (\$182,128). 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, 2007, 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. 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, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. 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 increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2008	\$ 0	\$ 381,000	\$ 17,600	\$	398,600
2009	0	381,000	17,600		398,600
2010	0	381,000	17,600		398,600
2011	0	381,000	17,600		398,600
2012	0	381,000	17,600		398,600
2013-2017	0	1,905,000	88,000		1,993,000
2018-2022	0	1,905,000	88,000		1,993,000
2023-2027	0	1,905,000	88,000		1,993,000
2028-2030	10,000,000	898,017	41,483		10,939,500
Total	\$ 10,000,000	\$ 8,518,017	\$ 393,483	\$	18,911,500

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: 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, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.264%
Variable payment from counterparty	% LIBOR	<u>-3.489%</u>
Net interest rate swap payments		-0.225%
Variable-rate bond coupon payments		<u>3.750%</u>
Synthetic interest rate on bonds		<u><u>3.525%</u></u>

Fair value: As of June 30, 2007, the swap had a positive fair value of \$290,361. 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, 2007, the county's exposure to credit risk is equal to the amount of the derivative'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. 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, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. 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.

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, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2008	\$ 0	\$ 375,000	\$ (22,480)	\$ 352,520	
2009	0	375,000	(22,480)	352,520	
2010	0	375,000	(22,480)	352,520	
2011	0	375,000	(22,480)	352,520	
2012	0	375,000	(22,480)	352,520	
2013-2017	0	1,875,000	(112,400)	1,762,600	
2018-2022	0	1,875,000	(112,400)	1,762,600	
2023-2027	1,500,000	1,875,000	(112,400)	3,262,600	
2028	8,500,000	318,750	(19,108)	8,799,642	
Total	\$ 10,000,000	\$ 7,818,750	\$ (468,708)	\$ 17,350,042	

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: 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, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty	% LIBOR	<u>-3.75%</u>
Net interest rate swap payments		0.52%
Variable-rate bond coupon payments		<u>3.81%</u>
Synthetic interest rate on bonds		<u><u>4.33%</u></u>

Fair value: As of June 30, 2007, the swap had a negative fair value of (\$1,997,179). 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, 2007, 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. 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, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. 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 increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2008	\$ 0	\$ 1,485,900	\$ 202,020	\$ 1,687,920
2009	0	1,485,900	202,020	1,687,920
2010	0	1,485,900	202,020	1,687,920
2011	0	1,485,900	202,020	1,687,920
2012	0	1,485,900	202,020	1,687,920
2013-2017	1,515,000	7,429,500	1,010,100	9,954,600
2018-2022	29,275,000	5,380,101	731,468	35,386,569
2023	8,210,000	312,801	42,528	8,565,329
Total	\$ 39,000,000	\$ 20,551,902	\$ 2,794,196	\$ 62,346,098

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: 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, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.533%
Variable payment from counterparty	% LIBOR	<u>-3.489%</u>
Net interest rate swap payments		0.044%
Variable-rate bond coupon payments		<u>3.810%</u>
Synthetic interest rate on bonds		<u><u>3.854%</u></u>

Fair value: As of June 30, 2007, the swap had a positive fair value of \$56,516. 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, 2007, 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. 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, that was rated AAA by Standard and Poor’s and Fitch and Aaa by Moody’s Investor Service as of June 30, 2007. 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 increases 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.

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, 2007, 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	
2008	\$ 0	\$ 533,400	\$ 6,118	\$ 539,518
2009	0	533,400	6,118	539,518
2010	0	533,400	6,118	539,518
2011	0	533,400	6,118	539,518
2012	0	533,400	6,118	539,518
2013-2017	0	2,133,600	24,472	2,158,072
2018-2022	0	2,667,000	30,590	2,697,590
2023-2027	14,000,000	1,752,600	20,102	15,772,702
Total	\$ 14,000,000	\$ 9,220,200	\$ 105,754	\$ 23,325,954

The county has also issued Hospital Revenue Bonds on behalf of Blount Memorial Hospital, Inc. Total Hospital Revenue Bonds outstanding at June 30, 2007, totaled \$117,035,000. 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, 2007, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2006	\$ 27,170,000	\$ 1,005,000	\$ 131,231,616
Additions	0	0	17,610,318
Deductions	(200,000)	(235,000)	(2,965,501)
Balance, June 30, 2007	\$ 26,970,000	\$ 770,000	\$ 145,876,433
Balance Due Within One Year	\$ 630,000	\$ 245,000	\$ 2,845,501

	Capital Leases	Compensated Absences
Balance, July 1, 2006	\$ 350,000	\$ 656,992
Additions	0	907,975
Deductions	(32,732)	(622,072)
Balance, June 30, 2007	<u>\$ 317,268</u>	<u>\$ 942,895</u>
Balance Due Within One Year	<u>\$ 20,522</u>	<u>\$ 424,303</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 174,876,596
Less: Balance Due Within One Year	(4,165,326)
Less: Deferred Amount on Refunding	<u>(1,182,558)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 169,528,712</u>

Compensated absences will be paid from the employing funds.

Defeasance of Prior Debt

In a 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, 2007, the following outstanding loans are considered defeased:

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

Discretely Presented 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 and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Notes	4%	\$2,500,000	\$ 420,000
Capital Leases	5.4 to 6.31	2,850,157	2,744,657

These capital outlay notes and capital leases will be retired from the General Purpose School Fund.

The annual requirements to amortize all notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 420,000	\$ 16,800
Total	\$ 420,000	\$ 16,800

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Blount County School Department for the year ended June 30, 2007, was as follows:

	Notes	Compensated Absences
Balance, July 1, 2006	\$ 840,000	\$ 49,611
Additions	0	3,775
Deductions	(420,000)	0
Balance, June 30, 2007	\$ 420,000	\$ 53,386
Balance Due Within One Year	\$ 420,000	\$ 9,918

	<u>Capital Leases</u>
Balance, July 1, 2006	\$ 0
Additions	2,850,157
Deductions	<u>(105,500)</u>
Balance, June 30, 2007	<u>\$ 2,744,657</u>
Balance Due Within One Year	<u>\$ 126,584</u>
Analysis of Noncurrent Liabilities Presented on Exhibit A:	
Current Liabilities, June 30, 2007	\$ 3,218,043
Less: Balance Due Within One Year	<u>(556,502)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,661,541</u>

Compensated absences will be paid from the employing funds.

H. 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 transfers (not notes receivable) in the financial statements of this report. During the year, Blount County issued an internal financing agreement of \$350,000 to loan idle funds from the General Debt Service Fund to the Other Capital Projects Fund for the purpose of providing funds for an appropriation for an animal shelter. The loan made by the General Debt Service Fund will be repaid from fundraising efforts for the animal shelter along with net revenues from the operation of the animal shelter and animal control for Blount County. In addition, Blount County issued an internal financing agreement of \$1,100,000 to the General Fund to finance the Industrial Development Board's costs related to Denso Manufacturing's latest facility expansion in Blount County. This loan is to be repaid with increases in Denso property taxes during that time. Both financing agreements are to be repaid by revenues placed directly in the General Debt Service Fund through the budgetary process. A note of \$785,000 reflected as internal financing in the previous year's report has been replaced by a due from component unit amount (\$695,000) due to land transfer and subsequent transfers in the current year. This transaction is further detailed in Note IV.E.

I. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal will be expended to benefit the Blount County Children's Home. During the year ended June 30, 2007, interest earned and expended totaled \$27,247.

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 \$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. During the year, the county retained the risk of loss to a limit of \$250,000 for each occurrence for general liability, property, and casualty coverage. However, Blount County has canceled the stop/loss insurance policy for general liability, property, and casualty coverage effective July 1, 2007. 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 \$57,478 for general liability, property, and casualty coverage; \$206,292 for health coverage; \$60,602 for dental coverage; and \$1,608,330 for workers' compensation coverage at June 30, 2007, 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. It is expected that these claims liabilities will be paid within the next fiscal year. 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
2005-2006	\$ 248,385	\$ 286,363	\$ (202,796)	\$ 331,952
2006-2007	331,952	332,601	(405,653)	258,900

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-2006	\$ 886,255	\$ 12,541,939	\$ (12,485,481)	\$ 942,713
2006-2007	942,713	12,916,554	(12,971,734)	887,533

Dental

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-2006	\$ 56,435	\$ 659,511	\$ (653,676)	\$ 62,270
2006-2007	62,270	877,883	(877,883)	62,270

Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-2006	\$ 460,663	155,050	\$ (466,481)	\$ 149,232
2006-2007	149,232	862,180	(273,991)	737,421

B. 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 for all funds of the county under the supervision of a Director of Accounts and Budgets. These acts went into effect on July 1, 2007.

C. 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.

D. Changes in Administration

On August 31, 2006, Beverley Woodruff left the Office of County Mayor and was succeeded by Jerry Cunningham. On December 31, 2006, James Carroll left the office of Clerk and Master and was succeeded by Brenda Flowers.

E. Joint Ventures

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

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 bonds 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 bonds is \$10,800,360 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.

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 \$585,906 to the operations of the commission during the year ended June 30, 2007.

The county does not retain an equity interest in any of the noted joint ventures. Complete financial for these joint ventures can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

District Attorney General
Fifth Judicial District
942 East Lamar Alexander Parkway
Maryville, TN 37804.

City of Alcoa
Blount County Solid Waste Authority
223 Associates Boulevard
Alcoa, TN 37701

Blount County Cable Television Authority
P.O. Box 4338
Maryville, TN 37804

Recreation and Parks Commission
316 South Everett High Road
Maryville, TN 37804

F. Retirement Commitments

Employees

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 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 <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, 2007, was 10.21 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, 2007, Blount County's annual pension cost of \$2,800,825 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 the contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$2,800,825	100%	\$0
6-30-06	2,252,368	100	0
6-30-05	2,122,184	100	0

School Teachers

Plan Description

The Blount County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), 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 SETHEPP. 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 <http://www.treasury.state.tn.us>.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$2,274,983, \$1,958,765, and \$1,845,628, respectively, equal to the required contributions for each year.

G. 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 with the last ten consecutive years of service with Blount County. As of June 30, 2007, 11 retirees of the primary government and 127 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 (\$35,448) and the discretely presented Blount County School Department (\$547,456). Also during the year, expenditures were recognized for post-employment dental insurance

premiums for Blount County (\$2,095) and the discretely presented Blount County School Department (\$34,290).

H. Office of Central Accounting, Budgeting, and Purchasing

During the year, 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.B., the county adopted the Fiscal Control Acts of 1957, effective July 1, 2007.

I. Purchasing Laws

During the year, purchasing procedures were 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. As noted in note V.B, effective July 1, 2007, purchases were governed by the County Purchasing Law of 1957. On August 16, 2007, the Blount County Commission voted to raise the formal bid limit to \$10,000 on purchases for funds under the direction of the County Mayor.

VI. OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD

A. Summary of Significant Accounting Policies

1. Assets, Liabilities, and Equity

Cash and Cash Equivalents

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, 2007. 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 that affect certain reported amounts and disclosures. 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 prohibit 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, 2007.

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 totals \$7,845,000 and requires a participating match of \$4,155,177. At June 30, 2007, the amount of reimbursement due from the State of Tennessee was \$442,089.

3. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Balance 7-1-06	Additions	Retirements	Balance 6-30-07
Land	\$ 24,094,170	\$ 5,457,234	\$ 56,000	\$ 29,495,404
Building and improvements	2,550,733	0	639,544	1,911,189
Furniture, fixtures, and equipment	198,956	2,492	0	201,448
Signs	45,018	0	0	45,018
Construction in progress	0	539,838	0	539,838
Totals	\$ 26,888,877	\$ 5,999,564	\$ 695,544	\$ 32,192,897
Less: accumulated depreciation				
Buildings and improvements	\$ (409,395)	\$ (29,058)	\$ (241,236)	\$ (197,217)
Furniture, fixtures, and equipment	(155,206)	(13,952)	0	(169,158)
Signs	(7,157)	(3,001)	0	(10,158)
Total accumulated depreciation	\$ (571,758)	\$ (46,011)	\$ (241,236)	\$ (376,533)
Governmental activities Capital assets, net	\$ 26,317,119	\$ 5,953,553	\$ 454,308	\$ 31,816,364

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	\$ 531,387
Note payable to SunTrust Bank with interest at 4.75%, due \$9,800 monthly, including interest, until October 2009, collateralized by property	1,378,501
Two notes payable to individuals with interest at 6%, due annually in installments of \$371,484 until January 2008, secured by deed of trust	350,457
Five notes payable to individuals with interest at 6%, due annually in installments of \$444,323 until August 2008, secured by deed of trust	814,619
Note payable to Blount County, Tennessee, with interest at 6% payable semi annually. Principal to be repaid as land in 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 in 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	12,679
Note payable to Regions Mortgage with interest at 5.45%, due \$3,587 monthly, including interest, until May 2014, unsecured	<u>247,586</u>
	\$ 14,235,229
Less: Current portion	<u>(869,038)</u>
Total	<u><u>\$ 13,366,191</u></u>

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

Debt payable, July 1, 2006	\$15,781,817
Issued during the period	250,000
Debt retired	<u>(1,796,588)</u>
Debt payable, June 30, 2007	<u><u>\$14,235,229</u></u>

Future debt service requirements are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 869,038	\$ 825,118	\$ 1,694,156
2009	533,790	775,577	1,309,367
2010	571,262	729,846	1,301,108
2011	97,138	717,506	814,644
2012	102,116	712,528	814,644
2013-2016	<u>12,061,885</u>	<u>2,735,596</u>	<u>14,797,481</u>
Total	<u>\$ 14,235,229</u>	<u>\$ 6,496,171</u>	<u>\$ 20,731,400</u>

5. Conduit Debt

On November 15, 2006, the Board of Directors authorized the issuance of \$32,000,000 in public improvement bonds to finance the Maryville Civic Arts Center. The bonds were issued effective December 13, 2006. Maryville College, the City of Alcoa, the City of Maryville, and federal and state grants will finance the complete project. Funds are drawn by the board from the trustee as expenditures occur. During the year ended June 30, 2007, the board drew \$539,838 in bond proceeds. Principal repayments are scheduled to commence on June 1, 2010.

6. Net Assets

Restricted Net Assets	
Restricted for development and maintenance	\$ 1,784,004
Restricted for training	<u>133,489</u>
Total Restricted	<u><u>\$ 1,917,493</u></u>

7. Notes Receivable

In March 2007, the board purchased land from Blount County and then immediately sold the property to Event Management Company,

LLC through an installment note of \$820,000. Proceeds received through this installment note are to be paid to Blount County within ten days of receipt.

Repayment terms due the board include an initial payment of \$125,000 in March 2007 with four annual payments of \$56,071 beginning in June 2008, with a final payment of \$470,216 to be made in July 2012. The outstanding balance of this note (\$695,000) on June 30, 2007, has been reflected as both a Notes Receivable and a Due to Primary Government in the financial statements of this report.

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. 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>\$ 1,091,900</u>
Total aggregate minimum future lease payments	\$ 1,091,900
Current portion	<u>(73,200)</u>
Amount receivable after one year	<u>\$ 1,018,700</u>

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

Fiscal Year
Ending
June 30

2008	\$	73,200
2009		73,200
2010		73,200
2011		73,200
2012		73,200

F. 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.

G. Prior-period Adjustment

Net assets as of July 1, 2006, have been adjusted to record Denso project costs incurred during 2006 as capital assets. Had the error not been made, the change in net assets for the year ended June 30, 2006, would have been increased by \$3,135,888.

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	3–20

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, 2007, totals \$22,898.

3. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Governmental activities:

	Balance 7-1-06	Additions	Balance 6-30-07
Buildings and improvements	\$ 632,526	\$ 0	\$ 632,526
Equipment	166,071	12,389	178,460
Furniture and fixtures	38,622	0	38,622
Totals	\$ 837,219	\$ 12,389	\$ 849,608
Less: accumulated depreciation			
Buildings and improvements	\$ (523,899)	\$ (3,719)	\$ (527,618)
Equipment	(131,634)	(17,615)	(149,249)
Furniture and fixtures	(37,076)	(342)	(37,418)
Total accumulated depreciation	\$ (692,609)	\$ (21,676)	\$ (714,285)
Governmental Activities			
Capital assets, net	\$ 144,610	\$ (9,287)	\$ 135,323

Depreciation expense was charged to governmental activities as follows:

Children's Home \$ 21,676

4. **Accrued Expenses**

Payables in the governmental funds are composed of:

Accounts payable	\$	1,506
SUTA Payroll Tax Liability		96
Form 941 Payroll Tax Liability		<u>4,275</u>
	\$	<u><u>5,877</u></u>

5. **Net Assets**

<u>Activity</u>	<u>Restricted by</u>	<u>Amount</u>
Memorial Scholarship	Contributors/Board	\$ 14,799
Building	Board	53,535
Webb	Board	<u>38,430</u>
Total Restricted Net Assets for Other Purposes		<u><u>\$ 106,764</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 employee's compensation. During the year ended June 30, 2007, the home contributed \$3,580 to the plan.

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, 2007, 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. 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 33 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	8-25
Buildings, improvements, and fixed equipment	10-30
Equipment	3-15

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, 2007, cash and cash equivalent balances include \$1,230,408 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 \$1,230,408). 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>6-30-07</u>
U.S. Treasury portfolio (cash equivalents)	\$ 7,006,337
U.S. Treasury notes	19,912,212
U.S. government agency securities	41,929,949
Corporate bonds	42,124,608
Common stocks	<u>46,326,658</u>
Total	<u>\$ 157,299,764</u>

In connection with the hospital's investment policies as described in Note VIII.3, assets limited as to use by board and those held by trustees are classified as follows:

	<u>6-30-07</u>
Short-term	\$ 14,010,945
Intermediate	96,832,105
Equity	<u>46,456,714</u>
	<u>\$ 157,299,764</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>6-30-07</u>
Cash	\$ 162,552
U.S. government portfolio mutual funds	98,802
Bond Mutual Funds	610,007
Equity Mutual Funds	<u>445,225</u>
Total	<u>\$ 1,316,586</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:

	<u>Year Ended</u> <u>6-30-07</u>
Gross patient service charges	\$ 438,957,025
Contractual adjustments and discounts	(259,093,151)
Charity care charges foregone	(20,610,461)
Provision for bad debts	<u>(7,873,979)</u>
Net patient service revenue	<u>\$ 151,379,434</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 38 and 11 percent, respectively, for 2007.

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 \$209,211 were paid from the fund during the year ended June 30, 2007. At June 30, 2007, 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 \$1,019,519 at June 30, 2007. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$9,485,000 for 2007.

F. Property and Equipment

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

	Balance 7-1-06	Additions	Retirements	Balance 6-30-07
Land	\$ 3,708,169	\$ 0	\$ 0	\$ 3,708,169
Land improvements	2,863,001	23,673	(483,147)	2,403,527
Buildings, improvements, and fixed equipment	133,094,012	7,994,551	(13,324,561)	127,764,002
Equipment	74,416,197	6,065,587	(3,341,029)	77,140,755
Construction in progress	2,286,321	5,605,941	(7,020,945)	871,317
Total	\$ 216,367,700	\$ 19,689,752	\$ (24,169,682)	\$ 211,887,770
Less: allowances for depreciation	(110,619,964)	(12,046,279)	17,043,598	(105,622,645)
Total	<u>\$ 105,747,736</u>	<u>\$ 7,643,473</u>	<u>\$ (7,126,084)</u>	<u>\$ 106,265,125</u>

Construction in progress at June 30, 2007, consists primarily of costs related to facility additions with total estimated costs to complete of approximately \$3,214,000.

G. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-06	Additions	Principal Payments	Balance 6-30-07
Series 1998A Bonds	\$ 9,325,000	\$ 0	\$ (1,170,000)	\$ 8,155,000
Series 1998B Bonds	12,745,000	0	(640,000)	12,105,000
Series A-3-A Bonds	40,000,000	0	0	40,000,000
Series C-2-A Bonds	57,900,000	0	(1,125,000)	56,775,000
Total outstanding	\$ 119,970,000	\$ 0	\$ (2,935,000)	\$ 117,035,000
Less current portion	(2,935,000)			(3,090,000)
Less unamortized loss on bond refunding	(426,803)			(355,667)
Long-term portion	\$ 116,608,197			\$ 113,589,333

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 (\$71,136 in 2007 and \$71,070 in 2006). 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 \$1,220,000 in 2008 to \$1,515,000 in 2013 at interest rates ranging from 4.2 percent to 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$785,000 in 2010 to \$4,610,00 in 2020 at interest rates ranging from five percent to 5.15 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 \$1,200,000 in 2008 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 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 \$1,994,000 as of June 30, 2007. 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
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	1,450,000	0	2,270,000	3,720,000
2013-2017	7,975,000	7,150,000	6,340,000	21,465,000
2018-2022	9,375,000	14,400,000	3,545,000	27,320,000
2023-2027	16,350,000	18,450,000	0	34,800,000
2028-2029	16,450,000	0	0	16,450,000
Total	\$ 56,775,000	\$ 40,000,000	\$ 20,260,000	\$ 117,035,000

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, 2007, which was 3.81 percent):

	Series C-2-A	Series A-3-A	Series 1998A and B	Total
2008	\$ 2,442,598	\$ 1,796,500	\$ 934,575	\$ 5,173,673
2009	2,396,719	1,796,500	845,743	5,038,962
2010	2,348,856	1,796,500	752,074	4,897,430
2011	2,298,135	1,796,500	654,045	4,748,680
2012	2,244,636	1,796,500	550,923	4,592,059
2013-2017	10,354,105	8,572,131	1,586,187	20,512,423
2018-2022	8,732,315	6,647,515	278,928	15,658,758
2023-2027	6,723,420	2,249,713	0	8,973,133
2028-2029	1,264,063	0	0	1,264,063
Total	\$ 38,804,847	\$ 26,451,859	\$ 5,602,475	\$ 70,859,181

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 \$5,412,838 in 2007.

Funds held by trustees as of June 30, 2007, for the outstanding bond issues consisted of the following:

	<u>6-30-07</u>
Debt service reserve funds	\$ 2,984,682
Bond funds	<u>2,402,273</u>
Total	<u>\$ 5,386,955</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 \$3,162,374 in 2007. Employee contributions were \$3,519,440 in 2007.

I. Foundation

At June 30, 2007, the foundation's assets total \$1,327,963, and consist of cash and investments. A portion of the investments at June 30, 2007, totaling \$848,379, 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, 2007, total \$1,316,586, and the 2007 statement of revenues, expenses, and changes in net assets includes foundation contribution revenue of \$387,675, net investment income of \$141,003, and distributions and other expenses of \$388,424. 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 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, 2007, 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 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 districtt 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 capital assets and depreciation are as follows:

Description	Balance			Balance 6-30-07	Accumulated Depreciation	Net Value 6-30-07
	6-30-07	Additions	Retirements			
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000	\$ 0	\$ 40,000
Building	501,250	0	0	501,250	292,395	208,855
Building and improvements	465,226	0	0	465,226	204,401	260,825
Emergency equipment	411,862	300,404	94,247	618,019	190,031	427,988
Furniture and equipment	104,959	6,011	0	110,970	100,667	10,303
Totals	<u>\$ 1,523,297</u>	<u>\$ 306,415</u>	<u>\$ 94,247</u>	<u>\$ 1,735,465</u>	<u>\$ 787,494</u>	<u>\$ 947,971</u>

Depreciation expense for the fiscal year ended June 30, 2007, totaled \$88,437.

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 – AT&T

AT&T (formerly 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 \$8,681 per month through December 31, 2007.

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, 2007, the Blount County Emergency Communications District contributed \$96,550 to the plan, in addition to \$43,834 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 40 percent (40%) of the building's utilities. A new five-year lease was effective for July 1, 2005, at \$3,500 per month.

TEMA gave notice of their intention to terminate the lease. It is anticipated that TEMA will vacate the premises prior to October 1, 2007.

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

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2008	\$ 11,025

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 (PBA).

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 prohibit 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, 2007.

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, 2007.

D. Long-term Debt/Bonds Payable/Loan Agreement

A summary of bond transactions of the authority for the period from July 1, 2006, through June 30, 2007, is as follows:

	<u>Public Facility Bonds</u>
Debt payable - July 1, 2006	\$ 183,570,000
Issued during the period	15,000,000
Debt retired	<u>(2,165,000)</u>
Debt payable - June 30, 2007	<u>\$ 196,405,000</u>

Bonds payable at June 30, 2007, 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%	\$ 6,860,000
\$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%	15,470,000
\$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 5.4%	5,300,000
\$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%	2,900,000
\$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

Public Facility Bonds (Cont.)	Amount Outstanding
\$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 and \$3,570,000 in 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%	7,225,000
\$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 at 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
\$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%	2,000,000
\$15,000,000 - 2007 Local Government Improvement Bonds due in installments ranging from \$1,600,000 to \$3,450,000 payable September 2007 through August 2037; interest payable quarterly at 5%	<u>15,000,000</u>
Total Bonds Outstanding	<u>\$ 196,405,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2007, including interest payments, are \$376,418,372 as follows:

Year Ending June 30	Amount
2008	\$ 12,139,666
2009	12,111,500
2010	12,101,570
2011	12,063,539
2012	12,443,977
2013-2017	61,290,827
2018-2022	73,216,085
2023-2027	68,196,042
2028-2032	68,507,666
2033-2037	44,347,500
Total	<u>\$ 376,418,372</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 H. and I. 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, 2007, 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, 2007, the PBA entered into 11 loan agreements with Blount County, Tennessee, whereby

PBA has issued revenue bonds totaling \$171,850,000. The proceeds are available for loan to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, as of June 30, 2007, are as follows:

Bond Issue Amount	Loaned to Blount County
\$ 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	13,650,000
35,000,000	17,819,107
2,000,000	2,000,000
15,000,000	0

During the year ended June 30, 2007, nine 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	\$ 41,152
Maryville Parking Garage	2,713,784
Carpenter Elementary School	2,039,794
Health Department Primary Care Clinic	2,737,843
New West Side Middle School (Union Grove)	4,909,918
West Side Elementary (Union Grove)	507,425
Highway Department - Land Development Project	10,080
Schools Capital Outlay	179,447
Schools - Operations & Maintenance Improvements	<u>1,334,808</u>
Total Construction	<u><u>\$ 14,474,251</u></u>

Expenditures were as follows (Cont.):

Administration:

Remitted to Blount County, TN	\$ 304,645
Salaries and payroll taxes	244,391
Other Administrative Expense	<u>30,962</u>
Total Administration	<u><u>\$ 579,998</u></u>

G. Litigation

Information provided by the attorney for the authority indicates there are 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 \$1,154,560,000 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, Washington, Coker, Cumberland, Hawkins, White, Bradley, and Johnson; Cleveland Utilities Board, Hamblen (MHH), and Blount County Industrial Development Board.

I. Conduit Debt/Restricted Assets

The PBA has issued conduit debt (Note H.) to provide capital financing for specified third parties that is not a part of the PBA's financial reporting entity. The authority has issued bonds totaling \$1,154,560,000 to other governmental entities (Note H.) as of June 30, 2007. 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, 2007, consist of a vehicle being depreciated over five years using the straight-line method of depreciation. Depreciation expense for the year ended June 30, 2007, totaled \$3,105.

K. Bond Issue Costs/Amortization

Bond issue costs incurred are being amortized over the life of the bond issues. Costs totaling \$500,325, \$94,156, \$476,825, and \$185,200 are being amortized over the applicable life of the bond issues. Amortization expense totaled \$48,081 for the year ended June 30, 2007.

L. Payroll and Personnel

The authority's personnel were paid by Blount County, Tennessee, through December 31, 2006. Effective January 1, 2007, PBA became responsible for personnel costs. Salaries and benefits for PBA personnel totaled \$244,391 for the year ended June 30, 2007. Blount County charged overhead (percent basis) to jobs of PBA to fund the salaries. PBA salaries and overhead charges are reflected in the component unit financial statements. Certain employees also participate in the Tennessee Consolidated Retirement System through Blount County, Tennessee, and the director participates in a separate retirement plan. Contributions to the plans totaled \$22,852 for the year ended June 30, 2007.

Contributions to the system are determined on an actuarial reserve 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 authority, participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2007. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities are valued at amortized costs.

An experience study of the system is conducted every four years, the most recent as of June 30, 2004. The 2007 valuation was conducted using assumptions that resulted from the June 30, 2004 study.

Amounts pertaining to the supplemental liability for the pension plan and accumulated assets in the plan, and the actuarially computer present value of vested benefits in excess of net assets of the pension fund, are not identifiable for the authority.

M. Prior-year Fund Balance Restated/Fund Balance-Reserved

Certain amounts in the loan fund bank accounts were corrected in the current year providing an increase in fund balance of \$70,981 from the prior year.

N. Going-Concern Implications

During the current year, the PBA has experienced major operational changes, including requirements for written contracts, as well as a Blount County Commission Resolution which made PBA responsible for independent operation. In addition, PBA was not compensated for project management services totaling \$140,145 due to the county mayor's requirement for written contracts. In addition, the PBA remitted \$304,645 to Blount County, Tennessee, from operating funds requested by the county mayor. Additional monies requested were returned to the county in the form of payments for school project services. The county mayor also advised the PBA board that the PBA would not be given any future county projects. With operating funds at a minimum and no other projects scheduled, the PBA may not be able to continue in existence after the two current projects are completed. The PBA will have no other choice but to lay off employees and terminate all project and facility management activities.

**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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 21,950,863	\$ 0	\$ 0	\$ 21,950,863	\$ 21,872,980	\$ 21,880,981	\$ 69,882
Licenses and Permits	851,226	0	0	851,226	931,866	931,866	(80,640)
Fines, Forfeitures, and Penalties	798,592	0	0	798,592	772,795	787,724	10,868
Charges for Current Services	692,444	0	0	692,444	470,200	805,354	(112,910)
Other Local Revenues	1,220,751	0	0	1,220,751	630,564	879,207	341,544
Fees Received from County Officials	6,674,114	0	0	6,674,114	5,445,834	5,673,884	1,000,230
State of Tennessee	2,551,394	0	0	2,551,394	2,971,129	2,889,497	(338,103)
Federal Government	2,814,088	0	0	2,814,088	3,154,745	3,227,470	(413,382)
Other Governments and Citizens Groups	94,221	0	0	94,221	41,000	92,070	2,151
Total Revenues	\$ 37,647,693	\$ 0	\$ 0	\$ 37,647,693	\$ 36,291,113	\$ 37,168,053	\$ 479,640
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 205,101	\$ (4,451)	\$ 2,371	\$ 203,021	\$ 204,979	\$ 205,119	\$ 2,098
Board of Equalization	3,209	(275)	275	3,209	2,799	5,439	2,230
Beer Board	116	(148)	232	200	200	200	0
Budget and Finance Committee	3,100	0	0	3,100	3,100	3,100	0
County Mayor/Executive	235,627	(912)	150	234,865	241,860	248,333	13,468
Personnel Office	136,631	(7,304)	8,079	137,406	154,600	144,935	7,529
Election Commission	393,852	(26,915)	2,470	369,407	376,041	381,466	12,059
Register of Deeds	433,238	(1,552)	6,104	437,790	497,524	506,615	68,825
Planning	193,781	(2,478)	1,128	192,431	203,598	198,754	6,323
Building	234,588	(3,882)	8,402	239,108	276,555	250,996	11,888
Codes Compliance	105,271	(5,936)	7,828	107,163	119,110	117,438	10,275
County Buildings	1,084,186	(43,726)	62,323	1,102,783	1,120,256	1,131,992	29,209
Other General Administration	606,895	(8,863)	5,283	603,315	605,083	605,083	1,768
Preservation of Records	93,151	(19,231)	19,142	93,062	102,514	100,090	7,028

(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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 228,253	\$ (24,075)	\$ 23,894	\$ 228,072	\$ 196,814	\$ 288,747	\$ 60,675
<u>Finance</u>							
Accounting and Budgeting	775,562	(1,282)	549	774,829	800,080	802,083	27,254
Purchasing	303,013	(2,356)	1,693	302,350	317,600	313,327	10,977
Property Assessor's Office	793,416	(203,714)	218,718	808,420	851,021	846,755	38,335
Reappraisal Program	284,780	(23,274)	13,757	275,263	283,608	327,105	51,842
County Trustee's Office	373,855	(2,209)	188	371,834	378,360	380,681	8,847
County Clerk's Office	972,357	(1,892)	13,994	984,459	999,303	1,016,239	31,780
Data Processing	588,475	(47,840)	33,538	574,173	600,749	604,437	30,264
<u>Administration of Justice</u>							
Circuit Court	133,337	(43,543)	45,888	135,682	208,613	190,283	54,601
Circuit Court Clerk	1,737,600	(49,136)	47,711	1,736,175	1,703,550	1,763,231	27,056
General Sessions Court	950,551	(11,125)	6,041	945,467	1,006,802	1,008,197	62,730
Chancery Court	441,529	(3,346)	2,155	440,338	466,849	463,472	23,134
Juvenile Court	505,247	(17,170)	13,450	501,527	532,637	528,377	26,850
Office of Public Defender	57,474	(318)	36	57,192	54,902	69,831	12,639
Other Administration of Justice	363,682	0	0	363,682	251,491	366,836	3,154
Probation Services	305,769	0	669	306,438	0	328,224	21,786
<u>Public Safety</u>							
Sheriff's Department	8,213,161	(509,419)	434,007	8,137,749	8,432,439	8,621,196	483,447
Special Patrols	41,280	0	0	41,280	41,228	41,937	657
Traffic Control	33,016	0	0	33,016	38,011	35,326	2,310
Drug Enforcement	64,848	0	0	64,848	56,424	65,526	678
Jail	5,871,769	(124,757)	89,373	5,836,385	5,916,210	6,004,207	167,822
Workhouse	9,035	0	0	9,035	8,939	9,035	0
Juvenile Services	1,043,324	(13,782)	15,902	1,045,444	1,411,556	1,296,059	250,615

(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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Fire Prevention and Control	\$ 4,297	\$ 0	\$ 0	\$ 4,297	\$ 4,297	\$ 4,297	\$ 0
Civil Defense	84,157	(1,749)	2,623	85,031	139,681	139,681	54,650
Disaster Relief	407,662	(53,258)	87,799	442,203	894,745	797,638	355,435
Other Emergency Management	274,044	0	0	274,044	274,044	274,044	0
County Coroner/Medical Examiner	62,419	0	0	62,419	45,247	65,247	2,828
<u>Public Health and Welfare</u>							
Local Health Center	1,018,250	(94,962)	79,285	1,002,573	1,222,373	1,221,103	218,530
Rabies and Animal Control	131,849	0	278	132,127	138,349	138,349	6,222
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
General Welfare Assistance	238,966	0	0	238,966	238,966	238,966	0
Other Local Welfare Services	130,732	0	0	130,732	131,557	131,557	825
Sanitation Management	10,771	0	0	10,771	37,741	14,756	3,985
Other Public Health and Welfare	344,791	(7,077)	3,901	341,615	343,048	344,548	2,933
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	585,906	0	0	585,906	585,906	585,906	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	133,341	(72)	0	133,269	142,050	142,050	8,781
Soil Conservation	99,224	(283)	70	99,011	99,255	99,255	244
<u>Other Operations</u>							
Tourism	823,894	(11,814)	20,660	832,740	730,140	884,140	51,400
Industrial Development	843,008	(170)	170	843,008	843,008	843,008	0
Other Economic and Community Development	269,366	(11,742)	16,037	273,661	189,100	289,100	15,439
Veterans' Services	159,689	(518)	185	159,356	161,489	159,817	461
Other Charges	38,497	(444)	106	38,159	42,110	42,110	3,951
Contributions to Other Agencies	44,521	0	0	44,521	44,521	44,521	0
Miscellaneous	594,685	(6,004)	4,148	592,829	357,829	592,829	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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 69,254	\$ (8,823)	\$ 2,920	\$ 63,351	\$ 76,518	\$ 79,131	\$ 15,780
<u>Capital Projects</u>							
Other General Government Projects	809,398	(143,069)	375,172	1,041,501	1,014,654	1,067,604	26,103
Total Expenditures	\$ 35,058,800	\$ (1,544,896)	\$ 1,678,704	\$ 35,192,608	\$ 36,282,033	\$ 37,530,328	\$ 2,337,720
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 2,588,893	\$ 1,544,896	\$ (1,678,704)	\$ 2,455,085	\$ 9,080	\$ (362,275)	\$ 2,817,360
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 550,000	\$ 550,000	\$ (550,000)
Transfers In	1,435,177	0	0	1,435,177	300,000	335,177	1,100,000
Transfers Out	(867,115)	0	0	(867,115)	(878,415)	(878,415)	11,300
Total Other Financing Sources (Uses)	\$ 568,062	\$ 0	\$ 0	\$ 568,062	\$ (28,415)	\$ 6,762	\$ 561,300
Net Change in Fund Balance	\$ 3,156,955	\$ 1,544,896	\$ (1,678,704)	\$ 3,023,147	\$ (19,335)	\$ (355,513)	\$ 3,378,660
Fund Balance, July 1, 2006	2,469,807	(1,544,896)	0	924,911	209,587	355,513	569,398
Fund Balance, June 30, 2007	\$ 5,626,762	\$ 0	\$ (1,678,704)	\$ 3,948,058	\$ 190,252	\$ 0	\$ 3,948,058

Exhibit F-2

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Required Supplementary Information

(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

BLOUNT COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

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.

**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.

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for the transactions of the Blount County Highway Department.

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, 2007

	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	34,641	32,819	733,327	1,064,747	77,484
Accounts Receivable	0	0	7,712	5,497	394
Due from Other Governments	0	0	0	10	1
Due from Other Funds	0	0	0	0	0
Total Assets	<u>\$ 34,641</u>	<u>\$ 32,819</u>	<u>\$ 741,139</u>	<u>\$ 1,070,254</u>	<u>\$ 77,879</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 15,281	\$ 0	\$ 0
Accrued Payroll	0	0	18,535	0	0
Payroll Deductions Payable	0	0	2,771	0	0
Due to Other Funds	0	0	2	0	0
Other Current Liabilities	0	0	0	7,147	0
Other Deferred Revenues	0	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,589</u>	<u>\$ 7,147</u>	<u>\$ 0</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 500	\$ 4,450	\$ 151,967	\$ 55,516	\$ 136
Reserved for Other General Purposes	0	0	0	0	0
Unreserved	34,141	28,369	552,583	1,007,591	77,743
Total Fund Balances	<u>\$ 34,641</u>	<u>\$ 32,819</u>	<u>\$ 704,550</u>	<u>\$ 1,063,107</u>	<u>\$ 77,879</u>
Total Liabilities and Fund Balances	<u>\$ 34,641</u>	<u>\$ 32,819</u>	<u>\$ 741,139</u>	<u>\$ 1,070,254</u>	<u>\$ 77,879</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)				Permanent	Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	Total	Fund Endowment	
<u>ASSETS</u>						
Cash	\$ 0	\$ 14,872	\$ 0	\$ 14,972	\$ 0	\$ 14,972
Equity in Pooled Cash and Investments	46,317	0	272,109	2,261,444	485,403	2,746,847
Accounts Receivable	188	720	51,575	66,086	2,035	68,121
Due from Other Governments	9,860	0	929,714	939,585	0	939,585
Due from Other Funds	25	0	40,984	41,009	0	41,009
Total Assets	\$ 56,390	\$ 15,592	\$ 1,294,382	\$ 3,323,096	\$ 487,438	\$ 3,810,534
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 367	\$ 0	\$ 120,123	\$ 135,771	\$ 2,035	\$ 137,806
Accrued Payroll	0	0	50,386	68,921	0	68,921
Payroll Deductions Payable	0	0	9,086	11,857	0	11,857
Due to Other Funds	0	15,592	0	15,594	0	15,594
Other Current Liabilities	0	0	0	7,147	0	7,147
Other Deferred Revenues	0	0	505,639	505,639	0	505,639
Total Liabilities	\$ 367	\$ 15,592	\$ 685,234	\$ 744,929	\$ 2,035	\$ 746,964
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 1,537	\$ 0	\$ 176,716	\$ 390,822	\$ 0	\$ 390,822
Reserved for Other General Purposes	0	0	0	0	485,403	485,403
Unreserved	54,486	0	432,432	2,187,345	0	2,187,345
Total Fund Balances	\$ 56,023	\$ 0	\$ 609,148	\$ 2,578,167	\$ 485,403	\$ 3,063,570
Total Liabilities and Fund Balances	\$ 56,390	\$ 15,592	\$ 1,294,382	\$ 3,323,096	\$ 487,438	\$ 3,810,534

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, 2007

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Revenues</u>					
Local Taxes	\$ 9,955	\$ 9,954	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	719,938	20,496
Charges for Current Services	0	0	107,707	0	0
Other Local Revenues	0	0	195,325	58,820	5,996
State of Tennessee	0	0	40,504	0	0
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	831,816	0	0
Total Revenues	<u>\$ 9,955</u>	<u>\$ 9,954</u>	<u>\$ 1,175,352</u>	<u>\$ 778,758</u>	<u>\$ 26,492</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 9,202	\$ 0	\$ 165,789	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	50,315
Public Safety	0	0	0	287,691	0
Social, Cultural, and Recreational Services	0	0	1,717,860	0	0
Other Operations	93	6,333	0	0	0
Highways	0	0	0	0	0
Total Expenditures	<u>\$ 9,295</u>	<u>\$ 6,333</u>	<u>\$ 1,883,649</u>	<u>\$ 287,691</u>	<u>\$ 50,315</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 660</u>	<u>\$ 3,621</u>	<u>\$ (708,297)</u>	<u>\$ 491,067</u>	<u>\$ (23,823)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 827,115	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 827,115</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 660	\$ 3,621	\$ 118,818	\$ 491,067	\$ (23,823)
Fund Balance, July 1, 2006	33,981	29,198	585,732	572,040	101,702
Fund Balance, June 30, 2007	<u>\$ 34,641</u>	<u>\$ 32,819</u>	<u>\$ 704,550</u>	<u>\$ 1,063,107</u>	<u>\$ 77,879</u>

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds (Cont.)</u>				<u>Permanent</u>	<u>Total</u>
	<u>Other</u>	<u>Constitu -</u>	<u>Highway /</u>	<u>Total</u>	<u>Fund</u>	
	<u>Special</u>	<u>tional</u>	<u>Public</u>		<u>Endowment</u>	<u>Nonmajor</u>
	<u>Revenue</u>	<u>Officers -</u>	<u>Works</u>			<u>Governmental</u>
		<u>Fees</u>				<u>Funds</u>
<u>Revenues</u>						
Local Taxes	\$ 62,052	\$ 0	\$ 2,467,529	\$ 2,549,490	\$ 0	\$ 2,549,490
Licenses and Permits	0	0	242,180	242,180	0	242,180
Fines, Forfeitures, and Penalties	47,677	0	0	788,111	0	788,111
Charges for Current Services	3,032	697	0	111,436	0	111,436
Other Local Revenues	4,193	0	560,493	824,827	27,247	852,074
State of Tennessee	29,750	0	2,731,619	2,801,873	0	2,801,873
Federal Government	60,791	0	0	60,791	0	60,791
Other Governments and Citizens Groups	45,000	0	0	876,816	0	876,816
Total Revenues	\$ 252,495	\$ 697	\$ 6,001,821	\$ 8,255,524	\$ 27,247	\$ 8,282,771
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 174,991	\$ 0	\$ 174,991
Finance	0	697	0	697	0	697
Administration of Justice	243,111	0	0	293,426	0	293,426
Public Safety	0	0	0	287,691	0	287,691
Social, Cultural, and Recreational Services	0	0	0	1,717,860	0	1,717,860
Other Operations	0	0	0	6,426	27,247	33,673
Highways	0	0	5,799,554	5,799,554	0	5,799,554
Total Expenditures	\$ 243,111	\$ 697	\$ 5,799,554	\$ 8,280,645	\$ 27,247	\$ 8,307,892
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 9,384	\$ 0	\$ 202,267	\$ (25,121)	\$ 0	\$ (25,121)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 40,000	\$ 0	\$ 0	\$ 867,115	\$ 0	\$ 867,115
Total Other Financing Sources (Uses)	\$ 40,000	\$ 0	\$ 0	\$ 867,115	\$ 0	\$ 867,115
Net Change in Fund Balances	\$ 49,384	\$ 0	\$ 202,267	\$ 841,994	\$ 0	\$ 841,994
Fund Balance, July 1, 2006	6,639	0	406,881	1,736,173	485,403	2,221,576
Fund Balance, June 30, 2007	\$ 56,023	\$ 0	\$ 609,148	\$ 2,578,167	\$ 485,403	\$ 3,063,570

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,955	\$ 0	\$ 0	\$ 9,955	\$ 11,092	\$ 11,092	\$ (1,137)
Total Revenues	\$ 9,955	\$ 0	\$ 0	\$ 9,955	\$ 11,092	\$ 11,092	\$ (1,137)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 9,202	\$ (110)	\$ 500	\$ 9,592	\$ 9,710	\$ 9,710	\$ 118
<u>Other Operations</u>							
Other Charges	93	0	0	93	750	750	657
Total Expenditures	\$ 9,295	\$ (110)	\$ 500	\$ 9,685	\$ 10,460	\$ 10,460	\$ 775
Excess (Deficiency) of Revenues Over Expenditures	\$ 660	\$ 110	\$ (500)	\$ 270	\$ 632	\$ 632	\$ (362)
Net Change in Fund Balance	\$ 660	\$ 110	\$ (500)	\$ 270	\$ 632	\$ 632	\$ (362)
Fund Balance, July 1, 2006	33,981	(110)	0	33,871	33,989	33,989	(118)
Fund Balance, June 30, 2007	\$ 34,641	\$ 0	\$ (500)	\$ 34,141	\$ 34,621	\$ 34,621	\$ (480)

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,954	\$ 0	\$ 0	\$ 9,954	\$ 6,650	\$ 6,650	\$ 3,304
Total Revenues	<u>\$ 9,954</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,954</u>	<u>\$ 6,650</u>	<u>\$ 6,650</u>	<u>\$ 3,304</u>
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 6,333	\$ (5,215)	\$ 4,450	\$ 5,568	\$ 6,475	\$ 6,475	\$ 907
Total Expenditures	<u>\$ 6,333</u>	<u>\$ (5,215)</u>	<u>\$ 4,450</u>	<u>\$ 5,568</u>	<u>\$ 6,475</u>	<u>\$ 6,475</u>	<u>\$ 907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,621</u>	<u>\$ 5,215</u>	<u>\$ (4,450)</u>	<u>\$ 4,386</u>	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ 4,211</u>
Net Change in Fund Balance	\$ 3,621	\$ 5,215	\$ (4,450)	\$ 4,386	\$ 175	\$ 175	\$ 4,211
Fund Balance, July 1, 2006	<u>29,198</u>	<u>(5,215)</u>	<u>0</u>	<u>23,983</u>	<u>26,647</u>	<u>26,647</u>	<u>(2,664)</u>
Fund Balance, June 30, 2007	<u>\$ 32,819</u>	<u>\$ 0</u>	<u>\$ (4,450)</u>	<u>\$ 28,369</u>	<u>\$ 26,822</u>	<u>\$ 26,822</u>	<u>\$ 1,547</u>

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 107,707	\$ 0	\$ 0	\$ 107,707	\$ 91,000	\$ 92,500	\$ 15,207
Other Local Revenues	195,325	0	0	195,325	235,760	193,500	1,825
State of Tennessee	40,504	0	0	40,504	0	40,504	0
Other Governments and Citizens Groups	831,816	0	0	831,816	931,393	827,114	4,702
Total Revenues	\$ 1,175,352	\$ 0	\$ 0	\$ 1,175,352	\$ 1,258,153	\$ 1,153,618	\$ 21,734
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 165,789	\$ (17,334)	\$ 17,495	\$ 165,950	\$ 175,545	\$ 172,503	\$ 6,553
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,632,768	(63,619)	131,198	1,700,347	1,856,755	1,779,184	78,837
Other Social, Cultural, and Recreational	85,092	(4,097)	3,274	84,269	79,648	92,589	8,320
Total Expenditures	\$ 1,883,649	\$ (85,050)	\$ 151,967	\$ 1,950,566	\$ 2,111,948	\$ 2,044,276	\$ 93,710
Excess (Deficiency) of Revenues Over Expenditures	\$ (708,297)	\$ 85,050	\$ (151,967)	\$ (775,214)	\$ (853,795)	\$ (890,658)	\$ 115,444
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 827,115	\$ 0	\$ 0	\$ 827,115	\$ 827,115	\$ 827,115	\$ 0
Total Other Financing Sources (Uses)	\$ 827,115	\$ 0	\$ 0	\$ 827,115	\$ 827,115	\$ 827,115	\$ 0
Net Change in Fund Balance	\$ 118,818	\$ 85,050	\$ (151,967)	\$ 51,901	\$ (26,680)	\$ (63,543)	\$ 115,444
Fund Balance, July 1, 2006	585,732	(85,050)	0	500,682	500,000	500,000	682
Fund Balance, June 30, 2007	\$ 704,550	\$ 0	\$ (151,967)	\$ 552,583	\$ 473,320	\$ 436,457	\$ 116,126

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 719,938	\$ 0	\$ 0	\$ 719,938	\$ 241,000	\$ 241,000	\$ 478,938
Other Local Revenues	58,820	0	0	58,820	15,000	15,000	43,820
Total Revenues	\$ 778,758	\$ 0	\$ 0	\$ 778,758	\$ 256,000	\$ 256,000	\$ 522,758
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 287,691	\$ (33,028)	\$ 55,516	\$ 310,179	\$ 63,000	\$ 323,000	\$ 12,821
Total Expenditures	\$ 287,691	\$ (33,028)	\$ 55,516	\$ 310,179	\$ 63,000	\$ 323,000	\$ 12,821
Excess (Deficiency) of Revenues Over Expenditures	\$ 491,067	\$ 33,028	\$ (55,516)	\$ 468,579	\$ 193,000	\$ (67,000)	\$ 535,579
Net Change in Fund Balance	\$ 491,067	\$ 33,028	\$ (55,516)	\$ 468,579	\$ 193,000	\$ (67,000)	\$ 535,579
Fund Balance, July 1, 2006	572,040	(33,028)	0	539,012	199,854	199,854	339,158
Fund Balance, June 30, 2007	\$ 1,063,107	\$ 0	\$ (55,516)	\$ 1,007,591	\$ 392,854	\$ 132,854	\$ 874,737

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 62,052	\$ 0	\$ 0	\$ 62,052	\$ 55,000	\$ 55,000	\$ 7,052
Fines, Forfeitures, and Penalties	47,677	0	0	47,677	61,200	61,200	(13,523)
Charges for Current Services	3,032	0	0	3,032	5,000	5,000	(1,968)
Other Local Revenues	4,193	0	0	4,193	2,398	2,398	1,795
State of Tennessee	29,750	0	0	29,750	0	0	29,750
Federal Government	60,791	0	0	60,791	65,321	74,321	(13,530)
Other Governments and Citizens Groups	45,000	0	0	45,000	40,000	45,000	0
Total Revenues	\$ 252,495	\$ 0	\$ 0	\$ 252,495	\$ 228,919	\$ 242,919	\$ 9,576
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 243,111	\$ (2,058)	\$ 1,537	\$ 242,590	\$ 268,919	\$ 282,919	\$ 40,329
Total Expenditures	\$ 243,111	\$ (2,058)	\$ 1,537	\$ 242,590	\$ 268,919	\$ 282,919	\$ 40,329
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,384	\$ 2,058	\$ (1,537)	\$ 9,905	\$ (40,000)	\$ (40,000)	\$ 49,905
<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	\$ 49,384	\$ 2,058	\$ (1,537)	\$ 49,905	\$ 0	\$ 0	\$ 49,905
Fund Balance, July 1, 2006	6,639	(2,058)	0	4,581	6,303	6,303	(1,722)
Fund Balance, June 30, 2007	\$ 56,023	\$ 0	\$ (1,537)	\$ 54,486	\$ 6,303	\$ 6,303	\$ 48,183

Exhibit G-8

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,467,529	\$ 0	\$ 0	\$ 2,467,529	\$ 2,825,000	\$ 2,405,000	\$ 62,529
Licenses and Permits	242,180	0	0	242,180	0	420,000	(177,820)
Other Local Revenues	560,493	0	0	560,493	399,000	402,536	157,957
State of Tennessee	2,731,619	0	0	2,731,619	3,225,000	3,225,000	(493,381)
Other Governments and Citizens Groups	0	0	0	0	100,000	100,000	(100,000)
Total Revenues	\$ 6,001,821	\$ 0	\$ 0	\$ 6,001,821	\$ 6,549,000	\$ 6,552,536	\$ (550,715)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 702,160	\$ (1,391)	\$ 10	\$ 700,779	\$ 766,419	\$ 711,983	\$ 11,204
Highway and Bridge Maintenance	3,295,531	(17,848)	169,426	3,447,109	3,758,342	3,727,178	280,069
Operation and Maintenance of Equipment	1,554,652	(4,027)	5,036	1,555,661	1,486,386	1,575,522	19,861
Capital Outlay	247,211	0	2,244	249,455	303,500	303,500	54,045
Total Expenditures	\$ 5,799,554	\$ (23,266)	\$ 176,716	\$ 5,953,004	\$ 6,314,647	\$ 6,318,183	\$ 365,179
Excess (Deficiency) of Revenues Over Expenditures	\$ 202,267	\$ 23,266	\$ (176,716)	\$ 48,817	\$ 234,353	\$ 234,353	\$ (185,536)
Net Change in Fund Balance	\$ 202,267	\$ 23,266	\$ (176,716)	\$ 48,817	\$ 234,353	\$ 234,353	\$ (185,536)
Fund Balance, July 1, 2006	406,881	(23,266)	0	383,615	337,479	337,479	46,136
Fund Balance, June 30, 2007	\$ 609,148	\$ 0	\$ (176,716)	\$ 432,432	\$ 571,832	\$ 571,832	\$ (139,400)

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,585,221	\$ 13,221,122	\$ 13,221,122	\$ 364,099
Other Local Revenues	713,531	518,000	518,000	195,531
State of Tennessee	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	286,642	215,000	215,000	71,642
Total Revenues	<u>\$ 14,585,394</u>	<u>\$ 14,154,122</u>	<u>\$ 14,154,122</u>	<u>\$ 431,272</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 3,433,233	\$ 3,720,000	\$ 3,720,000	\$ 286,767
<u>Interest on Debt</u>				
General Government	6,402,103	9,340,102	9,340,102	2,937,999
<u>Other Debt Service</u>				
General Government	1,023,435	1,094,020	1,094,020	70,585
Total Expenditures	<u>\$ 10,858,771</u>	<u>\$ 14,154,122</u>	<u>\$ 14,154,122</u>	<u>\$ 3,295,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,726,623</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,726,623</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (1,450,000)</u>	<u>\$ 0</u>	<u>\$ (1,450,000)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ (1,450,000)</u>	<u>\$ 0</u>	<u>\$ (1,450,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 2,276,623	\$ 0	\$ (1,450,000)	\$ 3,726,623
Fund Balance, July 1, 2006	<u>5,819,673</u>	<u>5,225,040</u>	<u>5,225,040</u>	<u>594,633</u>
Fund Balance, June 30, 2007	<u>\$ 8,096,296</u>	<u>\$ 5,225,040</u>	<u>\$ 3,775,040</u>	<u>\$ 4,321,256</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, 2007

	Internal Service Funds				Total
	Self- Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	
<u>ASSETS</u>					
Current Assets:					
Cash	\$ 17,222	\$ 0	\$ 0	\$ 22,315	\$ 39,537
Equity in Pooled Cash and Investments	299,156	523,358	98,274	2,438,518	3,359,306
Accounts Receivable	0	12,609	1,582	14,161	28,352
Due from Other Governments	0	5	1	26	32
Due from Other Funds	0	120,809	21,561	2	142,372
Due from Component Units	0	631,917	20,666	5,571	658,154
Total Assets	\$ 316,378	\$ 1,288,698	\$ 142,084	\$ 2,480,593	\$ 4,227,753
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ 0	\$ 173,312	\$ 0	\$ 0	\$ 173,312
Due to Other Funds	0	21,561	0	133,378	154,939
Due to Component Units	0	0	0	1,464	1,464
Other Current Liabilities	258,900	887,533	62,270	737,421	1,946,124
Unearned Revenues	0	0	19,212	0	19,212
Total Liabilities	\$ 258,900	\$ 1,082,406	\$ 81,482	\$ 872,263	\$ 2,295,051
<u>NET ASSETS</u>					
Unrestricted	\$ 57,478	\$ 206,292	\$ 60,602	\$ 1,608,330	\$ 1,932,702
Total Net Assets	\$ 57,478	\$ 206,292	\$ 60,602	\$ 1,608,330	\$ 1,932,702

Exhibit I-2

Blount County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Internal Service Funds				
	Self- Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>Operating Revenues</u>					
Self-Insurance Premiums	\$ 780,878	\$ 14,430,058	\$ 906,766	\$ 474,917	\$ 16,592,619
Total Operating Revenues	<u>\$ 780,878</u>	<u>\$ 14,430,058</u>	<u>\$ 906,766</u>	<u>\$ 474,917</u>	<u>\$ 16,592,619</u>
<u>Operating Expenses</u>					
Fiscal Agent Charges	\$ 16,995	\$ 447,368	\$ 216	\$ 32,594	\$ 497,173
Insurance Premiums	0	550,744	0	59,749	610,493
Building and Contents Insurance	113,538	0	0	0	113,538
Other Administrative Expenses	0	127,103	0	0	127,103
Medical Claims	0	12,916,554	877,883	862,180	14,656,617
Liability Insurance	381,525	0	0	0	381,525
Other Self-Insured Claims	332,601	0	0	0	332,601
Medical Clinic Administrative Expenses	0	62,598	0	0	62,598
Medical Clinic Other Contracted Services	0	221,481	0	0	221,481
Total Operating Expenses	<u>\$ 844,659</u>	<u>\$ 14,325,848</u>	<u>\$ 878,099</u>	<u>\$ 954,523</u>	<u>\$ 17,003,129</u>
Operating Income (Loss)	<u>\$ (63,781)</u>	<u>\$ 104,210</u>	<u>\$ 28,667</u>	<u>\$ (479,606)</u>	<u>\$ (410,510)</u>
<u>Nonoperating Revenues (Expenses)</u>					
Investment Income	\$ 0	\$ 55,671	\$ 5,806	\$ 171,377	\$ 232,854
Total Nonoperating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 55,671</u>	<u>\$ 5,806</u>	<u>\$ 171,377</u>	<u>\$ 232,854</u>
Income (Loss) Before Transfers	\$ (63,781)	\$ 159,881	\$ 34,473	\$ (308,229)	\$ (177,656)
Transfers Out	(111,726)	0	0	(223,451)	(335,177)
Change in Net Assets	<u>\$ (175,507)</u>	<u>\$ 159,881</u>	<u>\$ 34,473</u>	<u>\$ (531,680)</u>	<u>\$ (512,833)</u>
Net Assets, July 1, 2006	232,985	46,411	26,129	2,140,010	2,445,535
Net Assets, June 30, 2007	<u>\$ 57,478</u>	<u>\$ 206,292</u>	<u>\$ 60,602</u>	<u>\$ 1,608,330</u>	<u>\$ 1,932,702</u>

Exhibit I-3

Blount County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Internal Service Funds				Total
	Self- Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	
<u>Cash Flows from Operating Activities</u>					
Receipts for Self-insurance Premiums	\$ 780,878	\$ 13,701,400	\$ 944,471	\$ 479,010	\$ 15,905,759
Payments to Fiscal Agents	(16,995)	(447,368)	(216)	(32,594)	(497,173)
Payments to Insurers	(392,921)	(550,744)	0	(58,283)	(1,001,948)
Payments for Claims	(405,653)	(13,058,407)	(889,801)	(141,919)	(14,495,780)
Payments for Administrative Costs	0	(126,234)	0	0	(126,234)
Payments for Medical Clinic Administrative Costs	0	(64,140)	0	0	(64,140)
Payments for Medical Clinic Contracted Services	0	(241,365)	0	0	(241,365)
Net Cash Provided By (Used In) Operating Activities	\$ (34,691)	\$ (786,858)	\$ 54,454	\$ 246,214	\$ (520,881)
<u>Cash Flows from Investing Activities</u>					
Interest on Investments	\$ 0	\$ 58,596	\$ 5,839	\$ 169,278	\$ 233,713
Net Cash Provided By (Used In) Investing Activities	\$ 0	\$ 58,596	\$ 5,839	\$ 169,278	\$ 233,713
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers to Other Funds	\$ (111,726)	\$ (60,720)	\$ 0	\$ (223,451)	\$ (395,897)
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ (111,726)	\$ (60,720)	\$ 0	\$ (223,451)	\$ (395,897)
Increase (Decrease) in Cash	\$ (146,417)	\$ (788,982)	\$ 60,293	\$ 192,041	\$ (683,065)
Cash, July 1, 2006	462,795	1,312,340	37,981	2,268,792	4,081,908
Cash, June 30, 2007	\$ 316,378	\$ 523,358	\$ 98,274	\$ 2,460,833	\$ 3,398,843

(Continued)

Exhibit I-3

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

	<u>Internal Service Funds</u>				<u>Total</u>
	<u>Self- Insurance</u>	<u>Employee Insurance - Health</u>	<u>Employee Insurance - Dental</u>	<u>Workers' Compen- sation</u>	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>					
Operating Income (Loss)	\$ (63,781)	\$ 104,210	\$ 28,667	\$ (479,606)	\$ (410,510)
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	0	(83,693)	42,001	4,093	(37,599)
(Increase) Decrease in Prepaid Expenses	102,142	0	0	132,072	234,214
Increase (Decrease) in Other Current Operating Liabilities	(73,052)	(807,375)	(16,214)	589,655	(306,986)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (34,691)</u>	<u>\$ (786,858)</u>	<u>\$ 54,454</u>	<u>\$ 246,214</u>	<u>\$ (520,881)</u>

Fiduciary Funds

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

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

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, 2007

	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	\$	\$ 8,070	\$ 24,815	\$ 1,056,085	\$ 0	\$ 197,247	\$ 1,286,217
Cash	0	0	0	0	2,906,169	0	2,906,169
Accounts Receivable	0	0	0	5,445	14,557	0	20,002
Due from Other Governments	2,529,276	271,626	835,229	10	0	0	3,636,141
Taxes Receivable	0	2,413,293	7,420,688	0	0	0	9,833,981
Allowance for Uncollectible Taxes	0	(28,167)	(86,613)	0	0	0	(114,780)
Total Assets	\$ 2,529,276	\$ 2,664,822	\$ 8,194,119	\$ 1,061,540	\$ 2,920,726	\$ 197,247	\$ 17,567,730
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,244	\$ 0	\$ 0	\$ 1,244
Payroll Deductions Payable	0	0	0	0	0	197,247	197,247
Due to Other Taxing Units	2,529,276	2,664,822	8,194,119	0	0	0	13,388,217
Due to Litigants, Heirs, and Others	0	0	0	0	2,920,726	0	2,920,726
Due to Joint Ventures	0	0	0	977,235	0	0	977,235
Other Current Liabilities	0	0	0	83,061	0	0	83,061
Total Liabilities	\$ 2,529,276	\$ 2,664,822	\$ 8,194,119	\$ 1,061,540	\$ 2,920,726	\$ 197,247	\$ 17,567,730

Exhibit J-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 13,991,850	\$ 13,991,850	\$ 0
Due from Other Governments	2,418,938	2,529,276	2,418,938	2,529,276
Total Assets	\$ 2,418,938	\$ 16,521,126	\$ 16,410,788	\$ 2,529,276
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,418,938	\$ 16,521,126	\$ 16,410,788	\$ 2,529,276
Total Liabilities	\$ 2,418,938	\$ 16,521,126	\$ 16,410,788	\$ 2,529,276
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 7,830	\$ 4,830,071	\$ 4,829,831	\$ 8,070
Due from Other Governments	245,732	271,626	245,732	271,626
Accounts Receivable	0	0	0	0
Taxes Receivable	2,188,725	2,413,293	2,188,725	2,413,293
Allowance for Uncollectible Taxes	(19,240)	(28,167)	(19,240)	(28,167)
Total Assets	\$ 2,423,047	\$ 7,486,823	\$ 7,245,048	\$ 2,664,822
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,423,047	\$ 7,486,823	\$ 7,245,048	\$ 2,664,822
Total Liabilities	\$ 2,423,047	\$ 7,486,823	\$ 7,245,048	\$ 2,664,822
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 25,268	\$ 15,001,110	\$ 15,001,563	\$ 24,815
Due from Other Governments	788,877	835,229	788,877	835,229
Accounts Receivable	0	0	0	0
Taxes Receivable	7,015,809	7,420,688	7,015,809	7,420,688
Allowance for Uncollectible Taxes	(61,674)	(86,613)	(61,674)	(86,613)
Total Assets	\$ 7,768,280	\$ 23,170,414	\$ 22,744,575	\$ 8,194,119
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 7,768,280	\$ 23,170,414	\$ 22,744,575	\$ 8,194,119
Total Liabilities	\$ 7,768,280	\$ 23,170,414	\$ 22,744,575	\$ 8,194,119

(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	\$ 1,027,543	\$ 638,131	\$ 609,589	\$ 1,056,085
Accounts Receivable	4,547	5,445	4,547	5,445
Due from Other Governments	19,215	10	19,215	10
Total Assets	\$ 1,051,305	\$ 643,586	\$ 633,351	\$ 1,061,540
<u>Liabilities</u>				
Accounts Payable	\$ 29,629	\$ 1,244	\$ 29,629	\$ 1,244
Due to Joint Venture	969,604	559,281	551,650	977,235
Other Current Liabilities	52,072	83,061	52,072	83,061
Total Liabilities	\$ 1,051,305	\$ 643,586	\$ 633,351	\$ 1,061,540
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,897,555	\$ 26,896,382	\$ 27,887,768	\$ 2,906,169
Accounts Receivable	2,213	14,557	2,213	14,557
Total Assets	\$ 3,899,768	\$ 26,910,939	\$ 27,889,981	\$ 2,920,726
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,899,768	\$ 26,910,939	\$ 27,889,981	\$ 2,920,726
Total Liabilities	\$ 3,899,768	\$ 26,910,939	\$ 27,889,981	\$ 2,920,726
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 551,657	\$ 72,999,388	\$ 73,353,798	\$ 197,247
Accounts Receivable	799	0	799	0
Total Assets	\$ 552,456	\$ 72,999,388	\$ 73,354,597	\$ 197,247
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 552,456	\$ 72,999,388	\$ 73,354,597	\$ 197,247
Total Liabilities	\$ 552,456	\$ 72,999,388	\$ 73,354,597	\$ 197,247

(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	\$ 1,612,298	\$ 107,460,550	\$ 107,786,631	\$ 1,286,217
Cash	3,897,555	26,896,382	27,887,768	2,906,169
Accounts Receivable	7,559	20,002	7,559	20,002
Due from Other Governments	3,472,762	3,636,141	3,472,762	3,636,141
Taxes Receivable	9,204,534	9,833,981	9,204,534	9,833,981
Allowance for Uncollectible Taxes	(80,914)	(114,780)	(80,914)	(114,780)
Total Assets	\$ 18,113,794	\$ 147,732,276	\$ 148,278,340	\$ 17,567,730
<u>Liabilities</u>				
Accounts Payable	\$ 29,629	\$ 1,244	\$ 29,629	\$ 1,244
Payroll Deductions Payable	552,456	72,999,388	73,354,597	197,247
Due to Other Taxing Units	12,610,265	47,178,363	46,400,411	13,388,217
Due to Litigants, Heirs, and Others	3,899,768	26,910,939	27,889,981	2,920,726
Due to Joint Ventures	969,604	559,281	551,650	977,235
Other Current Liabilities	52,072	83,061	52,072	83,061
Total Liabilities	\$ 18,113,794	\$ 147,732,276	\$ 148,278,340	\$ 17,567,730

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.

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
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 50,005,397	\$ 39,147	\$ 5,384,269	\$ 0	\$ (44,581,981)
Support Services	29,022,224	4,395,504	0	11,411,831	(13,214,889)
Operation of Non-Instructional Services	7,361,523	164	2,487,664	0	(4,873,695)
Total Governmental Activities	\$ 86,389,144	\$ 4,434,815	\$ 7,871,933	\$ 11,411,831	\$ (62,670,565)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 15,982,164
Local Option Sales Taxes					10,446,190
Other Local Taxes					403,700
Grants and Contributions Not Restricted for Specific Programs					43,200,324
Unrestricted Investment Income					752,248
Miscellaneous					204,976
Total General Revenues					\$ 70,989,602
Change in Net Assets					\$ 8,319,037
Net Assets, July 1, 2006					103,443,037
Net Assets, June 30, 2007					\$ 111,762,074

Exhibit K-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2007

	<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	\$ 10,083,932	\$ 1,384,925	\$ 11,468,857
Accounts Receivable	65,742	107,850	173,592
Due from Other Governments	2,018,791	549,658	2,568,449
Due from Primary Government	1,114	350	1,464
Property Taxes Receivable	17,314,913	0	17,314,913
Allowance for Uncollectible Property Taxes	(202,096)	0	(202,096)
Total Assets	<u>\$ 29,282,396</u>	<u>\$ 2,042,783</u>	<u>\$ 31,325,179</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 193,402	\$ 38,183	\$ 231,585
Accrued Payroll	3,816,633	395,484	4,212,117
Payroll Deductions Payable	1,448	0	1,448
Due to Primary Government	586,669	71,485	658,154
Other Current Liabilities	528,981	51,505	580,486
Deferred Revenue - Current Property Taxes	16,647,240	0	16,647,240
Deferred Revenue - Delinquent Property Taxes	406,788	0	406,788
Other Deferred Revenues	1,023,701	0	1,023,701
Total Liabilities	<u>\$ 23,204,862</u>	<u>\$ 556,657</u>	<u>\$ 23,761,519</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 201,290	\$ 282,980	\$ 484,270
Reserved for Title I Grants to Local Education Agencies	0	62,787	62,787
Reserved for Special Education - Grants to States	0	22,047	22,047
Unreserved, Reported In:			
General Fund	5,876,244	0	5,876,244
Special Revenue Funds	0	1,118,312	1,118,312
Total Fund Balances	<u>\$ 6,077,534</u>	<u>\$ 1,486,126</u>	<u>\$ 7,563,660</u>
Total Liabilities and Fund Balances	<u>\$ 29,282,396</u>	<u>\$ 2,042,783</u>	<u>\$ 31,325,179</u>

Exhibit K-3

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, 2007

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-2)		\$	7,563,660
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	8,617,574	
Add: construction in progress		22,816,204	
Add: buildings and improvements net of accumulated depreciation		73,748,659	
Add: other capital assets net of accumulated depreciation		<u>901,502</u>	106,083,939
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,430,489
(3) 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.			(97,971)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(420,000)	
Less: capital leases payable		(2,744,657)	
Less: compensated absences		<u>(53,386)</u>	<u>(3,218,043)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 111,762,074</u>

Exhibit K-4

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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 26,870,464	\$ 0	\$ 26,870,464
Licenses and Permits	2,969	0	2,969
Charges for Current Services	39,453	4,394,712	4,434,165
Other Local Revenues	968,257	53,033	1,021,290
State of Tennessee	43,138,439	173,053	43,311,492
Federal Government	372,749	7,061,288	7,434,037
Total Revenues	<u>\$ 71,392,331</u>	<u>\$ 11,682,086</u>	<u>\$ 83,074,417</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 46,114,433	\$ 3,871,665	\$ 49,986,098
Support Services	22,588,333	930,676	23,519,009
Operation of Non-Instructional Services	350,659	6,747,152	7,097,811
Capital Outlay	2,896,952	0	2,896,952
Debt Service:			
Principal on Debt	525,500	0	525,500
Interest on Debt	197,940	0	197,940
Other Debt Service	58,915	0	58,915
Total Expenditures	<u>\$ 72,732,732</u>	<u>\$ 11,549,493</u>	<u>\$ 84,282,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,340,401)</u>	<u>\$ 132,593</u>	<u>\$ (1,207,808)</u>
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 2,850,157	\$ 0	\$ 2,850,157
Total Other Financing Sources (Uses)	<u>\$ 2,850,157</u>	<u>\$ 0</u>	<u>\$ 2,850,157</u>
Net Change in Fund Balances	\$ 1,509,756	\$ 132,593	\$ 1,642,349
Fund Balance, July 1, 2006	<u>4,567,778</u>	<u>1,353,533</u>	<u>5,921,311</u>
Fund Balance, June 30, 2007	<u>\$ 6,077,534</u>	<u>\$ 1,486,126</u>	<u>\$ 7,563,660</u>

Exhibit K-5

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, 2007

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

Net change in fund balances - total governmental funds (Exhibit K-4)		\$ 1,642,349
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 104,128	
Less: current year depreciation expense	(2,443,833)	
Less: net book value of assets disposed	<u>(7,015)</u>	(2,346,720)
(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.		11,411,831
(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, 2006	\$ (1,392,509)	
Add: deferred delinquent property taxes/other deferred June 30, 2007	<u>1,430,489</u>	37,980
(4) The issuance of long-term debt (e.g., notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: capital lease proceeds	\$ (2,850,157)	
Add: principals payments on notes	420,000	
Add: principals payments on capital leases	<u>105,500</u>	(2,324,657)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (97,971)	
Change in compensated absences	<u>(3,775)</u>	(101,746)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 8,319,037</u>

Exhibit K-6

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2007

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 24,990	\$ 1,085,509	\$ 274,426	\$ 1,384,925
Accounts Receivable	0	6,540	101,310	107,850
Due from Other Governments	530,972	10	18,676	549,658
Due from Primary Government	350	0	0	350
Total Assets	<u>\$ 556,312</u>	<u>\$ 1,092,059</u>	<u>\$ 394,412</u>	<u>\$ 2,042,783</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 20,404	\$ 1,550	\$ 16,229	\$ 38,183
Accrued Payroll	267,549	56,786	71,149	395,484
Due to Primary Government	40,856	25,204	5,425	71,485
Other Current Liabilities	34,574	10,089	6,842	51,505
Total Liabilities	<u>\$ 363,383</u>	<u>\$ 93,629</u>	<u>\$ 99,645</u>	<u>\$ 556,657</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 108,095	\$ 148,416	\$ 26,469	\$ 282,980
Reserved for Title I Grants to Local Education Agencies	62,787	0	0	62,787
Reserved for Special Education - Grants to States	22,047	0	0	22,047
Unreserved	0	850,014	268,298	1,118,312
Total Fund Balances	<u>\$ 192,929</u>	<u>\$ 998,430</u>	<u>\$ 294,767</u>	<u>\$ 1,486,126</u>
Total Liabilities and Fund Balances	<u>\$ 556,312</u>	<u>\$ 1,092,059</u>	<u>\$ 394,412</u>	<u>\$ 2,042,783</u>

Exhibit K-7

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, 2007

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 2,771,892	\$ 1,622,820	\$ 4,394,712
Other Local Revenues	0	35,911	17,122	53,033
State of Tennessee	0	57,565	115,488	173,053
Federal Government	4,815,142	2,246,146	0	7,061,288
Total Revenues	\$ 4,815,142	\$ 5,111,514	\$ 1,755,430	\$ 11,682,086
<u>Expenditures</u>				
Current:				
Instruction	\$ 3,871,665	\$ 0	\$ 0	\$ 3,871,665
Support Services	930,676	0	0	930,676
Operation of Non-Instructional Services	0	5,064,854	1,682,298	6,747,152
Total Expenditures	\$ 4,802,341	\$ 5,064,854	\$ 1,682,298	\$ 11,549,493
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,801	\$ 46,660	\$ 73,132	\$ 132,593
Net Change in Fund Balances	\$ 12,801	\$ 46,660	\$ 73,132	\$ 132,593
Fund Balance, July 1, 2006	180,128	951,770	221,635	1,353,533
Fund Balance, June 30, 2007	\$ 192,929	\$ 998,430	\$ 294,767	\$ 1,486,126

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
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 26,870,464	\$ 0	\$ 0	\$ 26,870,464	\$ 26,816,000	\$ 26,958,860	\$ (88,396)
Licenses and Permits	2,969	0	0	2,969	4,000	4,000	(1,031)
Charges for Current Services	39,453	0	0	39,453	0	38,000	1,453
Other Local Revenues	968,257	0	0	968,257	667,000	721,956	246,301
State of Tennessee	43,138,439	0	0	43,138,439	42,112,500	42,790,261	348,178
Federal Government	372,749	0	0	372,749	281,000	273,423	99,326
Total Revenues	\$ 71,392,331	\$ 0	\$ 0	\$ 71,392,331	\$ 69,880,500	\$ 70,786,500	\$ 605,831
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 35,452,453	\$ (63,232)	\$ 15,640	\$ 35,404,861	\$ 34,608,700	\$ 36,238,999	\$ 834,138
Special Education Program	6,915,350	(23,382)	12,561	6,904,529	7,273,500	7,192,500	287,971
Vocational Education Program	2,894,886	(12,373)	2,290	2,884,803	3,079,500	3,076,000	191,197
Adult Education Program	220,629	(16,049)	284	204,864	238,650	263,213	58,349
Other	631,115	(17,240)	9,839	623,714	640,000	640,000	16,286
<u>Support Services</u>							
Attendance	165,293	0	0	165,293	162,600	168,100	2,807
Health Services	505,575	(7,640)	1,021	498,956	530,000	509,560	10,604
Other Student Support	1,676,600	(13,089)	5,820	1,669,331	1,855,150	1,710,750	41,419
Regular Instruction Program	1,900,764	(13,008)	3,176	1,890,932	2,158,900	2,013,319	122,387
Special Education Program	434,235	(2,004)	604	432,835	448,000	439,000	6,165
Vocational Education Program	65,481	(69)	0	65,412	79,950	79,250	13,838
Adult Programs	105,671	(149)	388	105,910	103,060	110,068	4,158
Other Programs	88,870	0	0	88,870	129,000	122,000	33,130
Board of Education	1,051,864	(8,584)	9,569	1,052,849	1,078,580	1,093,530	40,681
Director of Schools	502,788	(14,720)	13,093	501,161	534,150	524,350	23,189

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 4,319,151	\$ (11,101)	\$ 14,281	\$ 4,322,331	\$ 4,745,950	\$ 4,408,703	\$ 86,372
Operation of Plant	6,059,588	(40,204)	28,503	6,047,887	6,304,150	6,247,150	199,263
Maintenance of Plant	1,551,524	(72,832)	58,194	1,536,886	1,654,800	1,598,300	61,414
Transportation	3,394,462	(3,014)	962	3,392,410	3,343,600	3,410,768	18,358
Central and Other	766,467	(30,640)	9,940	745,767	669,100	782,318	36,551
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	350,659	(4,115)	2,250	348,794	149,100	359,764	10,970
<u>Capital Outlay</u>							
Regular Capital Outlay	2,896,952	0	12,875	2,909,827	20,000	2,910,157	330
<u>Principal on Debt</u>							
Education	525,500	0	0	525,500	664,045	525,501	1
<u>Interest on Debt</u>							
Education	197,940	0	0	197,940	33,600	197,941	1
<u>Other Debt Service</u>							
Education	58,915	0	0	58,915	58,915	58,915	0
Total Expenditures	\$ 72,732,732	\$ (353,445)	\$ 201,290	\$ 72,580,577	\$ 70,563,000	\$ 74,680,156	\$ 2,099,579
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (1,340,401)	\$ 353,445	\$ (201,290)	\$ (1,188,246)	\$ (682,500)	\$ (3,893,656)	\$ 2,705,410
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 2,850,157	\$ 0	\$ 0	\$ 2,850,157	\$ 0	\$ 2,850,157	\$ 0
Transfers In	0	0	0	0	169,000	69,000	(69,000)
Transfers Out	0	0	0	0	(50,000)	0	0
Total Other Financing Sources (Uses)	\$ 2,850,157	\$ 0	\$ 0	\$ 2,850,157	\$ 119,000	\$ 2,919,157	\$ (69,000)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 1,509,756	\$ 353,445	\$ (201,290)	\$ 1,661,911	\$ (563,500)	\$ (974,499)	\$ 2,636,410
	4,567,778	(353,445)	0	4,214,333	2,789,749	4,000,000	214,333
Fund Balance, June 30, 2007							
	\$ 6,077,534	\$ 0	\$ (201,290)	\$ 5,876,244	\$ 2,226,249	\$ 3,025,501	\$ 2,850,743

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
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,815,142	\$ 0	\$ 0	\$ 4,815,142	\$ 5,050,588	\$ 5,935,897	\$ (1,120,755)
Total Revenues	\$ 4,815,142	\$ 0	\$ 0	\$ 4,815,142	\$ 5,050,588	\$ 5,935,897	\$ (1,120,755)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,813,648	\$ (600)	\$ 11,556	\$ 1,824,604	\$ 1,751,250	\$ 1,892,281	\$ 67,677
Special Education Program	1,776,656	(9,032)	0	1,767,624	1,665,531	1,778,631	11,007
Vocational Education Program	281,361	(73,132)	17,377	225,606	284,515	231,346	5,740
Student Body Education Program	0	0	0	0	189,610	0	0
<u>Support Services</u>							
Other Student Support	75,234	(18,530)	800	57,504	76,127	61,097	3,593
Regular Instruction Program	158,385	(1,038)	13,404	170,751	230,082	189,138	18,387
Special Education Program	572,853	(75,380)	63,663	561,136	540,084	574,161	13,025
Vocational Education Program	4,918	(360)	1,253	5,811	8,300	7,500	1,689
Transportation	101,870	0	0	101,870	98,000	103,854	1,984
Central and Other	17,416	(2,522)	42	14,936	25,000	16,030	1,094
Total Expenditures	\$ 4,802,341	\$ (180,594)	\$ 108,095	\$ 4,729,842	\$ 4,868,499	\$ 4,854,038	\$ 124,196
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,801	\$ 180,594	\$ (108,095)	\$ 85,300	\$ 182,089	\$ 1,081,859	\$ (996,559)
Net Change in Fund Balance	\$ 12,801	\$ 180,594	\$ (108,095)	\$ 85,300	\$ 182,089	\$ 1,081,859	\$ (996,559)
Fund Balance, July 1, 2006	180,128	(180,594)	0	(466)	495,943	495,943	(496,409)
Fund Balance, June 30, 2007	\$ 192,929	\$ 0	\$ (108,095)	\$ 84,834	\$ 678,032	\$ 1,577,802	\$ (1,492,968)

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
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,771,892	\$ 0	\$ 0	\$ 2,771,892	\$ 2,873,000	\$ 2,873,000	\$ (101,108)
Other Local Revenues	35,911	0	0	35,911	22,000	22,000	13,911
State of Tennessee	57,565	0	0	57,565	56,000	56,000	1,565
Federal Government	2,246,146	0	0	2,246,146	2,037,000	2,037,000	209,146
Total Revenues	\$ 5,111,514	\$ 0	\$ 0	\$ 5,111,514	\$ 4,988,000	\$ 4,988,000	\$ 123,514
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,064,854	\$ (176,771)	\$ 148,416	\$ 5,036,499	\$ 5,144,629	\$ 5,245,000	\$ 208,501
Total Expenditures	\$ 5,064,854	\$ (176,771)	\$ 148,416	\$ 5,036,499	\$ 5,144,629	\$ 5,245,000	\$ 208,501
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,660	\$ 176,771	\$ (148,416)	\$ 75,015	\$ (156,629)	\$ (257,000)	\$ 332,015
Net Change in Fund Balance	\$ 46,660	\$ 176,771	\$ (148,416)	\$ 75,015	\$ (156,629)	\$ (257,000)	\$ 332,015
Fund Balance, July 1, 2006	951,770	(176,771)	0	774,999	646,531	646,531	128,468
Fund Balance, June 30, 2007	\$ 998,430	\$ 0	\$ (148,416)	\$ 850,014	\$ 489,902	\$ 389,531	\$ 460,483

Exhibit K-11

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,622,820	\$ 0	\$ 0	\$ 1,622,820	\$ 1,609,000	\$ 1,609,000	\$ 13,820
Other Local Revenues	17,122	0	0	17,122	30,000	30,000	(12,878)
State of Tennessee	115,488	0	0	115,488	85,000	85,000	30,488
Total Revenues	\$ 1,755,430	\$ 0	\$ 0	\$ 1,755,430	\$ 1,724,000	\$ 1,724,000	\$ 31,430
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,682,298	\$ (25,885)	\$ 26,469	\$ 1,682,882	\$ 1,707,258	\$ 1,740,000	\$ 57,118
Total Expenditures	\$ 1,682,298	\$ (25,885)	\$ 26,469	\$ 1,682,882	\$ 1,707,258	\$ 1,740,000	\$ 57,118
Excess (Deficiency) of Revenues Over Expenditures	\$ 73,132	\$ 25,885	\$ (26,469)	\$ 72,548	\$ 16,742	\$ (16,000)	\$ 88,548
Net Change in Fund Balance	\$ 73,132	\$ 25,885	\$ (26,469)	\$ 72,548	\$ 16,742	\$ (16,000)	\$ 88,548
Fund Balance, July 1, 2006	221,635	(25,885)	0	195,750	222,483	222,483	(26,733)
Fund Balance, June 30, 2007	\$ 294,767	\$ 0	\$ (26,469)	\$ 268,298	\$ 239,225	\$ 206,483	\$ 61,815

MISCELLANEOUS SCHEDULES

Exhibit L-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases and Bonds
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 2,500,000	4.2 to 6%	6-26-1998	4-1-10	\$ 1,005,000	\$ 0	\$ 235,000	\$ 770,000
Total Notes Payable					\$ 1,005,000	\$ 0	\$ 235,000	\$ 770,000
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Jail Project (Series IIB)	10,000,000	Variable	12-31-1996	12-31-16	\$ 7,395,000	\$ 0	\$ 760,000	\$ 6,635,000
School and Library	10,000,000	4 to 4.55	11-01-1997	3-1-07	415,000	0	415,000	0
School, Jail, and Courthouse	20,000,000	4 to 4.55	8-1-1998	4-1-08	1,910,000	0	935,000	975,000
Various Purposes	7,000,000	4.15 to 4.8	8-1-1999	4-1-09	990,000	0	315,000	675,000
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	3,100,000	0	200,000	2,900,000
Various Purposes (Series A-1-A)	20,000,000	Variable(3)	4-1-01	6-1-31	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	7,525,000	0	300,000	7,225,000
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	14,000,000	0	0	14,000,000
Various Purposes (Series D-5-A)	13,650,000	Variable	12-28-05	6-1-27	13,650,000	0	0	13,650,000
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	2,000,000	0	0	2,000,000
School (Series D-8-A)	(1)	Variable	6-29-06	6-1-37	569,845	17,425,118	0	17,994,963
School (Series D-10-A)	(2)	Variable	5-24-07	6-1-37	0	185,200	0	185,200
<u>Tennessee State School Bond Authority</u>								
<u>Loan Agreement</u>								
Qualified Zone Academy Bonds - School Building; Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	676,771	0	40,501	636,270
Total Other Loans Payable					\$ 131,231,616	\$ 17,610,318	\$ 2,965,501	\$ 145,876,433

(Continued)

Exhibit L-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases 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 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<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	\$ 7,310,000	\$ 0	\$ 70,000	\$ 7,240,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	5,000,000	0	45,000	4,955,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	14,860,000	0	85,000	14,775,000
Total Bonds Payable					<u>\$ 27,170,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 26,970,000</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Drug Task Force Building	350,000	4.5	11-1-05	6-1-19	\$ 350,000		32,732	317,268
Total Capital Leases Payable					<u>\$ 350,000</u>	<u>\$ 0</u>	<u>\$ 32,732</u>	<u>\$ 317,268</u>
<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	\$ 840,000	\$ 0	\$ 420,000	\$ 420,000
Total Notes Payable					<u>\$ 840,000</u>	<u>\$ 0</u>	<u>\$ 420,000</u>	<u>\$ 420,000</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	\$ 0	\$ 2,738,602	\$ 82,696	\$ 2,655,906
School Band Instruments	111,555	6.31	9-1-06	2-1-11	0	111,555	22,804	88,751
Total Capital Leases Payable					<u>\$ 0</u>	<u>\$ 2,850,157</u>	<u>\$ 105,500</u>	<u>\$ 2,744,657</u>

- (1) - Total amount available under this Public Building Authority of Blount County Loan Agreement is \$35,000,000, of which \$17,005,037 had not been drawn as of June 30, 2007.
- (2) - Total amount available under this Public Building Authority of Blount County Loan Agreement is \$15,000,000, of which \$14,814,800 had not been drawn as of June 30, 2007.
- (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
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	\$ 26,970,000	\$ 7,863,034	\$ 34,833,034

Exhibit L-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2007

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-07
<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>\$ 420,000</u>
Total Notes Receivable						<u><u>\$ 420,000</u></u>

Exhibit L-4

Blount County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	To provide funds for operations	\$ 827,115
General	Other Special Revenue	"	40,000
Self-Insurance	General	To provide funds for payroll	111,726
Worker's Compensation	General	"	223,451
General Debt Service	General	To provide funds for appropriation to the Industrial Development Board	1,100,000
General Debt Service	Other Capital Projects	To provide funds for construction of animal shelter	<u>350,000</u>
Total Transfers			<u>\$ 2,652,292</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, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Beverly Woodruff (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 17,912	\$ 50,000	The Cincinnati Insurance Company
Jerry Cunningham (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	89,563	50,000	"
Highway Superintendent	Section 8-24-102, <u>TCA</u>	74,910	100,000	"
Director of Schools	Board of Education	104,520 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	67,069	3,123,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	67,069	10,000	"
Director of Finance	County Commission	79,055	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	67,069	50,000	"
Circuit and General Sessions Courts Clerk and Master:	Section 8-24-102, <u>TCA</u>	67,069	50,000	"
James Carroll (7-1-06 through 12-31-06)	Section 8-24-102, <u>TCA</u>	33,535	55,000	"
Brenda Flowers (1-1-07 through 6-30-07)	Section 8-24-102, <u>TCA</u>	33,534	55,000	"
Register	Section 8-24-102, <u>TCA</u>	67,069	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> and County Commission	87,733 (2)	25,000	"
Purchasing Agent	County Commission	54,375	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 \$5,942 for serving as director of the Juvenile Detention Center, a law enforcement training supplement of \$600, 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, 2007

	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	\$ 18,069,026	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	0	0	0	0	0	0
Trustee's Collections - Prior Year	438,314	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	79,738	0	0	0	0	0
Interest and Penalty	97,059	0	0	0	0	0
Pick-up Taxes	154,570	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	78,207	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	170,212	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	1,537,843	0	0	0	0	0
Litigation Tax - General	395,855	0	0	0	0	0
Litigation Tax - Special Purpose	0	9,955	9,954	0	0	0
Business Tax	428,168	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	11,732	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	268,930	0	0	0	0	0
Wholesale Beer Tax	221,209	0	0	0	0	0
Total Local Taxes	\$ 21,950,863	\$ 9,955	\$ 9,954	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 1,156	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	545,288	0	0	0	0	0
<u>Permits</u>						
Building Permits	298,111	0	0	0	0	0
Other Permits	6,671	0	0	0	0	0
Total Licenses and Permits	\$ 851,226	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 6,206	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	2,033	0
Drug Court Fees	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	1,241
DUI Treatment Fines	0	0	0	0	0	0
<u>Criminal Court</u>						
Fines	4,686	0	0	0	0	0
Officers Costs	35,914	0	0	0	0	0
Jail Fees	19	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	140,977	0	0	0	0	0
Officers Costs	450,491	0	0	0	0	0
Game and Fish Fines	2,962	0	0	0	0	0
Drug Control Fines	0	0	0	0	24,333	0
Jail Fees	41,387	0	0	0	0	0
District Attorney General Fees	71,067	0	0	0	0	19,255
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	30,495	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	5,873	0	0	0	0	0
Data Entry Fee - Chancery Court	3,526	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	4,989	0	0	0	693,572	0
Total Fines, Forfeitures, and Penalties	\$ 798,592	\$ 0	\$ 0	\$ 0	\$ 719,938	\$ 20,496
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 16,455	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	191,147	0	0	3,230	0	0
<u>Fees</u>						
Copy Fees	9,017	0	0	11,656	0	0
Library Fees	0	0	0	92,821	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>						
Telephone Commissions	\$ 23,423	\$ 0	\$ 0	\$ 0	\$ 0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	63,964	0	0	0	0	0
Probation Fees	379,722	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	8,716	0	0	0	0	0
Total Charges for Current Services	<u>\$ 692,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 107,707</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 296,844	\$ 0	\$ 0	\$ 34,060	\$ 58,682	\$ 5,996
Lease/Rentals	1	0	0	0	0	0
Sale of Materials and Supplies	346,678	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Maps	2,335	0	0	0	0	0
Miscellaneous Refunds	313,713	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	50,263	0	0	0	138	0
Sale of Property	0	0	0	0	0	0
Contributions & Gifts	17,730	0	0	9,038	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	193,187	0	0	152,227	0	0
Total Other Local Revenues	<u>\$ 1,220,751</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 195,325</u>	<u>\$ 58,820</u>	<u>\$ 5,996</u>
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 1,174,735	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	399,547	0	0	0	0	0
General Sessions Court Clerk	1,936,119	0	0	0	0	0
Clerk and Master	404,832	0	0	0	0	0
Register	983,340	0	0	0	0	0
Sheriff	48,754	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>Fees Received from County Officials (Cont.)</u>						
<u>Fees-In-Lieu of Salary (Cont.)</u>						
Trustee	\$ 1,726,787	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Fees Received from County Officials	\$ 6,674,114	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	38,595	0	0	0	0	0
Other General Government Grants	45,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	728,639	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	48,212	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	507,762	0	0	0	0	0
Beer Tax	18,753	0	0	0	0	0
Alcoholic Beverage Tax	116,189	0	0	0	0	0
Mixed Drink Tax	58,648	0	0	0	0	0
Contracted Prisoner Boarding	860,787	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	16,380	0	0	0	0	0
Other State Grants	102,829	0	0	40,504	0	0
Other State Revenues	600	0	0	0	0	0
Total State of Tennessee	\$ 2,551,394	\$ 0	\$ 0	40,504	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 573,605	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	58,399	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	2,182,084	0	0	0	0	0
Total Federal Government	\$ 2,814,088	\$ 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	\$ 88,421	\$ 0	\$ 0	\$ 831,816	\$ 0	\$ 0
Contracted Services	5,800	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 94,221</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 831,816</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 37,647,693</u>	<u>\$ 9,955</u>	<u>\$ 9,954</u>	<u>\$ 1,175,352</u>	<u>\$ 778,758</u>	<u>\$ 26,492</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	\$ 12,963,127	\$ 0	\$ 0	\$ 31,032,153
Discount on Property Taxes	0	0	0	(168,283)	0	0	(168,283)
Trustee's Collections - Prior Year	0	0	0	244,182	0	0	682,496
Circuit/Clerk & Master Collections - Prior Years	0	0	0	54,851	0	0	134,589
Interest and Penalty	0	0	0	56,668	0	0	153,727
Pick-up Taxes	0	0	0	96,337	0	0	250,907
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	55,396	0	0	133,603
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	170,212
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	2,269,956	0	0	0	2,269,956
Hotel/Motel Tax	0	0	0	0	0	0	1,537,843
Litigation Tax - General	62,052	0	0	0	0	0	457,907
Litigation Tax - Special Purpose	0	0	0	0	0	0	19,909
Business Tax	0	0	0	282,943	0	0	711,111
Mineral Severance Tax	0	0	197,573	0	0	0	197,573
Other County Local Option Taxes	0	0	0	0	0	0	11,732
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	268,930
Wholesale Beer Tax	0	0	0	0	0	0	221,209
Total Local Taxes	\$ 62,052	\$ 0	\$ 2,467,529	\$ 13,585,221	\$ 0	\$ 0	\$ 38,085,574
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,156
Cable TV Franchise	0	0	0	0	0	0	545,288
<u>Permits</u>							
Building Permits	0	0	0	0	0	0	298,111
Other Permits	0	0	242,180	0	0	0	248,851
Total Licenses and Permits	\$ 0	\$ 0	\$ 242,180	\$ 0	\$ 0	\$ 0	\$ 1,093,406

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service	Capital	Permanent	Total
	Other Special Revenue	Constitu- tional Officers - Fees	Highway / Public Works	Fund General Debt Service	Projects Fund Other Capital Projects	Fund Endowment	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,206
Drug Control Fines	0	0	0	0	0	0	2,033
Drug Court Fees	21,410	0	0	0	0	0	21,410
District Attorney General Fees	0	0	0	0	0	0	1,241
DUI Treatment Fines	950	0	0	0	0	0	950
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	4,686
Officers Costs	0	0	0	0	0	0	35,914
Jail Fees	0	0	0	0	0	0	19
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	140,977
Officers Costs	0	0	0	0	0	0	450,491
Game and Fish Fines	0	0	0	0	0	0	2,962
Drug Control Fines	0	0	0	0	0	0	24,333
Jail Fees	0	0	0	0	0	0	41,387
District Attorney General Fees	0	0	0	0	0	0	90,322
DUI Treatment Fines	25,317	0	0	0	0	0	25,317
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	30,495
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	5,873
Data Entry Fee - Chancery Court	0	0	0	0	0	0	3,526
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	698,561
Total Fines, Forfeitures, and Penalties	\$ 47,677	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,586,703
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	16,455
Other General Service Charges	0	0	0	0	0	0	194,377
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	20,673
Library Fees	0	0	0	0	0	0	92,821

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	23,423
Constitutional Officers' Fees and Commissions	0	697	0	0	0	0	697
Data Processing Fee - Register	0	0	0	0	0	0	63,964
Probation Fees	0	0	0	0	0	0	379,722
<u>Other Charges for Services</u>							
Other Charges for Services	3,032	0	0	0	0	0	11,748
Total Charges for Current Services	\$ 3,032	\$ 697	\$ 0	\$ 0	\$ 0	\$ 0	803,880
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 1,168	\$ 0	\$ 4,943	\$ 563,206	\$ 0	\$ 27,247	\$ 992,146
Lease/Rentals	0	0	0	25,500	0	0	25,501
Sale of Materials and Supplies	0	0	0	0	0	0	346,678
Sale of Gasoline	0	0	489,064	0	0	0	489,064
Sale of Maps	0	0	0	0	0	0	2,335
Miscellaneous Refunds	0	0	0	0	0	0	313,713
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	1,595	0	5,000	0	56,996
Sale of Property	0	0	0	124,825	0	0	124,825
Contributions & Gifts	3,000	0	0	0	0	0	29,768
<u>Other Local Revenues</u>							
Other Local Revenues	25	0	64,891	0	6,428	0	416,758
Total Other Local Revenues	\$ 4,193	\$ 0	\$ 560,493	\$ 713,531	\$ 11,428	\$ 27,247	\$ 2,797,784
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,174,735
Circuit Court Clerk	0	0	0	0	0	0	399,547
General Sessions Court Clerk	0	0	0	0	0	0	1,936,119
Clerk and Master	0	0	0	0	0	0	404,832
Register	0	0	0	0	0	0	983,340
Sheriff	0	0	0	0	0	0	48,754

(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>Fees Received from County Officials (Cont.)</u>							
<u>Fees-In-Lieu of Salary (Cont.)</u>							
Trustee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,726,787
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,674,114
<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	38,595
Other General Government Grants	0	0	0	0	0	0	45,000
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	728,639
<u>Public Works Grants</u>							
State Aid Program	0	0	156,855	0	0	0	156,855
Litter Program	0	0	0	0	0	0	48,212
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	507,762
Beer Tax	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	0	116,189
Mixed Drink Tax	0	0	0	0	0	0	58,648
Contracted Prisoner Boarding	0	0	0	0	0	0	860,787
Gasoline and Motor Fuel Tax	0	0	2,489,637	0	0	0	2,489,637
Petroleum Special Tax	0	0	85,127	0	0	0	85,127
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	29,750	0	0	0	188,036	0	361,119
Other State Revenues	0	0	0	0	0	0	600
Total State of Tennessee	\$ 29,750	\$ 0	\$ 2,731,619	\$ 0	\$ 188,036	\$ 0	\$ 5,541,303
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	573,605
Other Federal through State	60,791	0	0	0	752,145	0	871,335
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	2,182,084
Total Federal Government	\$ 60,791	\$ 0	\$ 0	\$ 0	\$ 752,145	\$ 0	\$ 3,627,024

(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	\$ 45,000	\$ 0	\$ 0	\$ 286,642	\$ 11,667	\$ 0	\$ 1,263,546
Contracted Services	0	0	0	0	0	0	5,800
Total Other Governments and Citizens Groups	\$ 45,000	\$ 0	\$ 0	\$ 286,642	\$ 11,667	\$ 0	\$ 1,269,346
Total	\$ 252,495	\$ 697	\$ 6,001,821	\$ 14,585,394	\$ 963,276	\$ 27,247	\$ 61,479,134

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, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 15,405,225	\$ 0	\$ 0	\$ 0	\$ 15,405,225
Discount on Property Taxes	(199,923)	0	0	0	(199,923)
Trustee's Collections - Prior Year	477,748	0	0	0	477,748
Circuit/Clerk & Master Collections - Prior Years	68,226	0	0	0	68,226
Interest and Penalty	91,929	0	0	0	91,929
Pick-up Taxes	142,188	0	0	0	142,188
Payments in-Lieu-of Taxes - T.V.A.	12,154	0	0	0	12,154
Payments in-Lieu-of Taxes - Local Utilities	64,236	0	0	0	64,236
<u>County Local Option Taxes</u>					
Local Option Sales Tax	10,404,032	0	0	0	10,404,032
Business Tax	393,395	0	0	0	393,395
Other County Local Option Taxes	11,254	0	0	0	11,254
Total Local Taxes	\$ 26,870,464	\$ 0	\$ 0	\$ 0	\$ 26,870,464
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,969	\$ 0	\$ 0	\$ 0	\$ 2,969
Total Licenses and Permits	\$ 2,969	\$ 0	\$ 0	\$ 0	\$ 2,969
<u>Charges for Current Services</u>					
<u>Fees</u>					
Copy Fees	\$ 142	\$ 0	\$ 0	\$ 0	\$ 142
Vending Machine Collections	164	0	0	0	164
<u>Education Charges</u>					
Tuition - Regular Day Students	2,054	0	0	0	2,054
Contract for Instructional Services with Other LEAs	37,093	0	0	0	37,093
Receipts from Individual Schools	0	0	2,771,892	0	2,771,892
Community Service Fees - Children	0	0	0	1,622,820	1,622,820
Total Charges for Current Services	\$ 39,453	\$ 0	\$ 2,771,892	\$ 1,622,820	\$ 4,434,165
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 702,455	\$ 0	\$ 35,911	\$ 13,882	\$ 752,248
Lease/Rentals	650	0	0	0	650
Miscellaneous Refunds	63,001	0	0	0	63,001
<u>Nonrecurring Items</u>					
Sale of Equipment	11,470	0	0	0	11,470
Damages Recovered from Individuals	11,128	0	0	0	11,128
Contributions & Gifts	63,416	0	0	0	63,416
<u>Other Local Revenues</u>					
Other Local Revenues	116,137	0	0	3,240	119,377
Total Other Local Revenues	\$ 968,257	\$ 0	\$ 35,911	\$ 17,122	\$ 1,021,290
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 40,411,343	\$ 0	\$ 0	\$ 0	\$ 40,411,343
Early Childhood Education	130,951	0	0	0	130,951
School Food Service	0	0	57,565	0	57,565

(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>					
Driver Education	\$ 14,388	\$ 0	\$ 0	\$ 0	\$ 14,388
Other State Education Funds	292,654	0	0	115,488	408,142
Career Ladder Program	569,892	0	0	0	569,892
Career Ladder - Extended Contract	252,537	0	0	0	252,537
<u>Other State Revenues</u>					
Mixed Drink Tax	37,380	0	0	0	37,380
State Revenue Sharing - T.V.A.	964,714	0	0	0	964,714
Other State Grants	280,432	0	0	0	280,432
Other State Revenues	184,148	0	0	0	184,148
Total State of Tennessee	<u>\$ 43,138,439</u>	<u>\$ 0</u>	<u>\$ 57,565</u>	<u>\$ 115,488</u>	<u>\$ 43,311,492</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,675,858	\$ 0	\$ 1,675,858
Breakfast	0	0	570,288	0	570,288
Adult Education State Grant Program	154,080	0	0	0	154,080
Vocational Education - Basic Grants to States	0	205,587	0	0	205,587
Title I Grants to Local Education Agencies	0	1,614,756	0	0	1,614,756
Innovative Education Program Strategies	0	29,356	0	0	29,356
Special Education - Grants to States	50,925	2,471,614	0	0	2,522,539
Eisenhower Professional Development State Grants	0	401,880	0	0	401,880
Other Federal through State	60,200	91,949	0	0	152,149
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	107,544	0	0	0	107,544
Total Federal Government	<u>\$ 372,749</u>	<u>\$ 4,815,142</u>	<u>\$ 2,246,146</u>	<u>\$ 0</u>	<u>\$ 7,434,037</u>
Total	<u>\$ 71,392,331</u>	<u>\$ 4,815,142</u>	<u>\$ 5,111,514</u>	<u>\$ 1,755,430</u>	<u>\$ 83,074,417</u>

Exhibit L-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Clerical Personnel	\$	37,439	
Temporary Personnel		2,286	
Board and Committee Members Fees		112,776	
Social Security		9,348	
State Retirement		3,822	
Employee and Dependent Insurance		6,880	
Life Insurance		142	
Medical Insurance		4,127	
Dental Insurance		263	
Unemployment Compensation		80	
Employer Medicare		2,185	
Dues and Memberships		6,158	
Operating Lease Payments		1,906	
Legal Notices, Recording, and Court Costs		2,179	
Printing, Stationery, and Forms		755	
Travel		5,595	
Tuition		1,715	
Other Contracted Services		5,464	
Data Processing Supplies		265	
Duplicating Supplies		473	
Office Supplies		281	
Other Supplies and Materials		524	
Workers' Compensation Insurance		229	
Furniture and Fixtures		209	
Total County Commission			\$ 205,101

Board of Equalization

Board and Committee Members Fees	\$	2,955	
Social Security		183	
Unemployment Compensation		24	
Employer Medicare		43	
Workers' Compensation Insurance		4	
Total Board of Equalization			3,209

Beer Board

Legal Notices, Recording, and Court Costs	\$	116	
Total Beer Board			116

Budget and Finance Committee

Operating Lease Payments	\$	700	
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(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.)

Legal Notices, Recording, and Court Costs	\$	600	
Printing, Stationery, and Forms		500	
Other Contracted Services		250	
Duplicating Supplies		550	
Other Charges		500	
Total Budget and Finance Committee			\$ 3,100

County Mayor/Executive

County Official/Administrative Officer	\$	107,475	
Clerical Personnel		61,287	
Part-time Personnel		7,988	
Social Security		10,861	
State Retirement		11,102	
Employee and Dependent Insurance		10,113	
Life Insurance		433	
Medical Insurance		11,449	
Dental Insurance		725	
Unemployment Compensation		169	
Employer Medicare		2,542	
Advertising		1,480	
Dues and Memberships		2,285	
Maintenance & Repair Services - Office Equipment		283	
Printing, Stationery, and Forms		942	
Travel		1,083	
Tuition		350	
Office Supplies		363	
Periodicals		133	
Other Supplies and Materials		1,307	
Workers' Compensation Insurance		267	
Other Charges		2,990	
Total County Mayor/Executive			235,627

Personnel Office

Supervisor/Director	\$	60,289
Clerical Personnel		35,620
Social Security		5,731
State Retirement		9,792
Employee and Dependent Insurance		6,320
Life Insurance		372
Medical Insurance		7,909

(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	\$	462	
Unemployment Compensation		112	
Employer Medicare		1,341	
Advertising		1,157	
Dues and Memberships		277	
Operating Lease Payments		1,600	
Legal Services		564	
Travel		338	
Tuition		400	
Duplicating Supplies		405	
Office Supplies		1,607	
Other Supplies and Materials		1,088	
Workers' Compensation Insurance		149	
Other Charges		1,098	
Total Personnel Office			\$ 136,631

Election Commission

County Official/Administrative Officer	\$	67,365
Clerical Personnel		80,106
Custodial Personnel		975
Temporary Personnel		30,672
Other Salaries & Wages		16,000
Election Commission		25,450
Election Workers		57,430
In-Service Training		9,620
Social Security		13,815
State Retirement		12,827
Employee and Dependent Insurance		3,160
Life Insurance		443
Medical Insurance		11,350
Dental Insurance		725
Unemployment Compensation		1,049
Employer Medicare		3,234
Operating Lease Payments		740
Legal Notices, Recording, and Court Costs		17,721
Maintenance & Repair Services - Equipment		590
Printing, Stationery, and Forms		5,973
Rentals		900
Travel		4,858
Tuition		2,820

(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.)

Other Contracted Services	\$	2,546	
Duplicating Supplies		2,649	
Office Supplies		1,367	
Other Supplies and Materials		2,973	
Workers' Compensation Insurance		436	
Data Processing Equipment		7,140	
Furniture and Fixtures		8,918	
Total Election Commission			\$ 393,852

Register of Deeds

County Official/Administrative Officer	\$	67,069	
Clerical Personnel		224,752	
Part-time Personnel		2,595	
Social Security		17,736	
State Retirement		29,795	
Employee and Dependent Insurance		18,961	
Life Insurance		1,056	
Medical Insurance		37,147	
Dental Insurance		2,363	
Unemployment Compensation		469	
Employer Medicare		4,148	
Dues and Memberships		978	
Operating Lease Payments		6,883	
Maintenance & Repair Services - Office Equipment		633	
Printing, Stationery, and Forms		3,791	
Travel		1,920	
Tuition		600	
Other Contracted Services		3,218	
Data Processing Supplies		1,609	
Duplicating Supplies		1,561	
Office Supplies		1,603	
Other Supplies and Materials		1,322	
Workers' Compensation Insurance		506	
Other Charges		668	
Data Processing Equipment		1,050	
Furniture and Fixtures		805	
Total Register of Deeds			433,238

Planning

Assistant(s)	\$	72,752	
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(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Supervisor/Director	\$	63,570	
Social Security		8,190	
State Retirement		13,918	
Employee and Dependent Insurance		12,641	
Life Insurance		444	
Medical Insurance		11,612	
Dental Insurance		739	
Unemployment Compensation		157	
Employer Medicare		1,915	
Dues and Memberships		1,693	
Operating Lease Payments		1,980	
Legal Notices, Recording, and Court Costs		1,863	
Printing, Stationery, and Forms		69	
Travel		796	
Tuition		35	
Duplicating Supplies		320	
Library Books/Media		483	
Office Supplies		397	
Workers' Compensation Insurance		207	
Total Planning			\$ 193,781

Building

Supervisor/Director	\$	83,820
Clerical Personnel		9,020
Other Salaries & Wages		71,843
Social Security		10,221
State Retirement		14,445
Employee and Dependent Insurance		1,053
Life Insurance		630
Medical Insurance		16,499
Dental Insurance		1,155
Unemployment Compensation		341
Employer Medicare		2,390
Communication		25
Dues and Memberships		620
Legal Notices, Recording, and Court Costs		2,293
Printing, Stationery, and Forms		562
Travel		5,177
Tuition		2,538
Other Contracted Services		385

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Duplicating Supplies	\$	664	
Gasoline		2,301	
Instructional Supplies and Materials		236	
Office Supplies		1,062	
Small Tools		993	
Textbooks		1,056	
Other Supplies and Materials		3,156	
Workers' Compensation Insurance		247	
Other Charges		1,856	
Total Building			\$ 234,588

Codes Compliance

Supervisor/Director	\$	56,179	
Clerical Personnel		10,240	
Social Security		4,024	
State Retirement		6,782	
Employee and Dependent Insurance		6,320	
Life Insurance		232	
Medical Insurance		7,921	
Dental Insurance		400	
Unemployment Compensation		56	
Employer Medicare		941	
Maintenance & Repair Services - Vehicles		1,519	
Printing, Stationery, and Forms		217	
Travel		179	
Tuition		497	
Gasoline		1,622	
Office Supplies		89	
Workers' Compensation Insurance		100	
Other Charges		6,280	
Data Processing Equipment		1,673	
Total Codes Compliance			105,271

County Buildings

Supervisor/Director	\$	53,352
Clerical Personnel		23,554
Custodial Personnel		149,232
Maintenance Personnel		103,462
Part-time Personnel		6,002
Bonus Payments		13,000

(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.)

Social Security	\$	21,039	
State Retirement		33,548	
Employee and Dependent Insurance		28,619	
Life Insurance		1,294	
Medical Insurance		55,032	
Dental Insurance		3,497	
Unemployment Compensation		772	
Employer Medicare		4,923	
Dues and Memberships		96	
Engineering Services		214	
Maintenance Agreements		36,086	
Maintenance & Repair Services - Buildings		20,848	
Maintenance & Repair Services - Equipment		18,265	
Maintenance & Repair Services - Office Equipment		463	
Maintenance & Repair Services - Vehicles		1,049	
Pest Control		3,480	
Permits		1,030	
Other Contracted Services		4,153	
Custodial Supplies		34,599	
Gasoline		3,825	
Natural Gas		63,086	
Office Supplies		652	
Periodicals		25	
Uniforms		4,617	
Utilities		386,253	
Other Supplies and Materials		7,558	
Workers' Compensation Insurance		561	
Total County Buildings			\$ 1,084,186

Other General Administration

Audit Services	\$	24,210
Communication		170,337
Dues and Memberships		1,000
Legal Services		17,053
Postal Charges		132,386
Other Contracted Services		145,233
Electricity		2,703
Utilities		3,692
Other Supplies and Materials		399
Boiler Insurance		1,857

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Building and Contents Insurance	\$	12,030	
Premiums on Corporate Surety Bonds		10,417	
Trustee's Commission		4,194	
Vehicle and Equipment Insurance		62,302	
Other Charges		19,082	
Total Other General Administration			\$ 606,895

Preservation of Records

Other Salaries & Wages	\$	58,500	
Social Security		3,529	
State Retirement		5,973	
Employee and Dependent Insurance		6,320	
Life Insurance		227	
Medical Insurance		8,255	
Dental Insurance		525	
Unemployment Compensation		112	
Employer Medicare		825	
Dues and Memberships		225	
Operating Lease Payments		711	
Travel		689	
Tuition		395	
Other Contracted Services		1,103	
Office Supplies		226	
Other Supplies and Materials		5,448	
Workers' Compensation Insurance		88	
Total Preservation of Records			93,151

Risk Management

Other Salaries & Wages	\$	91,186	
Social Security		5,203	
State Retirement		8,300	
Employee and Dependent Insurance		18,961	
Life Insurance		277	
Medical Insurance		8,860	
Dental Insurance		646	
Unemployment Compensation		211	
Employer Medicare		1,217	
Communication		11,429	
Dues and Memberships		150	
Operating Lease Payments		2,515	

(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.)

Legal Services	\$	12,911	
Postal Charges		10,527	
Printing, Stationery, and Forms		70	
Travel		1,311	
Tuition		873	
Other Contracted Services		15,798	
Data Processing Supplies		163	
Duplicating Supplies		146	
Gasoline		2,409	
Office Supplies		2,312	
Other Supplies and Materials		3,371	
Workers' Compensation Insurance		122	
Other Charges		1,237	
Data Processing Equipment		8,939	
Furniture and Fixtures		414	
Motor Vehicles		18,695	
Total Risk Management			\$ 228,253

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	79,055
Accountants/Bookkeepers		479,516
Social Security		33,473
State Retirement		55,310
Employee and Dependent Insurance		32,550
Life Insurance		1,956
Medical Insurance		57,715
Dental Insurance		3,671
Unemployment Compensation		914
Employer Medicare		7,828
Dues and Memberships		2,643
Operating Lease Payments		5,343
Legal Notices, Recording, and Court Costs		500
Printing, Stationery, and Forms		4,834
Travel		3,009
Tuition		2,795
Duplicating Supplies		226
Office Supplies		864
Workers' Compensation Insurance		856
Other Charges		2,203

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Equipment	\$ 301	
Total Accounting and Budgeting		\$ 775,562

Purchasing

County Official/Administrative Officer	\$ 54,375	
Purchasing Personnel	144,793	
Social Security	11,583	
State Retirement	19,037	
Employee and Dependent Insurance	31,339	
Life Insurance	728	
Medical Insurance	24,764	
Dental Insurance	1,575	
Unemployment Compensation	397	
Employer Medicare	2,709	
Dues and Memberships	1,588	
Operating Lease Payments	1,848	
Legal Notices, Recording, and Court Costs	1,894	
Maintenance & Repair Services - Office Equipment	190	
Printing, Stationery, and Forms	2,063	
Travel	1,365	
Tuition	750	
Data Processing Supplies	222	
Duplicating Supplies	487	
Office Supplies	661	
Other Supplies and Materials	330	
Workers' Compensation Insurance	315	
Total Purchasing		303,013

Property Assessor's Office

County Official/Administrative Officer	\$ 67,069
Assistant(s)	223,301
Clerical Personnel	161,532
Other Per Diem & Fees	11,025
Social Security	27,934
State Retirement	46,738
Employee and Dependent Insurance	35,911
Life Insurance	1,676
Medical Insurance	46,777
Dental Insurance	3,101
Unemployment Compensation	622

(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.)

Employer Medicare	\$	6,533	
Advertising		348	
Communication		97	
Data Processing Services		44,527	
Dues and Memberships		2,930	
Operating Lease Payments		3,397	
Maintenance & Repair Services - Vehicles		2,418	
Printing, Stationery, and Forms		750	
Rentals		3,033	
Travel		9,187	
Tuition		1,940	
Other Contracted Services		16,803	
Duplicating Supplies		1,539	
Gasoline		2,833	
Office Supplies		603	
Uniforms		390	
Other Supplies and Materials		875	
Premiums on Corporate Surety Bonds		50	
Workers' Compensation Insurance		697	
Other Charges		68,780	
Total Property Assessor's Office			\$ 793,416

Reappraisal Program

Assistant(s)	\$	102,853
Clerical Personnel		29,468
Bonus Payments		43,454
Other Per Diem & Fees		5,850
Social Security		10,769
State Retirement		14,845
Employee and Dependent Insurance		25,449
Life Insurance		524
Medical Insurance		17,885
Dental Insurance		1,142
Unemployment Compensation		386
Employer Medicare		2,518
Data Processing Services		15,254
Dues and Memberships		98
Travel		690
Other Contracted Services		8,056
Office Supplies		159

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Uniforms	\$	946	
Utilities		642	
Other Supplies and Materials		3,520	
Workers' Compensation Insurance		272	
Total Reappraisal Program			\$ 284,780

County Trustee's Office

County Official/Administrative Officer	\$	67,069	
Clerical Personnel		179,893	
Temporary Personnel		15,661	
Overtime Pay		3,231	
Social Security		15,929	
State Retirement		25,521	
Employee and Dependent Insurance		18,961	
Life Insurance		873	
Medical Insurance		24,764	
Dental Insurance		1,575	
Unemployment Compensation		420	
Employer Medicare		3,725	
Dues and Memberships		1,081	
Operating Lease Payments		2,058	
Legal Services		4,387	
Legal Notices, Recording, and Court Costs		240	
Printing, Stationery, and Forms		1,618	
Travel		1,129	
Tuition		2,470	
Other Contracted Services		283	
Duplicating Supplies		385	
Office Supplies		1,839	
Other Supplies and Materials		345	
Workers' Compensation Insurance		398	
Total County Trustee's Office			373,855

County Clerk's Office

County Official/Administrative Officer	\$	67,069
Clerical Personnel		586,751
Part-time Personnel		20,121
Social Security		39,971
State Retirement		64,340
Employee and Dependent Insurance		63,467

(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.)

Life Insurance	\$	2,427	
Medical Insurance		93,210	
Dental Insurance		5,924	
Unemployment Compensation		1,421	
Employer Medicare		9,348	
Dues and Memberships		825	
Operating Lease Payments		5,030	
Printing, Stationery, and Forms		1,803	
Travel		629	
Tuition		20	
Other Contracted Services		768	
Data Processing Supplies		526	
Duplicating Supplies		1,378	
Gasoline		869	
Office Supplies		3,014	
Periodicals		756	
Other Supplies and Materials		1,640	
Workers' Compensation Insurance		1,050	
Total County Clerk's Office			\$ 972,357

Data Processing

Supervisor/Director	\$	78,057
Data Processing Personnel		303,084
Social Security		23,126
State Retirement		37,654
Employee and Dependent Insurance		17,381
Life Insurance		1,352
Medical Insurance		36,459
Dental Insurance		2,317
Unemployment Compensation		560
Employer Medicare		5,408
Data Processing Services		3,899
Maintenance & Repair Services - Equipment		19,783
Printing, Stationery, and Forms		15,521
Travel		891
Tuition		3,130
Other Contracted Services		3,179
Data Processing Supplies		8,001
Equipment Parts - Light		14,810
Office Supplies		631

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Workers' Compensation Insurance	\$	586	
Data Processing Equipment		12,248	
Office Equipment		398	
Total Data Processing			\$ 588,475

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	17,950	
Other Per Diem & Fees		1,550	
Operating Lease Payments		3,139	
Legal Notices, Recording, and Court Costs		79,677	
Maintenance & Repair Services - Office Equipment		698	
Printing, Stationery, and Forms		2,904	
Travel		59	
Other Contracted Services		2,567	
Office Supplies		24	
Other Supplies and Materials		3,214	
Furniture and Fixtures		19,945	
Office Equipment		1,610	
Total Circuit Court			133,337

Circuit Court Clerk

County Official/Administrative Officer	\$	67,069	
Clerical Personnel		1,035,513	
Overtime Pay		10,802	
Bonus Payments		28,000	
Social Security		68,547	
State Retirement		106,683	
Employee and Dependent Insurance		104,254	
Life Insurance		3,991	
Medical Insurance		162,000	
Dental Insurance		10,304	
Unemployment Compensation		2,671	
Employer Medicare		16,031	
Dues and Memberships		1,633	
Operating Lease Payments		2,963	
Maintenance Agreements		2,573	
Maintenance & Repair Services - Office Equipment		475	
Printing, Stationery, and Forms		17,365	
Rentals		25	

(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.)

Travel	\$	5,994	
Tuition		11,123	
Other Contracted Services		1,634	
Data Processing Supplies		4,328	
Duplicating Supplies		3,814	
Office Supplies		5,056	
Other Supplies and Materials		10,293	
Workers' Compensation Insurance		1,716	
Building Improvements		625	
Data Processing Equipment		32,352	
Furniture and Fixtures		1,322	
Office Equipment		18,444	
Total Circuit Court Clerk			\$ 1,737,600

General Sessions Court

Judge(s)	\$	486,006
Salary Supplements		39,235
Secretary(ies)		94,861
Bonus Payments		4,806
Other Per Diem & Fees		480
Social Security		32,941
State Retirement		63,006
Employee and Dependent Insurance		17,381
Life Insurance		1,118
Medical Insurance		28,548
Dental Insurance		1,815
Unemployment Compensation		206
Employer Medicare		8,882
Communication		22
Dues and Memberships		1,028
Operating Lease Payments		8,821
Legal Notices, Recording, and Court Costs		113,999
Maintenance & Repair Services - Office Equipment		1,048
Printing, Stationery, and Forms		3,559
Travel		2,842
Tuition		645
Other Contracted Services		26,360
Library Books/Media		2,960
Office Supplies		500
Other Supplies and Materials		5,386

(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	\$	980	
Other Charges		302	
Office Equipment		2,814	
Total General Sessions Court			\$ 950,551

Chancery Court

County Official/Administrative Officer	\$	67,069	
Clerical Personnel		241,824	
Social Security		18,658	
State Retirement		30,098	
Employee and Dependent Insurance		16,854	
Life Insurance		1,082	
Medical Insurance		36,803	
Dental Insurance		2,342	
Unemployment Compensation		616	
Employer Medicare		4,363	
Dues and Memberships		1,050	
Operating Lease Payments		4,935	
Legal Notices, Recording, and Court Costs		949	
Maintenance & Repair Services - Office Equipment		308	
Printing, Stationery, and Forms		8,464	
Travel		157	
Duplicating Supplies		1,083	
Office Supplies		3,123	
Other Supplies and Materials		114	
Premiums on Corporate Surety Bonds		1,157	
Workers' Compensation Insurance		480	
Total Chancery Court			441,529

Juvenile Court

Youth Service Officer(s)	\$	173,016
Secretary(ies)		23,260
Clerical Personnel		2,092
Other Salaries & Wages		57,330
Social Security		15,710
State Retirement		24,735
Life Insurance		945
Medical Insurance		24,764
Dental Insurance		1,838
Unemployment Compensation		353

(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.)

Employer Medicare	\$	3,674	
Dues and Memberships		432	
Evaluation and Testing		1,487	
Operating Lease Payments		6,118	
Legal Notices, Recording, and Court Costs		148,307	
Medical and Dental Services		1,469	
Printing, Stationery, and Forms		6,976	
Travel		6,259	
Tuition		1,670	
Other Contracted Services		684	
Office Supplies		902	
Other Supplies and Materials		399	
Workers' Compensation Insurance		380	
Other Charges		2,447	
Total Juvenile Court			\$ 505,247

Office of Public Defender

Clerical Personnel	\$	34,500	
Social Security		2,139	
Unemployment Compensation		109	
Employer Medicare		500	
Communication		312	
Operating Lease Payments		5,000	
Travel		1,752	
Tuition		990	
Other Contracted Services		12,120	
Workers' Compensation Insurance		52	
Total Office of Public Defender			57,474

Other Administration of Justice

Attendants	\$	255,152	
Longevity Pay		3,213	
Social Security		15,607	
State Retirement		26,379	
Employee and Dependent Insurance		21,343	
Life Insurance		852	
Medical Insurance		30,537	
Dental Insurance		1,940	
Unemployment Compensation		430	
Employer Medicare		3,650	

(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.)

Workers' Compensation Insurance	\$ 4,579	
Total Other Administration of Justice		\$ 363,682

Probation Services

Supervisor/Director	\$ 50,000	
Probation Officer(s)	70,068	
Accountants/Bookkeepers	24,000	
Secretary(ies)	14,167	
Bonus Payments	5,000	
Other Salaries & Wages	552	
Social Security	10,176	
State Retirement	13,828	
Employee and Dependent Insurance	19,984	
Life Insurance	598	
Medical Insurance	21,869	
Dental Insurance	1,381	
Unemployment Compensation	398	
Employer Medicare	2,380	
Operating Lease Payments	31,993	
Printing, Stationery, and Forms	1,683	
Travel	1,035	
Tuition	120	
Other Contracted Services	17,106	
Data Processing Supplies	393	
Duplicating Supplies	498	
Office Supplies	1,973	
Other Supplies and Materials	2,434	
Building Improvements	1,140	
Data Processing Equipment	6,578	
Furniture and Fixtures	6,415	
Total Probation Services		305,769

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 73,684
Assistant(s)	65,447
Supervisor/Director	191,872
Deputy(ies)	3,129,356
Detective(s)	331,941
Lieutenant(s)	185,115

(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.)

Sergeant(s)	\$	160,680
Accountants/Bookkeepers		54,875
Mechanic(s)		32,094
Guards		9,755
Clerical Personnel		149,717
Attendants		194,604
Part-time Personnel		10,068
Longevity Pay		80,543
Overtime Pay		304,183
Other Salaries & Wages		10,000
In-Service Training		87,000
Social Security		308,911
State Retirement		499,622
Employee and Dependent Insurance		415,272
Life Insurance		16,969
Medical Insurance		521,101
Dental Insurance		33,451
Unemployment Compensation		7,774
Employer Medicare		72,259
Communication		11,192
Dues and Memberships		4,365
Evaluation and Testing		7,086
Operating Lease Payments		10,000
Licenses		8,184
Maintenance Agreements		36,155
Maintenance & Repair Services - Equipment		56,961
Maintenance & Repair Services - Office Equipment		425
Maintenance & Repair Services - Vehicles		34,346
Matching Share		24,000
Printing, Stationery, and Forms		9,291
Transportation - Other than Students		3,102
Travel		28,839
Tuition		19,074
Other Contracted Services		8,247
Basic Skills Materials		31,296
Data Processing Supplies		16,018
Electricity		2,109
Equipment and Machinery Parts		1,853
Gasoline		382,610
Law Enforcement Supplies		8,960

(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.)

Lubricants	\$	2,715	
Office Supplies		2,838	
Small Tools		934	
Tires and Tubes		26,230	
Uniforms		73,696	
Vehicle Parts		23,555	
In-Service/Staff Development		8,237	
Other Supplies and Materials		23,438	
Workers' Compensation Insurance		129,892	
Communication Equipment		144,613	
Data Processing Equipment		16,969	
Law Enforcement Equipment		25,241	
Motor Vehicles		84,397	
Total Sheriff's Department			\$ 8,213,161

Special Patrols

Investigator(s)	\$	30,576	
Social Security		1,842	
State Retirement		3,122	
Life Insurance		119	
Medical Insurance		4,127	
Dental Insurance		263	
Unemployment Compensation		43	
Employer Medicare		431	
Workers' Compensation Insurance		757	
Total Special Patrols			41,280

Traffic Control

Assistant(s)	\$	23,941	
Social Security		1,472	
State Retirement		2,037	
Life Insurance		92	
Medical Insurance		4,127	
Dental Insurance		263	
Unemployment Compensation		56	
Employer Medicare		344	
Workers' Compensation Insurance		684	
Total Traffic Control			33,016

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Deputy(ies)	\$	35,381	
Clerical Personnel		14,211	
Longevity Pay		1,821	
Social Security		3,157	
State Retirement		3,798	
Life Insurance		134	
Medical Insurance		4,127	
Dental Insurance		263	
Unemployment Compensation		109	
Employer Medicare		738	
Workers' Compensation Insurance		1,109	
Total Drug Enforcement			\$ 64,848

Jail

Assistant(s)	\$	37,102
Supervisor/Director		43,014
Captain(s)		52,270
Lieutenant(s)		102,591
Sergeant(s)		101,397
Computer Programmer(s)		122,382
Medical Personnel		157,018
Guards		107,523
Clerical Personnel		152,618
Attendants		1,879,269
Cafeteria Personnel		65,417
Part-time Personnel		148,537
Longevity Pay		31,884
Overtime Pay		135,401
In-Service Training		28,400
Social Security		194,702
State Retirement		288,616
Employee and Dependent Insurance		230,943
Life Insurance		10,992
Medical Insurance		399,714
Dental Insurance		25,397
Unemployment Compensation		7,104
Employer Medicare		45,535
Contracts with Private Agencies		13,437
Dues and Memberships		300
Evaluation and Testing		999

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance & Repair Services - Buildings	\$	781	
Maintenance & Repair Services - Equipment		1,494	
Medical and Dental Services		490,741	
Printing, Stationery, and Forms		3,422	
Travel		23,691	
Tuition		4,400	
Other Contracted Services		6,211	
Custodial Supplies		43,158	
Data Processing Supplies		10,222	
Food Preparation Supplies		10,501	
Food Supplies		304,042	
Prisoners Clothing		16,176	
Uniforms		16,404	
Other Supplies and Materials		136,699	
Workers' Compensation Insurance		85,428	
Other Charges		335,837	
Total Jail			\$ 5,871,769

Workhouse

County Official/Administrative Officer	\$	7,507	
Social Security		465	
State Retirement		767	
Employer Medicare		109	
Workers' Compensation Insurance		187	
Total Workhouse			9,035

Juvenile Services

Captain(s)	\$	54,891
Lieutenant(s)		49,795
Sergeant(s)		83,698
Medical Personnel		18,069
Guards		19,600
Attendants		433,840
Part-time Personnel		1,292
Overtime Pay		10,118
Other Salaries & Wages		34,457
Social Security		42,491
State Retirement		64,195
Employee and Dependent Insurance		57,457
Life Insurance		2,438

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Medical Insurance	\$	90,528	
Dental Insurance		5,768	
Unemployment Compensation		1,509	
Employer Medicare		9,937	
Maintenance Agreements		1,750	
Maintenance & Repair Services - Equipment		265	
Medical and Dental Services		3,169	
Printing, Stationery, and Forms		262	
Travel		1,136	
Tuition		3,448	
Other Contracted Services		3,538	
Duplicating Supplies		500	
Instructional Supplies and Materials		943	
Office Supplies		208	
Prisoners Clothing		5,000	
Uniforms		2,900	
Other Supplies and Materials		12,622	
Workers' Compensation Insurance		24,528	
Furniture and Fixtures		2,972	
Total Juvenile Services			\$ 1,043,324

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	23,125	
Clerical Personnel		31,038	
Social Security		3,339	
State Retirement		5,530	
Employee and Dependent Insurance		1,580	
Life Insurance		188	
Medical Insurance		5,159	
Dental Insurance		325	
Unemployment Compensation		56	
Employer Medicare		781	
Communication		30	
Dues and Memberships		70	
Maintenance & Repair Services - Vehicles		447	
Printing, Stationery, and Forms		116	

(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.)

Tuition	\$	100	
Other Contracted Services		160	
Data Processing Supplies		822	
Duplicating Supplies		717	
Gasoline		9,489	
Office Supplies		418	
Other Supplies and Materials		116	
Workers' Compensation Insurance		150	
Other Charges		401	
Total Civil Defense			\$ 84,157

Disaster Relief

Printing, Stationery, and Forms	\$	717	
Other Contracted Services		952	
Other Supplies and Materials		250	
Law Enforcement Equipment		405,743	
Total Disaster Relief			407,662

Other Emergency Management

Contracts with Government Agencies	\$	274,044	
Total Other Emergency Management			274,044

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	62,419	
Total County Coroner/Medical Examiner			62,419

Public Health and Welfare

Local Health Center

Guidance Personnel	\$	20,230	
Medical Personnel		437,808	
Clerical Personnel		89,317	
Custodial Personnel		29,176	
Part-time Personnel		12,283	
Social Security		35,592	
State Retirement		50,595	
Employee and Dependent Insurance		57,937	
Life Insurance		1,952	
Medical Insurance		82,892	
Dental Insurance		5,274	
Unemployment Compensation		1,556	

(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.)

Employer Medicare	\$	8,324	
Communication		15,750	
Contracts with Government Agencies		78,791	
Laundry Service		356	
Operating Lease Payments		3,132	
Maintenance & Repair Services - Buildings		1,279	
Maintenance & Repair Services - Equipment		816	
Medical and Dental Services		103	
Pest Control		360	
Postal Charges		5,184	
Printing, Stationery, and Forms		1,663	
Travel		10,550	
Disposal Fees		825	
Other Contracted Services		7,290	
Custodial Supplies		10,744	
Drugs and Medical Supplies		786	
Electricity		27,703	
Office Supplies		4,647	
Periodicals		1,957	
Other Supplies and Materials		3,050	
Workers' Compensation Insurance		2,907	
Other Charges		7,421	
Total Local Health Center			\$ 1,018,250

Rabies and Animal Control

Other Salaries & Wages	\$	8,741	
Social Security		541	
Life Insurance		31	
Medical Insurance		1,376	
Dental Insurance		84	
Unemployment Compensation		56	
Employer Medicare		126	
Contracts with Government Agencies		118,627	
Travel		48	
Uniforms		727	
Other Supplies and Materials		770	
Other Charges		722	
Total Rabies and Animal Control			131,849

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

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

General Welfare Assistance

Contributions	\$ 232,834	
Pauper Burials	200	
Other Contracted Services	5,932	
Total General Welfare Assistance		238,966

Other Local Welfare Services

Contracts with Private Agencies	\$ 130,732	
Total Other Local Welfare Services		130,732

Sanitation Management

Contracts with Government Agencies	\$ 8,771	
Contracts with Private Agencies	2,000	
Total Sanitation Management		10,771

Other Public Health and Welfare

Assistant(s)	\$ 129,365
Supervisor/Director	57,233
Secretary(ies)	24,828
Part-time Personnel	1,249
Other Per Diem & Fees	9,000
Social Security	13,430
State Retirement	22,633
Employee and Dependent Insurance	18,961
Life Insurance	787
Medical Insurance	24,764
Dental Insurance	1,575
Unemployment Compensation	336
Employer Medicare	3,141
Communication	3,583
Dues and Memberships	125
Operating Lease Payments	1,303
Postal Charges	657
Printing, Stationery, and Forms	867
Travel	23,347
Other Contracted Services	459
Custodial Supplies	1,129

(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.)

Office Supplies	\$	2,419	
Periodicals		7	
Other Supplies and Materials		2,079	
Workers' Compensation Insurance		332	
Other Charges		39	
Furniture and Fixtures		475	
Health Equipment		668	
Total Other Public Health and Welfare			\$ 344,791

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	585,906	
Total Parks and Fair Boards			585,906

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$	4,885	
Contracts with Government Agencies		119,805	
Operating Lease Payments		1,469	
Travel		2,000	
Utilities		225	
Office Equipment		4,957	
Total Agriculture Extension Service			133,341

Soil Conservation

Assistant(s)	\$	35,756	
Paraprofessionals		35,756	
Social Security		4,428	
State Retirement		7,301	
Life Insurance		276	
Medical Insurance		8,255	
Dental Insurance		525	
Unemployment Compensation		112	
Employer Medicare		1,036	
Communication		1,669	
Dues and Memberships		885	
Maintenance Agreements		846	
Postal Charges		585	
Printing, Stationery, and Forms		82	
Travel		914	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

Instructional Supplies and Materials	\$	45	
Office Supplies		645	
Workers' Compensation Insurance		108	
Total Soil Conservation			\$ 99,224

Other Operations

Tourism

Other Salaries & Wages	\$	272,499	
Advertising		458,297	
Dues and Memberships		1,383	
Operating Lease Payments		4,284	
Legal Notices, Recording, and Court Costs		97	
Postal Charges		6,288	
Printing, Stationery, and Forms		16,899	
Travel		3,579	
Tuition		1,280	
Other Contracted Services		41,624	
Office Supplies		1,613	
Other Supplies and Materials		911	
Other Charges		14,064	
Data Processing Equipment		711	
Office Equipment		365	
Total Tourism			823,894

Industrial Development

Contracts with Government Agencies	\$	336,186	
Other Contracted Services		411,523	
Site Development		95,299	
Total Industrial Development			843,008

Other Economic and Community Development

Other Salaries & Wages	\$	75,000	
Communication		13,454	
Maintenance & Repair Services - Buildings		6,670	
Rentals		40,556	
Other Contracted Services		12,993	
Custodial Supplies		4,793	
Office Supplies		3,270	
Utilities		9,485	
Other Supplies and Materials		125	

(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 (Cont.)

Other Charges	\$	102,057	
Data Processing Equipment		963	
Total Other Economic and Community Development			\$ 269,366

Veterans' Services

County Official/Administrative Officer	\$	58,311	
Supervisor/Director		32,277	
Clerical Personnel		23,045	
Social Security		6,799	
State Retirement		11,608	
Employee and Dependent Insurance		6,320	
Life Insurance		406	
Medical Insurance		12,352	
Dental Insurance		786	
Unemployment Compensation		168	
Employer Medicare		1,590	
Dues and Memberships		55	
Operating Lease Payments		1,800	
Legal Notices, Recording, and Court Costs		32	
Maintenance Agreements		700	
Printing, Stationery, and Forms		173	
Travel		854	
Tuition		300	
Duplicating Supplies		286	
Gasoline		1,101	
Office Supplies		426	
Other Supplies and Materials		78	
Workers' Compensation Insurance		172	
Other Charges		50	
Total Veterans' Services			159,689

Other Charges

Local Retirement	\$	35,087	
Office Supplies		2,266	
Data Processing Equipment		1,144	
Total Other Charges			38,497

Contributions to Other Agencies

Contributions	\$	44,521	
Total Contributions to Other Agencies			44,521

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Excess Risk Insurance	\$	10,025	
Liability Insurance		146,131	
Trustee's Commission		436,673	
Other Charges		1,856	
Total Miscellaneous			\$ 594,685

Highways

Litter and Trash Collection

Attendants	\$	27,726	
Longevity Pay		250	
Social Security		1,618	
State Retirement		2,856	
Employee and Dependent Insurance		6,253	
Life Insurance		105	
Medical Insurance		4,039	
Dental Insurance		257	
Unemployment Compensation		53	
Employer Medicare		378	
Contracts with Government Agencies		3,607	
Other Contracted Services		18,399	
Tires and Tubes		550	
Other Supplies and Materials		2,395	
Workers' Compensation Insurance		768	
Total Litter and Trash Collection			69,254

Capital Projects

Other General Government Projects

Other Capital Outlay	\$	809,398	
Total Other General Government Projects			809,398

Total General Fund \$ 35,058,800

Courthouse & Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$	9,202	
Total County Buildings			\$ 9,202

(Continued)

Exhibit L-8

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

Courthouse & Jail Maintenance Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 93	
Total Other Charges		\$ 93

Total Courthouse & Jail Maintenance Fund \$ 9,295

Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$ 6,240	
Trustee's Commission	93	
Total Other Charges		\$ 6,333

Total Law Library Fund 6,333

Public Library Fund

General Government

County Buildings

Supervisor/Director	\$ 3,359	
Custodial Personnel	58,984	
Maintenance Personnel	24,693	
Part-time Personnel	7,877	
Bonus Payments	847	
Social Security	5,746	
State Retirement	9,874	
Employee and Dependent Insurance	12,641	
Life Insurance	337	
Medical Insurance	16,510	
Dental Insurance	1,050	
Unemployment Compensation	273	
Employer Medicare	1,344	
Maintenance & Repair Services - Buildings	15,356	
Maintenance & Repair Services - Equipment	4,199	
Uniforms	178	
Other Supplies and Materials	2,311	
Workers' Compensation Insurance	135	
Maintenance Equipment	75	
Total County Buildings		\$ 165,789

(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	\$	163,357	
Assistant(s)		67,323	
Supervisor/Director		176,673	
Paraprofessionals		192,433	
Part-time Personnel		217,240	
Bonus Payments		7,845	
Social Security		49,774	
State Retirement		65,758	
Employee and Dependent Insurance		43,189	
Life Insurance		2,187	
Medical Insurance		80,828	
Dental Insurance		5,145	
Unemployment Compensation		2,401	
Employer Medicare		11,641	
Advertising		550	
Communication		9,791	
Data Processing Services		22,913	
Dues and Memberships		660	
Operating Lease Payments		9,316	
Maintenance Agreements		8,304	
Pest Control		684	
Postal Charges		9,902	
Printing, Stationery, and Forms		1,003	
Travel		3,671	
Tuition		552	
Permits		798	
Other Contracted Services		20,963	
Custodial Supplies		12,832	
Data Processing Supplies		258	
Library Books/Media		201,982	
Office Supplies		21,871	
Periodicals		19,999	
Utilities		158,173	
Other Supplies and Materials		7,340	
Building and Contents Insurance		20,000	
Trustee's Commission		1,503	
Workers' Compensation Insurance		1,243	
Data Processing Equipment		12,666	
Total Libraries			\$ 1,632,768

(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

Paraprofessionals	\$	15,864	
Part-time Personnel		16,223	
Bonus Payments		335	
Social Security		1,982	
State Retirement		428	
Employee and Dependent Insurance		4,214	
Life Insurance		62	
Medical Insurance		3,440	
Dental Insurance		215	
Unemployment Compensation		241	
Employer Medicare		464	
Other Supplies and Materials		41,572	
Workers' Compensation Insurance		52	
Total Other Social, Cultural, and Recreational			\$ 85,092

Total Public Library Fund \$ 1,883,649

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	21,262	
Animal Food and Supplies		5,054	
Other Supplies and Materials		198,970	
Trustee's Commission		7,500	
Motor Vehicles		31,905	
Other Capital Outlay		23,000	
Total Sheriff's Department			\$ 287,691

Total Drug Control Fund 287,691

District Attorney General Fund

Administration of Justice

District Attorney General

Library Books/Media	\$	64	
Trustee's Commission		251	
Other Charges		50,000	
Total District Attorney General			\$ 50,315

Total District Attorney General Fund 50,315

(Continued)

Exhibit L-8

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

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	41,292	
Probation Officer(s)		29,795	
Secretary(ies)		25,123	
Social Security		5,844	
State Retirement		9,823	
Employee and Dependent Insurance		6,320	
Life Insurance		339	
Medical Insurance		11,006	
Dental Insurance		704	
Unemployment Compensation		168	
Employer Medicare		1,367	
Communication		2,455	
Dues and Memberships		210	
Operating Lease Payments		1,014	
Postal Charges		55	
Printing, Stationery, and Forms		373	
Travel		7,023	
Tuition		750	
Drug Treatment		81,827	
Other Contracted Services		1,944	
Data Processing Supplies		120	
Office Supplies		689	
Other Supplies and Materials		13,852	
Trustee's Commission		849	
Workers' Compensation Insurance		169	
Total Criminal Court			\$ 243,111
Total Other Special Revenue Fund			\$ 243,111

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Bank Charges	\$	697	
Total County Trustee's Office			\$ 697

Total Constitutional Officers - Fees Fund 697

(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	\$	74,910	
Assistant(s)		66,134	
Supervisor/Director		58,040	
Accountants/Bookkeepers		41,422	
Dispatchers/Radio Operators		35,171	
Clerical Personnel		32,585	
Other Salaries & Wages		70,411	
Social Security		23,151	
State Retirement		35,029	
Employee and Dependent Insurance		21,990	
Life Insurance		1,236	
Medical Insurance		32,678	
Dental Insurance		2,078	
Unemployment Compensation		147	
Employer Medicare		5,413	
Communication		13,993	
Dues and Memberships		3,950	
Maintenance Agreements		6,201	
Maintenance & Repair Services - Buildings		79	
Postal Charges		237	
Travel		165	
Tuition		900	
Other Contracted Services		900	
Drugs and Medical Supplies		620	
Electricity		16,340	
Natural Gas		12,364	
Office Supplies		1,655	
Water and Sewer		1,870	
Boiler Insurance		100	
Building and Contents Insurance		1,939	
Liability Insurance		38,041	
Trustee's Commission		53,127	
Vehicle and Equipment Insurance		38,669	
Workers' Compensation Insurance		4,781	
Liability Claims		369	
Other Charges		5,465	
Total Administration			\$ 702,160

Highway and Bridge Maintenance

Supervisor/Director	\$	114,880
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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	\$	137,662	
Equipment Operators		208,566	
Equipment Operators - Heavy		107,865	
Equipment Operators - Light		743,930	
Truck Drivers		121,765	
Laborers		118,886	
Overtime Pay		20,497	
Other Salaries & Wages		281,524	
Social Security		111,654	
State Retirement		183,086	
Employee and Dependent Insurance		172,376	
Life Insurance		6,775	
Medical Insurance		220,672	
Dental Insurance		14,037	
Unemployment Compensation		1,248	
Local Retirement		2,948	
Employer Medicare		26,112	
Evaluation and Testing		873	
Laundry Service		16,684	
Other Contracted Services		151,765	
Asphalt - Hot Mix		268,807	
Asphalt - Liquid		100,022	
Concrete		2,406	
Crushed Stone		64,613	
Pipe - Metal		15,623	
Road Signs		546	
Salt		15,908	
Structural Steel		474	
Wood Products		1,050	
Other Supplies and Materials		7,929	
Workers' Compensation Insurance		23,743	
State Aid Projects		30,605	
Total Highway and Bridge Maintenance			\$ 3,295,531

Operation and Maintenance of Equipment

Supervisor/Director	\$	57,440
Foremen		90,119
Mechanic(s)		297,716
Nightwatchmen		84,768
Overtime Pay		8,735

(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.)

Social Security	\$	32,356	
State Retirement		55,009	
Employee and Dependent Insurance		53,710	
Life Insurance		1,966	
Medical Insurance		57,925	
Dental Insurance		3,685	
Unemployment Compensation		294	
Employer Medicare		7,567	
Maintenance & Repair Services - Buildings		256	
Maintenance & Repair Services - Equipment		2,890	
Maintenance & Repair Services - Vehicles		95	
Other Contracted Services		550	
Diesel Fuel		99,291	
Equipment and Machinery Parts		62,932	
Gasoline		524,949	
Lubricants		6,366	
Tires and Tubes		19,644	
Other Supplies and Materials		79,507	
Workers' Compensation Insurance		6,882	
Total Operation and Maintenance of Equipment			\$ 1,554,652

Capital Outlay

Bridge Construction	\$	951	
Data Processing Equipment		5,847	
Highway Equipment		192,657	
State Aid Projects		47,756	
Total Capital Outlay			<u>247,211</u>

Total Highway/Public Works Fund \$ 5,799,554

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	200,000	
Principal on Notes		235,000	
Principal on Capital Leases		32,732	
Principal on Other Loans		2,965,501	
Total General Government			\$ 3,433,233

(Continued)

Exhibit L-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 1,027,875	
Interest on Notes	44,558	
Interest on Capital Leases	3,838	
Interest on Other Loans	5,325,832	
Total General Government		\$ 6,402,103

Other Debt Service

General Government

Trustee's Commission	\$ 273,462	
Other Debt Service	749,973	
Total General Government		1,023,435

Total General Debt Service Fund \$ 10,858,771

Other Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 4,577,010	
Total Payments to Cities		\$ 4,577,010

Capital Projects

General Administration Projects

Legal Services	\$ 3,150	
Other Contracted Services	4,130	
Other Charges	5,343	
Underwriter's Discount	69,083	
Other Debt Issuance Charges	116,117	
Building Improvements	3,789	
Total General Administration Projects		201,612

Public Health and Welfare Projects

Supervisor/Director	\$ 4,883	
Clerical Personnel	2,052	
Social Security	336	
State Retirement	209	
Employee and Dependent Insurance	219	
Life Insurance	8	
Medical Insurance	287	
Dental Insurance	19	
Employer Medicare	101	

(Continued)

Exhibit L-8

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects (Cont.)

Legal Services	\$	292	
Other Contracted Services		2,699,610	
Workers' Compensation Insurance		289	
Total Public Health and Welfare Projects			\$ 2,708,305

Social, Cultural, and Recreation Projects

Medical Insurance	\$	688	
Dental Insurance		21	
Other Supplies and Materials		114,214	
Medical Claims		314	
Land		774,671	
Total Social, Cultural, and Recreation Projects			889,908

Other General Government Projects

Site Development	\$	100,000	
Total Other General Government Projects			100,000

Highway & Street Capital Projects

Engineering Services	\$	111,088	
Other Contracted Services		15,980	
Total Highway & Street Capital Projects			127,068

Education Capital Projects

Supervisor/Director	\$	65,428	
Clerical Personnel		27,386	
Social Security		4,583	
State Retirement		2,796	
Employee and Dependent Insurance		2,958	
Life Insurance		100	
Medical Insurance		3,840	
Dental Insurance		239	
Employer Medicare		1,353	
Architects		58,070	
Legal Services		4,298	
Other Contracted Services		9,606,278	
Workers' Compensation Insurance		4,644	
Building Construction		984	
Building Improvements		164,174	
Food Service Equipment		5,800	
Furniture and Fixtures		9,897	

(Continued)

Exhibit L-8

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects (Cont.)

Land	\$ 1,284,769	
Other Equipment	162,508	
Other Capital Outlay	<u>5,386</u>	
Total Education Capital Projects		\$ <u>11,415,491</u>

Total Other Capital Projects Fund \$ 20,019,394

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$ <u>27,247</u>	
Total Miscellaneous		\$ <u>27,247</u>

Total Endowment Fund 27,247

Total Governmental Funds - Primary Government \$ 74,244,857

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, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 24,008,018	
Career Ladder Program	414,825	
Career Ladder Extended Contracts	207,250	
Salary Supplements	419,294	
Educational Assistants	1,077,381	
Overtime Pay	8,073	
Other Salaries & Wages	129,070	
Certified Substitute Teachers	203,048	
Non-certified Substitute Teachers	254,327	
Social Security	1,611,497	
State Retirement	1,531,332	
Employee and Dependent Insurance	1,660,680	
Life Insurance	87,940	
Medical Insurance	2,219,708	
Dental Insurance	145,637	
Employer Medicare	376,870	
Contracts with Other School Systems	181,355	
Maintenance & Repair Services - Equipment	15,114	
Printing, Stationery, and Forms	8,933	
Other Contracted Services	25,626	
Instructional Supplies and Materials	374,134	
Textbooks	468,307	
Furniture and Fixtures	14,640	
Regular Instruction Equipment	9,394	
Total Regular Instruction Program		\$ 35,452,453

Special Education Program

Teachers	\$ 4,167,478
Career Ladder Program	66,028
Career Ladder Extended Contracts	7,500
Educational Assistants	912,161
Social Security	313,899
State Retirement	303,254
Employee and Dependent Insurance	360,939
Life Insurance	17,430
Medical Insurance	493,907
Dental Insurance	31,430
Employer Medicare	73,411
Contracts with Other Public Agencies	63,062

(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 Private Agencies	\$	56,414	
Maintenance & Repair Services - Equipment		349	
Instructional Supplies and Materials		38,694	
Other Supplies and Materials		1,480	
Special Education Equipment		7,914	
Total Special Education Program			\$ 6,915,350

Vocational Education Program

Teachers	\$	2,132,380	
Career Ladder Program		24,000	
Career Ladder Extended Contracts		3,000	
Social Security		129,492	
State Retirement		132,251	
Employee and Dependent Insurance		159,696	
Life Insurance		7,857	
Medical Insurance		190,699	
Dental Insurance		12,666	
Employer Medicare		30,285	
Maintenance & Repair Services - Equipment		893	
Other Contracted Services		1,338	
Instructional Supplies and Materials		69,107	
Other Supplies and Materials		372	
Liability Insurance		850	
Total Vocational Education Program			2,894,886

Adult Education Program

Teachers	\$	131,154	
Paraprofessionals		13,387	
Instructional Computer Personnel		27,200	
Social Security		10,570	
State Retirement		4,973	
Life Insurance		237	
Medical Insurance		8,255	
Dental Insurance		521	
Employer Medicare		2,472	
Other Contracted Services		160	
Instructional Supplies and Materials		21,700	
Total Adult Education Program			220,629

(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.)

Other

Local Retirement	\$	605,002	
Other Charges		<u>26,113</u>	
Total Other			\$ 631,115

Support Services

Attendance

Supervisor/Director	\$	81,717	
Clerical Personnel		40,223	
Social Security		7,344	
State Retirement		9,185	
Employee and Dependent Insurance		11,760	
Life Insurance		350	
Medical Insurance		12,245	
Dental Insurance		728	
Employer Medicare		<u>1,741</u>	
Total Attendance			165,293

Health Services

Medical Personnel	\$	381,482	
Social Security		23,296	
State Retirement		21,907	
Employee and Dependent Insurance		13,947	
Life Insurance		914	
Medical Insurance		21,669	
Dental Insurance		1,364	
Employer Medicare		5,448	
Travel		1,179	
Drugs and Medical Supplies		22,145	
Other Supplies and Materials		994	
In Service/Staff Development		3,590	
Data Processing Equipment		<u>7,640</u>	
Total Health Services			505,575

Other Student Support

Teachers	\$	6,000	
Guidance Personnel		1,199,181	
Social Workers		17,172	
Secretary(ies)		48,792	
Social Security		78,554	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

State Retirement	\$	81,608	
Employee and Dependent Insurance		61,907	
Life Insurance		4,528	
Medical Insurance		109,506	
Dental Insurance		6,957	
Employer Medicare		18,371	
Communication		400	
Evaluation and Testing		28,492	
Travel		2,287	
Other Contracted Services		341	
Drugs and Medical Supplies		150	
Instructional Supplies and Materials		2,729	
Office Supplies		392	
Other Supplies and Materials		4,782	
In Service/Staff Development		296	
Health Equipment		4,155	
Total Other Student Support			\$ 1,676,600

Regular Instruction Program

Supervisor/Director	\$	128,000	
Librarians		932,420	
Secretary(ies)		138,970	
Educational Assistants		161,875	
Social Security		82,190	
State Retirement		87,697	
Employee and Dependent Insurance		84,140	
Life Insurance		4,606	
Medical Insurance		116,833	
Dental Insurance		7,639	
Employer Medicare		19,194	
Travel		10,385	
Tuition		204	
Library Books/Media		97,702	
Other Supplies and Materials		3,004	
In Service/Staff Development		25,104	
Data Processing Equipment		801	
Total Regular Instruction Program			1,900,764

(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	\$	35,545	
Psychological Personnel		255,115	
Secretary(ies)		34,100	
Social Security		19,671	
State Retirement		19,652	
Employee and Dependent Insurance		18,961	
Life Insurance		956	
Medical Insurance		22,700	
Dental Insurance		1,424	
Employer Medicare		4,600	
Travel		12,652	
Other Contracted Services		2,737	
In Service/Staff Development		6,122	
Total Special Education Program			\$ 434,235

Vocational Education Program

Secretary(ies)	\$	45,771	
Social Security		2,796	
State Retirement		4,673	
Life Insurance		186	
Medical Insurance		8,040	
Dental Insurance		507	
Employer Medicare		653	
Postal Charges		350	
Travel		18	
Office Supplies		2,487	
Total Vocational Education Program			65,481

Adult Programs

Supervisor/Director	\$	46,817	
Clerical Personnel		23,561	
Social Security		4,169	
State Retirement		5,238	
Employee and Dependent Insurance		6,320	
Life Insurance		262	
Medical Insurance		8,255	
Dental Insurance		521	
Employer Medicare		975	
Advertising		81	

(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.)

In Service/Staff Development	\$	7,660	
Other Charges		<u>1,812</u>	
Total Adult Programs			\$ 105,671

Other Programs

Social Workers	\$	15,145	
Educational Assistants		37,040	
Social Security		2,989	
State Retirement		5,222	
Employee and Dependent Insurance		14,790	
Life Insurance		192	
Medical Insurance		11,972	
Dental Insurance		821	
Employer Medicare		<u>699</u>	
Total Other Programs			88,870

Board of Education

Secretary(ies)	\$	18,758	
Other Salaries & Wages		76,625	
Board and Committee Members Fees		31,650	
Social Security		7,700	
State Retirement		7,243	
Employee and Dependent Insurance		3,380	
Life Insurance		108	
Medical Insurance		3,422	
Dental Insurance		575	
Unemployment Compensation		20,939	
Employer Medicare		1,800	
Audit Services		27,500	
Dues and Memberships		8,109	
Legal Services		12,872	
Printing, Stationery, and Forms		3,061	
Travel		1,132	
Tuition		1,000	
Other Contracted Services		21,029	
Other Supplies and Materials		1,979	
Liability Insurance		85,500	
Trustee's Commission		553,276	
Workers' Compensation Insurance		141,940	

(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.)

Other Charges	\$ 22,266	
Total Board of Education		\$ 1,051,864

Director of Schools

County Official/Administrative Officer	\$ 103,520	
Assistant(s)	17,773	
Supervisor/Director	82,850	
Career Ladder Program	1,000	
Secretary(ies)	43,908	
Clerical Personnel	36,817	
Other Salaries & Wages	23,131	
Social Security	18,059	
State Retirement	25,736	
Employee and Dependent Insurance	12,630	
Life Insurance	2,910	
Medical Insurance	18,025	
Dental Insurance	1,147	
Disability Insurance	1,404	
Employer Medicare	4,365	
Communication	19,815	
Dues and Memberships	3,756	
Postal Charges	9,082	
Printing, Stationery, and Forms	1,734	
Travel	418	
Other Contracted Services	12,950	
Office Supplies	14,783	
Other Supplies and Materials	1,581	
Other Charges	39,556	
Administration Equipment	5,838	
Total Director of Schools		502,788

Office of the Principal

Principals	\$ 1,324,561
Accountants/Bookkeepers	48,334
Assistant Principals	813,819
Secretary(ies)	935,155
Social Security	187,645
State Retirement	227,058
Employee and Dependent Insurance	229,057

(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.)

Life Insurance	\$	9,762	
Medical Insurance		287,726	
Dental Insurance		18,321	
Employer Medicare		43,884	
Communication		132,280	
Dues and Memberships		7,725	
Travel		789	
Tuition		155	
Other Contracted Services		40,630	
Other Supplies and Materials		7,012	
Other Charges		782	
Other Equipment		4,456	
Total Office of the Principal			\$ 4,319,151

Operation of Plant

Custodial Personnel	\$	2,075,793	
Other Salaries & Wages		140	
Social Security		125,258	
State Retirement		195,273	
Employee and Dependent Insurance		206,482	
Life Insurance		7,575	
Medical Insurance		325,679	
Dental Insurance		20,974	
Employer Medicare		29,294	
Evaluation and Testing		1,725	
Other Contracted Services		131,298	
Custodial Supplies		160,538	
Electricity		2,149,748	
Fuel Oil		20,099	
Natural Gas		220,860	
Water and Sewer		258,626	
Building and Contents Insurance		91,250	
Plant Operation Equipment		38,976	
Total Operation of Plant			6,059,588

Maintenance of Plant

Supervisor/Director	\$	41,965
Secretary(ies)		36,817
Maintenance Personnel		574,961

(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 (Cont.)

Social Security	\$	39,744	
State Retirement		64,366	
Employee and Dependent Insurance		41,083	
Life Insurance		2,449	
Medical Insurance		71,198	
Dental Insurance		4,260	
Employer Medicare		9,295	
Communication		788	
Maintenance & Repair Services - Buildings		32,462	
Maintenance & Repair Services - Equipment		66,833	
Maintenance & Repair Services - Vehicles		11,149	
Other Contracted Services		125,214	
Equipment and Machinery Parts		81,072	
Gasoline		55,255	
Uniforms		36,078	
Other Supplies and Materials		215,688	
Other Charges		24,700	
Maintenance Equipment		8,147	
Motor Vehicles		8,000	
Total Maintenance of Plant			\$ 1,551,524

Transportation

Supervisor/Director	\$	56,797	
Clerical Personnel		35,070	
Social Security		5,662	
State Retirement		7,122	
Life Insurance		333	
Medical Insurance		7,911	
Dental Insurance		500	
Employer Medicare		1,324	
Contracts with Parents		2,785	
Contracts with Vehicle Owners		2,592,426	
Maintenance & Repair Services - Vehicles		3,000	
Medical and Dental Services		1,933	
Other Contracted Services		411,879	
Tires and Tubes		420	
Vehicle and Equipment Insurance		267,300	
Total Transportation			3,394,462

(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	\$	41,996	
Teachers		66,600	
Computer Programmer(s)		160,249	
Clerical Personnel		70,910	
Social Security		20,373	
State Retirement		30,391	
Employee and Dependent Insurance		34,762	
Life Insurance		1,175	
Medical Insurance		35,083	
Dental Insurance		2,238	
Employer Medicare		4,765	
Other Contracted Services		17,176	
Data Processing Supplies		23,460	
Data Processing Equipment		226,802	
Regular Instruction Equipment		30,487	
Total Central and Other			\$ 766,467

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	188,938	
Educational Assistants		53,357	
Social Security		14,770	
State Retirement		15,150	
Employee and Dependent Insurance		6,315	
Life Insurance		938	
Medical Insurance		35,771	
Dental Insurance		2,222	
Employer Medicare		3,468	
Instructional Supplies and Materials		25,709	
Workers' Compensation Insurance		456	
In Service/Staff Development		3,565	
Total Early Childhood Education			350,659

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	2,745,397	
Other Equipment		111,555	
Other Capital Outlay		40,000	
Total Regular Capital Outlay			2,896,952

(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	\$ 420,000	
Principal on Capital Leases	<u>105,500</u>	
Total Education		\$ 525,500

Interest on Debt

Education

Interest on Notes	\$ 33,600	
Interest on Capital Leases	<u>164,340</u>	
Total Education		197,940

Other Debt Service

Education

Other Debt Service	\$ 58,915	
Total Education		<u>58,915</u>

Total General Purpose School Fund \$ 72,732,732

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 697,701	
Educational Assistants	615,534	
Social Security	84,487	
State Retirement	67,248	
Employee and Dependent Insurance	45,284	
Life Insurance	3,576	
Medical Insurance	113,847	
Dental Insurance	7,243	
Employer Medicare	19,759	
Instructional Supplies and Materials	14,124	
Workers' Compensation Insurance	3,910	
In Service/Staff Development	<u>140,935</u>	
Total Regular Instruction Program		\$ 1,813,648

Special Education Program

Teachers	\$ 123,816
Clerical Personnel	81,643
Educational Assistants	1,038,741
Social Security	75,288

(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.)

State Retirement	\$	74,980	
Employee and Dependent Insurance		100,267	
Life Insurance		3,195	
Medical Insurance		180,111	
Dental Insurance		13,008	
Employer Medicare		17,608	
Instructional Supplies and Materials		63,800	
Workers' Compensation Insurance		4,199	
Total Special Education Program			\$ 1,776,656

Vocational Education Program

Secretary(ies)	\$	17,027	
Social Security		1,076	
State Retirement		1,792	
Life Insurance		70	
Medical Insurance		2,408	
Dental Insurance		150	
Employer Medicare		252	
Travel		20,137	
Instructional Supplies and Materials		48,604	
Office Supplies		350	
T&I Construction Materials		4,983	
Other Supplies and Materials		9,054	
Workers' Compensation Insurance		75	
In Service/Staff Development		338	
Other Charges		3,571	
Vocational Instruction Equipment		170,724	
Other Equipment		750	
Total Vocational Education Program			281,361

Support Services

Other Student Support

Teachers	\$	21,071	
Educational Assistants		8,055	
Social Security		1,791	
State Retirement		1,829	
Life Insurance		68	
Medical Insurance		4,700	
Dental Insurance		215	

(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.)

Other Student Support (Cont.)

Employer Medicare	\$	419	
Evaluation and Testing		296	
Other Contracted Services		21,038	
In Service/Staff Development		280	
Other Charges		15,472	
Total Other Student Support			\$ 75,234

Regular Instruction Program

Supervisor/Director	\$	55,045	
Secretary(ies)		36,817	
Social Security		4,240	
State Retirement		5,980	
Employee and Dependent Insurance		6,320	
Life Insurance		218	
Medical Insurance		5,847	
Dental Insurance		377	
Employer Medicare		992	
Travel		30	
Other Supplies and Materials		1,357	
Workers' Compensation Insurance		296	
In Service/Staff Development		37,984	
Other Equipment		2,882	
Total Regular Instruction Program			158,385

Special Education Program

Psychological Personnel	\$	124,850	
Clerical Personnel		59,140	
Other Salaries & Wages		56,426	
Social Security		14,750	
State Retirement		17,642	
Employee and Dependent Insurance		8,385	
Life Insurance		710	
Medical Insurance		20,016	
Dental Insurance		1,307	
Employer Medicare		3,450	
Other Contracted Services		257,396	
In Service/Staff Development		8,781	
Total Special Education Program			572,853

(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.)

Vocational Education Program

Travel	\$	662	
In Service/Staff Development		2,741	
Other Equipment		1,515	
Total Vocational Education Program			\$ 4,918

Transportation

Other Contracted Services	\$	101,870	
Total Transportation			101,870

Central and Other

Other Salaries & Wages	\$	10,260	
Social Security		589	
State Retirement		618	
Employer Medicare		143	
Workers' Compensation Insurance		99	
In Service/Staff Development		1,924	
Data Processing Equipment		3,783	
Total Central and Other			17,416

Total School Federal Projects Fund \$ 4,802,341

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	42,874	
Accountants/Bookkeepers		61,845	
Cafeteria Personnel		1,839,886	
Social Security		116,846	
State Retirement		115,583	
Employee and Dependent Insurance		180,658	
Life Insurance		4,677	
Medical Insurance		224,255	
Dental Insurance		14,658	
Unemployment Compensation		3,295	
Local Retirement		5,162	
Employer Medicare		27,327	
Dues and Memberships		2,701	
Maintenance & Repair Services - Equipment		43,461	
Printing, Stationery, and Forms		4,095	

(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.)

Transportation - Other than Students	\$	30,410	
Travel		6,961	
Other Contracted Services		72,009	
Custodial Supplies		48,648	
Food Supplies		1,883,800	
Office Supplies		6,875	
Uniforms		10,663	
Other Supplies and Materials		81,006	
Workers' Compensation Insurance		38,309	
In Service/Staff Development		14,731	
Other Charges		3,151	
Data Processing Equipment		126,120	
Food Service Equipment		54,848	
Total Food Service			\$ 5,064,854

Total Central Cafeteria Fund \$ 5,064,854

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	62,049	
Clerical Personnel		36,817	
Custodial Personnel		74,446	
Part-time Personnel		1,097,494	
Social Security		74,068	
State Retirement		44,350	
Employee and Dependent Insurance		27,073	
Life Insurance		707	
Medical Insurance		39,816	
Dental Insurance		2,722	
Employer Medicare		17,323	
Contracts with Vehicle Owners		28,855	
Travel		1,593	
Other Contracted Services		44,100	
Food Supplies		64,586	
Instructional Supplies and Materials		19,675	
Other Supplies and Materials		8,685	
Trustee's Commission		16,421	
Workers' Compensation Insurance		4,100	

(Continued)

Exhibit L-9

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

<u>Extended School Program Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Community Services (Cont.)</u>		
In Service/Staff Development	\$	1,142
Building Improvements		5,300
Other Equipment		<u>10,976</u>
Total Community Services		\$ <u>1,682,298</u>
Total Extended School Program Fund		\$ <u>1,682,298</u>
Total Governmental Funds - Blount County School Department		\$ <u><u>84,282,225</u></u>

Exhibit L-10

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 2,081,387	\$ 6,405,586	\$ 8,486,973
Trustee's Collections - Prior Years	0	93,655	288,190	381,845
Circuit/Clerk and Master Collections - Prior Years	0	9,683	29,450	39,133
Interest and Penalty	0	12,809	39,395	52,204
Pick-up Taxes	0	19,811	60,932	80,743
Payments in-Lieu-of Taxes - Local Utilities	0	18,104	55,689	73,793
Local Option Sales Taxes	13,991,850	1,444,032	4,441,786	19,877,668
Business Taxes	0	55,196	168,915	224,111
Other County Local Option Taxes	0	1,521	4,845	6,366
Marriage Licenses	0	417	1,274	1,691
Other Local Revenue	0	110	339	449
Mixed Drink Taxes	0	5,163	15,882	21,045
Other Loans Issued	0	1,088,183	3,488,827	4,577,010
Total Cash Receipts	\$ 13,991,850	\$ 4,830,071	\$ 15,001,110	\$ 33,823,031
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 13,851,932	\$ 4,772,937	\$ 14,819,550	\$ 33,444,419
Trustee's Commission	139,918	56,894	182,013	378,825
Total Cash Disbursements	\$ 13,991,850	\$ 4,829,831	\$ 15,001,563	\$ 33,823,244
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 240	\$ (453)	\$ (213)
Cash Balance, July 1, 2006	0	7,830	25,268	33,098
Cash Balance, June 30, 2007	\$ 0	\$ 8,070	\$ 24,815	\$ 32,885

STATISTICAL SECTION

This part of Blount County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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 Six Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
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	\$ 79,936,221
Restricted	9,990,936	9,911,031	8,653,731	8,814,195	8,728,044	12,779,291
Unrestricted (2)	<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>	<u>(119,981,142)</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>	<u>\$ (27,265,630)</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	\$ 105,663,939
Invested in capital assets	72,770,777	0	0	0	0	0
Restricted	754,323	721,330	1,017,010	1,265,274	1,131,898	1,191,359
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>	<u>4,906,776</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>	<u>\$ 111,762,074</u>

- (1) Blount County implemented GASB Statement No. 34 during the year ended June 30, 2002. Government-wide net assets information is not available for years prior to 2002.
- (2) Unrestricted net assets reflect negative balancees 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 Six Fiscal Years (1)
(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
Agriculture and natural resources	184,931	0	195,594	0	228,265	0
Other operations (2)	0	0	2,647,369	0	2,814,754	0
Highways	8,929,084	0	8,460,227	0	9,049,039	0
Education (3)	39,276,376	0	18,534,543	0	20,527,255	0
Debt Service:						
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 Dept. (4)	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 (5)	\$ 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>\$ (27,890,649)</u>	<u>\$ 15,498,837</u>	<u>\$ (6,610,502)</u>	<u>\$ 2,696,714</u>	<u>\$ (14,964,538)</u>	<u>\$ 7,230,369</u>

(Continued)

Table 2

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

	2005		2006		2007	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
Expenses						
Governmental activities:						
General government	\$ 3,594,673	\$ 0	\$ 4,574,541	\$ 0	\$ 4,320,235	\$ 0
Finance	3,800,073	0	4,219,651	0	4,295,393	0
Administration of Justice	4,439,900	0	4,417,115	0	5,141,149	0
Public Safety	16,863,564	0	16,897,954	0	17,355,681	0
Public health and welfare	2,126,494	0	1,798,707	0	1,975,908	0
Social, cultural, and recreational services	3,568,200	0	2,790,337	0	2,711,933	0
Agriculture and natural resources	211,185	0	229,274	0	234,364	0
Other operations (2)	3,024,776	0	10,411,231	0	2,827,630	0
Highways	9,567,174	0	10,424,179	0	9,946,373	0
Education (3)	18,423,799	0	28,004,179	0	27,216,725	0
Debt Service:						
Interest on long-term debt	5,803,384	0	5,938,315	0	6,467,567	0
Other debt service	309,437	0	675,651	0	1,289,553	0
Component unit - Blount County School Dept. (4)	0	74,715,324	0	78,658,428	0	86,389,144
Total Expenses	\$ 71,732,659	\$ 74,715,324	\$ 90,381,134	\$ 78,658,428	\$ 83,782,511	\$ 86,389,144
Program Revenues						
Governmental activities:						
Charges for service:						
General government	\$ 1,733,147	\$ 0	\$ 1,955,082	\$ 0	\$ 2,026,204	\$ 0
Finance	2,488,877	0	2,799,250	0	2,906,651	0
Administration of justice	2,644,818	0	3,693,907	0	4,730,640	0
Public safety	3,118,865	0	3,505,190	0	3,570,510	0
Public health and welfare	239,990	0	234,463	0	174,046	0
Social, Cultural, and Recreational Services	137,449	0	299,353	0	288,594	0
Other operations	0	0	0	0	0	0
Highways	626,590	0	693,191	0	780,181	0
Education	9,495,208	0	10,448,576	0	11,215,988	0
Component unit - Blount County School Department	0	16,921,334	0	23,821,726	0	23,718,579
Operating grants and contributions	5,585,547	0	4,736,202	0	4,835,443	0
Capital grants and contributions	9,163,880	0	14,234,010	0	8,908,820	0
Total revenues	\$ 35,234,371	\$ 16,921,334	\$ 42,599,224	\$ 23,821,726	\$ 39,437,077	\$ 23,718,579
Net (expense)/revenue Total	\$ (36,498,288)	\$ (57,793,990)	\$ (47,781,910)	\$ (54,836,702)	\$ (44,345,434)	\$ (62,670,565)

(Continued)

Table 2

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

	2005		2006		2007	
	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 (5)	\$ 24,403,395	\$ 15,818,864	\$ 24,920,611	\$ 15,647,059	\$ 32,159,284	\$ 15,982,164
Sales taxes	2,089,375	9,417,172	2,192,732	10,165,748	2,301,875	10,446,190
Other taxes	2,671,799	410,978	3,188,703	424,651	3,157,284	403,700
Grants and Contributions not restricted	1,885,267	34,714,283	1,507,334	39,551,938	2,107,312	43,200,324
Unrestricted Investment Income	388,903	388,027	834,929	552,360	1,197,753	752,248
Gain on Sale of Capital Assets	0	0	380,283	0	39,723	0
Miscellaneous	34,955	247,500	26,679	178,864	34,398	204,976
Total governmental activities	<u>\$ 31,473,694</u>	<u>\$ 60,996,824</u>	<u>\$ 33,051,271</u>	<u>\$ 66,520,620</u>	<u>\$ 40,997,629</u>	<u>\$ 70,989,602</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>	<u>\$ (3,347,805)</u>	<u>\$ 8,319,037</u>

- (1) Blount County implemented GASB Statement No. 34 during the year ended June 30, 2002. Government-wide net assets information is not available for years prior to 2002.
- (2) 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.
- (3) The fluctuation in "education" expense is due to the building of new schools.
- (4) The decrease in 2003 from 2002 in "component unit - Blount County school department" is due to the loss of federal grant funds.
- (5) 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 Six Years (1)
(accrual basis of accounting)

Fiscal Year	(2) 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
2007	32,159,284	2,301,875	10,745	545,288	1,537,843	477,816	711,111	197,573	221,209	268,930	38,431,674
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
2007	15,982,164	10,446,190	10,305				393,395				26,832,054

(1) Blount County implemented GASB Statement No. 34 during the year ended June 30, 2002. Accrual basis tax revenue information is not available for years prior to 2002.

(2) 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Primary Government:										
General Fund										
Reserved	\$ 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	\$ 2,443,738
Unreserved (1)	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	3,183,024
Total General Fund	<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>	<u>\$ 5,626,762</u>
All other governmental funds										
Reserved (2)	\$ 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	\$ 29,089,359
Unreserved, reported in:										
Special revenue funds	940,206	528,456	938,816	1,375,433	875,227	798,270	648,416	823,477	1,575,815	2,187,345
Debt service funds	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	7,676,296
Capital projects funds	(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)	(27,366,666)
Total all other governmental funds	<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>	<u>\$ 11,586,334</u>
Component Unit:										
General Fund (General purpose school)										
Reserved	\$ 169,764	\$ 300,515	\$ 326,153	\$ 253,485	\$ 260,089	\$ 74,174	\$ 200,825	\$ 202,515	\$ 357,351	\$ 201,290
Unreserved	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	5,876,244
Total General Fund	<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>	<u>\$ 6,077,534</u>
All other governmental funds										
Reserved	\$ 570,761	\$ 584,958	\$ 235,424	\$ 336,988	\$ 155,189	\$ 137,384	\$ 331,076	\$ 607,445	\$ 384,685	\$ 367,814
Unreserved, reported in:										
Special revenue funds			920,279	817,358	754,072	725,021	947,734	899,112	968,848	1,118,312
Capital projects funds	1,531,425	824,583	10,252	955						
Total all other governmental funds	<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>	<u>\$ 1,486,126</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
(2) The increase in other governmental reserved funds is due to contracts outstanding relating to the new Union Grove Middle and Elementary schools.

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Local Taxes	\$ 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	\$ 38,085,574
Licenses and permits	356,167	316,486	390,862	468,013	522,244	641,140	595,562	950,329	1,196,718	1,093,406
Fines, forfeitures, and penalties	469,270	448,545	483,554	533,230	445,239	659,520	820,307	946,992	1,352,569	1,586,703
Charges for current services	3,491,746	3,907,443	4,084,874	4,294,925	4,660,197	5,052,826	446,452	475,109	479,971	803,880
Other local revenues	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	2,797,784
Fees received from county officials	0	0	0	0	0	0	4,968,786	5,169,449	6,180,718	6,674,114
State of Tennessee	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	5,541,303
Federal government	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	3,627,024
Other governments and citizens groups	422,316	546,804	597,779	4,600,405	3,359,089	2,343,607	1,284,830	1,312,299	5,172,440	1,269,346
Total Revenues	\$ 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	\$ 61,479,134
Expenditures (1)										
General government	\$ 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	\$ 4,131,990
Finance	0	0	0	0	3,021,207	3,286,362	3,533,305	3,611,852	4,071,028	4,092,155
Administration of justice	0	0	0	0	2,857,349	3,228,252	3,699,015	4,171,933	4,272,273	4,788,615
Public safety	0	0	0	0	11,932,616	13,243,505	13,927,155	15,401,864	16,307,461	16,396,703
Public health and welfare	0	0	0	0	1,261,356	1,298,118	1,481,066	2,069,088	1,780,768	1,935,359
Social, cultural, and recreational services	0	0	0	0	452,604	1,758,217	1,848,469	2,090,873	2,244,575	2,303,766
Agriculture and natural resources	0	0	0	0	177,534	193,300	207,467	208,904	231,259	232,565
Other operations (2)	0	0	0	0	0	5,894,828	6,671,289	7,373,991	14,474,599	7,384,343
Highways	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	5,868,808
Debt service:	9,423,369	6,417,932	7,235,317	7,356,852	0	0	0	0	0	0
Principal	0	0	0	0	4,708,500	3,537,500	3,490,000	3,440,000	4,006,511	3,433,233
Interest	0	0	0	0	3,990,428	4,960,603	5,238,355	5,605,576	5,958,205	6,402,103
Other debt service	0	0	0	0	221,763	303,543	305,951	831,383	415,971	1,023,435
Capital projects	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	16,251,782
Total expenditures	\$ 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	\$ 74,244,857
Excess (Deficiency) of revenues over expenditures	\$ (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)	\$ (12,765,723)

(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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other financing sources (uses)										
Transfers in	\$ 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	\$ 2,652,292
Transfers out	(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)	(2,317,115)
Operating transfers to component units	(3,331,467)	(766,495)	(678,024)	(647,319)	0	0	0	0	0	0
Operating transfers from component units	1,942,150	473,565	318,675	244,334	0	0	0	0	0	0
Public Building Authority loan proceeds	0	0	0	0	0	0	0	0	0	0
Other loans issued	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	17,610,318
Notes issued	2,500,000	3,050,000	422,000	0	0	0	0	0	0	0
Premiums on debt issued	0	0	895,000	0	0	0	0	448,731	0	0
Refunding bonds issued	0	0	3,500,000	0	0	0	0	27,325,000	0	0
Refunding notes issued	0	0	0	0	0	0	0	0	0	0
Payments to refunded bond escrow agent	0	0	(4,390,000)	0	0	0	0	(27,290,095)	0	0
Total other financing sources (uses)	\$ 9,352,468	\$ 22,404,020	\$ 19,250,220	\$ 29,921,046	\$ 31,270,101	\$ 11,506,933	\$ 13,802,816	\$ 12,756,528	\$ 20,434,130	\$ 17,945,495
Net change in fund balances	\$ (1,197,189)	\$ 5,315,460	\$ (2,173,221)	\$ 7,857,672	\$ 9,928,583	\$ (1,215,338)	\$ (2,875,891)	\$ (374,757)	\$ (1,617,880)	\$ 5,179,772
Debt service as a percentage of non-capital expenditures	31.42%	21.62%	19.44%	17.92%	14.78%	16.44%	15.16%	16.44%	13.13%	15.68%

(1) Conversion to GASB Statement No. 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Local Taxes (1)	\$ 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	\$ 26,870,464
Licenses and permits	4,473	5,056	4,871	4,249	4,321	3,895	3,530	3,030	2,888	2,969
Charges for current services	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	4,434,165
Other local revenues	352,789	437,159	811,919	890,853	492,091	370,430	450,343	759,551	886,819	1,021,290
State of Tennessee	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	43,311,492
Federal government	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	7,434,037
Other governments and citizens groups	0	0	0	0	0	0	0	6,000	0	0
Total Revenues	\$ 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	\$ 83,074,417
Expenditures (2)										
Current:										
Instruction	\$ 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	\$ 49,986,098
Support services	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	23,519,009
Operation of non-instructional services	3,836,835	3,992,924	28,770	0	5,124,100	5,138,749	5,410,808	5,773,611	6,566,066	7,097,811
Capital outlay	74,501	22,430	258,496	27,923	32,203	0	315,847	111,296	82,790	2,896,952
Capital projects	2,093,077	1,900,316	1,070,555	54,404	0	0	0	0	0	0
Debt Service:	0	789,203	900,265	902,335	0	0	0	0	0	0
Principal on Debt	0	0	0	0	2,500,000	415,000	415,000	415,000	415,000	525,500
Interest on Debt	0	0	0	0	107,500	96,111	83,400	66,800	50,200	197,940
Other Debt Service	0	0	0	0	284,207	408,983	58,917	58,917	58,917	58,915
Total Expenditures	\$ 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	\$ 84,282,225
Excess (Deficiency) of revenues over expenditures	\$ 490,243	\$ (1,171,251)	\$ 529,561	\$ 940,725	\$ (3,151,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ (1,207,808)
Other financing sources (uses)										
Transfers in	\$ 328,233	\$ 1,090,135	\$ 35,486	\$ 166,152	\$ 12,196	\$ 26,679	\$ 103,237	\$ 74,701	\$ 4,315	\$ 0
Transfers out	(2,270,383)	(1,563,700)	(354,161)	(410,486)	(12,196)	(26,679)	(103,237)	(74,701)	(4,315)	0
Notes issued	2,205,000	0	0	0	2,500,000	0	0	0	0	2,850,157
Total other financing sources (uses)	\$ 262,850	\$ (473,565)	\$ (318,675)	\$ (244,334)	\$ 2,500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,850,157
Net change in fund balances	\$ 753,093	\$ (1,644,816)	\$ 210,886	\$ 696,391	\$ (651,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ 1,642,349
Debt Service as a percentage of non-capital expenditures	N/A	1.54%	1.65%	1.55%	4.48%	1.38%	0.83%	0.74%	0.68%	0.93%
Debt Service Expenditures	\$ 0	\$ 789,203	\$ 900,265	\$ 902,335	\$ 2,891,707	\$ 920,094	\$ 557,317	\$ 540,717	\$ 524,117	\$ 782,355
Non Capital Expenditures	47,297,646	51,089,769	54,650,108	58,242,451	64,480,629	66,433,034	66,776,443	72,716,692	76,627,645	84,178,097

(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 Statement No. 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											
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
2007	32,389,404	2,269,956	11,732	545,288	1,537,843	477,816	711,111	197,573	221,209	268,930	38,630,862
Component Unit											
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
2007	16,061,783	10,404,032	11,254				393,395				26,870,464

(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						
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%
2007	2006	1,768,732,750	490,095,200	271,597,700	108,579,121	2,639,004,771	2.18	9,454,242,525	28%

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>
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
2007	2006	0.720	0.950	0.51	2.18	1.95	1.92

Table 10

**Blount County, Tennessee
Principal Taxpayers (1, 2)
June 30, 2007**

Taxpayer	Fiscal Year 2007			Fiscal Year 1998		
	(3) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	(3) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Denso Manufacturing Tenn.	\$107,340,688	1	4.07%	\$70,540,169	2	5.02%
Alcoa, Inc.	64,496,769	2	2.44%	89,909,322	1	6.40%
Alcoa Aluminum Company, Inc.	29,547,966	3	1.12%	N/A	-	
CMH Services, Inc.	13,315,332	4	0.50%	N/A	-	
Sanford Brands	8,983,743	5	0.34%	6,734,360	5	0.48%
Presbyterian Homes of Tennessee, Inc.	7,047,985	6	0.27%	N/A	-	
CBL & Associates Limited	6,868,080	7	0.26%	8,136,520	3	0.58%
Sanford LP	6,791,280	8	0.26%	4,531,941	8	0.32%
Faulkner Properties	5,897,640	9	0.22%	N/A	-	
Rockford Manufacturing Co.	<u>5,088,028</u>	10	<u>0.19%</u>	<u>4,942,612</u>	7	<u>0.35%</u>
Totals	<u>\$255,377,511</u>		<u>9.68%</u>	<u>\$184,794,924</u>		<u>13.14%</u>

(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 2006 Real and Personal Property Assessment figure of \$2,530,428,980 plus total 2006 Public Utilities Assessment figure of \$108,575,821.

(3) Denominator - Total Assessed Value

\$ 2,639,004,771 2007
1,405,911,498 1998

Table 11

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

<u>Tax Year</u>	<u>(1) Total Tax Levy</u>	<u>(2) Current Collections</u>	<u>Percent of Levy Collected</u>	<u>(3) Adjustments and Delinquent Collections</u>	<u>Total Tax Collections and Adjustments</u>	<u>Total Collections as Percent of Current Levy</u>	<u>(4) Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
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%	2,400,756	47,327,977	99.38%	293,896	0.62%
2006	55,164,171	52,201,876	94.63%	N/A(4)	N/A(4)	N/A(4)	N/A(4)	N/A(4)

(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>Capital Leases</u>	<u>Other Loans Payable</u>	<u>(1) Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita Income</u>
1998	\$ 8,520,000	\$ 8,139,000	\$ 0	\$ 13,726,580	\$ 30,385,580	\$ 22,227	\$ 300.22
1999	6,365,000	9,581,758	0	35,892,681	51,839,439	23,416	504.35
2000	4,055,000	8,303,583	0	53,789,104	66,147,687	24,262	625.08
2001	2,075,000	6,393,500	0	82,832,180	91,300,680	25,370	845.38
2002	0	5,562,500	0	112,081,960	117,644,460	28,455	1,055.11
2003	0	4,010,000	0	120,964,217	124,974,217	26,253	1,120.74
2004	0	3,105,000	0	131,538,817	134,643,817	27,111	1,183.74
2005	27,285,000	2,480,000	0	114,711,877	144,476,877	22,364	1,274.13
2006	27,170,000	1,845,000	0	131,231,616	160,246,616	22,220	1,355.88
2007	26,970,000	1,190,000	3,061,925	145,876,433	177,098,358	N/A	N/A

(1) Gross 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>(1) Population</u>	<u>(2) Assessed Value</u>	<u>(3) General Obligation Debt</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>
1998	101,295	\$ 1,177,808,851	\$ 30,385,580	\$ 2,441,909	\$ 27,943,671	2.4%	\$ 275.86
1999	102,785	1,499,296,061	51,839,439	3,084,996	48,754,443	3.3%	474.33
2000	105,823	1,545,225,678	66,147,687	3,210,460	62,937,227	4.1%	594.74
2001	108,000	1,839,727,211	91,300,680	5,249,215	86,051,465	4.7%	796.77
2002	111,500	1,882,892,163	117,644,460	7,362,429	110,282,031	5.9%	989.08
2003	111,510	1,915,897,397	124,974,217	7,638,661	117,335,556	6.1%	1,052.24
2004	113,744	1,999,051,583	134,643,817	5,188,632	129,455,185	6.5%	1,138.13
2005	113,393	2,051,317,214	144,476,877	5,682,938	138,793,939	6.8%	1,224.01
2006	118,186	2,639,004,771	160,246,616	4,979,673	155,266,943	5.9%	1,313.75
2007	N/A	N/A	177,098,358	7,676,296	169,422,062	N/A	N/A

(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) Gross debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports including undrawn proceeds from loan agreements.

N/A = not available

Table 14

**Blount County, Tennessee
Schedule of Direct and Overlapping Debt
June 30, 2007**

DIRECT DEBT (2)

Notes Payable	\$	1,190,000	
Public Building Authority Loan Agreements		145,876,433	
General Bonded Debt		26,970,000	
Capital Leases Payable		3,061,925	
Less Debt Service Funds		<u>(7,676,296)</u>	
Total direct debt	\$		169,422,062

OVERLAPPING DEBT (1)

City of Maryville	\$	80,978,080	
City of Alcoa		<u>44,843,400</u>	
Total overlapping debt			<u>125,821,480</u>

TOTAL DIRECT AND OVERLAPPING DEBT **\$ 295,243,542**

- (1) Amounts for the cities of Maryville and Alcoa include both bonds and notes, but exclude debt specifically associated with utility revenues.
- (2) 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>
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%
2006 (4)	118,186	22,220	39.5	4.30%

- (1) The 2000 figure is from the U.S. Bureau of the Census.
Years 2001 - 2004 taken from the www.tennesseeanytime.gov.
- (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.
- (4) The 2006 figures are from factfinder.census.gov.

Note: These figures reflect the latest reliable information.

Table 18

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

Employer	2006			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Denso Manufacturing Tennessee	2,538	1	4.27%	2,200	1	4.41%
Alcoa, Inc	1,660	2	2.80%	2,000	2	4.00%
Blount Memorial Hospital	1,584	3	2.67%	1,350	3	2.70%
Clayton Homes, Inc	1,373	4	2.31%	550	7	1.10%
Blount County Schools	1,200	5	2.02%	934	5	1.87%
Eldon (Sanford Brand/Rubbermaid)	900	6	1.52%	350		0.70%
Maryville City Schools	585	7	0.99%	471	8	0.94%
Blount County Government	550	8	0.93%	396	10	0.79%
Wal-mart Super Center	550	8	0.93%	-		0.00%
APAC-TENN Inc/Harrison Div	500	10	0.84%	-		0.00%
Ruby Tuesday	500	10	0.84%	560	6	1.12%
Staffing Solutions	500	10	0.84%	-		0.00%
	<u>12,440</u>		<u>20.95%</u>	<u>8,811</u>		<u>17.64%</u>

Table 19

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

Function	Department	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
General County	Commission	0	0	0	0	0	1	1	1	1	1	
	County Mayor	3	3	3	3	3	3	3	3	3	3	
	Insurance & Risk Management	2	1	2	3	3	2	3	3	2	5	
	Election Commission	3	3	3	3	3	3	3	3	3	2	
	Register of Deeds	8	8	11	12	12	12	12	11	11	9	
	Planning	2	3	3	3	3	3	3	3	3	3	
	Stormwater Administrator	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	
	County Buildings	4	4	11	11	11	12	12	12	13	13	
	Human Resources	1	1	1	1	1	1	1	2	2	1	
	Preservation of Records	0	0	1	1	1	1	1	2	2	2	
	Accounting & Budgeting	9	9	10	10	10	11	13	13	16	14	
	Purchasing	4	4	5	5	5	5	5	5	6	6	
	Property Assessor	14	15	17	15	15	16	17	18	19	17	
	Trustee	7	7	7	7	7	7	7	7	7	7	
	County Clerk	23	23	23	25	25	25	25	25	25	23	
	Information Technology	6	6	6	7	8	8	9	9	9	9	
	Circuit Court Clerk	32	37	37	38	38	39	34	40	42	47	
	Clerk & Master	9	8	9	9	9	10	10	10	10	9	
	Juvenile Court	5	5	5	6	7	7	8	8	7	7	
	Public Defender	0	0	0	0	0	0	0	0	0	0	
	Sheriff's Department	107	144	141	130	130	133	133	139	139	135	
	Justice Center	39	89	82	90	90	86	86	86	98	98	
	Juvenile Services	2	2	4	4	4	27	27	28	31	31	
	Emergency Management	1	1	1	1	1	1	1	2	2	2	
	Local Health Center	8	11	14	13	13	14	14	15	16	20	
	Field Line Inspection	5	5	5	5	5	5	5	6	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	0	0	1	1	1	1	1	5	2	
	Building Codes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	
	Animal Control	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	
	Probation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	
	Employee Benefits	1	1	1	0	0	0	0	0	0	0	
	Sub-Total		300	395	407	408	410	438	439	458	484	487
Public Library	County Buildings	0	0	0	0	0	4	4	4	4	5	
	Other General Administration	0	0	0	0	0	0	0	0	0	0	
	Libraries	11	13	13	14.5	21.5	25	25	25	25	21	
	Sub-Total	11	13	13	14.5	21.5	29	29	29	29	26	
Drug Court	State	0	0	3	3	3	3	3	3	3	2	
Highway	Administration	5	5	5	5	5	5	5	5	5	8	
	Highway & Bridge Maintenance	54	54	54	54	51	58	58	56	56	53	
	Operation & Maintenance of Equip.	12	12	12	12	13	13	14	14	14	13	
	Sub-Total	71	71	71	71	69	76	77	75	75	74	
Schools	Educational & Instructional Programs	670	693	917	756	762.8	792	799	818	825	850	
	Attendance Program	3	3	3	2.8	2.8	3	3	3	3	3	
	Health Services Program	1	2	7	7	7	6	4	4	7	6	
	Guidance & Testing Program	22	24	22	26	26	27	24	24	26	25	
	Family Resource Center	1	1	1	1	1	1	1	1	1	1	
	Libraries	21	19	19	21	21	31	25.5	25.5	25.5	26.0	
	Psychological Services	4	4	4	4	4	2.4	8	8	8	6	
	Career Technical Education	0	0	0	0	0	0	4	4	4	2	
	Office of the Superintendent	3	3	3	2.5	3	3	3	3	4	4	
	Office of the Principal	56	56	63	63.5	65.5	67	72	73	73	73	
	Fiscal Services	4	4	5	5	5	5	5	5	0	0	
	Operation & Maintenance of Plant	78	78	79	83	94	95	98	99.5	100.5	101.5	
	Board of Education	0	0	0	0	0	0	0	0	0	0.5	
	Transportation	1	1	1	1	1	1	2	2	2	2	
	Student Management & Technology	4	4	5	5	5	5	5	4.5	5.5	7.5	
	Food Service	61	70	58	51	51	60	60	58	58	58	
	Blount County Extended School	1	3	9	9	9	11	12	12	13	14	
	Sub-Total		930	965	1196	1037.8	1058.1	1109.4	1125.5	1144.5	1155.5	1179.5
	GRAND TOTAL		1,312	1,444	1,690	1,534.3	1,561.6	1,655.4	1,673.5	1,709.5	1,746.5	1,768.5

Table 20

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Property Assessor:										
Taxable/Non-taxable properties maintained	57,875	59,300	55,873	59,185	59,185	60,616	61,482	62,491	63,548	64,602
Personal properties maintained	3,400	3,400	470	4,000	4,000	4,406	4,664	4,688	4,985	5,282
Parcels reviewed for reappraisal	11,319	11,487	11,531	58,453	58,453	16,972	14,997	21,463	63,548	21,012
Real property	11,319	11,487	11,531	58,453	58,453	59,126	59,986	60,990	62,044	63,098
Trustee:										
Delinquent taxes	N/A	N/A	N/A	\$ 192,113	\$ 212,301	\$ 249,561	\$ 296,593	\$ 212,301	\$ 285,000	\$ 295,000
Commissions earned	\$ 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	\$ 1,520,000
Interest earned on investments	\$ 1,363,000	\$ 1,363,000	\$ 1,588,072	\$ 2,191,785	\$ 758,424	\$ 663,869	\$ 482,860	\$ 758,424	\$ 875,000	\$ 920,000
County Clerk:										
New business licenses issued	823	758	864	833	895	882	960	961	963	965
Marriage licenses issued	1,420	1,621	1,552	1,350	1,381	1,255	1,160	976	961	960
Estates filed for probate	619	535	590	570	578	612	532	533	509	500
Building Commissioner:										
Building permits	N/A	N/A	N/A	933	1,187	1,139	1,235	1,115	1,390	1,565
Circuit Court Clerk:										
Criminal cases filed*	18,238	16,822	1,290	1,411	1,461	1,032	870	1,001	1,050	1,100
Civil cases filed	N/A	N/A	565	1,903	1,871	642	808	1,022	1,070	1,125
General Sessions Court:										
State cases filed*	661	820	11,360	10,318	10,395	10,020	7,561	8,864	9,310	9,775
Civil cases filed	N/A	N/A	3,562	3,996	3,935	4,920	5,614	5,624	5,905	6,200
Traffic division	N/A	N/A	N/A	N/A	N/A	1,023	8,117	9,715	8,120	8,550
Sheriff's Office:										
Civil papers received	20,540	19,728	21,996	23,106	17,497	17,350	17,836	18,500	18,951	18,951
Complaints answered	30,333	29,498	29,135	32,828	32,116	46,273	34,608	65,163	65,163	65,163
DARE programs conducted	756	618	659	619	504	495	383	335	118	118
DUI arrests	205	213	248	161	188	250	215	228	228	228
Speeding tickets issued	650	771	373	257	249	531	490	1,437	1,437	1,437
Average inmates housed a day	131	135	255	298	298	328	325	352	358	364
Cost per day to house inmate	\$ 41.00	\$ 41.00	\$ 41.00	\$ 45.00	\$ 45.00	\$ 47.60	\$ 44.77	\$ 53.91	\$ 54.00	\$ 54.00
Correctional officers certified by State	33	33	59	59	60	65	63	65	70	70
Rabies & Animal Control:										
Animal control complaints	2,928	2,671	2,994	2,997	3,610	1,179	3,518	3,674	1,469	3,085
Animals adopted	261	243	285	263	255	192	354	433	255	535
Animals euthanized	2,079	2,066	2,272	2,277	2,062	689	1,803	1,662	901	1,892
Parks and Recreation:										
Youth basketball participants	475	450	450	375	475	450	508	545	550	575
Youth soccer participants	550	485	485	905	1,045	1,100	1,132	1,150	1,200	1,200
Adult softball teams	106	205	205	201	181	182	185	183	185	180
Adult basketball teams	35	37	37	39	35	33	33	33	34	35
Adult volleyball teams	32	33	33	33	N/A	36	36	36	34	36
Senior Center membership	N/A	N/A	N/A	N/A	N/A	450	450	500	500	550
Highway Department:										
Miles of road maintained	1,060	1,071	1,079	1,085	1,081	1,079	1,085	1,258	1,261	1,261
Bridges maintained	182	182	120	120	120	120	120	120	120	120
Miles of rights-of-way mowed	4,640	4,284	2,158	2,170	2,162	2,158	2,170	2,516	2,522	2,522
Schools:										
Enrollment	11,000	11,350	11,297	11,410	10,962	10,978	11,137	11,308	11,379	11,479
Pupils transported by bus	7,980	6,333	7,558	8,042	6,166	6,200	6,500	8,438	8,500	8,500

* 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

<u>Function</u>	Fiscal Year Ending				
	2003	2004	2005	2006	2007
General Government					
Blount County Courthouse	1	1	1	1	1
County Buildings					
Pickup Trucks	2	2	2	2	3
Property Assessor					
Cars	3	3	3	3	3
Sport Utility Vehicles	1	2	2	2	2
County Clerk					
Cars	1	1	1	1	1
Veterans Department					
Cars	1	1	1	1	0
County Mayor					
Sport Utility Vehicles	1	1	1	0	0
Risk Management					
Cars	0	0	0	0	1
Trucks	0	0	0	0	1
Administration of Justice					
Circuit Court					
Cars	0	1	1	1	0
Sport Utility Vehicles	0	0	0	0	1
Public Safety					
Sheriffs Department Building	1	1	1	1	1
Patrol Cars	143	165	177	189	177
Sport Utility Vehicles	22	27	32	39	36
Trucks	5	8	8	9	8
Vans	3	4	4	5	6
Mobile Command Unit	0	0	1	1	1
ATV	1	1	1	2	3
Boat	3	3	3	3	3
Motorcycles	0	0	4	10	6
Misc. Vehicle Equip.	0	0	0	0	3
Metro Narcotics Department	1	1	1	1	1
Drug Task Force Building	0	0	0	1	1
Cars	4	4	4	6	4
Trucks	2	2	2	5	6
Emergency Management					
Cars	0	0	0	0	0
Utility Vehicles	0	0	2	2	2
Public Health and Welfare					
Blount County Health Department & Environmental Department	1	1	1	1	1
Stormwater Sports Utility	0	1	1	1	1
Overlook Mental Health Bldg.	1	1	1	1	1

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>	Fiscal Year Ending				
	2003	2004	2005	2006	2007
Social, Cultural, and Recreational Services					
Parks and Recreation 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
Animal Control Truck	0	0	0	0	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.	1	1	1	1	1
Bridges	61	61	62	62	62
Roads	355	371	395	413	424
Cars	5	5	5	5	2
Trucks	24	24	24	24	28
Sport Utility Vehicles	7	7	7	7	5
Heavy Equipment	58	59	59	59	50
Trailers	0	0	0	0	4
Vans	0	0	0	0	2
Function					
Component Unit					
Blount County School Department					
Central Office	1	1	1	1	1
Elementary Schools	11	11	11	12	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	6	6	6
Cars	6	6	6	6	6
Vans	7	7	7	7	7
Trucks	15	15	15	16	17
Utility Vehicles	3	3	3	4	3
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 assets 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

December 5, 2007

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

To the County Mayor and 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, 2007, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated December 5, 2007. Our report was modified to include references to 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. Other auditors audited the financial statements of the Industrial Development Board of Blount County, Blount County Children's Home, Blount Memorial Hospital, Inc., Blount County Emergency Communications District, and the Blount County Public Building Authority as described in our report on Blount County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blount County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting: 07.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Blount County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blount County's financial 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 or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 07.01.

We also noted certain other matters that we reported to management of Blount County in separate communications.

Blount County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Blount County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway superintendent, County Commission, Board of Education, director of finance, others within Blount County, 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". The signature is written in a cursive style with a long horizontal stroke at the end.

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

December 5, 2007

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, 2007. 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 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 of 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, 2007.

Internal Control Over Compliance

The management of Blount County is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures 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 as of and for the year ended June 30, 2007, and have issued our report thereon dated December 5, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Blount County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

Blount County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Blount County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway superintendent, director of finance, County Commission, Board of Education, others within Blount County, 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.

Yours very truly,

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
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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	\$ 570,288
National School Lunch Program	10.555	N/A	1,675,858
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	183,953
Total U.S. Department of Agriculture			\$ 2,430,099
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 140,266
Total Bureau of Land Management, Department of the Interior			\$ 140,266
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	(2)	\$ 60,791
Passed-through City of Knoxville:			
Project Safe Neighborhoods	16.609	(2)	9,410
Total U.S. Department of Justice			\$ 70,201
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 752,145
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Z-07-035716-00	26,298
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-06-027271-00	12,074
Alcohol Open Container Requirements	20.607	Z-07-035719-00	208
Safety Belt Performance Grants	20.609	Z-07-035719-00	209
Total U.S. Department of Transportation			\$ 790,934
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,539,585
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	2,403,339
Special Education - Preschool Grants	84.173	N/A	98,674
Vocational Education - Basic Grants to States	84.048	N/A	249,870
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	56,677
State Grants for Innovative Programs	84.298	N/A	15,677
Educational Technology State Grants	84.318	(2)	17,468
Improving Teacher Quality State Grants	84.367	N/A	434,995
Hurricane Recovery Act	84.938	(2)	45,804
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	154,080
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	36,688
Total U.S. Department of Education			\$ 5,052,857

(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 Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 14,396
Total U.S. Department of Health and Human Services			\$ 14,396
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	(3)	\$ 211,827
Emergency Management Performance Grants	97.042	(4)	22,659
Homeland Security Grant Program	97.067	Z-05-025134-01	161,942
Total U.S. Department of Homeland Security			\$ 396,428
Total Expenditures of Federal Awards			\$ 8,895,181

<u>State Grants</u>		Contract Number	
Tourism Grant - State Department of Tourism Development	N/A	(2)	\$ 45,000
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	48,212
Transportation Enhancement Program- State Department of Transportation	N/A	(2)	188,036
State Reappraisal - Comptroller of the Treasury	N/A	(2)	38,595
Health Department Program - State Department of Health	N/A	(2)	728,639
Child Care Assistance Program - State Department of Human Services	N/A	(2)	115,488
Adult Basic Education - State Department of Education	N/A	(2)	58,868
Family Resource Center Grant - State Department of Education	N/A	(2)	37,262
Families First Grant - State Department of Education	N/A	(2)	7,752
Safe Schools Act Grant - State Department of Education	N/A	(2)	51,517
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	182,983
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	130,951
Gates Foundation Public Access Hardware Upgrade Program - Tennessee Office of Secretary of State	N/A	(2)	10,840
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	29,750
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	102,829
Total State Grants			\$ 1,785,722

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) GG-05-020643-00: \$46,540; Z-04-022419-01: \$165,287.
- (4) Z-06-032868-00: \$4,738; Z-07-20633-00: \$17,921.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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, 2006, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

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 one significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Blount County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Special Education Cluster: Special Education Grants to States (CFDA No. 84.027) and Special Education – Preschool Grants (CFDA No. 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor and director of finance jointly submitted written responses to the findings and recommendations. These written responses are paraphrased in this report.

OFFICE OF DIRECTOR OF FINANCE

FINDING 07.01 INTERFUND LOANS WERE NOT PROPERLY DOCUMENTED AND AUTHORIZED
(Noncompliance Under Government Auditing Standards)

During the year, the General Debt Service Fund loaned \$1,100,000 to the General Fund to finance the Industrial Development Board's costs related to a manufacturing company facility expansion project and \$350,000 to the Other Capital Projects Fund for an animal shelter. These internal financing arrangements were approved by the Blount County Commission; however, formal notes were not executed. Also, these interfund loans were not approved by the state director of Local Finance as required by Section 9-21-408, Tennessee Code Annotated. As of the date of this report, the county's finance director has drafted formal loan documents and contacted the state director of Local Finance.

RECOMMENDATION

Formal loan documents should be executed for all interfund loans, and all interfund loans should be approved by the state director of Local Finance.

MANAGEMENTS' RESPONSE – COUNTY MAYOR AND DIRECTOR OF FINANCE

We concur. The necessary loan documents requiring approval are on our agendas for the December Budget Committee and County Commission meetings and will be submitted to the state director of Local Finance once approved.

OFFICES OF DIRECTOR OF FINANCE AND SHERIFF, AND THE PURCHASING DEPARTMENT

FINDING 07.02 THE OFFICES OF DIRECTOR OF FINANCE AND SHERIFF, AND THE PURCHASING DEPARTMENT HAD DEFICIENCIES IN PROCEDURES AND CONTROLS OVER VEHICLE INVENTORY RECORDS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During interim audit testwork, we discovered the following deficiencies in procedures and controls over vehicle inventory records:

- A. County policies require the Accounting Department to provide each department with a listing of all property for which the department is responsible. These policies further require each department to verify the listing; reconcile any discrepancies; and sign, date, and return the listing to the Accounting Department. The Accounting Department provided an annual listing of inventory assigned to the Sheriff's Department; however, a representative of the Sheriff's Department signed-off on the annual listing without verifying its accuracy. When the Accounting and Sheriff's departments compared their listings, several discrepancies were noted.
- B. Several Sheriff's Department vehicles had been sold, but had not been removed from the Accounting Department's inventory listing. County policies require the Sheriff's Department to file a notice of surplus vehicles with the Purchasing Department, which sells the vehicles and reports the sales to the Accounting Department. The Sheriff's Department did not always file the appropriate notifications with the Purchasing Department for surplus items; nor did the Purchasing Department ensure that a surplus form was on file for all items sold at auction. Furthermore, the Accounting Department did not review records of auction proceeds received to ensure that items sold were removed from their inventory listing. When we conducted interim audit testwork, eight vehicles were on the Accounting Department's inventory that had previously been removed from the Sheriff's Department inventory. The Accounting Department subsequently obtained paperwork verifying the auctions/transfers of these vehicles and removed them from their inventory.
- C. Donated and forfeited seized vehicles had not been added to the Accounting Department's inventory of the Sheriff Department's equipment on a consistent basis. County policies require acquisition forms to be completed and filed with the Accounting Department for donated items. However, the Sheriff's Department had not provided such forms for several donated items. County policies do not address forfeited seized vehicles; therefore, no forms were filed to notify the Accounting Department of the vehicles obtained through forfeited seizures.
- D. One vehicle purchased in 2002 was not reflected on the Accounting Department's inventory of Sheriff's Department equipment, but was reflected on the inventory maintained by the Sheriff Department's. This discrepancy should have been detected by the Accounting Department when the invoice was paid and should have been detected by the Sheriff's Department if the Sheriff's Department had adequately reviewed the annual inventory provided by the Accounting Department.
- E. County policies require that the Accounting Department physically inspect selected items on its inventory listings each year on a random basis. Although an employee of the Accounting Department stated that this random inspection was performed, no record was maintained to document what items were examined and when the inspection was performed.

As of September 2007, the Accounting Department and Sheriff's Department have reconciled the above-noted differences.

RECOMMENDATION

Officials at the Sheriff's Department should reconcile its inventory listing with the listing provided by the Accounting Department prior to signing the form as evidence of its accuracy. The Sheriff's Department should file a notice of surplus vehicles with the Purchasing Department prior to the vehicles being sold, and the Accounting Department should review records of auction sales to ensure that items sold have been removed from the Accounting Department's inventory records. The Sheriff's Department should ensure that acquisition forms are filed with the Accounting Department for all donated items. County policies should address items acquired through forfeited seizures to ensure that those items are added to the county's capital assets records. The Accounting Department should ensure that all paid invoices are inspected for possible capital items. The Sheriff's Department should reconcile its inventory listing with the annual inventory provided by the Accounting Department. The Accounting Department should document its annual random physical inspection of each department's inventory.

MANAGEMENTS' RESPONSE – COUNTY MAYOR AND DIRECTOR OF FINANCE

The meat of this finding states that the Accounting Department provided an annual listing of inventory assigned to the Sheriff's Department; however, a representative of the Sheriff's Department signed-off on the annual listing without verifying its accuracy. Part – B. of this finding relates to the proper documentation not being filed in a timely manner with the Accounting Department for the disposition of vehicles. As I have stated before to the County Commission, this office will not remove assets from our records until such time as proper documentation is filed with our office to ensure those assets have been disposed of properly, even if that means leaving assets on the books. It is imperative that we have these controls in place to ensure that assets do not disappear from our books. It should be noted that two steps have been added to our procedures since June 30, 2007. First, a monthly inventory of vehicles is verified by Sheriff's Department personnel. Second, auction records will be reviewed with accounting, purchasing, and Sheriff's Department staff to ensure timely removal of assets from our books. The other parts of these recommendations have been implemented. It should also be noted that the Accounting Department, in going above and beyond the policies currently in place, did a 100 percent physical inventory of all Sheriff's Department vehicles prior to the September date referred to in the finding. It should also be noted that nowhere in the finding is there any reference to any missing vehicles. Actually, the finding confirms that all discrepancies between the inventories have been resolved.

**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, 2007

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