

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



COMPREHENSIVE ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OF AUDIT
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Director of Accounts and Budgets
Blount County, Tennessee

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

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Audit Highlights

Comprehensive Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2010.

Results

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

Our audit resulted in three findings, which we have reviewed with Blount County management. These detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practice

The following is a summary of the audit findings and best practice:

OFFICES OF COUNTY MAYOR AND PURCHASING DEPARTMENT

- ◆ The Tennessee Department of Transportation has questioned costs of \$45,492 related to a construction contract funded by the Federal Highway Planning and Construction Grant program.

OFFICES OF DIRECTOR OF SCHOOLS AND PURCHASING DEPARTMENT

- ◆ Child Nutrition Cluster grant funds were used to purchase an oven based on an expired bid.

OFFICE OF COUNTY MAYOR

- ◆ A capital outlay note was not retired by its maturity date.
-

BEST PRACTICE

Blount County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

BLOUNT COUNTY GOVERNMENT

341 COURT STREET
MARYVILLE, TN 37804-5906
PHONE (865) 273-5700
FAX (865) 273-5705

STEPHEN E. JENNINGS
FINANCE DIRECTOR



Letter of Transmittal

November 24, 2010

Honorable Ed Mitchell
Blount County Mayor
Blount County Government
341 Court Street
Maryville, TN 37804-5906

Dear Mayor Mitchell:

We are pleased to submit to you the Comprehensive Annual Financial Report of Blount County, Tennessee, for the year ended June 30, 2010. 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 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, 2010, 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, 2010, 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 123,000. 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. Policymaking 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 resolutions, 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, overseeing the day-to-day operations of the government, and 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 to 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 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 is managing its way through this difficult economic environment. The effects of the national economy have been felt locally; however, 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. Clayton Homes is listed as the top employer of Blount County and has approximately 2,511 employees.

Long-term Financial Planning. During FY2010-11, Blount County will complete a five-year capital plan to create the educational capacity for continued growth by completing Prospect Elementary School construction with a planned opening in the summer of 2011. While the county's economic growth has temporarily slowed along with the rest of the United States during this recession, we fully expect to rebound and get back on the growth trend that has far exceeded the state average over the past ten years. The population of the county has increased by 16 percent vs. 10.7 percent for the State of Tennessee since 2000, and the total assessed value of real and personal property has nearly doubled during

this same time. To support this growth, the County Commission has taken steps to ensure an excellent education for the children of our community by approving appropriations in the current fiscal year to continue the operations and maintenance program for our facilities, in addition to the construction of several new elementary and middle schools over the past ten years. 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.

Financial Policies. The following policies have been instituted to assist in the management and administration, along with the protection of, the county's financial position. While not all inclusive, each has positively impacted the 2010 financial statements. In 2008, the County Commission provided for risk prevention and loss control activities to be handled by the county mayor. As part of a comprehensive risk management program, the county employs a full-time risk management director, who works with the county finance director to ensure that cash reserves to support the self-insured exposures to general liability and workers compensation risk are adequate. The county is also self insured for the health insurance of its employees, and the mayor is also responsible, through the director of human resources, to ensure that cash reserves for payment of claims are adequate at all times. This function is administered through an internal service fund with separate projects for health, dental, general liability, and workers compensation exposures, and is under the direction and control of the county mayor with continual monitoring by the finance director. 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. 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. And finally, the county's debt management strategy is currently under review given the low interest rate environment, which presents an opportunity to lock in favorable long-term fixed rates. The current portfolio includes a mixture of fixed rate debt, variable rate debt, and synthetically fixed debt. The county has a \$46.55 million balloon payment due June 1, 2011, as a result of a two-year interim financing intervention during the liquidity crisis in early 2009. This debt obligation will be refinanced and amortized over a life similar to the original schedule, in addition to potential other refinancing actions that would reduce the county's exposure to rising interest rates and liquidity support requirements. Again, all of the above practices have aided the county in maintaining a strong balance sheet at June 30, 2010.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Blount County for its comprehensive annual

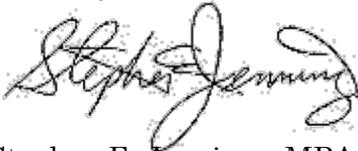
financial report (CAFR) for the fiscal year ended June 30, 2009. This is the 16th consecutive year that Blount County has received this prestigious award. To be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both 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.

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: Joey Bailey, Joyce Bott, Amy Cowden, Susan Gennoe, Pat James, Faye McDaniel, Allen Rippetoe, 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,

A handwritten signature in cursive script that reads "Stephen E. Jennings". The signature is written in black ink and is positioned above the typed name and title.

Stephen E. Jennings, MBA
Blount County 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, 2009

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.

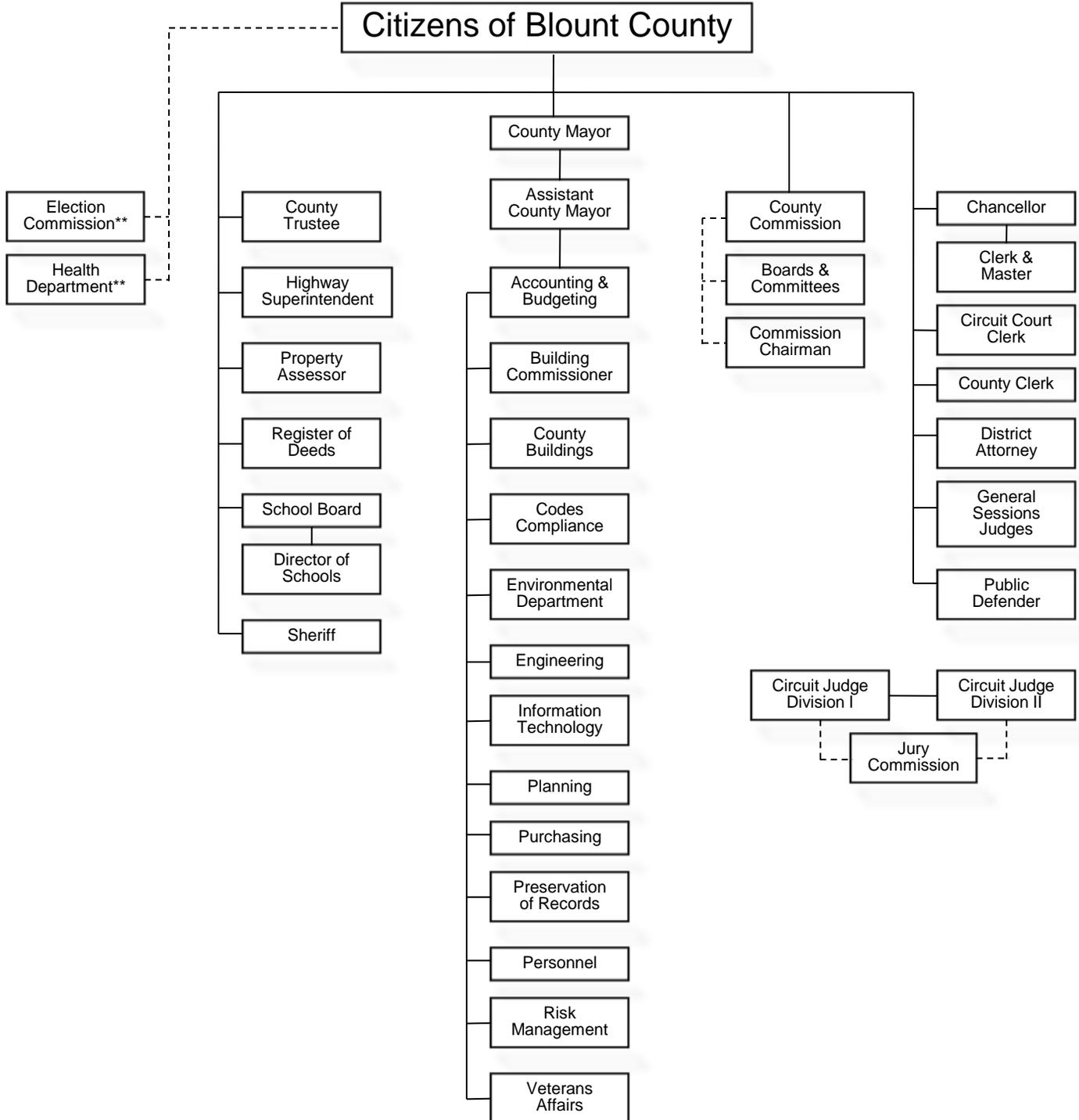


President

Executive Director

Blount County, Tennessee

ORGANIZATION CHART



**Appointed by the State of Tennessee

Blount County Officials

June 30, 2010

Officials

Jerry Cunningham, County Mayor
Bill Dunlap, Highway Superintendent
Rob Britt, Director of Schools
Scott Graves, Trustee
Mike Morton, Assessor of Property
Roy Crawford, Jr., County Clerk
Thomas Hatcher, Circuit and General Sessions Courts Clerk
Stephen Ogle, Clerk and Master
Penny Whaley, Register
James Berrong, Sheriff
Stephen Jennings, Director of Accounts and Budgets
Teresa Johnson, Purchasing Agent

Board of County Commissioners

Steve Samples, Chairman
Tonya Burchfield
David Ballard
Brad Harrison
Mike Lewis
Peggy Lambert
Gary Farmer
David Graham
Joe McCulley
Steve Hargis
John Keeble

Mark Hasty
Wendy Pitts Reeves
Kenneth Melton
Bob Proffitt
Holden Lail
Scott Helton
Ron French
Mike Walker
Monika Murrell
Gerald Kirby

Board of Education

Rob Webb, Chairman
Charles Finley
Don McNelly
Chris Cantrell

John Paul Davis, Jr.
Brad Long
Mike Treadway

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 24, 2010

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, 2010, 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 Blount County Children's Home (which represent .1 percent and .1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc., (which represent 39.5 percent and 67.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .6 percent and one percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 38.2 percent and .1 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 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 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, 2010, 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 November 24, 2010, on our consideration of Blount County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Blount County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 31 and budgetary comparison, pension, and other postemployment benefits information on pages 137 through 143 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 by us 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 by us 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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, 2010. 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 units' financial statements for the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS FOR FY 2010

Key Financial Highlights

In total, net assets of the Primary Government decreased by \$18.9 million, while net assets of the DPCU School Department decreased by \$.8 million. It should be noted that the 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. The major reason for the substantial drop in net assets for the Primary Government is the implementation of Governmental Accounting Standards Board (GASB) Statement No. 53, which requires the recognition of the fair value of derivative instruments (interest rate swaps) on the Statement of Net Assets. As of June 30, 2010, the fair value of the five interest rate swaps, which hedge the interest rate risk of certain variable rate demand obligations, was negative \$15.8 million, which for the first time must be recorded as a liability on the Statement of Net Assets. It should be noted that this is an accounting presentation requirement and does not represent a \$15.8 million economic change to the financial health of the Blount County Primary Government. The remainder of the drop in net assets was primarily due to a \$2.9 million reduction in our Equity in Pooled Cash and Investments.

General revenues of the Primary Government accounted for \$38.1 million or 53.7 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$32.8 million or 46.3 percent of total revenues of \$70.9 million. General revenues of the DPCU School Department were \$75 million.

Total assets of governmental activities in the Primary Government were \$193.8 million as taxes receivable ended at \$34.5 million, cash ended at \$25.7 million, and capital assets, net of accumulated depreciation, ended at \$127.7 million. Total assets in the DPCU School Department were \$161.7 million as taxes receivable ended at \$20.7 million, cash ended at \$8.2 million, and capital assets, net of accumulated depreciation, ended at \$130.2 million.

The county had \$78.2 million in expenses with \$32.8 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$35.3 million) were inadequate by \$7.3 million to provide current funding for these programs. Although total expenditures were reduced by \$4.3 million as a reaction to the current economic challenges, program specific charges for services, grants, or contributions came in lower by \$5.8 million. In addition, general revenues for the Primary Government were \$5.9 million lower than the previous fiscal year, driven by three major factors:

- 1) Reported investment loss on derivatives of \$4.2 million (GASB Statement No. 53 first time reporting requirement) due to a negative change in the fair value of the interest rate swaps (non realized)
- 2) \$1 million lower property tax
- 3) \$.6 million lower revenues from grants, contributions, and investment income

The DPCU School Department had \$92.8 million in expenses related to governmental activities; \$17 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 \$16.5 and \$9.5 million, respectively) were inadequate by \$.8 million to provide current funding for these programs. A year comparison in the School Department shows a reduction of \$.4 million in property tax collections and a drop in local option sales tax collections of .4 million.

In summary, there was an \$8 million change in net assets attributed to expenditures being higher than revenues in the Primary Government and the School Department. It should be noted; however, that \$4.2 million was from the reported investment loss from the change in fair value of the interest rate derivatives. The economic change in net assets was negative \$3.8 million with a reduction in cash on hand of \$3.2 million.

Among major funds, the General Fund had \$39.2 million in revenues and \$40.8 million in expenditures. The General Debt Service Fund had \$15.8 million in revenues and \$14.4 million in expenditures. Fund balance for the General Fund decreased by \$2.2 million to \$8.9 million, of which \$6.3 million is undesignated and available. Fund balance in the General Debt Service Fund increased by \$1.5 million to \$13.4 million, of which \$13.2 is undesignated and available. The reduction in the General Fund's balance was largely due to a reallocation of revenue line items (\$1.2 million) to the General Purpose School Fund to cover their shortfall in sales tax collections thereby allowing them to pass the state maintenance of effort test. The cities of Maryville and Alcoa received 37 percent of the reallocation. Increases in the General Debt Service Fund can be attributed to management of the county's debt portfolio and savings on variable and synthetically fixed rate debt.

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 (an 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 nonmajor funds presented in total in one column. In the case of Blount County, the General Fund is by far the most significant fund. The other major fund is the General Debt Service 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 a large number of funds used by the county and the DPCU School Department to provide programs and activities financed during 2010, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2010. 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; and highways. 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 and General Debt Service funds. 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 proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the county's various functions. Specifically, the Insurance Fund accounts for risk management activities related to general liability, property and casualty risks, workers' compensation risks, and also for health 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 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 \$75 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$131.8 million at the close of the most recent fiscal year.

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

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

The \$18.9 million decrease in net assets for the Primary Government was caused largely by the adoption of GASB Statement No. 53, which requires for the first time the recognition of the negative fair value of interest rate derivatives as a liability. The fair value of the interest rate swaps as of June 30, 2010 was negative \$15.8 million. For the year ended June 30, 2010, the change in the fair value was negative \$4.2 million, which is reported as an investment loss in the Statement of Activities because the derivatives are deemed to be ineffective as cash flow hedges. Failure of the effectiveness test is due to the fact that the interest rate for the underlying variable rate demand obligation is SIFMA based reset weekly, while the variable receipt leg of the interest rate swap is based on a percentage of five-year LIBOR. Although this difference has been economically favorable to the county over the past ten years, this economic benefit is the major factor in determining hedge effectiveness. Since we have enjoyed a significantly lower cost of debt from the use of the derivatives, the hedge is deemed to be ineffective, and changes must be reported as investment gains and losses as the fair value of the derivatives fluctuates from year to year. The remainder of the drop in net assets was a \$2.9 million reduction in our Equity in Pooled Cash and Investments.

Table 1 provides a summary of the county's and the DPCU School Department's net assets for 2010 and a comparison to the prior year.

An additional portion of the county's net assets, \$19.2 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 2a and 2b show changes in net assets for fiscal year 2010 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

	Blount County Government	
	2010	2009
Assets:		
Current and Other Assets	\$ 66,072,343	\$ 73,227,143
Capital Assets	127,731,231	130,760,291
Total Assets	\$ 193,803,574	\$ 203,987,434
Liabilities:		
Long-term Liabilities Outstanding	\$ 164,341,290	\$ 214,147,492
Other Liabilities	104,436,542	45,951,196
Total Liabilities	\$ 268,777,832	\$ 260,098,688
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 87,277,486	\$ 88,192,324
Restricted	19,166,299	17,659,731
Unrestricted	(181,418,043)	(161,963,309)
Total Net Assets	\$ (74,974,258)	\$ (56,111,254)
	DPCU School Department	
	2010	2009
Assets:		
Current and Other Assets	\$ 31,488,992	\$ 29,380,938
Capital Assets	130,233,851	129,951,057
Total Assets	\$ 161,722,843	\$ 159,331,995
Liabilities:		
Long-term Liabilities Outstanding	\$ 3,023,776	\$ 2,791,930
Other Liabilities	26,899,689	23,915,104
Total Liabilities	\$ 29,923,465	\$ 26,707,034
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 127,933,091	\$ 127,519,652
Restricted	1,150,056	816,019
Unrestricted	2,716,231	4,289,290
Total Net Assets	\$ 131,799,378	\$ 132,624,961

Public Safety expenditures of \$19.4 million accounted for approximately 24.8 percent of the \$78.2 million total expenses for governmental activities, while Highways and Education expenses accounted for 12.2 percent and 18.9 percent, respectively. Of that \$78.2 million in governmental activities expenses, \$25.2 million was covered by direct charges to users of the services and \$7.6 million by other grants and contributions. 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 \$2.2 million annually has been designated for roads and bridges, a public works function.

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

	Blount County Government	
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	\$ 25,216,185	\$ 27,045,271
Operating Grants and Contributions	4,805,343	4,838,146
Capital Grants and Contributions	2,780,606	6,732,731
General Revenues:		
Property Taxes	35,332,827	36,280,272
Sales Taxes	2,148,850	2,238,198
Other Taxes	2,893,504	2,952,279
Grants and Contributions Not Restricted to Specific Programs	1,582,153	1,852,747
Unrestricted Investment Income	308,080	660,578
Miscellaneous	60,199	5,433
Investment Income (Loss) - Derivatives	(4,231,716)	0
Total Revenues	<u>\$ 70,896,031</u>	<u>\$ 82,605,655</u>
Expenses:		
General Government	\$ 10,330,443	\$ 6,923,832
Finance	4,457,456	4,487,118
Administration of Justice	4,831,128	4,814,644
Public Safety	19,397,058	19,289,086
Public Health and Welfare	2,027,243	1,932,343
Social, Cultural, and Recreational Services	2,936,416	3,199,073
Agriculture and Natural Resources	291,411	295,610
Other Operations	0	3,356,818
Highways	9,568,858	11,491,174
Education	14,767,556	17,821,378
Interest	8,220,147	7,429,795
Other Debt Service	1,331,116	1,373,990
Total Expenses	<u>\$ 78,158,832</u>	<u>\$ 82,414,861</u>

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

	<u>Blount County Government</u>	
	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets	\$ (7,262,801)	\$ 190,794
Prior-period Adjustment	(11,600,203)	0
Nets Assets, July 1	<u>(56,111,254)</u>	<u>(56,302,048)</u>
Net Assets, June 30	<u>\$ (74,974,258)</u>	<u>\$ (56,111,254)</u>

Note – Expenses previously reflected as “Other Operations” have been reclassified to more appropriate categories for the fiscal year ended June 30, 2010.

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

	<u>Blount County School Department</u>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,790,692	\$ 4,065,723
Operating Grants and Contributions	10,208,812	9,076,203
Capital Grants and Contributions	2,958,813	3,955,112
General Revenues:		
Property Taxes	16,535,015	16,959,961
Sales Taxes	9,529,423	9,925,283
Other Taxes	620,286	339,964
Grants and Contributions Not Restricted to Specific Programs	48,117,359	47,011,413
Unrestricted Investment Income	195,960	226,811
Miscellaneous	15,683	15,292
Total Revenues	<u>\$ 91,972,043</u>	<u>\$ 91,575,762</u>
Expenses:		
Education	<u>\$ 92,797,626</u>	<u>\$ 92,261,996</u>
Total Expenses	<u>\$ 92,797,626</u>	<u>\$ 92,261,996</u>
Increase (Decrease) in Net Assets	\$ (825,583)	\$ (686,234)
Nets Assets, July 1	<u>132,624,961</u>	<u>133,311,195</u>
Net Assets, June 30	<u>\$ 131,799,378</u>	<u>\$ 132,624,961</u>

Financial Analysis of the Government's Funds

As noted earlier, the county and the 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 \$24.2 million. Approximately \$11 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 \$4 million. Approximately \$3.3 million of this total amount constitutes unreserved fund balance.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6.3 million, while total fund balance was \$8.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 15.4 percent of total General Fund expenditures, while total fund balance represents 21.9 percent of that same amount.

The General Debt Service Fund again finished very strong at June 30, 2010. A net increase of \$1.5 million in fund balance was realized bringing total fund balance in the General Debt Service Fund to \$13.4 million. These savings were realized due to the use of variable rate debt instruments and the extremely favorable market conditions of these debt instruments.

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 fund reflect operations 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 \$2.3 million, while total fund balance was \$2.6 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 3.1 percent of total General Purpose School Fund expenditures, while total fund balance represents 3.5 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, 2010, totals \$87.3 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, 2010, totals \$127.9 million (net of accumulated depreciation and related debt).

Note IV.D. (Capital Assets) provides capital assets activity during the 2010 fiscal year. During 2010, the county moved closer to completing several capital projects. These included primarily construction projects related to new schools and school improvements.

Long-term Debt. At the end of the 2010 fiscal year, the county had total loan agreements outstanding of \$189.8 million. The county had total general obligation refunding bonds outstanding of \$22.6 million. Of these amounts, all are backed by the full faith and credit of the county. The county maintains an Aa2 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 of \$.25 million, and notes payable of \$1.2 million. Additional information on the county's long-term debt can be found in Note IV.H. of this report. Notes I.D.4. and IV.H. discuss compensated absences and notes payable.

Interest and fiscal charges totaled 12.2 percent of the total expenses for governmental activities.

The DPCU School Department has a capital lease payable of \$2.3 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 7.2 percent. The state's average unemployment rate is currently 9.4 percent and the national average is 9.6 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 2011 fiscal year. At the end of the 2010 fiscal year, unreserved fund balance in the General Fund was \$6.3 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, 2010

	Primary Government Total	Component Units					
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Cash	\$ 277,888	\$ 0	\$ 150,047	\$ 8,913,180	\$ 826,788	\$ 336,376	
Equity in Pooled Cash and Investments	25,427,651	8,185,901	0	0	0	0	
Inventories	0	0	0	2,335,272	0	0	
Accounts Receivable	665,855	121,317	0	15,937,623	127,167	50,450,000	
Due from Other Governments	2,330,101	2,878,267	6,721	0	0	0	
Due from Primary Government	0	9,045	0	0	0	0	
Due from Component Units	871,183	0	0	0	0	0	
Property Taxes Receivable	34,520,366	20,666,858	0	0	0	0	
Allowance for Uncollectible Property Taxes	(698,457)	(372,396)	0	0	0	0	
Prepaid Items	0	0	75	1,666,104	0	0	
Other Current Assets	0	0	0	4,957,723	11,701	0	
Restricted Assets:							
Restricted for Foundation	0	0	0	1,127,688	0	0	
Other Restricted Assets	0	0	0	154,083,372	0	0	
Notes Receivable	638,929	0	0	0	0	0	
Unamortized Debt Issuance Cost	2,038,827	0	0	900,673	0	1,506,213	
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	232,505,000	
Capital Assets:							
Assets Not Depreciated:							
Land	8,581,561	9,951,059	0	9,212,081	21,038	0	
Construction in Progress	4,610,780	23,083,544	0	5,058,658	0	0	
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	34,560,294	95,946,610	226,367	71,123,862	3,000,911	0	
Other Capital Assets	3,858,642	1,252,638	16,330	19,251,947	625,260	0	
Infrastructure	76,119,954	0	0	0	0	0	
Total Assets	\$ 193,803,574	\$ 161,722,843	\$ 399,540	\$ 294,568,183	\$ 4,612,865	\$ 284,797,589	

(Continued)

Exhibit A

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

	Primary Government Total	Component Units				
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
\$	614,792	380,953	3,659	4,262,567	128,555	0
Accrued Payroll	120,208	4,801,900	0	8,395,271	32,109	0
Accrued Interest Payable	576,492	82,849	0	495,015	0	0
Payroll Deductions Payable	246,303	303,649	0	0	0	0
Retainage Payable	41,814	0	0	0	0	0
Contracts Payable	737,484	0	0	0	0	0
Due to Primary Government	0	871,183	0	0	0	0
Due to Component Units	9,045	0	0	0	0	0
Due to State of Tennessee	1,325	0	0	0	0	0
Other Current Liabilities	1,971,158	700,334	0	3,874,428	0	0
Derivative - Interest Rate Swap	15,831,919	0	0	10,280,704	0	0
Unearned Revenue - Current Property Taxes	32,349,539	19,605,687	0	0	0	0
Noncurrent Liabilities:						
Due Within One Year	51,936,463	153,134	0	3,620,000	42,406	50,450,000
Due in More Than One Year	164,341,290	3,023,776	0	103,180,998	1,200,826	232,505,000
Total Liabilities	\$ 268,777,832	\$ 29,923,465	\$ 3,659	\$ 134,108,983	\$ 1,403,896	\$ 282,955,000

LIABILITIES

Accounts Payable	\$	614,792	\$	380,953	\$	3,659	\$	4,262,567	\$	128,555	\$	0
Accrued Payroll		120,208		4,801,900		0		8,395,271		32,109		0
Accrued Interest Payable		576,492		82,849		0		495,015		0		0
Payroll Deductions Payable		246,303		303,649		0		0		0		0
Retainage Payable		41,814		0		0		0		0		0
Contracts Payable		737,484		0		0		0		0		0
Due to Primary Government		0		871,183		0		0		0		0
Due to Component Units		9,045		0		0		0		0		0
Due to State of Tennessee		1,325		0		0		0		0		0
Other Current Liabilities		1,971,158		700,334		0		3,874,428		0		0
Derivative - Interest Rate Swap		15,831,919		0		0		10,280,704		0		0
Unearned Revenue - Current Property Taxes		32,349,539		19,605,687		0		0		0		0
Noncurrent Liabilities:												
Due Within One Year		51,936,463		153,134		0		3,620,000		42,406		50,450,000
Due in More Than One Year		164,341,290		3,023,776		0		103,180,998		1,200,826		232,505,000
Total Liabilities		\$ 268,777,832		\$ 29,923,465		\$ 3,659		\$ 134,108,983		\$ 1,403,896		\$ 282,955,000

NET ASSETS

Invested in Capital Assets,												
Net of Related Debt	\$	87,277,486	\$	127,933,091	\$	0	\$	2,972,930	\$	2,403,977	\$	0
Invested in Capital Assets		0		0		242,697		0		0		0
Restricted for:												
Public Library		919,642		0		0		0		0		0
Highways		1,169,302		0		0		0		0		0
Debt Service		13,988,452		0		0		0		0		0

(Continued)

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

Exhibit A

	Primary Government Total	Component Units				
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
	\$ 1,411,678	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control	107,817	0	0	0	0	0
Tourism	628,436	0	0	0	0	0
Constitutional Officers' Data Processing Systems	0	1,150,056	0	0	0	0
Federal Assistance Programs	166,208					
Drug Court	143,518					
District Attorney General	145,149			750,166		
Other Purposes						
Permanent Endowment:						
Nonexpendable	486,097	0	0	0	0	0
Unrestricted	(181,418,043)	2,716,231	153,184	156,736,104	804,992	1,842,589
Total Net Assets (Deficit)	\$ (74,974,258)	\$ 131,799,378	\$ 395,881	\$ 160,459,200	\$ 3,208,969	\$ 1,842,589

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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Blount County Department	Blount County Children's Home	Blount County Memorial Hospital	Emergency Communications District	Public Building Authority
Primary Government										
Governmental Activities:										
General Government	\$ 10,330,443	\$ 2,528,543	\$ 17,830	\$ 100,000	\$ (7,684,070)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,457,456	3,025,390	87,852	0	(1,344,214)	0	0	0	0	0
Administration of Justice	4,831,128	3,848,240	205,056	0	(777,832)	0	0	0	0	0
Public Safety	19,397,058	3,411,755	254,709	328,757	(15,401,837)	0	0	0	0	0
Public Health and Welfare	2,027,243	154,284	781,070	250,000	(841,889)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,936,416	281,984	901,863	43,852	(1,708,717)	0	0	0	0	0
Agriculture and Natural Resources	291,411	0	0	0	(291,411)	0	0	0	0	0
Highways	9,568,858	335,674	2,556,963	2,057,997	(4,618,224)	0	0	0	0	0
Education	14,767,556	11,630,315	0	0	(3,137,241)	0	0	0	0	0
Interest on Long-term Debt	8,220,147	0	0	0	(8,220,147)	0	0	0	0	0
Debt Service	1,331,116	0	0	0	(1,331,116)	0	0	0	0	0
Total Primary Government	\$ 78,158,832	\$ 25,216,185	\$ 4,805,343	\$ 2,780,606	\$ (45,356,698)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units										
Blount County School Department	\$ 92,797,626	\$ 3,790,692	\$ 10,208,812	\$ 2,958,813	\$ 0	\$ (75,839,309)	\$ 0	\$ 0	\$ 0	\$ 0
Blount County Children's Home	270,413	0	96,513	0	0	(173,900)	0	0	0	0
Blount County Memorial Hospital	187,495,428	176,417,178	13,262,591	0	0	0	0	2,184,341	0	0
Emergency Communications District	2,005,923	791,686	560,090	0	0	0	0	(654,147)	0	0
Public Building Authority	76,983	78,511	0	0	0	0	0	0	0	1,528
Total Component Units	\$ 282,646,373	\$ 181,078,067	\$ 24,128,006	\$ 2,958,813	\$ 0	\$ (75,839,309)	\$ (173,900)	\$ 2,184,341	\$ (654,147)	\$ 1,528

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues			Component Units						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Blount County School Department	Blount County Children's Home	Blount County Memorial Hospital	Emergency Communications District	Public Building Authority	
General Revenues:										
Property Taxes Levied for General Purposes				\$ 21,255,885	\$ 16,535,015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service				14,076,942	0	0	0	0	0	0
Local Option Sales Taxes				2,148,850	9,529,423	0	0	0	0	0
Hotel/Motel Taxes				1,591,288	0	0	0	0	0	0
Litigation - General Taxes				457,257	0	0	0	0	0	0
Business Taxes				520,956	471,456	0	0	0	0	0
Wholesale Beer Taxes				239,735	0	0	0	0	0	0
Other Taxes				84,268	148,830	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				1,582,153	48,117,359	109,783	1,325,974	640,367	0	0
Unrestricted Investment Income				308,080	195,960	6,308	12,612,178	14,034	165,462	0
Investment Income (Loss) - Derivatives				(4,231,716)	0	0	(2,946,525)	0	0	0
Gain on Disposal of Capital Assets				0	0	0	0	1,052,986	0	0
Miscellaneous				60,199	15,683	0	0	17,179	0	0
Total General Revenues				\$ 38,093,897	\$ 75,013,726	\$ 116,091	\$ 10,991,627	\$ 1,724,566	\$ 165,462	\$ 0
Change in Net Assets				\$ (7,262,801)	\$ (825,583)	\$ (57,809)	\$ 13,175,968	\$ 1,070,419	\$ 166,990	\$ 0
Prior-period Adjustment				(11,600,203)	0	(50,760)	(7,334,179)	0	0	0
Net Assets (Deficit), July 1, 2009				(56,111,254)	132,624,961	504,450	154,617,411	2,138,550	1,675,599	0
Net Assets (Deficit), June 30, 2010				\$ (74,974,258)	\$ 131,799,378	\$ 395,881	\$ 160,459,200	\$ 3,208,969	\$ 1,842,589	\$ 0

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, 2010

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General</u>	<u>General Debt Service</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 15,554	\$ 15,654
Equity in Pooled Cash and Investments	8,403,156	10,397,426	4,365,722	23,166,304
Accounts Receivable	263,499	18,893	329,533	611,925
Due from Other Governments	1,206,534	104,791	1,018,776	2,330,101
Due from Other Funds	39,091	2,818,258	17,130	2,874,479
Property Taxes Receivable	21,846,319	12,674,047	0	34,520,366
Allowance for Uncollectible Property Taxes	(431,080)	(267,377)	0	(698,457)
Notes Receivable - Long-term	0	638,929	0	638,929
Total Assets	\$ 31,327,619	\$ 26,384,967	\$ 5,746,715	\$ 63,459,301
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 231,135	\$ 0	\$ 56,875	\$ 288,010
Accrued Payroll	2,402	0	117,806	120,208
Payroll Deductions Payable	196,275	0	50,028	246,303
Contracts Payable	0	0	737,484	737,484
Retainage Payable	0	0	41,814	41,814
Due to Other Funds	437,780	0	2,535,790	2,973,570
Due to State of Tennessee	0	0	1,325	1,325
Other Current Liabilities	0	0	7,398	7,398
Deferred Revenue - Current Property Taxes	20,529,516	11,820,023	0	32,349,539
Deferred Revenue - Delinquent Property Taxes	823,643	545,529	0	1,369,172
Other Deferred Revenues	186,391	638,929	333,818	1,159,138
Total Liabilities	\$ 22,407,142	\$ 13,004,481	\$ 3,882,338	\$ 39,293,961
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 1,757,899	\$ 12,000	\$ 9,924,513	\$ 11,694,412
Reserved for Sexual Offender Registration	51,620	0	0	51,620
Reserved for Computer System - Register	196,950	0	0	196,950
Reserved for Automation Purposes - Circuit Court	195,067	0	0	195,067
Reserved for Automation Purposes - Sheriff	236,419	0	0	236,419
Reserved for Other General Purposes	199,149	124,322	485,403	808,874
Unreserved, Reported In:				
General Fund	6,283,373	0	0	6,283,373
Special Revenue Funds	0	0	3,570,077	3,570,077
Debt Service Funds	0	13,244,164	0	13,244,164
Capital Projects Funds (Deficit)	0	0	(12,116,310)	(12,116,310)
Permanent Funds	0	0	694	694
Total Fund Balances	\$ 8,920,477	\$ 13,380,486	\$ 1,864,377	\$ 24,165,340
Total Liabilities and Fund Balances	\$ 31,327,619	\$ 26,384,967	\$ 5,746,715	\$ 63,459,301

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, 2010

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)		\$ 24,165,340
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,581,561	
Add: construction in progress	4,610,780	
Add: infrastructure net of accumulated depreciation	76,119,954	
Add: buildings and improvements net of accumulated depreciation	34,560,294	
Add: other capital assets net of accumulated depreciation	<u>3,858,642</u>	127,731,231
(2) An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,248,198
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,206,260)	
Less: other loans payable	(189,804,767)	
Less: capital leases payable	(252,889)	
Less: bonds payable	(22,580,000)	
Add: deferred amount on refunding	2,339,448	
Add: deferred charges - debt issuance costs	2,038,827	
Less: compensated absences payable	(1,294,540)	
Less: other postemployment benefits liability	(380,391)	
Less: accrued interest on bonds, notes, and capital leases	(576,492)	
Less: other deferred revenue - premium on debt	(3,098,354)	
Less: fair market value of swap agreements	<u>(15,831,919)</u>	(230,647,337)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,528,310</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (74,974,258)</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, 2010

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
Revenues				
Local Taxes	\$ 24,186,228	\$ 15,347,214	\$ 2,278,838	\$ 41,812,280
Licenses and Permits	259,919	0	233,533	493,452
Fines, Forfeitures, and Penalties	657,779	0	104,833	762,612
Charges for Current Services	932,950	0	200,246	1,133,196
Other Local Revenues	552,039	256,985	390,468	1,199,492
Fees Received from County Officials	7,659,156	0	0	7,659,156
State of Tennessee	2,604,820	0	2,728,646	5,333,466
Federal Government	2,293,502	0	240,384	2,533,886
Other Governments and Citizens Groups	74,283	241,016	909,121	1,224,420
Total Revenues	\$ 39,220,676	\$ 15,845,215	\$ 7,086,069	\$ 62,151,960
Expenditures				
Current:				
General Government	\$ 6,226,284	\$ 0	\$ 194,289	\$ 6,420,573
Finance	4,509,066	0	24	4,509,090
Administration of Justice	4,624,302	0	130,917	4,755,219
Public Safety	18,827,531	0	182,672	19,010,203
Public Health and Welfare	1,992,116	0	0	1,992,116
Social, Cultural, and Recreational Services	656,650	0	1,846,735	2,503,385
Agriculture and Natural Resources	297,291	0	0	297,291
Other Operations	2,583,467	0	192,813	2,776,280
Highways	73,847	0	5,242,911	5,316,758
Debt Service:				
Principal on Debt	0	4,954,358	0	4,954,358
Interest on Debt	0	8,584,273	0	8,584,273
Other Debt Service	0	819,388	0	819,388
Capital Projects	1,005,680	0	4,484,427	5,490,107
Total Expenditures	\$ 40,796,234	\$ 14,358,019	\$ 12,274,788	\$ 67,429,041
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,575,558)	\$ 1,487,196	\$ (5,188,719)	\$ (5,277,081)
Other Financing Sources (Uses)				
Other Loans Issued	\$ 0	\$ 0	\$ 1,362,470	\$ 1,362,470
Transfers In	285,490	0	899,520	1,185,010
Transfers Out	(899,520)	0	0	(899,520)
Total Other Financing Sources (Uses)	\$ (614,030)	\$ 0	\$ 2,261,990	\$ 1,647,960
Net Change in Fund Balances	\$ (2,189,588)	\$ 1,487,196	\$ (2,926,729)	\$ (3,629,121)
Fund Balance, July 1, 2009	11,110,065	11,893,290	4,791,106	27,794,461
Fund Balance, June 30, 2010	\$ 8,920,477	\$ 13,380,486	\$ 1,864,377	\$ 24,165,340

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, 2010

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)		\$ (3,629,121)
(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	\$ 1,633,542	
Less: current year depreciation expense	<u>(6,243,296)</u>	(4,609,754)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 1,717,789	
Less: book value of capital assets disposed	<u>(137,095)</u>	1,580,694
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 2,528,310	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(2,870,974)</u>	(342,664)
(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	\$ (1,362,470)	
Add: change in premium on debt issuances	319,315	
Less: change in deferred debt issuance costs	(131,974)	
Add: principal payments on bonds	2,085,000	
Add: principal payments on notes	410,000	
Add: principal payments on other loans	2,415,501	
Add: principal payments on capital leases	43,857	
Less: change in deferred amount on refunding debt	<u>(379,754)</u>	3,399,475
(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	\$ 44,811	
Change in compensated absences payable	90,908	
Change in other postemployment benefits liability	<u>(174,808)</u>	(39,089)

(Continued)

Exhibit C-4

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

(6)	An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	\$ 609,374
(7)	The interest rate swap agreement is classified as an investment derivative; therefore, the following are reflected on the changes in net assets for governmental activities. Less: interest and investment loss	<u>(4,231,716)</u>
	Change in net assets of governmental activities (Exhibit B)	<u>\$ (7,262,801)</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 Fund
June 30, 2010

	Governmental Activities - Internal Service Fund <u>Self</u> Insurance <u>Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 262,234
Equity in Pooled Cash and Investments	2,261,347
Accounts Receivable	29,129
Due from Other Funds	109,400
Due from Component Units	871,183
Total Assets	<u>\$ 3,533,293</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 326,782
Due to Other Funds	912
Due to Component Units	9,045
Other Current Liabilities	1,948,356
Total Liabilities	<u>\$ 2,285,095</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 1,248,198</u>
Total Net Assets	<u>\$ 1,248,198</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 Fund
For the Year Ended June 30, 2010

	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 18,113,580
Total Operating Revenues	<u>\$ 18,113,580</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 570,781
Insurance Premiums	666,521
Building and Contents Insurance	145,210
Other Administrative Expenses	82,424
Medical Claims	14,923,913
Liability Insurance	13,365
Other Self-Insured Claims	547,159
Medical Clinic Administrative Expenses	24,170
Medical Clinic Other Contracted Services	268,607
Total Operating Expenses	<u>\$ 17,242,150</u>
Operating Income (Loss)	<u>\$ 871,430</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 23,434</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 23,434</u>
Income (Loss) Before Transfers	\$ 894,864
Transfers Out	<u>(285,490)</u>
Change in Net Assets	\$ 609,374
Net Assets, July 1, 2009	<u>638,824</u>
Net Assets, June 30, 2010	<u><u>\$ 1,248,198</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 Fund
For the Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Fund Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 18,008,400
Payments to Fiscal Agents	(570,781)
Payments to Insurers	(952,683)
Payments for Claims	(15,644,559)
Payments for Administrative Costs	(77,232)
Payments for Medical Clinic Administrative Costs	(24,170)
Payments for Medical Clinic Contracted Services	(268,607)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 470,368</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 23,422</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 23,422</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (285,490)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (285,490)</u>
Increase (Decrease) in Cash	\$ 208,300
Cash, July 1, 2009	<u>2,315,281</u>
Cash, June 30, 2010	<u><u>\$ 2,523,581</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 871,430
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	(41,837)
Increase (Decrease) in Other Current Liabilities	<u>(359,225)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 470,368</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 262,234
Equity in Pooled Cash and Investments per Net Assets	<u>2,261,347</u>
Cash, June 30, 2010	<u><u>\$ 2,523,581</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,186,241
Equity in Pooled Cash and Investments	1,503,778
Accounts Receivable	2,057
Due from Other Governments	3,367,653
Due from Other Funds	15,404
Taxes Receivable	12,122,065
Allowance for Uncollectible Taxes	<u>(218,427)</u>
Total Assets	<u>\$ 20,978,771</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,036
Payroll Deductions Payable	356,308
Due to Other Funds	24,801
Due to Other Taxing Units	15,211,152
Due to Litigants, Heirs, and Others	4,187,059
Due to Joint Ventures	1,177,515
Other Current Liabilities	<u>20,900</u>
Total Liabilities	<u>\$ 20,978,771</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, 2010

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.

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, four of whom 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 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, four of whom 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 Blount County Public Building Authority serves as a financing mechanism to provide capital loans to local governments throughout the state. 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 the Blount Memorial Hospital, Inc., Blount County Emergency Communications District, Blount County Children's Home, and 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

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. However, no debt was issued on behalf of the School Department during the fiscal year ended June 30, 2010. Proceeds from prior year debt issues for the School Department were deposited into the Other Capital Projects Fund. During the year, \$2,955,413 of capital assets constructed through the Other Capital Projects Fund was 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 fund is 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 fund 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 only reports one proprietary fund, an internal service fund. 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 fund 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 60 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.

Additionally, Blount County reports the following fund types:

Special Revenue Funds – These 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.

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

Permanent Fund – The Endowment 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.

Internal Service Fund – The Self Insurance Fund accounts for the self-insured general liability, property, casualty, worker’s compensation, and employee health benefits managed by the county for the primary government and the discretely presented School Department.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Blount County, the city school systems’ shares 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.

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 one proprietary fund, an internal service fund, used to account for general liability, property, casualty, employee health, 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 fund are self-insurance premiums. Operating expenses for the internal service fund 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 fund, cash includes demand deposits and cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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, General Debt Service, and General Purpose School funds. Blount County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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, as well as activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as 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 1.01 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 60 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 Accounts Payable account on the Statement of Net Assets includes \$248,762 related to self insured health claims. The balance in the account Other Current Liabilities on the Statement of Net Assets includes \$1,948,356 of internal service fund liabilities for other self-insured claims.

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	20-30

4. Compensated Absences

The county's and the 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, except for School Department retirees as described below, 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.

It is the School Department's policy to provide ten local, noncumulative, sick leave days per year for all certified employees. If these local sick leave days are unused upon retirement, the School Department shall pay the employee at a rate of \$100 for each unused day of local sick leave. A liability for these benefits is reported in the governmental funds only if amounts have matured as a result of employee 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

The county enters into interest rate swap agreements to modify interest rates on outstanding debt. See Note IV.C. for details of the swap agreements.

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2010, Blount County had \$172,982,376 in outstanding debt for capital purposes of other entities (schools of \$168,372,376 and industrial purposes of \$4,610,000). 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, 2010.

Fund/Purpose	Amount
Public Library:	
Capital Purposes	\$ 193,761
Highway/Public Works:	
Capital Purposes	14,126

On the Balance Sheet – Governmental Funds (Exhibit C-1), the account Reserved for Other General Purposes consists of reserves for: (1) a Hotel-Motel Tax for tourism expenditures in the General Fund (\$107,817), (2) expenditures of the Public Defender's Office in the General Fund (\$91,332), (3) a Hotel-Motel Tax for debt service on the outstanding capital outlay note in the General Debt Service Fund (\$124,322), and (4) endowment principal for the Blount County Children's Home in nonmajor governmental funds (\$485,403).

7. Prior-period Adjustment

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010. This is further discussed in note V.B. To implement the provisions of this statement required restating liabilities of the prior-year by

\$11,600,203 to recognize the negative fair value of interest rate swap agreements. Those agreements are discussed in note IV.C.

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 J-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 J-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 (GAAP) 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 fund,

which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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 deficit in unreserved fund balance of \$12,116,310, and a deficit in total fund balance of \$2,469,084 at June 30, 2010. This deficit resulted from the recognition of current liabilities related to various construction contracts where work was performed prior to year end, and from the balance of the unperformed portion of construction contracts being reserved as encumbrances. The deficit in total fund balance was liquidated subsequent to year end through the issuance of an additional \$4,000,000 in previously authorized interfund capital outlay notes from the General Debt Service Fund. Funding for most of the encumbrances is expected to come from the proceeds of Qualified School Construction Bonds issued in October 2010.

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 reflected on the balance

sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2010, 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.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 121,062

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, 2010, Blount County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

During the fiscal year ended June 30, 2006, Blount County purchased property intended for use as a county fairground. 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 for sale to a third party. The county executed an agreement with the Industrial Development Board to remit all proceeds from the sale of this property 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 fiscal year ended June 30, 2007. The Industrial Development Board remitted the first payment (\$56,071) under the contract to Blount County in July 2008. However, when the second and third payments came due in June 2009 and June 2010, the purchaser was unable to make the payments and requested extensions. On June 14, 2010, the Industrial Development Board executed a formal agreement with the purchaser to extend and modify

the terms of original note. The new agreement provided for payments of \$45,638 to be paid on September 1, 2010, 2011, and 2012 with the entire balance being due in full on September 1, 2013, with the potential for a one-year extension. As of the date of this report, Blount County had not received the payment due on September 1, 2010, per the new agreement. The entire balance of \$638,929 due on the contract as of June 30, 2010, is reflected as notes receivable on the balance sheet of the General Debt Service Fund. The amount of this receivable not expected to be received within one year is \$593,291.

C. Derivative Instruments

Primary Government

At June 30, 2010, Blount County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$20 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 20,000,000	6-1-06	6-1-31	Pay 4.313% receive 63.45% of LIBOR
\$10 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	6-1-06	6-1-30	Pay 3.9% receive 63.2% of LIBOR
\$10 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	6-1-06	6-1-28	Pay 3.264% receive 59% of LIBOR
\$14 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	14,000,000	6-1-06	6-1-27	Pay 3.5325% receive 59% of LIBOR
\$39 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	39,000,000	6-1-06	6-1-23	Pay 4.27% receive 63.45% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		6-30-10
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivatives:					
Pay-fixed interest rate swaps:					
\$20 M Swap	Interest and Investment Earnings	\$ (1,088,544)	Debt	\$ (4,822,805)	\$ 20,000,000
\$10 M Swap	Interest and Investment Earnings	(513,702)	Debt	(1,747,387)	10,000,000
\$10 M Swap	Interest and Investment Earnings	(455,258)	Debt	(1,048,634)	10,000,000
\$14 M Swap	Interest and Investment Earnings	(608,002)	Debt	(1,838,445)	14,000,000
\$39 M Swap	Interest and Investment Earnings	(1,566,210)	Debt	(6,374,648)	39,000,000
Totals		<u>\$ (4,231,716)</u>		<u>\$ (15,831,919)</u>	<u>\$ 93,000,000</u>

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The swap agreements described above did not meet that criteria, and therefore are classified as investment derivatives.

Derivative Swap Agreement Detail

\$20 M Swap:

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. The Series A-1-A bonds have since been refunded with a portion of the proceeds of the Series E-3-B bonds and the interest rate swap is now associated with the Series E-3-B bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.313 percent and receives a variable payment computed as 63.45 percent of the five-year 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. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-B bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2031. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.310%
Variable payment from counterparty	% LIBOR	<u>-1.709%</u>
Net interest rate swap payments		2.601%
Variable-rate bond coupon payments		0.250%
On-going costs (other loan fees)		<u>0.756%</u>
Synthetic interest rate on bonds		<u><u>3.607%</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$4,822,805. 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, 2010, 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. As of June 30, 2010, the swap counterparty, Deutsche Bank, was rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.45 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.45 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, 2010, 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	
2011	\$ 0	\$ 50,000	\$ 520,131	\$ 570,131
2012	0	50,000	520,131	570,131
2013	0	50,000	520,131	570,131
2014	0	50,000	520,131	570,131
2015	0	50,000	520,131	570,131
2016-2020	0	250,000	2,600,657	2,850,657
2021-2025	0	250,000	2,600,657	2,850,657
2026-2030	7,415,000	250,000	2,600,657	10,265,657
2031	12,585,000	31,463	327,293	12,943,756
Total	\$ 20,000,000	\$ 1,031,463	\$ 10,729,919	\$ 31,761,382

\$10 M Swap:

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. The Series A-5-A bonds have since been refunded with a portion of the proceeds of the Series B-18-A bonds and the interest rate swap is now associated with the Series B-18-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. In February 2009, Blount County refinanced the variable rate bonds associated with this swap. This was due to lack of liquidity in the market and the inability to obtain a satisfactory liquidity facility to back the variable rate bonds. Therefore, per resolution of the county legislative body, the variable rate bonds were refinanced with two-year fixed rate bonds, which will be due and payable in June 2011. Also per the resolution, the county legislative body has said that the county expects to refinance this bond with variable rate bonds with the exact amortization that was in place before. Therefore, with the completion of that refinancing by June 2011, at no time would the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2030. As of June 30, 2010, 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>-1.703%</u>
Net interest rate swap payments		2.197%
True interest cost (B-18-A)		2.754%
On-going costs (other loan fees)		<u>0.225%</u>
Synthetic interest rate on bonds		<u><u>5.176%</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,747,387. 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, 2010, 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. As of June 30, 2010, the swap counterparty, Deutsche Bank, was rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.2 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on

the bonds to be below 63.2 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, 2010, net swap payments, assuming current interest rates remain the same, for the term were as follows. The table below reflects the assumptions, consistent with a resolution of the county legislative body, that upon maturity of the short-term fixed rate bonds, they will be refinanced with variable rate bonds with maturities matching those that were in place when the original bonds were issued. It should be noted that there is a balloon payment of \$46,625,000 due in 2011 for the B-18-A short-term fixed rate loans, which refunded both the IV-C-1 and the A-5-A loans. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Estimated Requirements on Anticipated Issue of		Net Interest Rate Swap Payment	Total
	Variable Rate Bonds			
	Principal	Interest		
2011	\$ 0	\$ 275,400	\$ 219,739	\$ 495,139
2012	0	275,400	219,739	495,139
2013	0	275,400	219,739	495,139
2014	0	275,400	219,739	495,139
2015	0	275,400	219,739	495,139
2016-2020	0	1,377,000	1,098,696	2,475,696
2021-2025	0	1,377,000	1,098,696	2,475,696
2026-2030	10,000,000	1,199,918	957,404	12,157,322
Total	\$ 10,000,000	\$ 5,330,918	\$ 4,253,491	\$ 19,584,409

Market-access risk. Market-access risk is the risk that the county will not be able to enter credit markets or that credit will become more costly. The county is exposed to market-access risk because the county expects to refund the B-18-A short-term debt; therefore, the county is exposed to market-access

risk in anticipation of that issue. If the county is not able to refund the issue or is unable to refund with variable rates as planned, then the expected benefits of the swap may not be realized.

\$10 M Swap:

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. The Series B-4-A bonds have since been refunded with a portion of the proceeds of the Series E-5-A bonds and the interest rate swap is now associated with the Series E-5-A bonds.

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 five-year 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. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-5-A bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2028. As of June 30, 2010, 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>-1.589%</u>
Net interest rate swap payments		1.675%
Variable-rate bond coupon payments		0.260%
On-going costs (other loan fees)		<u>1.101%</u>
Synthetic interest rate on bonds		<u><u>3.036%</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,048,634. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. As of June 30, 2010, the swap counterparty, Deutsche Bank, was rated Aa3/A+/AA- by Moody’s, Standard & Poor’s and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 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, 2010, 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	Total
	Principal	Interest	Rate Swap Payment	
2011	\$ 0	\$ 26,000	\$ 167,454	\$ 193,454
2012	0	26,000	167,454	193,454
2013	0	26,000	167,454	193,454
2014	0	26,000	167,454	193,454
2015	0	26,000	167,454	193,454
2016-2020	0	130,000	837,270	967,270
2021-2025	0	130,000	837,270	967,270
2026-2028	10,000,000	74,100	477,244	10,551,344
Total	\$ 10,000,000	\$ 464,100	\$ 2,989,054	\$ 13,453,154

\$14 M Swap:

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. The Series D-1-B bonds have since been refunded with a portion of the proceeds of the Series E-5-A bonds and the interest rate swap is now associated with the Series E-5-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$14 million and the associated variable-rate bond has a \$14 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-5-A bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2010, 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>-1.590%</u>
Net interest rate swap payments		1.943%
Variable-rate bond coupon payments		0.260%
On-going costs (other loan fees)		<u>1.101%</u>
Synthetic interest rate on bonds		<u><u>3.304%</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,838,445. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2010, the swap counterparty, Deutsche Bank, was rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 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, 2010, 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	Total
	Principal	Interest	Rate Swap Payment	
2011	\$ 0	\$ 36,400	\$ 272,026	\$ 308,426
2012	0	36,400	272,026	308,426
2013	0	36,400	272,026	308,426
2014	0	36,400	272,026	308,426
2015	0	36,400	272,026	308,426
2016-2020	0	145,600	1,088,102	1,233,702
2021-2025	8,000,000	171,600	1,282,406	9,454,006
2026-2027	6,000,000	20,800	155,443	6,176,243
Total	\$ 14,000,000	\$ 520,000	\$ 3,886,081	\$ 18,406,081

\$39 M Swap:

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. The Series IV-C-1 bonds have since been refunded with a portion of the proceeds of the Series B-18-A bonds and the interest rate swap is now associated with the Series B-18-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.45 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$39 million. In February 2009, Blount County refinanced the variable rate bonds associated with this swap. This was due to lack of liquidity in the market and the inability to obtain a satisfactory liquidity facility to back the variable rate bonds. Therefore, per resolution of the county legislative body, the variable rate bonds were refinanced with two-year fixed rate bonds, which will be due and payable in June 2011. Also per the resolution, the county legislative body has said that the county expects to refinance this bond with variable rate bonds with the exact amortization that was in place before. Therefore, with the completion of that refinancing by June 2011, at no time would the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2023. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.270%
Variable payment from counterparty	% LIBOR	<u>-1.709%</u>
Net interest rate swap payments		2.561%
True interest cost (B-18-A)		2.754%
On-going costs		<u>0.225%</u>
Synthetic interest rate on bonds		<u><u>5.540%</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$6,374,648. 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, 2010, 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. As of June 30, 2010, the swap counterparty, Deutsche Bank, was rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.45 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.45 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, 2010, net swap payments, assuming current interest rates remain the same, for the term were as follows. The table below reflects the assumptions, consistent with a resolution of the county legislative body, that upon maturity of the short-term fixed rate bonds, they will be refinanced with variable rate bonds with maturities matching those that were in place when the original bonds were issued. It should be noted that there is a balloon payment of \$46,625,000 due in 2011 for the B-18-A short-term fixed rate loans, which refunded both the IV-C-1 and the A-5-A loans. As rates vary, variable rate bond interest payments net swap payments will vary.

Year Ending June 30	Estimated Requirements on Anticipated Issue of		Net Interest	
	Variable Rate Bonds		Rate Swap	
	Principal	Interest	Payment	Total
2011	\$ 0	\$ 1,074,060	\$ 998,656	\$ 2,072,716
2012	0	1,074,060	998,656	2,072,716
2013	0	1,074,060	998,656	2,072,716
2014	0	1,074,060	998,656	2,072,716
2015	0	1,074,060	998,656	2,072,716
2016-2020	15,635,000	4,953,207	4,605,470	25,193,677
2021-2023	23,365,000	1,309,940	1,217,977	25,892,917
Total	\$ 39,000,000	\$ 11,633,447	\$ 10,816,727	\$ 61,450,174

Market-access risk. Market-access risk is the risk that the county will not be able to enter credit markets or that credit will become more costly. The county is exposed to market-access risk because the county expects to refund the B-18-A short-term debt; therefore, the county is exposed to market-access risk in anticipation of that issue. If the county is not able to refund the issue or is unable to refund with variable rates as planned, then the expected benefits of the swap may not be realized.

D. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 8,581,561	\$ 0	\$ 0	\$ 8,581,561
Construction in Progress	7,483,509	2,100,053	(4,972,782)	4,610,780
Total Capital Assets Not Depreciated	\$ 16,065,070	\$ 2,100,053	\$ (4,972,782)	\$ 13,192,341

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 44,621,927	\$ 3,424,089	\$ 0	\$ 48,046,016
Roads, Streets, and				
Bridges	130,138,447	2,016,789	(47,580)	132,107,656
Other Capital Assets	12,507,920	783,182	(1,196,204)	12,094,898
Total Capital Assets				
Depreciated	<u>\$ 187,268,294</u>	<u>\$ 6,224,060</u>	<u>\$ (1,243,784)</u>	<u>\$ 192,248,570</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 12,520,672	\$ 965,050	\$ 0	\$ 13,485,722
Roads, Streets, and				
Bridges	51,699,956	4,332,154	(44,408)	55,987,702
Other Capital Assets	8,352,445	946,092	(1,062,281)	8,236,256
Total Accumulated				
Depreciation	<u>\$ 72,573,073</u>	<u>\$ 6,243,296</u>	<u>\$ (1,106,689)</u>	<u>\$ 77,709,680</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 114,695,221</u>	<u>\$ (19,236)</u>	<u>\$ (137,095)</u>	<u>\$ 114,538,890</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 130,760,291</u>	<u>\$ 2,080,817</u>	<u>\$ (5,109,877)</u>	<u>\$ 127,731,231</u>

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

Governmental Activities:

General Government	\$ 204,425
Finance	18,593
Administration of Justice	233,737
Public Safety	919,046
Public Health and Welfare	81,847
Social, Cultural, and Recreational	287,695
Highways	<u>4,497,953</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,243,296</u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 9,951,059	\$ 0	\$ 0	\$ 9,951,059
Construction in Progress	34,570,101	2,955,413	(14,441,970)	23,083,544
Total Capital Assets Not Depreciated	\$ 44,521,160	\$ 2,955,413	\$ (14,441,970)	\$ 33,034,603
Capital Assets Depreciated:				
Buildings and Improvements	\$ 121,078,611	\$ 14,441,970	\$ 0	\$ 135,520,581
Other Capital Assets	4,036,968	236,665	(51,541)	4,222,092
Total Capital Assets Depreciated	\$ 125,115,579	\$ 14,678,635	\$ (51,541)	\$ 139,742,673
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 36,906,219	\$ 2,667,752	\$ 0	\$ 39,573,971
Other Capital Assets	2,779,463	226,959	(36,968)	2,969,454
Total Accumulated Depreciation	\$ 39,685,682	\$ 2,894,711	\$ (36,968)	\$ 42,543,425
Total Capital Assets Depreciated, Net	\$ 85,429,897	\$ 11,783,924	\$ (14,573)	\$ 97,199,248
Governmental Activities Capital Assets, Net	\$ 129,951,057	\$ 14,739,337	\$ (14,456,543)	\$ 130,233,851

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

Governmental Activities:

Instruction	\$ 35,035
Support Services	2,723,201
Operation of Non-Instructional Services	<u>136,475</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,894,711</u>

E. Construction Commitments

At June 30, 2010, the county had various uncompleted construction projects of approximately \$9,647,226 in the Other Capital Projects Fund, primarily for the construction of a new elementary school. Funding has been provided through the issuance of Qualified School Construction Bonds subsequent to year end.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 30,508
General	Agency	8,583
General Debt Service	General	318,258
General Debt Service	Nonmajor governmental	2,500,000
Nonmajor governmental	Internal Service	912
Nonmajor governmental	Agency	16,218
Agency	General	10,148
Agency	Nonmajor governmental	5,256
Internal Service	General	109,374
Internal Service	Nonmajor governmental	<u>26</u>
Total		<u><u>\$ 2,999,283</u></u>
School Department:		
General Purpose School	Nonmajor governmental	\$ 27,744
Nonmajor governmental	General Purpose School	<u>10,044</u>
Total		<u><u>\$ 37,788</u></u>

The balance of \$2,500,000 due to the General Debt Service Fund from the Other Capital Projects Fund (nonmajor governmental fund) resulted from an internal capital outlay note to provide short term financing for school projects until bonds could be issued. This loan is expected to be repaid within one year.

Other 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.

Interfund Loans to/from Other Funds:

Due to/from Primary Government and Component Unit:

Receivable Entity	Payable Entity	Amount
Primary Government: Internal Service	Component Unit: School Department	\$ 871,183

Interfund Transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 899,520
Internal Service Fund	285,490	0
Total Transfers	\$ 285,490	\$ 899,520

Discretely Presented Blount County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School	\$ 0	\$ 250,000
Nonmajor governmental funds	63,731	33,614
Total Transfers	\$ 63,731	\$ 283,614

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.

G. 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.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Funds	
	Primary Government	School Department
2011	\$ 34,799	\$ 268,313
2012	34,799	281,797
2013	34,800	288,730
2014	34,799	295,872
2015	34,799	303,227
2016-2019	139,108	1,290,977
2020	0	343,450
Total Minimum Lease Payments	\$ 313,104	\$ 3,072,366
Less: Amount Representing Interest	(60,215)	(771,606)
Present Value of Minimum Lease Payments	\$ 252,889	\$ 2,300,760

H. 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 and other loans have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 15 years for bonds, nine years for notes, and up to 29 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, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds - Refunding	2 to 5%	\$ 27,325,000	\$ 22,580,000
Capital Outlay Notes	4.11	1,346,260	1,206,260
Other Loans - Variable Rate	Variable	4,100,000	2,000,000
Other Loans - Fixed Rate	2.5 to 6.2	42,930,000	39,620,000
Other Loans - Variable Rate - Refunding	Variable	101,840,000	101,125,000
Other Loans - Fixed Rate - Refunding	2.5 to 5	46,545,000	46,545,000
Loan Agreement - State School Bond Authority	0	727,865	514,767
Capital Lease	4.5	350,000	252,889

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 these loan agreements outstanding at June 30, 2010:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
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Blount County Public Building Authority

Library	\$ 4,100,000	\$ 2,000,000	Variable	.43%	.375%
Industrial Park (Series B-10-A)	2,000,000	1,695,000	Fixed	5.55 to 6.2	N/A

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
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Blount County Public
Building Authority (Cont.)

Various Purpose (Series B-16-A)	\$ 33,550,000	\$ 30,680,000	Fixed	3 to 5	N/A
Refunding (Series E-1-A)	50,500,000	50,500,000	Variable	.26	1.08
Industrial Park (Series B-17-A)	3,000,000	2,915,000	Fixed	3.25 to 4.5	N/A
Refunding (Series E-3-B)	20,165,000	20,165,000	Variable	.25 (1)	.756
Refunding (Series E-5-A)	31,175,000	30,460,000	Variable	.26 (1)	1.101
Various Purpose (Series B-18-A)	4,380,000	4,330,000	Fixed	2.5 to 5	N/A
Refunding (Series B-18-A)	46,545,000	46,545,000	Fixed	2.5 to 5 (1)	N/A

TN State School Bond Authority

Qualified Zone Academy Bonds	727,865	<u>514,767</u>	N/A	0	N/A
		<u><u>\$ 189,804,767</u></u>			

- (1) In addition to the interest requirements on the refunding debt, the county is also obligated for payments under swap agreements that were entered into in connection with the refunded debt. See the swap agreements section of note IV.C. on derivatives.

During the prior year, due to the ratings of certain bond assurance companies being downgraded, the county received tender notice from the bondholders of Series IV-C-1 and Series A-5-A Bonds issued by the Public Building Authorities of Sevier County and Blount County, respectively. Proceeds of those bonds had been loaned to Blount County under loan agreements with the Public Building Authorities. This tender notice resulted in the bonds being purchased under Standby Bond Purchase Agreements (liquidity agreements). The Series IV-C-1 agreement was not renewed, and the county was unable to obtain a replacement provider of liquidity. Therefore, the bonds could not be remarketed. Under the Series IV-C-1 liquidity agreement, the county was subject to reamortization of the outstanding principal over a much shorter term, and interest rates substantially greater than those previously borne by the Series IV-C-1 bonds. Similarly, under the A-5-A

liquidity agreement and from time-to-time upon remarketing, the county was paying interest rates substantially greater than those previously borne by the A-5-A bonds.

Based on these events, on March 2, 2009, the county issued a loan agreement, Series B-18-A, which included funds for refinancing the Series IV-C-1 and A-5-A agreements. This agreement requires that the principal related to the refinancing, \$46,545,000, be entirely repaid during fiscal year 2011. The County Commission intends to refinance these bonds prior to the scheduled payments; however, no refinancing is in place as of the date of this report.

The annual requirements to amortize all bonds, notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables. Amounts reflected for other loans are based on the outstanding principal totaling \$189,804,767. Estimated interest payments and estimated other fees are included for the variable rate loan agreements. Those 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, 2010.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2019	11,040,000	1,171,311	12,211,311
Total	\$ 22,580,000	\$ 4,876,850	27,456,850

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 140,000	\$ 49,577	\$ 189,577
2012	145,000	43,823	188,823
2013	150,000	37,864	187,864
2014	155,000	31,699	186,699
2015	160,000	25,328	185,328
2016-2018	456,260	35,707	491,967
Total	\$ 1,206,260	\$ 223,998	1,430,258

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2011	\$ 49,035,501	\$ 6,452,417	\$ 1,145,683	\$ 56,633,601
2012	2,810,501	4,060,961	1,035,758	7,907,220
2013	2,900,501	3,989,650	1,030,284	7,920,435
2014	3,035,501	3,910,947	1,024,810	7,971,258
2015	3,260,501	3,822,251	1,022,309	8,105,061
2016-2020	8,557,505	17,395,715	5,078,999	31,032,219
2021-2025	17,994,757	12,937,237	5,012,680	35,944,674
2026-2030	41,045,000	6,701,142	3,901,698	51,647,840
2031-2035	43,465,000	1,246,254	2,106,707	46,817,961
2036-2037	17,700,000	65,650	272,700	18,038,350
Total	\$ 189,804,767	\$ 60,582,224	\$ 21,631,628	\$ 272,018,619

(1) Includes estimated net interest rate swap payments. See Note IV.C., Derivative Instruments.

There is \$13,368,486 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$213, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$2,021, based on the 2000 federal census.

The county has also issued bonds and other loans on behalf of Blount Memorial Hospital, Inc. Hospital Revenue Bonds outstanding at June 30, 2010, totaled \$14,320,000. The county is not liable for these bonds in case of default by the hospital. Other loan agreements issued on behalf of the hospital carry the general obligation pledge of the county in addition to being payable from hospital revenues. Other loan agreements outstanding at June 30, 2010, totaled \$93,665,000. These are discussed further in note V.D. These bonds and other loans 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, 2010, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 24,665,000	\$ 1,616,260	\$ 190,857,798
Additions	0	0	1,362,470
Deductions	(2,085,000)	(410,000)	(2,415,501)
Balance, June 30, 2010	\$ 22,580,000	\$ 1,206,260	\$ 189,804,767
Balance Due Within One Year	\$ 2,155,000	\$ 140,000	\$ 49,035,501

	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 205,583	\$ 296,746	\$ 1,385,448
Additions	587,833	0	1,087,289
Deductions	(413,025)	(43,857)	(1,178,197)
Balance, June 30, 2010	<u>\$ 380,391</u>	<u>\$ 252,889</u>	<u>\$ 1,294,540</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 23,419</u>	<u>\$ 582,543</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 215,518,847
Less: Balance Due Within One Year	(51,936,463)
Add: Unamortized Premium on Debt	3,098,354
Less: Deferred Amount on Refunding	<u>(2,339,448)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 164,341,290</u>

The balance due within one year includes \$46,625,000 of principal due June 1, 2011, on the B-18-A Public Building Authority of Blount County loan agreement. The County Commission has expressed its intent to refund a majority of this loan with longer term debt prior to its maturity.

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Blount County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Blount County School Department for the year ended June 30, 2010, was as follows:

	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 2,431,405	\$ 54,172
Additions	0	3,042
Deductions	(130,645)	(8,265)
Balance, June 30, 2010	<u>\$ 2,300,760</u>	<u>\$ 48,949</u>
Balance Due Within One Year	<u>\$ 144,040</u>	<u>\$ 9,094</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2009	\$ 447,062
Additions	1,278,302
Deductions	<u>(898,163)</u>
Balance, June 30, 2010	<u>\$ 827,201</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 3,176,910
Less: Balance Due Within One Year	<u>(153,134)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,023,776</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School Fund.

I. Pledges of Future Revenues

In 2009, the county, with approval of the State Legislature, amended the private act authorizing a hotel/motel tax in Blount County to increase the tax from four percent to five percent. The county pledged the additional hotel/motel tax collections generated by the one percent increase to purchase land adjacent to the Townsend Visitor's Center. A capital outlay note totaling \$1,346,260 was issued to provide financing for this purpose. The principal and interest requirements on the note are to be paid from the increase in the tax, and then from the remaining hotel/motel tax revenues if the additional revenues are insufficient to meet the debt service requirements on the note. The note is a general obligation issue guaranteed by the county in the event that hotel/motel tax revenues are not sufficient. The additional hotel/motel tax collections are projected to produce 218 percent of the debt service requirements over the life of the note. Total principal and interest remaining on the note is \$1,430,258 payable monthly through June 2018. For the current year, principal and interest paid and hotel motel tax revenues generated by the increase were \$193,936 and \$318,258, respectively.

J. On-behalf Payments – Discretely Presented Blount County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Blount County School Department. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2010, were \$53,155. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

K. 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. In a prior 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 to provide funds for an appropriation for an animal shelter. The General Debt Service Fund is to 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. This financing agreement is to be repaid by revenues placed directly in the General Debt Service Fund through the budgetary process. This note was originally scheduled to mature on April 27, 2010. However, to date operating expenses of the shelter have exceeded revenues, and fundraising efforts were used to fund construction and early operations of the shelter. Due to these circumstances, funds were not available to repay the note on its scheduled maturity date. As of the date of this report, officials have requested a three year extension on the loan which is pending approval from the state Comptroller’s Office. Also in a prior year, 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. A schedule of these internally financed projects follows:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Industrial Development Board	\$ 1,100,000	(1)	7-10-06	7-10-09
Animal Shelter	350,000	(1)	4-27-07	4-27-10

(1) Interest rates are variable based on the trustee’s investment yields.

	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
Industrial Development Board	\$ 422,205	\$ 0	\$ (422,205)	\$ 0
Animal Shelter	350,000	0	0	350,000
Total	<u>\$ 772,205</u>	<u>\$ 0</u>	<u>\$ (422,205)</u>	<u>\$ 350,000</u>

L. 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, 2010, interest earned totaled \$9,885 while expenditures totaled \$13,612.

V. OTHER INFORMATION

A. Risk Management

Blount County has chosen to establish a self-insurance fund for risks associated with the general liability, property, casualty, employees’ health plan, and risks associated with workers’ compensation claims. The self-insurance fund is accounted for as an internal service fund 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, \$400,000 for each employee and approximately \$1,000,000 for all claims in any plan year for workers’ compensation coverage, and \$100,000 for building and personal property coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits, with the exception of general liability, for which the county does not have a stop/loss policy.

All full-time employees of the primary government and the discretely presented Blount County School Department are eligible to participate in the health program. A premium charge for the general liability, property, casualty, health, 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. The portion of net assets of the internal service fund attributable to health coverage was \$1,497,874 at June 30, 2010, and has been designated by management for future catastrophe losses. The portion of net assets attributable to general liability, property, casualty, and workers’ compensation coverage reflected a temporary deficit of \$308,499 at June 30, 2010. County officials intend to eliminate the deficit through increased premium charges during the ensuing fiscal years. Net assets of the self insurance fund include \$58,823 related to

the employee dental plan, which was previously self insured. Employee dental claims are now covered by commercial insurance. Liabilities of this fund are reported when losses are probable and the amount of the losses can be reasonably estimated. The self-insurance fund establishes 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, Casualty and Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-2009	\$ 915,464	\$ 1,511,383	\$ (1,384,819)	\$ 1,042,028
2009-2010	1,042,028	1,348,103	(979,458)	1,410,673

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-2009	\$ 1,303,120	\$ 13,993,459	\$ (13,826,326)	\$ 1,470,253
2009-2010	1,470,253	14,122,969	(14,806,777)	786,445

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Assets includes \$248,762 related to self insured health claims, and the balance in the account Other Current Liabilities includes \$1,948,356 of internal service fund liabilities for other self-insured claims.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Intangible asset transactions of the Blount County School Department were not material to the financial statements, and have been included in the other capital assets category. The primary government had no assets that met the definition of intangible assets at June 30, 2010.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Blount county's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Note IV.C., Derivative Instruments, describes derivative transactions of Blount County as of and for the year ended June 30, 2010.

C. Subsequent Events

On August 12, 2010, and October 12, 2010, Blount County issued an additional \$1,500,000 and \$2,500,000, respectively, in interfund loans from the General Debt Service Fund to the Other Capital Projects Fund.

On August 31, 2010, Jerry Cunningham left the Office of County Mayor and was succeeded by Ed Mitchell, and Penny Whaley left the Office of Register and was succeeded by Phyllis Crisp.

Subsequent to year-end, the county issued a loan agreement with the Tennessee State School Bond Authority for the issuance of Qualified School

Construction Bonds totaling \$14,855,000. These bonds are to fund school construction projects, including the construction of the new Prospect Elementary School, and HVAC renovations at Carpenters Middle School.

Subsequent to year-end, the county authorized the General Fund to loan up to \$2 million in revenue/tax anticipation notes to the Highway/Public Works Fund. In September 2010, \$350,000 of this note was issued.

Subsequent to year end, the county authorized the General Debt Service Fund to loan up to \$3 million in revenue/tax anticipation notes to the General Purpose School Fund. In September 2010, \$2,000,000 of this note was issued.

Subsequent to year end, Blount County entered into a contract with the Motorola Corporation for the purchase of a communications system totaling \$4,425,000. The agreement required a down payment of \$1,418,000, with the balance of \$3,007,000 to be financed through a ten-year lease-purchase agreement. The cost of the communications system is to be shared with the cities of Maryville and Alcoa.

D. Contingent Liabilities

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital. Outstanding loan agreements Series E-5-A reflected in long-term debt for the hospital (see note VII.G.) are payable from, but not secured by revenues of the hospital. This issue also carries the general obligation pledge of the county. Therefore, Blount County would be liable in the event of default by the hospital. Outstanding principal amounts under these loan agreements as of June 30, 2010, totaled \$93,665,000.

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 fund in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance fund would not materially affect the financial statements of the county.

E. Changes in Administration

On July 1, 2009, Alvin Hord left the Office of Director of Schools and was succeeded by Rob Britt, and Judy Hackney left the Office of Purchasing Agent and was succeeded by Teresa Johnson.

On July 5, 2009, James Carroll left the Office of Clerk and Master and was succeeded by Stephen Ogle.

On January 15, 2010, David Bennett left the Office of Director of Accounts and Budgets and was succeeded by Stephen Jennings on February 15, 2010.

F. Joint Ventures

The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville was organized to promote industrial development and provide additional job opportunities in Blount County, the cities of Alcoa and Maryville, and the surrounding counties in accordance with Title 7, Chapter 53, Tennessee Code Annotated. The board is governed by a ten-member board of directors appointed jointly by the Blount County Commission and the governing bodies of Maryville and Alcoa. The board provides incentives toward the location of certain industrial facilities in the county and cities. 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 \$926,627 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board.

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 \$11,472,829 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 \$656,650 to the operations of the commission during the year ended June 30, 2010.

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

Administrative Offices:

Industrial Development Board of Blount County and the
Cities of Alcoa and Maryville
201 South Washington Street
Maryville, TN 37804

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

G. Retirement Commitments

Plan Description

Employees of Blount County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of 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.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Blount County requires employees to contribute five percent of earnable compensation. Blount County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 11.02 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, 2010, Blount County's annual pension cost of \$3,479,107 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. The 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$3,479,107	100%	\$0
6-30-09	3,238,147	100	0
6-30-08	3,030,629	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 76.16 percent funded. The actuarial accrued liability for benefits was \$79.84 million, and the actuarial value of assets was \$60.81 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$31.08 million, and the ratio of the UAAL to the covered payroll was 61.23 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the 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, 2010, 2009, and 2008, were \$2,590,532, \$2,614,312, and \$2,417,207, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Blount County and the Blount County School Department participate in a self-insured postemployment benefits plan for medical insurance benefits for retirees and their beneficiaries. Dental insurance and life insurance of \$10,000 are also provided.

Funding Policy

The premium requirements of plan members are established and may be amended by the County Commission. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 60 with ten years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. Blount County and the School Department pay 100 percent of the retirees premiums. The retiree's spouse is eligible while the retiree is eligible for coverage until the spouse's age of 65, but after the retiree reaches age 65, a monthly contribution of \$100 is required to continue the spouse's coverage.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 588,224	\$ 1,279,183	\$ 1,867,407
Interest on the NPO	8,220	17,886	26,106
Adjustment to the ARC	(8,611)	(18,767)	(27,378)
Annual OPEB cost	\$ 587,833	\$ 1,278,302	\$ 1,866,135
Amount of contribution	(413,025)	(898,163)	(1,311,188)
Increase/decrease in NPO	\$ 174,808	\$ 380,139	\$ 554,947
Net OPEB obligation, 7-1-09	205,583	447,062	652,645
Net OPEB obligation, 6-30-10	\$ 380,391	\$ 827,201	\$ 1,207,592

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Self-insured Plan	\$ 1,795,395	63.6 %	\$ 652,645
6-30-10	"	1,866,135	70.3	1,207,592

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial valuation date	2-1-08
Actuarial accrued liability (AAL)	\$ 19,329,693
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 19,329,693
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 78,588,518
UAAL as a % of covered payroll	25%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the February 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of ten percent initially, reduced by decrements to an ultimate rate of five percent after five years. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2009.

I. Termination Benefits

The Blount County School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This incentive is available to all full-time certified teachers and classified employees who retire from the School Department with the last ten consecutive years of service in Blount County and who have attained age

60, or have a minimum of 30 years of credited membership in the Tennessee Consolidated Retirement System. The plan gives teachers who have met the above requirements an incentive payment of \$12,000 to be paid in one payment by December 30 or earlier if fiscally possible. For classified employees, the incentive payment is 40 percent of the employee's final year's salary, plus an additional \$100 bonus, to be paid in one payment by December 30. Currently, 23 certified and six classified individuals participate in the program. Payments of \$310,300 for certified and \$62,785 for classified individuals were made from the General Purpose School Fund, and a payment of \$15,459 for a classified individual was made from the School Federal Projects Fund for retirement incentive obligations during the year. A liability of \$459,000 for certified and \$144,747 for classified individuals is reflected in the General Purpose School Fund for retirement incentives. These amounts are expected to be paid within one year.

J. Office of Central Accounting, Budgeting, and Purchasing

Blount County operates under provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting and budgeting covering all funds of the county. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

K. Purchasing Laws

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

VI. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY CHILDREN'S HOME

A. Summary of Significant Accounting Policies

The Blount County Children's Home complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of the notes.

1. **Financial Reporting Entity**

The Blount County Children’s Home, chartered as a Tennessee non-profit corporation, is a component unit (as defined in GASB) of Blount County, Tennessee. The county approves all Board members and has financial accountability for the home. Blount County maintains an endowment fund (permanent fund of the county) for which interest earnings are paid to the home annually.

2. **Basis of Presentation**

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

3. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus.

Basis of Accounting

In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

4. 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.

Interfund Receivables and Payables

During the course of operations, transactions may occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as due to and from other funds. Short-term interfund loans are reported as interfund receivables and payables. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

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

The accounting treatment used for property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, certain 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, 2003.

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>Asset</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.

Equity Classifications

Government-wide 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, 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.”

5. Revenues, Expenditures, and Expenses

Revenues and Expenses

Revenues and expenses include all items not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

6. Budgetary Accounting

The home maintains budgetary controls, which are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating budget approved by the Board of Directors. All operating activities are included in the annual appropriated operating budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the Board of Directors. However, for budget administrative purposes, the home maintains budgeting controls at department appropriation levels. As demonstrated by the statements included in the financial section of this report, the home continues to meet its' responsibility for sound financial management.

7. 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.

3. **Fund Equity Restrictions**

Deficit Prohibition

State of Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund.

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**

In accordance with the Board of Directors' approval, the 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.

Investments are carried at fair value.

The carrying amount of the home's cash deposits and investments at June 30, 2010, is summarized as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
Checking and Savings Accounts:			
GreenBank Checking	Varies		\$ 12,538
GreenBank Checking	Varies		1,290
GreenBank Savings	Varies		809
Total Checking Accounts			<u>\$ 14,637</u>
Certificates of Deposit:			
GreenBank #7966644	3%	10-31-17	<u>\$ 135,360</u>
Petty Cash			<u>\$ 50</u>
Total Cash and Investments			<u>\$ 150,047</u>

All accounts are fully insured by FDIC Insurance coverage of \$250,000, with any excesses being collateralized by the Tennessee Bank Collateral Pool.

2. Accounts Receivable

The 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, 2010, totaled \$6,721.

3. Capital Assets

Capital assets activities for the year ended June 30, 2010, was as follows:

	<u>Balance 7-1-09</u>	<u>Additions</u>	<u>Balance 6-30-10</u>
Governmental Activities:			
Buildings and Improvements	\$ 773,349	\$ 0	\$ 773,349
Equipment	180,565	3,189	183,754
Furniture and Fixtures	38,622	5,289	43,911
Totals at Historical Cost	<u>\$ 992,536</u>	<u>\$ 8,478</u>	<u>\$ 1,001,014</u>

	Balance 7-1-09	Additions	Balance 6-30-10
Less Accumulated Depreciation:			
Buildings and Improvements	\$ (539,742)	\$ (7,240)	\$ (546,982)
Equipment	(170,135)	(2,254)	(172,389)
Furniture and Fixtures	(38,075)	(871)	(38,946)
Total Accumulated Depreciation	<u>\$ (747,952)</u>	<u>\$ (10,365)</u>	<u>\$ (758,317)</u>
Governmental Activities Capital Assets, Net	<u>\$ 244,584</u>	<u>\$ (1,887)</u>	<u>\$ 242,697</u>

Depreciation expense was charged to governmental activities as follows:

Children's Home	<u>\$ 10,365</u>
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4. Accrued Expenses

Payables in the governmental funds are composed of:

Accounts Payable	<u>\$ 3,659</u>
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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, 2010, the home contributed \$265 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, 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.

VII. **OTHER NOTES – DISCRETELY PRESENTED BLOUNT MEMORIAL HOSPITAL, INC.**

A. **Description of Reporting Entity and Significant Accounting Policies**

Reporting Entity

Blount Memorial Hospital, Inc., is an acute and general healthcare provider formed to provide services to Blount County and the surrounding communities. The hospital is a component unit of Blount County, Tennessee, which issues debt on the hospital's behalf. The hospital's board members are appointed by the County Commission of Blount County, the Board of Commissioners of the City of Alcoa, the Board of Commissioners of the City of Maryville, and the Board of Directors of Maryville College. The hospital is included as a discretely presented component unit in the financial statements of Blount County.

Basis of Presentation

The hospital's financial statements are presented on the accrual basis of accounting in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 establishes standards for external financial reporting for all state and local government entities. Statement No. 34 requires the reclassification of net assets into three components, which are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of property and equipment, net of accumulated depreciation, and unamortized debt expense reduced by the outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net assets use by external sources.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The hospital uses enterprise fund accounting and follows the Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989, to the extent that those standards do not conflict with or contradict GASB guidance.

The hospital is the sole corporate member of the Blount Memorial Foundation. The hospital and the foundation have common boards of directors. As a result, the financial activity of the foundation is included (blended) in the hospital's financial statements.

Affiliate Entities

Other assets include the hospital's \$2,040,000 investment in a general partnership, which operates a medical facility in Blount County, as well as \$2,900,000 related to the hospital's acquisition of a rehabilitation clinic during 2009. 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.

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.

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.

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 revenues when earned.

The hospital diversifies its investments into a broad range of asset classes to reduce the concentration of credit risk and to maximize return with reasonable and prudent levels of risk. It is also the hospital's policy to limit the maximum position for each type of investment at varying levels within these classifications. As of June 30, 2010, the hospital's fixed income

investments all have quality ratings of A or better (by both Standard and 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 fixed income investments in order to increase the overall investment horizon. The current duration of the hospital's fixed income investments ranges from one to five years, based on timing of interest payments, maturity dates, and expectations of minimal interest rate changes.

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 in trust accounts are also classified as assets limited as to use.

Property and Equipment

Land, buildings, and equipment are stated on the basis of cost or fair value at the 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>Asset</u>	<u>Years</u>
Land improvements	8-25
Buildings, improvements, and fixed equipment	10-30
Equipment	3-15

Deferred Debt Expense

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

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.

Operating Revenues and Expenses

Revenues and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Nonoperating revenues consist primarily of investment income and general contributions to the hospital.

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.

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.

Patient Service Revenue

Patient service revenue is reported in the period in which services are provided, at rates that 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.

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.

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, Cash Equivalents, and Assets Limited as to Use

The hospital's cash and cash equivalent balances 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 the board and those held by trustees include 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:

	Balance 6-30-10	Percent
U.S. Treasury Portfolio (cash equivalents)	\$ 5,898,543	4
U.S. Government Agency Securities	11,865,006	8
Municipal Bonds	2,096,452	1
Corporate Bonds	27,463,463	18
Bond Mutual Funds	80,388,926	52
Equity Mutual Funds	26,370,982	17
Total	<u>\$ 154,083,372</u>	<u>100</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:

	Balance 6-30-10
Cash	\$ 45,108
U.S. Treasury Portfolio (cash equivalents)	156,358
Bond Mutual Funds	423,375
Equity Mutual Funds	<u>502,847</u>
Total	<u>\$ 1,127,688</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:

	Balance 6-30-10
Gross patient service charges	\$ 583,709,859
Contractual adjustments and discounts	(367,336,896)
Charity care charges foregone	(31,892,953)
Provision for bad debts	(8,062,832)
	<hr/>
Net patient service revenue	\$ 176,417,178
	<hr/> <hr/>

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 35 and 12 percent, respectively, for 2010.

The hospital has also entered into reimbursement agreements with 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 Section 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 \$225,048 were paid from the fund during the year ended June 30, 2010. As of June 30, 2010, 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 \$1,049,627 at June 30, 2010. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$11,024,000 for 2010.

F. Property and Equipment

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

	Balance 7-1-09	Additions	Retirements and Transfers	Balance 6-30-10
Cost:				
Land	\$ 8,669,112	\$ 542,969	\$ 0	\$ 9,212,081
Land Improvements	2,407,351	19,385	(43,953)	2,382,783
Buildings, Improvements, and Fixed Equipment	133,684,859	1,018,465	(1,243,939)	133,459,385
Equipment	90,471,713	6,870,644	(7,665,759)	89,676,598
Construction in Progress	417,318	4,641,340	0	5,058,658
Total Cost	<u>\$ 235,650,353</u>	<u>\$ 13,092,803</u>	<u>\$ (8,953,651)</u>	<u>\$ 239,789,505</u>

	Balance 7-1-09	Additions	Retirements and Transfers	Balance 6-30-10
Allowances for Depreciation:				
Land Improvements	\$ (2,118,008)	\$ (72,226)	\$ 43,953	\$ (2,146,281)
Buildings, Improvements, and Fixed Equipment	(57,864,949)	(5,935,148)	1,228,072	(62,572,025)
Equipment	(70,803,346)	(7,130,063)	7,508,758	(70,424,651)
Total Allowances for Depreciation	<u>\$ (130,786,303)</u>	<u>\$ (13,137,437)</u>	<u>\$ 8,780,783</u>	<u>\$ (135,142,957)</u>
Net Property and Equipment	<u>\$ 104,864,050</u>	<u>\$ (44,634)</u>	<u>\$ (172,868)</u>	<u>\$ 104,646,548</u>

Construction in progress at June 30, 2010, consists primarily of costs related to the clinical documentation project with total estimated costs of \$10,500,000 to complete.

G. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-09	Principal Payments	Balance 6-30-10
Series 1998A Bonds	\$ 5,665,000	\$ 1,325,000	\$ 4,340,000
Series 1998B Bonds	10,725,000	745,000	9,980,000
Series E-5-A Bonds	95,045,000	1,380,000	93,665,000
Total outstanding	<u>\$ 111,435,000</u>	<u>\$ 3,450,000</u>	<u>\$ 107,985,000</u>
Less current portion	(3,450,000)		(3,620,000)
Less unamortized loss on bond refunding	<u>(1,314,361)</u>		<u>(1,184,002)</u>
Long-term portion	<u>\$ 106,670,639</u>		<u>\$ 103,180,998</u>

In December 1998, Blount County issued, on behalf of the hospital, \$15,420,000 of hospital Revenue Refunding Bonds, Series 1998A, and \$16,000,000 of Hospital Revenue Improvement Bonds, Series 1998B. The Series 1998A Bonds provided the funds necessary to refund the previously issued Blount County Hospital Revenue Bonds. The hospital computed a loss on the refunding in 1999 of \$959,455, which has been deferred and is being amortized over the life of the refunded debt (\$71,070 in 2010). The proceeds of the Series 1998B Bonds provided funds for the hospital's facilities and equipment.

The Series 1998A Bonds mature in increasing annual amounts ranging from \$1,380,000 in 2011 to \$1,515,000 in 2013 at interest rates ranging from 4.4 percent to 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$785,000 in 2011 to \$4,610,000 in 2020 at interest rates ranging from five percent to 5.15 percent. The Series 1998A

Bonds are 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, 2019, are subject to mandatory sinking fund redemptions prior to maturity beginning on July 1, 2016.

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 the hospital's facilities and equipment. The Series A-3-A Bonds were 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 hospital exercised its redemption option in August 2008.

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 were used to provide funds for capital equipment and additions to the hospital's facilities. The Series C-2-A Bonds were 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 hospital also exercised its option to redeem these bonds in August 2008.

In August 2008, Blount County issued, on behalf of the hospital, \$96,350,000 of Local Government Public Improvement Bonds, Series E-5-A. The Series E-5-A Bonds provided the funds necessary to refund the previously issued Series A-3-A and C-2-A bonds and to reimburse issuances costs of \$775,000. The hospital computed a loss on the refunding of \$1,155,490, which will be deferred and amortized over the life of the refunded debt (\$59,289 in 2010).

The Series E-5-A Bonds bear interest at variable rates; however, the interest rate swap agreements described below remain in place to effectively fix the interest rate on the portion of the E-5-A Bonds totaling \$55,700,000. Scheduled principal reductions on the Series E-5-A Bonds increase in annual amounts ranging from \$1,455,000 in 2011 to \$8,425,000 in 2029. The Series E-5-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.

Interest on the Series A-3-A and C-2-A Bonds was based on variable rates. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the hospital utilized two separate interest rate swap agreements to effectively fix the interest rates on a portion of the amounts. One interest rate swap agreement entered into during January 2002 and maturing in June 2026 establishes interest at an effective rate of 4.9 percent on \$25,000,000. The second interest rate swap entered into during October 2003 and maturing in June 2029 establishes interest at an

effective rate of 4.33 percent on \$30,700,000. 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, continued 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 on the bonds and the variable rate received from the counterparty.

Effective July 1, 2009, the hospital adopted the provisions of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which establishes recognition, measurement and disclosure requirements for derivative instruments. As a result of adopting this new pronouncement, the hospital recorded the fair value liability of its interest rate swaps which was \$10,280,704 at June 30, 2010. The fair values were determined by an independent third-party advisory firm from a model that calculates future cash flows by projecting forward rates and then discounts those cash flows to their present value. Net assets at July 1, 2009, have been restated by a reduction of \$7,334,179 to account for the effect of applying this pronouncement retroactively.

As of June 30, 2010, the hospital was not exposed to credit risk because the swaps have negative fair values. However, should interest rates change and the fair value of the swaps become positive, the hospital would be exposed to credit risk in the amount of the fair value of the swaps. As of June 30, 2010, the counterparty to the swaps, Deutsche Bank, was rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch, respectively.

The hospital is exposed to variable rates if the counterparties to the swap default, if the variable rate received from the counterparties is less than that due on the bonds or if the swaps are terminated. The termination of the swap agreements could also result in the hospital making or receiving a termination payment.

Maturities and mandatory sinking fund payments related to the balances outstanding as of June 30, 2010, are summarized as follows:

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2011	\$ 1,455,000	\$ 2,165,000	\$ 3,620,000
2012	1,505,000	2,270,000	3,775,000
2013	1,580,000	2,385,000	3,965,000
2014	3,200,000	915,000	4,115,000
2015	3,375,000	960,000	4,335,000

Year Ending June 30 (Cont.)	Series E-5-A	Series 1998A and B	Total
2016-2020	\$ 19,450,000	\$ 5,625,000	\$ 25,075,000
2021-2025	31,700,000	0	31,700,000
2026-2029	31,400,000	0	31,400,000
Total	<u>\$ 93,665,000</u>	<u>\$ 14,320,000</u>	<u>\$ 107,985,000</u>

Future interest payments related to the bonds are as follows (interest for variable rate portion of the Series E-5-A Bond is determined using the rate in effect at June 30, 2010, which was .26 percent):

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2011	\$ 2,653,702	\$ 654,045	\$ 3,307,747
2012	2,649,908	550,923	3,200,831
2013	2,645,978	440,973	3,086,951
2014	2,641,519	360,828	3,002,347
2015	2,633,162	313,015	2,946,177
2016-2020	13,025,110	750,299	13,775,409
2021-2025	10,902,593	0	10,902,593
2026-2029	3,395,439	0	3,395,439
Total	<u>\$ 40,547,411</u>	<u>\$ 3,070,083</u>	<u>\$ 43,617,494</u>

The revenues of the hospital are pledged as collateral for the bonds outstanding. Payment of principal and interest for the Series 1998A and 1998B Bonds are insured by municipal bond insurance policies and the Series E-5-A Bonds are insured by a letter of credit. In addition, the bond agreements contain certain covenants, which include deposits to trustee funds and maintenance of rates.

Funds held by trustees for the outstanding bond issues consisted of the following:

	Balance 6-30-10
Debt service reserve funds	\$ 2,893,723
Bond funds	<u>2,517,086</u>
Total	<u>\$ 5,410,809</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. 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. Retirement Plan

The Blount Memorial Hospital Retirement Plan includes three defined contribution plans available to all employees who are age 18 or older and have completed 1,000 hours 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 \$4,002,135 in 2010. Employee contributions were \$3,383,266 in 2010.

I. Foundation

At June 30, 2010, the foundation's assets and net assets total \$1,127,688, and consist of cash and investments. A portion of the investments at June 30, 2010, totaling \$750,166, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. The 2010 Statement of Revenues, Expenses and Changes in Net Assets includes foundation contribution revenue of \$375,280, net investment income of \$123,574 and distributions and other expenses of \$442,055. 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.

VIII. OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT OF BLOUNT COUNTY

A. Summary of Significant Accounting Policies

The district complies with accounting principles generally accepted in the United States of America (GAAP). The district uses the required Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts effective July 1, 2008. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the basic financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. After November 30, 1989, the district follows GASB pronouncements only, and does not follow any FASB guidance after

November 30, 1989. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Financial Reporting Entity

The Emergency Communications District of Blount County, Tennessee (formerly Blount County Emergency Communications District) (911), a component unit of Blount County, Tennessee, was established by a resolution of the Blount County Board of Commissioners in April, 1986, and subsequently approved by the voters of Blount County, pursuant to the provisions of Tennessee Public Acts of 1984, Chapter 867. This district began operations in March 1987.

The district is governed by nine directors appointed by the Blount County Board of County Commissioners. Before the issuance of most debt instruments, the district must obtain the approval of the Blount County Board of County Commissioners. The district's Board employs coordinators and staff to conduct the daily business of the organization.

The purpose of the Emergency Communications District of Blount County, Tennessee, is the operations of the number 911 as a single emergency telephone number through which emergency service can be quickly and efficiently obtained. The 911 system is intended to provide a simplified means of securing emergency services, which will result in saving of life, a reduction in the destruction of property, quicker apprehension of criminals, and ultimately the saving of money.

2. Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. The Statement of Net Assets and Statement of Activities display information about the reporting district as a whole. The statements present the district as a business-type activity. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

3. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statement of Net Assets and the Statement of Activities, business-like activities are presented using the economic resources measurement focus as defined below.

The proprietary fund utilizes an economic resources measurement focus. The accounting objective of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the Statement of Net Assets and the Statement of Activities, a business-like activity (proprietary type) is presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in proprietary funds.

4. **Assets, Liabilities, and Equity**

Cash and Investments

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

Investments, if applicable, are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

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.

Capital Assets and Depreciation

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

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

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

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2010, 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.

Equity Classifications

Equity is classified as net assets and displayed in two 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. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

5. 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, noncapital financing, or investing activities.

Operating Revenues/Expenses

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

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence (\$1.10), and another rate for business exchange access service (\$2.45) within the base rate area governed by the boundaries of the district. Revenue is collected by BellSouth and remitted monthly to the district. Wireless fees are collected and remitted monthly to the district through the State of Tennessee. Operating expenses include salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and non-operating.

Nonoperating Revenues/Expenses

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

6. Stewardship, Compliance, and Accountability

By its nature an Emergency Communications District is subject to various federal, state, and 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 district 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, 2008.

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. Cash

To provide a safe temporary medium for investments of idle funds, districts are authorized by Tennessee Code Annotated, Section 6-56-106 to invest in the following:

1. Bonds, notes, or treasury bills of the United States;
2. Non-convertible debt securities of certain issuers;
3. Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
4. Certificates of deposit at state and federal chartered banks and savings and loan associations;
5. Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the state Comptroller's Office;
6. Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the state Comptroller's Office; and

7. The Local Government Investment Pool under which local monies are transferred to and invested with the state treasurer's cash portfolio.

Cash includes bank balances and certificates of deposit that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Interest Rate Risk – The district 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 – It is the district's policy to minimize custodial credit risk associated with cash deposits by utilizing financial institutions that issue deposits through the Federal Deposit Insurance Corporation and participate in the Tennessee State Collateral Pool. In addition, other investment credit risk losses are minimized by limiting investments to the safest types of securities.

C. 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 7-1-09	Additions	Retirements
Nondepreciable:			
Land	\$ 61,038	\$ 0	\$ 40,000
Construction in Progress	294,369	2,687,917	2,982,286
	<u>\$ 355,407</u>	<u>\$ 2,687,917</u>	<u>\$ 3,022,286</u>
Depreciable:			
Building	\$ 501,250	\$ 3,011,795	\$ 501,250
Building and Improvements	465,226	7,990	465,226
Emergency Equipment	855,870	63,546	0
Office Equipment and Furniture	110,970	91,117	0
Vehicle	16,486	0	0
	<u>\$ 1,949,802</u>	<u>\$ 3,174,448</u>	<u>\$ 966,476</u>
Total	<u>\$ 2,305,209</u>	<u>\$ 5,862,365</u>	<u>\$ 3,988,762</u>

(Continued)

Description	Balance 6-30-10	Accumulated Depreciation	Net Value 6-30-10
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 21,038
Construction in Progress	0	0	0
	<u>\$ 21,038</u>	<u>\$ 0</u>	<u>\$ 21,038</u>
Depreciable:			
Building	\$ 3,011,795	\$ 18,824	\$ 2,992,971
Building and Improvements	7,990	50	7,940
Emergency Equipment	919,416	400,634	518,782
Office Equipment and Furniture	202,087	106,325	95,762
Vehicle	16,486	5,770	10,716
	<u>\$ 4,157,774</u>	<u>\$ 531,603</u>	<u>\$ 3,626,171</u>
Total	<u>\$ 4,178,812</u>	<u>\$ 531,603</u>	<u>\$ 3,647,209</u>

Depreciation expense for the fiscal year ended June 30, 2010, totaled \$114,706.

D. Long-term Obligations

During the fiscal year ended June 30, 2010, the district borrowed funds totaling \$1,250,000 to finance the construction of a new communications facility. Note principal and interest payments are due in monthly installments of \$7,614 beginning May 15, 2010. The note bears interest at four percent and matures July 15, 2011.

Changes in Notes Payable are as follows:

	Balance 6-30-09	Note Proceeds	Note Repayments	Balance 6-30-10
Note Payable	\$ 0	\$ 1,250,000	\$ 6,768	\$ 1,243,232

Debt maturities are as follows:

Year Ending	Total Note Requirements	Principal	Interest
2011	\$ 91,364	\$ 42,406	\$ 48,958
2012	1,204,829	1,200,826	4,003
Total	<u>\$ 1,296,193</u>	<u>\$ 1,243,232</u>	<u>\$ 52,961</u>

Total interest incurred during the year was \$32,195. Of this amount, \$23,735 was capitalized into the cost of the facility, and \$8,460 was expensed.

E. Commitment – AT&T

AT&T (formerly BellSouth) furnishes Stand Alone Location Identification (SALI) equipment to the district at the rates prescribed by the tariffs of the Tennessee Public Service Commission (TPSC). These rates charged by AT&T 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 AT&T is indefinite as to time and is currently at a rate of \$7,499 per month.

F. Employees' Retirement Plan

Plan Description

Employees of the district 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) through the City of Maryville. 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 ten 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 ten years of service, and members joining the system prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Emergency Communications District of 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.tn.gov/treasury/tcrs/PS>.

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010, was 10.85 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, the district’s annual pension cost of \$117,183 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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 equities over a five year period. The district’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis.

The remaining amortization period at July 1, 2007, was 18 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$ 117,183	100%	\$ 0
6-30-09	113,398	100	0
6-30-08	109,140	100	0

Since the district participates in the plan through the City of Maryville, information is not available for the district’s portion of the funded status and funding progress.

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 and casualty, workers' compensation, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

IX. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY PUBLIC BUILDING AUTHORITY

A. Summary of Significant Accounting Policies

The Public Building Authority of Blount County, Tennessee (PBA), a component unit of Blount County, Tennessee, complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Financial Reporting Entity

The Public Building Authority of Blount County, Tennessee, chartered as a Tennessee non-profit corporation (July 1, 1997), is a component unit of Blount County, Tennessee. The County Commission approves all Board members and has financial accountability for the PBA.

The PBA, pursuant to the Public Building Authorities Act of 1971, Title 12, Chapter 10, Tennessee Code Annotated, was organized for the purpose of constructing, acquiring, repairing and renovating public facilities to improve the quality of life, and the health, safety, and welfare of the citizens, and the borrowing of funds and the execution of loan agreements, leases, and interest note swap agreements, with municipal corporations for the purpose of financing any undertaking that is eligible to be financed by bonds, notes, interim certificates or other obligations issued. The PBA has no power to obligate Blount County. The county is entitled to the net earnings of the PBA after provision for all current obligations and projects of the PBA. The PBA will exist until all loans are repaid.

2. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are

financed through taxes, intergovernmental revenues, and other nonexchange revenues.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

4. Assets, Liabilities, and Equity

Cash and Investments

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

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

Receivables

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

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed as unrestricted net assets – all other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

5. Revenues, Expenditures, and Expenses

Revenues and Expenses

Revenues and expenses include all items not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

6. Budgetary Accounting

Budgets and resolutions are approved when bond and loan documents are approved. The bond and loans are pass-throughs to the various entities borrowing monies.

7. 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 Investments Laws and Regulations

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

3. 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, 2010.

C. Cash and Investments

Cash – All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions, which participate in the bank collateral pool administered by the treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions.

Investments – The PBA is authorized to make investments in bonds, notes, or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government. Cash in excess of current requirements is on deposit with a financial institution in obligations guaranteed by the U.S. Government. Cash and cash equivalents consist of demand deposits and obligations of the U.S. Treasury with an original maturity of 90 days or less. At June 30, 2010, cash and cash equivalents totaled \$336,376.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the PBA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in treasury notes are securities that are held by the PBA's agent.

Interest Rate Risk – The PBA does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses from increasing interest rate risks. However, a substantial portion of the investments have maturity dates of 90 days thus limiting its exposure to this type of risk.

Credit Risk – The PBA has no limit on the amount it may invest in any one issuer. More than 99 percent of the PBA’s cash and cash equivalents are invested in commercial paper (Treasury notes) that has various maturity dates of 90 days or less.

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

A summary of bond transactions of the PBA for the period July 1, 2009, through June 30, 2010, is as follows:

	<u>Public Facility Bonds</u>
Debt payable - July 1, 2009	\$ 285,347,530
Funded during the period	1,257,470
Debt retired in current year	<u>(3,650,000)</u>
 Debt Payable - June 30, 2010	 <u>\$ 282,955,000</u>

Bonds payable at June 30, 2010, are comprised of the following issues:

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$4,100,000 - 2000 Public Facility Bonds due in installments of \$200,000 to \$400,000 through December 1, 2015; interest (estimated at 5%).	\$ 2,000,000
\$3,000,000 - 2008 Local Government Improvement Bonds due in installments of \$85,000 beginning June 2010 through June 2030 at \$225,000; average interest of 4.4%.	2,915,000
\$2,000,000 - 2006 Local Government Improvement Bonds due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; average interest at 6.08%.	1,695,000
\$32,145,000 - 2008 Local Government Improvement Bonds due in installments ranging from \$3,600,000 to \$500,000 payable June 2010 through June 2037; interest payable semi-annual rates ranging from 3% to 5%; average interest at 4.3%.	30,680,000

Public Facility Bonds (Cont.)	Amount Outstanding
\$50,500,000 - 2008 Local Government Improvement Bonds due in installments of \$1,000,000 to \$8,500,000 payable June 2024 through June 2037; interest payable annually at 5%.	\$ 50,500,000
\$20,165,000 - 2008 Local Government (Series E-3-B) Improvement Bonds due in installments of \$7,500,000 and \$12,665,000 payable in 2030 and 2031 respectively. Interest payable annually at 4.3%.	20,165,000
\$30,830,000 - 2008 Local Government (Series E-5-A) Improvement Bonds due in installments ranging from \$370,000 to \$920,000 payable June 2010 through June 2030. Interest payable annually at 4.31%.	30,460,000
\$95,045,000 - 2008 Local Government (Series E-5-A) Bonds (Hospital) due in installments ranging from \$1,380,000 to \$8,425,000 payable June 2010 through June 2029. Interest payable annually at 4.89%.	93,665,000
\$50,925,000 - Local Government (Series B-18-A) Improvement Bonds due in installments of \$50,000 payable June 2010, \$46,625,000 payable June 2011, and payables ranging from \$200,000 in June 2012 to June 2019 of \$900,000. Interest payable annually at 7.02%.	50,875,000
Less: Undrawn commitment	<u>0</u>
Total Bonds Outstanding	<u>\$ 282,955,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2010, including interest payments, are \$446,046,763 as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 50,450,000	\$ 12,823,724	\$ 63,273,724
2012	4,275,000	9,003,071	13,278,071
2013	4,440,000	8,897,160	13,337,160
2014	6,195,000	8,782,832	14,977,832
2015	6,595,000	8,665,266	15,260,266
2016-2020	27,805,000	41,601,712	69,406,712
2021-2025	49,585,000	38,236,533	87,821,533
2026-2030	72,445,000	23,323,120	95,768,120
2031-2035	51,615,000	10,424,595	62,039,595
2036-2037	9,550,000	1,333,750	10,883,750
Total	<u>\$ 282,955,000</u>	<u>\$ 163,091,763</u>	<u>\$ 446,046,763</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 2009. 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.

E. Risk Management

The PBA 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 is provided through policies issued jointly with Blount County, Tennessee. For the year ended June 30, 2010, 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

Special Revenue Funds

During the years ended June 30, 1998, through June 30, 2009, the PBA entered into 18 loan agreements with Blount County, Tennessee, whereby the PBA has issued revenue bonds totaling \$453,466,115 as listed below. The proceeds were loaned to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, and the Blount Memorial Hospital (component unit) as of June 30, 2010, are as follows:

Bond Issue Amount	Loaned to Blount County	Outstanding 6-30-10
\$ 39,000,000	\$ 39,000,000	\$ 0
20,000,000	20,000,000	0
4,100,000	4,100,000	2,915,000
10,000,000	10,000,000	0
9,100,000	9,100,000	0
10,000,000	10,000,000	0
14,000,000	14,000,000	0
13,650,000	13,650,000	0
35,000,000	35,000,000	0
2,000,000	2,000,000	1,695,000
15,000,000	15,000,000	0
50,500,000	50,500,000	50,500,000
20,165,000	20,165,000	20,165,000
30,830,000	30,830,000	30,680,000
95,045,000	95,045,000	93,665,000
50,925,000	50,925,000	50,875,000
32,145,000	32,145,000	30,460,000
2,006,115	2,006,115	2,000,000
<u>\$ 453,466,115</u>	<u>\$ 453,466,115</u>	<u>\$ 282,955,000</u>

Expenditures were as follows during the fiscal year ended June 30, 2010:

Amortization of loan costs	<u>\$ 76,983</u>
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G. Litigation

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

H. Local Government Public Improvement Bonds

The PBA approved a resolution authorizing the issuance and sale of Local Government Improvement Bonds of the authority. 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 TN-LOANS Program Administrators, Knoxville, Tennessee. Regions Bank was confirmed as trustee for the loan program. Bonds totaling \$1,764,040,000 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, Cocke, Cumberland, Loudon, Hawkins, White, Bradley, and Johnson; Cleveland Utilities Board, Hamblen (MHH), and Blount County Industrial Development Board.

I. Conduit Debt/Funds Held By Trustee

The PBA has issued conduit debt to provide capital financing for specified third parties that is not a part of the PBA's financial reporting entity. The PBA has issued bonds totaling \$1,764,040,000 to other governmental entities as of June 30, 2010. 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 therefrom, which are pledged by the PBA to the bond trustee. The PBA has no obligation for the issued debt beyond the resources provided by related loan agreements.

J. Capital Assets

All equipment and a vehicle were transferred to Blount County during the year ended June 30, 2009.

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, \$185,200, 450,636, and \$123,613 are being amortized over the applicable life of the bond issues. Amortization expense totaled \$76,983 for the year ended June 30, 2010.

L. Payroll and Personnel

The PBA currently operates with a Board of Directors (non-salaried).

**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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 24,186,228	\$ 0	\$ 0	\$ 24,186,228	\$ 24,928,133	\$ 24,928,133	\$ (741,905)
Licenses and Permits	259,919	0	0	259,919	855,500	855,500	(595,581)
Fines, Forfeitures, and Penalties	657,779	0	0	657,779	910,628	914,828	(257,049)
Charges for Current Services	932,950	0	0	932,950	885,218	882,768	50,182
Other Local Revenues	552,039	0	0	552,039	580,950	894,750	(342,711)
Fees Received from County Officials	7,659,156	0	0	7,659,156	6,491,079	8,121,546	(462,390)
State of Tennessee	2,604,820	0	0	2,604,820	2,825,782	3,200,714	(595,894)
Federal Government	2,293,502	0	0	2,293,502	2,839,245	3,316,238	(1,022,736)
Other Governments and Citizens Groups	74,283	0	0	74,283	183,800	211,800	(137,517)
Total Revenues	\$ 39,220,676	\$ 0	\$ 0	\$ 39,220,676	\$ 40,500,335	\$ 43,326,277	\$ (4,105,601)
Expenditures							
General Government							
County Commission	\$ 207,258	\$ (5,560)	\$ 7,534	\$ 209,232	\$ 210,264	\$ 210,264	\$ 1,032
Board of Equalization	4,390	(536)	750	4,604	9,710	9,710	5,106
Beer Board	179	(8)	21	192	200	200	8
Budget and Finance Committee	2,350	0	0	2,350	2,350	2,350	0
County Mayor/Executive	271,970	(114)	99	271,955	282,834	282,834	10,879
Personnel Office	157,787	(4,471)	3,414	156,730	168,904	168,904	12,174
Election Commission	348,860	(107,594)	72,620	313,886	495,885	495,885	181,999
Register of Deeds	539,587	(509)	796	539,874	609,522	609,522	69,648
Planning	204,361	(3,099)	1,666	202,928	210,753	210,753	7,825
Building	83,721	(1,538)	479	82,662	85,106	86,334	3,672
Engineering	152,591	(18,725)	17,130	150,996	171,683	172,911	21,915
Codes Compliance	190,694	(5,538)	3,434	188,590	214,340	215,568	26,978

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
County Buildings	\$ 1,353,610	\$ (45,869)	\$ 163,210	\$ 1,470,951	\$ 1,496,339	\$ 1,496,339	\$ 25,388
Other General Administration	2,377,362	(10,180)	32,538	2,399,720	853,845	2,453,562	53,842
Preservation of Records	115,601	(12,446)	16,934	120,089	115,365	124,865	4,776
Risk Management	215,963	(25,911)	23,817	213,869	285,490	285,490	71,621
<u>Finance</u>							
Accounting and Budgeting	667,513	(4,179)	1,820	665,154	695,634	695,634	30,480
Purchasing	317,724	(2,164)	1,016	316,576	342,098	342,099	25,523
Property Assessor's Office	960,307	(185,283)	144,154	919,178	934,909	934,909	15,731
Reappraisal Program	396,206	(41,802)	35,827	390,231	394,229	394,229	3,998
County Trustee's Office	433,001	(2,990)	1,327	431,338	442,958	442,958	11,620
County Clerk's Office	1,102,891	(8,451)	6,111	1,100,551	1,143,170	1,143,170	42,619
Data Processing	631,424	(23,981)	24,893	632,336	658,584	658,584	26,248
<u>Administration of Justice</u>							
Circuit Court Judge	56,476	(18,992)	21,659	59,143	102,338	102,338	43,195
Circuit Court Clerk	1,923,701	(70,826)	140,932	1,993,807	1,952,795	2,027,795	33,988
General Sessions Judge	883,735	(4,034)	2,875	882,576	931,363	931,363	48,787
Chancery Court	492,703	(4,884)	4,442	492,261	508,973	508,973	16,712
Juvenile Court	410,265	(25,778)	16,698	401,185	436,038	436,038	34,853
Office of Public Defender	66,757	(537)	232	66,452	73,148	73,148	6,696
Other Administration of Justice	458,266	0	0	458,266	477,262	477,263	18,997
Probation Services	332,399	(2,299)	248	330,348	360,792	360,792	30,444
<u>Public Safety</u>							
Sheriff's Department	9,458,128	(178,185)	447,346	9,727,289	10,040,140	9,919,800	192,511
Administration of the Sexual Offender Registry	4,300	(1,600)	2,300	5,000	5,000	5,000	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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Jail	\$ 7,275,118	\$ (139,573)	\$ 245,887	\$ 7,381,432	\$ 7,085,981	\$ 7,537,981	\$ 156,549
Workhouse	10,275	0	0	10,275	10,299	10,299	24
Juvenile Services	1,280,651	(29,220)	39,838	1,291,269	1,400,373	1,344,513	53,244
Fire Prevention and Control	4,500	0	0	4,500	4,500	4,500	0
Civil Defense	439,599	(16,232)	9,879	433,246	274,433	700,426	267,180
Other Emergency Management	302,135	0	0	302,135	302,135	302,135	0
County Coroner/Medical Examiner	52,825	0	0	52,825	65,000	65,000	12,175
<u>Public Health and Welfare</u>							
Local Health Center	1,228,728	(7,706)	17,575	1,238,597	1,279,535	1,687,438	448,841
Rabies and Animal Control	157,459	(5,160)	19,213	171,512	135,826	203,326	31,814
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
General Welfare Assistance	112,236	0	0	112,236	112,536	112,536	300
Other Local Welfare Services	110,697	0	0	110,697	98,668	110,697	0
Other Public Health and Welfare	322,996	(12,703)	9,135	319,428	372,652	368,969	49,541
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	656,650	0	0	656,650	656,650	656,650	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	179,036	(29)	984	179,991	180,240	180,240	249
Soil Conservation	118,255	(1,158)	1,211	118,308	118,631	118,631	323
<u>Other Operations</u>							
Tourism	679,661	(19,653)	16,505	676,513	770,139	770,139	93,626
Industrial Development	926,627	0	0	926,627	926,627	926,627	0
Other Economic and Community Development	186,418	(19,446)	7,297	174,269	192,535	192,535	18,266
Veterans' Services	165,931	(198)	177	165,910	177,755	177,755	11,845

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Other Charges	\$ 74,992	\$ (56)	\$ 53	\$ 74,989	\$ 72,142	\$ 76,142	\$ 1,153
Contributions to Other Agencies	45,000	0	0	45,000	45,000	45,000	0
Miscellaneous	504,838	0	0	504,838	500,000	525,000	20,162
Highways							
Litter and Trash Collection	73,847	(2,567)	5,659	76,939	81,110	81,110	4,171
Capital Projects							
Other General Government Projects	1,005,680	(118,521)	188,164	1,075,323	881,517	1,078,517	3,194
Total Expenditures	\$ 40,796,234	\$ (1,190,305)	\$ 1,757,899	\$ 41,363,828	\$ 40,516,305	\$ 43,615,750	\$ 2,251,922
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,575,558)	\$ 1,190,305	\$ (1,757,899)	\$ (2,143,152)	\$ (15,970)	\$ (289,473)	\$ (1,853,679)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 550,000	\$ 550,000	\$ (550,000)
Transfers In	285,490	0	0	285,490	285,490	285,490	0
Transfers Out	(899,520)	0	0	(899,520)	(899,520)	(899,520)	0
Total Other Financing Sources (Uses)	\$ (614,030)	\$ 0	\$ 0	\$ (614,030)	\$ (64,030)	\$ (64,030)	\$ (550,000)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (2,189,588)	\$ 1,190,305	\$ (1,757,899)	\$ (2,757,182)	\$ (80,000)	\$ (353,503)	\$ (2,403,679)
Fund Balance, July 1, 2009	11,110,065	(1,190,305)	0	9,919,760	9,960,954	9,960,954	(41,194)
Fund Balance, June 30, 2010	\$ 8,920,477	\$ 0	\$ (1,757,899)	\$ 7,162,578	\$ 9,880,954	\$ 9,607,451	\$ (2,444,873)

Exhibit F-2

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 60,807	\$ 79,835	\$ 19,028	76.16 %	\$ 31,079	61.23%
7-1-07	53,424	65,825	12,401	81.16	27,711	44.75

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial study; therefore, only the two most recent valuations are presented.

Exhibit F-3

Blount County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2010

(Dollar amounts in thousands)

Plan	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)
Self-Insurance	2-1-08	\$ 0	\$ 19,330	\$ 19,330	0%	\$ 78,986	24.47%

*Data only available for one actuarial valuation.

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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 transactions of the county's Highway Department.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used in the acquisition or construction of major capital projects.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for capital expenditures of the county and the School 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 Fund – The Endowment 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.

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General		
\$	0	0	100	0	0	0	0
	2,197	42,483	984,060	1,405,333	143,395		153,973
	0	0	3,159	16,302	123		125
	0	0	0	0	0		17,490
	0	0	49	0	0		0
Total Assets	2,197	42,483	987,368	1,421,635	143,518		171,588

ASSETS

Cash	0
Equity in Pooled Cash and Investments	0
Accounts Receivable	0
Due from Other Governments	0
Due from Other Funds	0
Total Assets	0

LIABILITIES AND FUND BALANCES

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General		
\$	0	0	22,049	2,559	0	0	0
	0	0	31,558	0	0	0	0
	0	0	11,567	0	0	0	854
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	1,325	0	0	0	4,526
	0	0	0	7,398	0	0	0
	0	0	0	0	0	0	0
Total Liabilities	0	0	66,499	9,957	0	0	5,380
Fund Balances	0	0	160,832	30,769	156	0	6,250
Reserved for Encumbrances	0	0	0	0	0	0	0
Reserved for Other General Purposes	2,197	37,766	760,037	1,380,909	143,362		159,958
Unreserved (Deficit)	2,197	42,483	920,869	1,411,678	143,518		166,208
Total Fund Balances	2,197	42,483	987,368	1,421,635	143,518		171,588

Total Liabilities and Fund Balances	0
--	----------

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

	Special Revenue Funds (Cont.)			Capital Projects		Total Nonmajor Governmental Funds
	Constitutional Officers - Fees	Highway / Public Works	Total	Fund		
				Other Capital Projects	Permanent Fund Endowment	
\$ 15,454 \$	0 \$	15,554 \$	0 \$	0 \$	0 \$	15,554
0	370,953	3,102,394	777,925	485,403	0	4,365,722
204	40,155	60,068	268,771	694	0	329,533
0	872,468	889,958	128,818	0	0	1,018,776
0	8,681	8,730	8,400	0	0	17,130
\$ 15,658 \$	1,292,257 \$	4,076,704 \$	1,183,914 \$	486,097 \$	0 \$	5,746,715

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Due from Other Funds	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	0 \$	2,735 \$	27,343 \$	29,532 \$	0 \$	56,875
Accrued Payroll	0	86,248	117,806	0	0	117,806
Payroll Deductions Payable	0	37,607	50,028	0	0	50,028
Contracts Payable	0	0	0	737,484	0	737,484
Retainage Payable	0	0	0	41,814	0	41,814
Due to Other Funds	15,658	5,256	25,440	2,510,350	0	2,535,790
Due to State of Tennessee	0	0	1,325	0	0	1,325
Other Current Liabilities	0	0	7,398	0	0	7,398
Other Deferred Revenues	0	0	0	333,818	0	333,818
Total Liabilities	\$ 15,658 \$	131,846 \$	229,340 \$	3,652,998 \$	0 \$	3,882,338
<u>Fund Balances</u>						
Reserved for Encumbrances	0 \$	74,563 \$	277,287 \$	9,647,226 \$	0 \$	9,924,513
Reserved for Other General Purposes	0	0	0	0	485,403	485,403
Unreserved (Deficit)	0	1,085,848	3,570,077	(12,116,310)	694	(8,545,539)
Total Fund Balances	\$ 0 \$	1,160,411 \$	3,847,364 \$	(2,469,084) \$	486,097 \$	1,864,377
Total Liabilities and Fund Balances	\$ 15,658 \$	1,292,257 \$	4,076,704 \$	1,183,914 \$	486,097 \$	5,746,715

Blount County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds							Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General			
Revenues								
Local Taxes	\$ 9,845	\$ 9,840	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,898	0
Licenses and Permits	0	0	0	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	35,028	21,269	0	48,536	0
Charges for Current Services	0	0	117,633	81,626	0	0	963	0
Other Local Revenues	0	0	153,189	61,942	2,010	0	1,977	0
State of Tennessee	0	0	0	0	0	0	47,923	0
Federal Government	0	0	9,600	0	0	0	36,549	0
Other Governments and Citizens Groups	0	0	909,121	0	0	0	0	0
Total Revenues	\$ 9,845	\$ 9,840	\$ 1,189,543	\$ 178,596	\$ 23,279	\$ 0	\$ 187,846	0
Expenditures								
Current:								
General Government	\$ 21,368	\$ 0	\$ 172,921	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	277	0	130,640	0
Public Safety	0	0	0	182,672	0	0	0	0
Social, Cultural, and Recreational Services	0	0	1,846,735	0	0	0	0	0
Other Operations	99	7,179	0	0	0	0	36,183	0
Highways	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0
Total Expenditures	\$ 21,467	\$ 7,179	\$ 2,019,656	\$ 182,672	\$ 277	\$ 0	\$ 166,823	0
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,622)	\$ 2,661	\$ (830,113)	\$ (4,076)	\$ 23,002	\$ 0	\$ 21,023	0
Other Financing Sources (Uses)								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	899,520	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 899,520	\$ 0	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ (11,622)	\$ 2,661	\$ 69,407	\$ (4,076)	\$ 23,002	\$ 0	\$ 21,023	0
Fund Balance, July 1, 2009	13,819	39,822	851,462	1,415,754	120,516	145,185	145,185	0
Fund Balance, June 30, 2010	\$ 2,197	\$ 42,483	\$ 920,869	\$ 1,411,678	\$ 143,518	\$ 166,208	\$ 166,208	0

(Continued)

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

	Special Revenue Funds (Cont.)				Capital Projects		Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Highway / Public Works	Total	Fund		Total	
				Other Capital Projects	Perman- ent Fund Endowment		
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 2,207,255	\$ 2,278,838	\$ 0	\$ 0	\$ 0	\$ 2,278,838
Licenses and Permits	0	233,533	233,533	0	0	0	233,533
Fines, Forfeitures, and Penalties	0	0	104,833	0	0	0	104,833
Charges for Current Services	24	0	200,246	0	0	0	200,246
Other Local Revenues	0	108,112	327,230	53,353	9,885	0	390,468
State of Tennessee	0	2,680,723	2,728,646	0	0	0	2,728,646
Federal Government	0	91,519	137,668	102,716	0	0	240,384
Other Governments and Citizens Groups	0	0	909,121	0	0	0	909,121
Total Revenues	\$ 24	\$ 5,321,142	\$ 6,920,115	\$ 156,069	\$ 9,885	\$ 0	\$ 7,086,069
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 194,289	\$ 0	\$ 0	\$ 0	\$ 194,289
Finance	24	0	24	0	0	0	24
Administration of Justice	0	0	130,917	0	0	0	130,917
Public Safety	0	0	182,672	0	0	0	182,672
Social, Cultural, and Recreational Services	0	0	1,846,735	0	0	0	1,846,735
Other Operations	0	0	43,461	135,740	13,612	0	192,813
Highways	0	5,242,911	5,242,911	0	0	0	5,242,911
Capital Projects	0	0	0	4,484,427	0	0	4,484,427
Total Expenditures	\$ 24	\$ 5,242,911	\$ 7,641,009	\$ 4,620,167	\$ 13,612	\$ 0	\$ 12,274,788
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 78,231	\$ (720,894)	\$ (4,464,098)	\$ (3,727)	\$ 0	\$ (5,188,719)
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 1,362,470	\$ 0	\$ 0	\$ 1,362,470
Transfers In	0	0	899,520	0	0	0	899,520
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 899,520	\$ 1,362,470	\$ 0	\$ 0	\$ 2,261,990
Net Change in Fund Balances	\$ 0	\$ 78,231	\$ 178,626	\$ (3,101,628)	\$ (3,727)	\$ 0	\$ (2,926,729)
Fund Balance, July 1, 2009	0	1,082,180	3,668,738	632,544	489,824	0	4,791,106
Fund Balance, June 30, 2010	\$ 0	\$ 1,160,411	\$ 3,847,364	\$ (2,469,084)	\$ 486,097	\$ 0	\$ 1,864,377

Exhibit G-3

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 9,845 \$	0 \$	9,845 \$	7,500 \$	7,500 \$	2,345
Total Revenues	\$ 9,845 \$	0 \$	9,845 \$	7,500 \$	7,500 \$	2,345
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 21,368 \$	(2,835) \$	18,533 \$	21,799 \$	21,774 \$	3,241
Other Operations	99	0	99	100	125	26
Other Charges						
Total Expenditures	\$ 21,467 \$	(2,835) \$	18,632 \$	21,899 \$	21,899 \$	3,267
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,622) \$	2,835 \$	(8,787) \$	(14,399) \$	(14,399) \$	5,612
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (11,622) \$	2,835 \$	(8,787) \$	(14,399) \$	(14,399) \$	5,612
	13,819	(2,835)	10,984	14,399	14,399	(3,415)
Fund Balance, June 30, 2010	\$ 2,197 \$	0 \$	2,197 \$	0 \$	0 \$	2,197

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,840 \$	0 \$	0 \$	9,840 \$	8,000 \$	8,000 \$	1,840
Total Revenues	\$ 9,840 \$	0 \$	0 \$	9,840 \$	8,000 \$	8,000 \$	1,840
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 7,179 \$	(3,946) \$	4,717 \$	7,950 \$	8,000 \$	8,000 \$	50
Total Expenditures	\$ 7,179 \$	(3,946) \$	4,717 \$	7,950 \$	8,000 \$	8,000 \$	50
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,661 \$	3,946 \$	(4,717) \$	1,890 \$	0 \$	0 \$	1,890
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 2,661 \$ 39,822	3,946 \$ (3,946)	(4,717) \$ 0	1,890 \$ 35,876	0 \$ 35,789	0 \$ 35,789	1,890 87
Fund Balance, June 30, 2010	\$ 42,483 \$	0 \$	(4,717) \$	37,766 \$	35,789 \$	35,789 \$	1,977

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 117,633	\$ 0	\$ 0	\$ 117,633	\$ 104,000	\$ 104,000	\$ 13,633
Other Local Revenues	153,189	0	0	153,189	155,000	155,000	(1,811)
Federal Government	9,600	0	0	9,600	0	9,600	0
Other Governments and Citizens Groups	909,121	0	0	909,121	919,560	909,121	0
Total Revenues	\$ 1,189,543	\$ 0	\$ 0	\$ 1,189,543	\$ 1,178,560	\$ 1,177,721	\$ 11,822
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 172,921	\$ (20,241)	\$ 22,950	\$ 175,630	\$ 188,920	\$ 188,920	\$ 13,290
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,771,496	(65,316)	129,005	1,835,185	1,852,719	1,871,919	36,734
Other Social, Cultural, and Recreational	75,239	(11,986)	8,877	72,130	83,500	83,500	11,370
Total Expenditures	\$ 2,019,656	\$ (97,543)	\$ 160,832	\$ 2,082,945	\$ 2,125,139	\$ 2,144,339	\$ 61,394
Excess (Deficiency) of Revenues Over Expenditures	\$ (830,113)	\$ 97,543	\$ (160,832)	\$ (893,402)	\$ (946,579)	\$ (966,618)	\$ 73,216
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Total Other Financing Sources (Uses)	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 69,407	\$ 97,543	\$ (160,832)	\$ 6,118	\$ (47,059)	\$ (67,098)	\$ 73,216
	851,462	(97,543)	0	753,919	691,810	691,810	62,109
Fund Balance, June 30, 2010	\$ 920,869	\$ 0	\$ (160,832)	\$ 760,037	\$ 644,751	\$ 624,712	\$ 135,325

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 35,028	\$ 0	\$ 0	\$ 35,028	\$ 210,700	\$ 210,700	\$ (175,672)
Charges for Current Services	81,626	0	0	81,626	0	0	81,626
Other Local Revenues	61,942	0	0	61,942	59,000	59,000	2,942
Total Revenues	\$ 178,596	\$ 0	\$ 0	\$ 178,596	\$ 269,700	\$ 269,700	\$ (91,104)
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 182,672	\$ (19,426)	\$ 30,769	\$ 194,015	\$ 437,000	\$ 437,000	\$ 242,985
Total Expenditures	\$ 182,672	\$ (19,426)	\$ 30,769	\$ 194,015	\$ 437,000	\$ 437,000	\$ 242,985
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,076)	\$ 19,426	\$ (30,769)	\$ (15,419)	\$ (167,300)	\$ (167,300)	\$ 151,881
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (4,076)	\$ 19,426	\$ (30,769)	\$ (15,419)	\$ (167,300)	\$ (167,300)	\$ 151,881
	1,415,754	(19,426)	0	1,396,328	1,320,574	1,320,574	75,754
Fund Balance, June 30, 2010	\$ 1,411,678	\$ 0	\$ (30,769)	\$ 1,380,909	\$ 1,153,274	\$ 1,153,274	\$ 227,635

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 51,898	\$ 0	\$ 0	\$ 51,898	\$ 53,000	\$ 53,000	\$ (1,102)
Fines, Forfeitures, and Penalties	48,536	0	0	48,536	38,200	38,200	10,336
Charges for Current Services	963	0	0	963	800	800	163
Other Local Revenues	1,977	0	0	1,977	1,343	1,343	634
State of Tennessee	47,923	0	0	47,923	0	50,000	(2,077)
Federal Government	36,549	0	0	36,549	50,000	50,000	(13,451)
Total Revenues	\$ 187,846	\$ 0	\$ 0	\$ 187,846	\$ 143,343	\$ 193,343	\$ (5,497)
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 130,640	(1,926)	6,250	134,964	143,343	143,263	8,299
Other Operations	36,183	0	0	36,183	0	50,000	13,817
ARRA Grant # 1	166,823	(1,926)	6,250	171,147	143,343	193,263	22,116
Total Expenditures	\$ 333,646	(3,852)	12,500	\$ 342,304	\$ 286,686	\$ 386,526	\$ 44,222
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,023	\$ 1,926	\$(6,250)	\$ 16,699	\$ 0	\$ 80	\$ 16,619
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 21,023	\$ 1,926	\$(6,250)	\$ 16,699	\$ 0	\$ 80	\$ 16,619
	145,185	(1,926)	0	143,259	189,556	189,556	(46,297)
Fund Balance, June 30, 2010	\$ 166,208	\$ 0	\$(6,250)	\$ 159,958	\$ 189,556	\$ 189,636	\$(29,678)

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,207,255	\$ 0	\$ 0	\$ 2,207,255	\$ 2,185,313	\$ 2,185,313	\$ 21,942
Licenses and Permits	233,533	0	0	233,533	268,358	268,358	(34,825)
Other Local Revenues	108,112	0	0	108,112	6,500	89,000	19,112
State of Tennessee	2,680,723	0	0	2,680,723	3,155,000	3,063,481	(382,758)
Federal Government	91,519	0	0	91,519	0	91,519	0
Total Revenues	\$ 5,321,142	\$ 0	\$ 0	\$ 5,321,142	\$ 5,615,171	\$ 5,697,671	\$ (376,529)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 720,868	(628)	0	720,240	750,946	750,946	30,706
Highway and Bridge Maintenance	3,404,660	(6,051)	59,580	3,458,189	3,617,308	3,659,008	200,819
Operation and Maintenance of Equipment	1,068,872	(8,635)	13,396	1,073,633	1,093,417	1,134,217	60,584
Capital Outlay	48,511	(22,326)	1,587	27,772	153,500	153,500	125,728
Total Expenditures	\$ 5,242,911	\$ (37,640)	\$ 74,563	\$ 5,279,834	\$ 5,615,171	\$ 5,697,671	\$ 417,837
Excess (Deficiency) of Revenues Over Expenditures	\$ 78,231	\$ 37,640	\$ (74,563)	\$ 41,308	\$ 0	\$ 0	\$ 41,308
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 78,231	\$ 37,640	\$ (74,563)	\$ 41,308	\$ 0	\$ 0	\$ 41,308
	1,082,180	(37,640)	0	1,044,540	155,537	155,537	889,003
Fund Balance, June 30, 2010	\$ 1,160,411	\$ 0	\$ (74,563)	\$ 1,085,848	\$ 155,537	\$ 155,537	\$ 930,311

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 (Budgetary Basis) and Budget
General Debt Service Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 15,347,214	\$ 0	\$ 15,347,214	\$ 14,295,000	\$ 14,295,000	\$ 1,052,214
Other Local Revenues	256,985	0	256,985	518,000	518,000	(261,015)
State of Tennessee	0	0	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	241,016	0	241,016	50,160	50,160	190,856
Total Revenues	\$ 15,845,215	\$ 0	\$ 15,845,215	\$ 15,063,160	\$ 15,063,160	\$ 782,055
<u>Expenditures</u>						
<u>Principal on Debt</u>						
General Government	\$ 4,954,358	\$ 0	\$ 4,954,358	\$ 5,000,000	\$ 5,000,000	\$ 45,642
Interest on Debt	8,584,273	0	8,584,273	11,431,542	11,431,542	2,847,269
Other Debt Service	819,388	12,000	831,388	1,116,000	1,116,000	284,612
General Government	\$ 14,358,019	\$ 12,000	\$ 14,370,019	\$ 17,547,542	\$ 17,547,542	\$ 3,177,523
Total Expenditures						
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,487,196	\$ (12,000)	\$ 1,475,196	\$ (2,484,382)	\$ (2,484,382)	\$ 3,959,578
<u>Other Financing Sources (Uses)</u>						
Premiums on Debt Issued	\$ 0	\$ 0	\$ 0	\$ 1,280,542	\$ 1,280,542	\$ (1,280,542)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 1,280,542	\$ 1,280,542	\$ (1,280,542)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 1,487,196	\$ (12,000)	\$ 1,475,196	\$ (1,203,840)	\$ (1,203,840)	\$ 2,679,036
Fund Balance, July 1, 2009	11,893,290	0	11,893,290	12,041,341	12,041,341	(148,051)
Fund Balance, June 30, 2010	\$ 13,380,486	\$ (12,000)	\$ 13,368,486	\$ 10,837,501	\$ 10,837,501	\$ 2,530,985

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 I-1

Blount County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2010

	Agency Funds								Total
	City		School		Constitu-		tional		
	Cities - Sales Tax	School ADA - Alcoa	School ADA - Maryville	Joint Venture	Officers - Agency	Other Agency	Agency	Agency	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,186,241	\$ 0	\$ 0	\$ 4,186,241	
Equity in Pooled Cash and Investments	0	1,733	5,302	1,131,038	0	365,705	0	1,503,778	
Accounts Receivable	0	0	0	1,239	818	0	0	2,057	
Due from Other Governments	2,243,268	270,333	786,878	67,174	0	0	0	3,367,653	
Due from Other Funds	0	0	0	0	0	15,404	0	15,404	
Taxes Receivable	0	3,098,554	9,023,511	0	0	0	0	12,122,065	
Allowance for Uncollectible Taxes	0	(55,832)	(162,595)	0	0	0	0	(218,427)	
Total Assets	\$ 2,243,268	\$ 3,314,788	\$ 9,653,096	\$ 1,199,451	\$ 4,187,059	\$ 381,109	\$ 0	\$ 20,978,771	
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,036	\$ 0	\$ 0	\$ 0	\$ 1,036	
Payroll Deductions Payable	0	0	0	0	0	356,308	0	356,308	
Due to Other Funds	0	0	0	0	0	24,801	0	24,801	
Due to Other Taxing Units	2,243,268	3,314,788	9,653,096	0	0	0	0	15,211,152	
Due to Litigants, Heirs, and Others	0	0	0	0	4,187,059	0	0	4,187,059	
Due to Joint Ventures	0	0	0	1,177,515	0	0	0	1,177,515	
Other Current Liabilities	0	0	0	20,900	0	0	0	20,900	
Total Liabilities	\$ 2,243,268	\$ 3,314,788	\$ 9,653,096	\$ 1,199,451	\$ 4,187,059	\$ 381,109	\$ 0	\$ 20,978,771	

ASSETS

LIABILITIES

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,976,670	\$ 12,976,670	\$ 0
Due from Other Governments	2,251,980	2,243,268	2,251,980	2,243,268
Total Assets	\$ 2,251,980	\$ 15,219,938	\$ 15,228,650	\$ 2,243,268
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,251,980	\$ 15,219,938	\$ 15,228,650	\$ 2,243,268
Total Liabilities	\$ 2,251,980	\$ 15,219,938	\$ 15,228,650	\$ 2,243,268
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,625	\$ 4,128,081	\$ 4,130,973	\$ 1,733
Due from Other Governments	243,332	270,333	243,332	270,333
Taxes Receivable	2,628,111	3,098,554	2,628,111	3,098,554
Allowance for Uncollectible Taxes	(40,761)	(55,832)	(40,761)	(55,832)
Total Assets	\$ 2,835,307	\$ 7,441,136	\$ 6,961,655	\$ 3,314,788
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,835,307	\$ 7,441,136	\$ 6,961,655	\$ 3,314,788
Total Liabilities	\$ 2,835,307	\$ 7,441,136	\$ 6,961,655	\$ 3,314,788
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 14,482	\$ 12,024,916	\$ 12,034,096	\$ 5,302
Due from Other Governments	746,837	786,878	746,837	786,878
Taxes Receivable	8,063,390	9,023,511	8,063,390	9,023,511
Allowance for Uncollectible Taxes	(125,059)	(162,595)	(125,059)	(162,595)
Total Assets	\$ 8,699,650	\$ 21,672,710	\$ 20,719,264	\$ 9,653,096
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,699,650	\$ 21,672,710	\$ 20,719,264	\$ 9,653,096
Total Liabilities	\$ 8,699,650	\$ 21,672,710	\$ 20,719,264	\$ 9,653,096

(Continued)

Exhibit I-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	\$ 1,134,984	\$ 184,444	\$ 188,390	\$ 1,131,038
Accounts Receivable	1,288	1,239	1,288	1,239
Due from Other Governments	0	67,174	0	67,174
Total Assets	\$ 1,136,272	\$ 252,857	\$ 189,678	\$ 1,199,451
<u>Liabilities</u>				
Accounts Payable	\$ 1,896	\$ 1,036	\$ 1,896	\$ 1,036
Due to Joint Venture	1,059,920	230,921	113,326	1,177,515
Other Current Liabilities	74,456	20,900	74,456	20,900
Total Liabilities	\$ 1,136,272	\$ 252,857	\$ 189,678	\$ 1,199,451
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,908,279	\$ 19,854,802	\$ 18,576,840	\$ 4,186,241
Accounts Receivable	0	818	0	818
Total Assets	\$ 2,908,279	\$ 19,855,620	\$ 18,576,840	\$ 4,187,059
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,908,279	\$ 19,855,620	\$ 18,576,840	\$ 4,187,059
Total Liabilities	\$ 2,908,279	\$ 19,855,620	\$ 18,576,840	\$ 4,187,059
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 338,488	\$ 80,223,074	\$ 80,195,857	\$ 365,705
Due from Other Governments	702	0	702	0
Due from Other Funds	0	15,404	0	15,404
Total Assets	\$ 339,190	\$ 80,238,478	\$ 80,196,559	\$ 381,109
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 339,190	\$ 80,213,677	\$ 80,196,559	\$ 356,308
Due to Other Funds	0	24,801	0	24,801
Total Liabilities	\$ 339,190	\$ 80,238,478	\$ 80,196,559	\$ 381,109

(Continued)

Exhibit I-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>				
Cash	\$ 2,908,279	\$ 19,854,802	\$ 18,576,840	\$ 4,186,241
Equity in Pooled Cash and Investments	1,492,579	109,537,185	109,525,986	1,503,778
Accounts Receivable	1,288	2,057	1,288	2,057
Due from Other Governments	3,242,851	3,367,653	3,242,851	3,367,653
Due from Other Funds	0	15,404	0	15,404
Taxes Receivable	10,691,501	12,122,065	10,691,501	12,122,065
Allowance for Uncollectible Taxes	(165,820)	(218,427)	(165,820)	(218,427)
Total Assets	<u>\$ 18,170,678</u>	<u>\$ 144,680,739</u>	<u>\$ 141,872,646</u>	<u>\$ 20,978,771</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,896	\$ 1,036	\$ 1,896	\$ 1,036
Payroll Deductions Payable	339,190	80,213,677	80,196,559	356,308
Due to Other Funds	0	24,801	0	24,801
Due to Other Taxing Units	13,786,937	44,333,784	42,909,569	15,211,152
Due to Litigants, Heirs, and Others	2,908,279	19,855,620	18,576,840	4,187,059
Due to Joint Ventures	1,059,920	230,921	113,326	1,177,515
Other Current Liabilities	74,456	20,900	74,456	20,900
Total Liabilities	<u>\$ 18,170,678</u>	<u>\$ 144,680,739</u>	<u>\$ 141,872,646</u>	<u>\$ 20,978,771</u>

Blount County School Department

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

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

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 J-1

Blount County, Tennessee
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities:								
Instruction	\$ 55,955,004	\$ 38,900	\$ 0	\$ 29,129,457	\$ 6,890,029	\$ 0	\$ 2,958,813	\$ (49,026,075)
Support Services		3,751,792			53,155			(22,365,697)
Operation of Non-Instructional Services	7,713,165	0		7,713,165	3,265,628	0		(4,447,537)
Total Governmental Activities	\$ 92,797,626	\$ 3,790,692	\$ 0	\$ 37,852,079	\$ 10,208,812	\$ 0	\$ 2,958,813	\$ (75,839,309)
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes								\$ 16,535,015
Local Option Sales Taxes								9,529,423
Business Taxes								471,456
Other Local Taxes								148,830
Grants and Contributions Not Restricted for Specific Programs								48,117,359
Unrestricted Investment Income								195,960
Miscellaneous								15,683
Total General Revenues								\$ 75,013,726
Change in Net Assets								\$ (825,583)
Net Assets, July 1, 2009								132,624,961
Net Assets, June 30, 2010								\$ 131,799,378

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 6,790,173	\$ 1,395,728	\$ 8,185,901
Accounts Receivable	13,933	107,384	121,317
Due from Other Governments	2,185,995	692,272	2,878,267
Due from Other Funds	27,744	10,044	37,788
Due from Primary Government	5,981	3,064	9,045
Property Taxes Receivable	20,666,858	0	20,666,858
Allowance for Uncollectible Property Taxes	(372,396)	0	(372,396)
Total Assets	<u>\$ 29,318,288</u>	<u>\$ 2,208,492</u>	<u>\$ 31,526,780</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 307,355	\$ 73,598	\$ 380,953
Accrued Payroll	4,299,645	502,255	4,801,900
Payroll Deductions Payable	267,029	36,620	303,649
Due to Other Funds	10,044	27,744	37,788
Due to Primary Government	760,116	111,067	871,183
Other Current Liabilities	626,862	73,472	700,334
Deferred Revenue - Current Property Taxes	19,605,687	0	19,605,687
Deferred Revenue - Delinquent Property Taxes	640,499	0	640,499
Other Deferred Revenues	195,582	0	195,582
Total Liabilities	<u>\$ 26,712,819</u>	<u>\$ 824,756</u>	<u>\$ 27,537,575</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 264,540	\$ 379,474	\$ 644,014
Reserved for Special Education - Grants to States	0	40,474	40,474
Unreserved, Reported In:			
General Fund	2,340,929	0	2,340,929
Special Revenue Funds	0	963,788	963,788
Total Fund Balances	<u>\$ 2,605,469</u>	<u>\$ 1,383,736</u>	<u>\$ 3,989,205</u>
Total Liabilities and Fund Balances	<u>\$ 29,318,288</u>	<u>\$ 2,208,492</u>	<u>\$ 31,526,780</u>

Exhibit J-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, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	3,989,205
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	9,951,059	
Add: construction in progress		23,083,544	
Add: buildings and improvements net of accumulated depreciation		95,946,610	
Add: other capital assets net of accumulated depreciation		<u>1,252,638</u>	130,233,851
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(2,300,760)	
Less: other postemployment benefits liability		(827,201)	
Less: accrued interest on capital leases		(82,849)	
Less: compensated absences payable		<u>(48,949)</u>	(3,259,759)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>836,081</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 131,799,378</u></u>

Exhibit J-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, 2010

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 27,173,700	\$ 0	\$ 27,173,700
Licenses and Permits	348,121	0	348,121
Charges for Current Services	38,900	3,723,559	3,762,459
Other Local Revenues	398,614	16,896	415,510
State of Tennessee	46,152,269	242,622	46,394,891
Federal Government	345,090	10,348,574	10,693,664
Total Revenues	<u>\$ 74,456,694</u>	<u>\$ 14,331,651</u>	<u>\$ 88,788,345</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 49,552,594	\$ 6,015,559	\$ 55,568,153
Support Services	25,066,236	1,304,297	26,370,533
Operation of Non-Instructional Services	534,922	6,801,495	7,336,417
Capital Outlay	35,434	0	35,434
Debt Service:			
Principal on Debt	130,645	0	130,645
Interest on Debt	131,329	0	131,329
Total Expenditures	<u>\$ 75,451,160</u>	<u>\$ 14,121,351</u>	<u>\$ 89,572,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (994,466)</u>	<u>\$ 210,300</u>	<u>\$ (784,166)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 63,731	\$ 283,614	\$ 347,345
Transfers Out	(250,000)	(97,345)	(347,345)
Total Other Financing Sources (Uses)	<u>\$ (186,269)</u>	<u>\$ 186,269</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (1,180,735)	\$ 396,569	\$ (784,166)
Fund Balance, July 1, 2009	3,786,204	987,167	4,773,371
Fund Balance, June 30, 2010	<u>\$ 2,605,469</u>	<u>\$ 1,383,736</u>	<u>\$ 3,989,205</u>

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, 2010

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	(784,166)
(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	\$	233,265	
Less: current year depreciation expense		<u>(2,894,711)</u>	(2,661,446)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: assets donated and capitalized	\$	2,958,813	
Less: book value of assets disposed		<u>(14,573)</u>	2,944,240
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	836,081	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(920,725)</u>	(84,644)
(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.			
Add: principal payments on capital leases			130,645
(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	\$	4,704	
Change in other postemployment benefits liability		<u>(380,139)</u>	
Change in compensated absences payable		<u>5,223</u>	<u>(370,212)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (825,583)</u>

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2010

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
\$	270,814	937,390	187,524	1,395,728
	0	0	107,384	107,384
	681,854	1,097	9,321	692,272
	0	0	10,044	10,044
	0	2,224	840	3,064
\$	952,668	940,711	315,113	2,208,492

ASSETS

Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Due from Primary Government

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Due to Primary Government
 Other Current Liabilities

Total Liabilities

Fund Balances

Reserved for Encumbrances
 Reserved for Special Education - Grants to States
 Unreserved

Total Fund Balances

Total Liabilities and Fund Balances

\$	71,456	0	2,142	73,598
	373,171	67,248	61,836	502,255
	20,196	11,443	4,981	36,620
	27,744	0	0	27,744
	71,955	33,485	5,627	111,067
	53,205	13,420	6,847	73,472
\$	617,727	125,596	81,433	824,756
\$	44,467	303,013	31,994	379,474
	40,474	0	0	40,474
	250,000	512,102	201,686	963,788
\$	334,941	815,115	233,680	1,383,736
\$	952,668	940,711	315,113	2,208,492

Exhibit J-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, 2010

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 2,297,618	\$ 1,425,941	\$ 3,723,559
Other Local Revenues	0	6,298	10,598	16,896
State of Tennessee	0	54,138	188,484	242,622
Federal Government	7,446,613	2,901,961	0	10,348,574
Total Revenues	\$ 7,446,613	\$ 5,260,015	\$ 1,625,023	\$ 14,331,651
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,015,559	0	0	\$ 6,015,559
Support Services	1,304,297	0	0	1,304,297
Operation of Non-Instructional Services	45,865	5,193,139	1,562,491	6,801,495
Total Expenditures	\$ 7,365,721	\$ 5,193,139	\$ 1,562,491	\$ 14,121,351
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,892	\$ 66,876	\$ 62,532	\$ 210,300
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 250,000	\$ 33,614	0	\$ 283,614
Transfers Out	(97,345)	0	0	(97,345)
Total Other Financing Sources (Uses)	\$ 152,655	\$ 33,614	0	\$ 186,269
Net Change in Fund Balances	\$ 233,547	\$ 100,490	\$ 62,532	\$ 396,569
Fund Balance, July 1, 2009	101,394	714,625	171,148	987,167
Fund Balance, June 30, 2010	\$ 334,941	\$ 815,115	\$ 233,680	\$ 1,383,736

Exhibit J-8

Blount County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discreetly Presented Blount County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 27,173,700	\$ 0	\$ 0	\$ 27,173,700	\$ 27,441,000	\$ 27,789,342	\$ (615,642)
Licenses and Permits	348,121	0	0	348,121	4,000	346,528	1,593
Charges for Current Services	38,900	0	0	38,900	38,000	38,900	0
Other Local Revenues	398,614	0	0	398,614	474,000	577,351	(178,737)
State of Tennessee	46,152,269	0	0	46,152,269	46,262,000	46,463,866	(311,597)
Federal Government	345,090	0	0	345,090	362,000	374,663	(29,573)
Total Revenues	\$ 74,456,694	\$ 0	\$ 0	\$ 74,456,694	\$ 74,581,000	\$ 75,590,650	\$ (1,133,956)
Expenditures							
Instruction							
Regular Instruction Program	\$ 38,176,947	(107,817)	7,746	\$ 38,076,876	\$ 35,078,250	\$ 38,446,800	\$ 369,924
Alternative Instruction Program	0	(500)	500	0	0	0	0
Special Education Program	6,890,516	(24,368)	8,235	6,874,383	8,194,000	7,140,700	266,317
Vocational Education Program	3,193,368	(1,749)	134	3,191,753	3,267,000	3,263,500	71,747
Adult Education Program	195,641	(745)	0	194,896	199,000	209,635	14,739
Other	1,096,122	0	0	1,096,122	1,185,000	1,180,000	83,878
Support Services							
Attendance	171,844	0	0	171,844	179,400	179,500	7,656
Health Services	776,057	(4,863)	412	771,606	663,700	782,200	10,594
Other Student Support	1,860,291	(26,184)	31,887	1,865,994	1,942,170	1,950,370	84,376
Regular Instruction Program	1,921,616	(748)	1,836	1,922,704	2,028,500	2,026,200	103,496
Special Education Program	483,756	(606)	8,395	491,545	501,800	502,000	10,455
Vocational Education Program	71,711	(166)	0	71,545	77,250	74,600	3,055
Adult Programs	110,650	(250)	0	110,400	113,200	113,971	3,571
Other Programs	99,907	0	0	99,907	103,500	108,455	8,548
Board of Education	1,075,807	(12,252)	5,920	1,069,475	1,162,700	1,153,430	83,955
Director of Schools	421,410	(4,721)	11,424	428,113	485,890	452,800	24,687
Office of the Principal	5,106,252	(12,816)	1,606	5,095,042	5,327,000	5,169,100	74,058
Fiscal Services	172,236	0	0	172,236	208,600	175,000	2,764
Operation of Plant	7,118,253	(56,868)	50,044	7,111,429	7,571,000	7,344,000	232,571

(Continued)

Exhibit J-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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,637,443	(44,364)	28,353	\$ 1,621,432	\$ 1,690,600	\$ 1,695,500	\$ 74,068
Transportation	3,375,454	(1,827)	2,280	3,375,907	3,819,250	3,386,300	10,393
Central and Other	663,549	(44,839)	8,842	627,552	694,600	690,050	62,498
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	534,922	(393)	0	534,529	493,490	581,777	47,248
<u>Capital Outlay</u>							
Regular Capital Outlay	35,434	(26,677)	96,926	105,683	0	97,000	(8,683)
Principal on Debt							
Education	130,645	0	0	130,645	130,700	130,700	55
Interest on Debt							
Education	131,329	0	0	131,329	131,400	131,400	71
Total Expenditures	\$ 75,451,160	(372,753)	264,540	\$ 75,342,947	\$ 75,248,000	\$ 76,984,988	\$ 1,642,041
Excess (Deficiency) of Revenues Over Expenditures	\$ (994,466)	372,753	(264,540)	(886,253)	(667,000)	(1,394,338)	508,085
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 63,731	0	0	63,731	100,000	100,000	(36,269)
Transfers Out	(250,000)	0	0	(250,000)	0	(250,000)	0
Total Other Financing Sources (Uses)	\$ (186,269)	0	0	(186,269)	100,000	(150,000)	(36,269)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (1,180,735)	372,753	(264,540)	(1,072,522)	(567,000)	(1,544,338)	471,816
	3,786,204	(372,753)	0	3,413,451	3,810,860	3,810,860	(397,409)
Fund Balance, June 30, 2010	\$ 2,605,469	0	(264,540)	2,340,929	3,243,860	2,266,522	74,407

Exhibit J-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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,446,613	\$ 0	\$ 0	\$ 7,446,613	\$ 6,469,252	\$ 11,024,624	\$ (3,578,011)
Total Revenues	\$ 7,446,613	\$ 0	\$ 0	\$ 7,446,613	\$ 6,469,252	\$ 11,024,624	\$ (3,578,011)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,810,662	\$ (1,486)	\$ 445	\$ 2,809,621	\$ 2,616,171	\$ 3,281,281	\$ 471,660
Special Education Program	3,048,972	(17,877)	26,721	3,057,816	2,624,660	4,629,595	1,571,779
Vocational Education Program	155,925	(10,482)	889	146,332	167,092	171,425	25,093
Support Services							
Other Student Support	358,787	(28,351)	9,458	339,894	219,500	1,112,996	773,102
Regular Instruction Program	138,589	(9,980)	383	128,992	278,829	156,584	27,592
Special Education Program	419,714	(4,015)	1,592	417,291	449,300	735,802	318,511
Vocational Education Program	1,916	0	0	1,916	3,700	1,916	0
Transportation	385,291	0	0	385,291	110,000	704,000	318,709
<u>Operation of Non-Instructional Services</u>							
Food Service	45,865	(20,414)	4,979	30,430	0	117,500	87,070
Total Expenditures	\$ 7,365,721	\$ (92,605)	\$ 44,467	\$ 7,317,583	\$ 6,469,252	\$ 10,911,099	\$ 3,593,516
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,892	\$ 92,605	\$ (44,467)	\$ 129,030	\$ 0	\$ 113,525	\$ 15,505
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 250,000	\$ 0	\$ 0	\$ 250,000	\$ 0	\$ 133,302	\$ 116,698
Transfers Out	(97,345)	0	0	(97,345)	0	(254,671)	157,326
Total Other Financing Sources (Uses)	\$ 152,655	\$ 0	\$ 0	\$ 152,655	\$ 0	\$ (121,369)	\$ 274,024
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 233,547	\$ 92,605	\$ (44,467)	\$ 281,685	\$ 0	\$ (7,844)	\$ 289,529
Fund Balance, July 1, 2009	101,394	(92,605)	0	8,789	73,746	73,746	(64,957)
Fund Balance, June 30, 2010	\$ 334,941	\$ 0	\$ (44,467)	\$ 290,474	\$ 73,746	\$ 65,902	\$ 224,572

Exhibit J-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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,297,618	\$ 0	\$ 0	\$ 2,297,618	\$ 2,519,000	\$ 2,552,000	\$ (254,382)
Other Local Revenues	6,298	0	0	6,298	8,000	8,000	(1,702)
State of Tennessee	54,138	0	0	54,138	57,000	57,000	(2,862)
Federal Government	2,901,961	0	0	2,901,961	2,647,000	2,711,483	190,478
Total Revenues	\$ 5,260,015	\$ 0	\$ 0	\$ 5,260,015	\$ 5,231,000	\$ 5,328,483	\$ (68,468)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,193,139	\$ (215,575)	\$ 303,013	\$ 5,280,577	\$ 5,375,000	\$ 5,477,483	\$ 196,906
Total Expenditures	\$ 5,193,139	\$ (215,575)	\$ 303,013	\$ 5,280,577	\$ 5,375,000	\$ 5,477,483	\$ 196,906
Excess (Deficiency) of Revenues Over Expenditures	\$ 66,876	\$ 215,575	\$ (303,013)	\$ (20,562)	\$ (144,000)	\$ (149,000)	\$ 128,438
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 33,614	\$ 0	\$ 0	\$ 33,614	\$ 144,000	\$ 149,000	\$ (115,386)
Total Other Financing Sources (Uses)	\$ 33,614	\$ 0	\$ 0	\$ 33,614	\$ 144,000	\$ 149,000	\$ (115,386)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 100,490	\$ 215,575	\$ (303,013)	\$ 13,052	\$ 0	\$ 0	\$ 13,052
	714,625	(215,575)	0	499,050	661,488	661,488	(162,438)
Fund Balance, June 30, 2010	\$ 815,115	\$ 0	\$ (303,013)	\$ 512,102	\$ 661,488	\$ 661,488	\$ (149,386)

Exhibit J-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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,425,941	\$ 0	\$ 0	\$ 1,425,941	\$ 1,640,000	\$ 1,640,000	\$ (214,059)
Other Local Revenues	10,598	0	0	10,598	11,500	20,500	(9,902)
State of Tennessee	188,484	0	0	188,484	163,000	163,000	25,484
<u>Total Revenues</u>	<u>\$ 1,625,023</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,625,023</u>	<u>\$ 1,814,500</u>	<u>\$ 1,823,500</u>	<u>\$ (198,477)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,562,491	(41,704)	\$ 31,994	\$ 1,552,781	\$ 1,914,000	\$ 1,924,000	\$ 371,219
<u>Total Expenditures</u>	<u>\$ 1,562,491</u>	<u>(41,704)</u>	<u>\$ 31,994</u>	<u>\$ 1,552,781</u>	<u>\$ 1,914,000</u>	<u>\$ 1,924,000</u>	<u>\$ 371,219</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 62,532</u>	<u>\$ 41,704</u>	<u>(31,994)</u>	<u>\$ 72,242</u>	<u>(99,500)</u>	<u>\$ (100,500)</u>	<u>\$ 172,742</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,500	\$ 100,500	\$ (100,500)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,500</u>	<u>\$ 100,500</u>	<u>\$ (100,500)</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2009</u>	<u>\$ 62,532</u> <u>171,148</u>	<u>\$ 41,704</u> <u>(41,704)</u>	<u>(31,994)</u> <u>0</u>	<u>\$ 72,242</u> <u>129,444</u>	<u>\$ 0</u> <u>159,524</u>	<u>\$ 0</u> <u>159,524</u>	<u>\$ 72,242</u> <u>(30,080)</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 233,680</u>	<u>\$ 0</u>	<u>(31,994)</u>	<u>\$ 201,686</u>	<u>\$ 159,524</u>	<u>\$ 159,524</u>	<u>\$ 42,162</u>

MISCELLANEOUS SCHEDULES

Exhibit K-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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 2,500,000	4.2 to 6%	6-26-1998	4-1-10	\$ 270,000	0 \$	270,000 \$	0
General Obligation Capital Outlay Notes Series 2009A (1)	1,346,260	4.11	6-29-09	6-1-18	1,346,260	0	140,000	1,206,260
Total Notes Payable	\$ 1,616,260				\$ 1,616,260	0 \$	410,000 \$	1,206,260
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Library	4,100,000	Variable	12-1-00	6-1-23	\$ 2,300,000	0 \$	300,000 \$	2,000,000
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	1,800,000	0	105,000	1,695,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	32,145,000	0	1,465,000	30,680,000
Refunding (Series E-1-A)	50,500,000	Variable	6-20-08	6-1-37	50,500,000	0	0	50,500,000
Industrial Park (Series B-17-A)	3,000,000	3.25 to 4.5	6-20-08	6-1-30	2,006,115	993,885	85,000	2,915,000
Refunding (Series E-3-B)	20,165,000	Variable (2)	7-31-08	6-1-31	20,165,000	0	0	20,165,000
Refunding (Series E-5-A)	31,175,000	Variable (3)	8-7-08	6-1-30	30,830,000	0	370,000	30,460,000
Various Purposes (Series B-18-A)	4,380,000	2.5 to 5	3-2-09	6-1-19	4,011,415	368,585	50,000	4,330,000
Refunding (Series B-18-A)	46,545,000	2.5 to 5 (4)	3-2-09	6-1-11	46,545,000	0	0	46,545,000
<u>Tennessee State School Bond Authority Loan Agreement</u>								
Qualified Zone Academy Bonds - School Building: Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	555,268	0	40,501	514,767
Total Other Loans Payable	\$ 190,857,798				\$ 1,362,470	\$ 1,362,470	\$ 2,415,501	\$ 189,804,767

(Continued)

Exhibit K-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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<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	\$ 6,225,000	\$ 0	\$ 530,000	\$ 5,695,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	4,860,000	0	415,000	4,445,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	13,580,000	0	1,140,000	12,440,000
Total Bonds Payable					\$ 24,665,000	\$ 0	\$ 2,085,000	\$ 22,580,000
<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	\$ 296,746	\$ 0	\$ 43,857	\$ 252,889
Total Capital Leases Payable					\$ 296,746	\$ 0	\$ 43,857	\$ 252,889
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</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	\$ 2,431,405	\$ 0	\$ 130,645	\$ 2,300,760
Total Capital Leases Payable					\$ 2,431,405	\$ 0	\$ 130,645	\$ 2,300,760

- (1) In the prior year, this note was reflected as being payable from the General Fund.
- (2) This loan agreement refunded outstanding principal of \$20,000,000 on Series A-1-A, which was swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002. The swap agreements have been retained.
- (3) This loan agreement included refunding of outstanding principal of \$10,000,000 on Series B-4-A, and outstanding principal of \$14,000,000 on Series D-1-B, which were swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2005, and 2006, respectively. The swap agreements have been retained.
- (4) This loan agreement refunded outstanding principal of \$39,000,000 on Series IV-C-1, and \$10,000,000 on Series A-5-A, which was swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2002, and 2005, respectively. The swap agreements have been retained.

Exhibit K-2

Blount County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Blount County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 140,000	\$ 49,577	\$ 189,577
2012	145,000	43,823	188,823
2013	150,000	37,864	187,864
2014	155,000	31,699	186,699
2015	160,000	25,328	185,328
2016	165,000	18,752	183,752
2017	170,000	11,971	181,971
2018	121,260	4,984	126,244
Total	\$ 1,206,260	\$ 223,998	\$ 1,430,258

Year Ending June 30	Other Loans			
	Principal	*Interest	Other Fees	Total
2011	\$ 49,035,501	\$ 6,452,417	\$ 1,145,683	\$ 56,633,601
2012	2,810,501	4,060,961	1,035,758	7,907,220
2013	2,900,501	3,989,650	1,030,284	7,920,435
2014	3,035,501	3,910,947	1,024,810	7,971,258
2015	3,260,501	3,822,251	1,022,309	8,105,061
2016	3,420,501	3,722,068	1,019,488	8,162,057
2017	2,140,501	3,614,661	1,016,667	6,771,829
2018	1,380,501	3,495,645	1,015,346	5,891,492
2019	1,250,501	3,354,873	1,013,749	5,619,123
2020	365,501	3,208,468	1,013,749	4,587,718
2021	385,501	3,011,961	1,013,504	4,410,966
2022	190,501	2,804,550	1,013,504	4,008,555
2023	188,755	2,598,956	1,013,504	3,801,215
2024	8,455,000	2,381,926	1,013,504	11,850,430
2025	8,775,000	2,139,844	958,664	11,873,508
2026	9,105,000	1,861,249	903,824	11,870,073
2027	9,435,000	1,566,204	848,984	11,850,188
2028	9,900,000	1,268,444	799,649	11,968,093
2029	3,960,000	1,082,869	695,264	5,738,133
2030	8,645,000	922,376	653,977	10,221,353
2031	12,665,000	619,184	587,147	13,871,331
2032	7,100,000	260,800	491,400	7,852,200
2033	7,550,000	219,890	420,120	8,190,010
2034	7,900,000	82,810	343,980	8,326,790
2035	8,250,000	63,570	264,060	8,577,630
2036	8,650,000	43,420	180,360	8,873,780
2037	9,050,000	22,230	92,340	9,164,570
Total	\$ 189,804,767	\$ 60,582,224	\$ 21,631,628	\$ 272,018,619

(Continued)

*Net of on-going costs, which are reflected as other loan fees.

Exhibit K-2

Blount County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 22,580,000	\$ 4,876,850	\$ 27,456,850

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 23,419	\$ 11,380	\$ 34,799
2012	24,473	10,326	34,799
2013	25,575	9,225	34,800
2014	26,725	8,074	34,799
2015	27,928	6,871	34,799
2016	29,185	5,614	34,799
2017	30,498	4,301	34,799
2018	31,871	2,929	34,800
2019	33,215	1,495	34,710
Total	\$ 252,889	\$ 60,215	\$ 313,104

DISCRETELY PRESENTED BLOUNT
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 144,040	\$ 124,273	\$ 268,313
2012	165,305	116,492	281,797
2013	181,166	107,564	288,730
2014	198,094	97,778	295,872
2015	216,149	87,078	303,227
2016	235,399	75,404	310,803
2017	255,918	62,689	318,607
2018	277,778	48,866	326,644
2019	301,061	33,862	334,923
2020	325,850	17,600	343,450
Total	\$ 2,300,760	\$ 771,606	\$ 3,072,366

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2010

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-10</u>
<u>General Debt Service Fund</u> Sale of Land	The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	\$ 695,000	2-27-07	9-1-13	0%	\$ 638,929
Total Notes Receivable						<u>\$ 638,929</u>

Exhibit K-4

Blount County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 899,520
Self-Insurance	General	Payroll	285,490
Total Transfers Primary Government			<u>\$ 1,185,010</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 63,731
General Purpose School	School Federal Projects	Cash flow	250,000
School Federal Projects	Central Cafeteria	Summer feeding program	33,614
Total Transfers Discretely Presented Blount County School Department			<u>\$ 347,345</u>

Exhibit K-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, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 118,492	\$ 50,000	Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	81,496	100,000	"
Director of Schools	Board of Education	108,750 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	73,944	3,123,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	73,944	10,000	"
Director of Accounts and Budgets:				
David Bennett (7-1-09 through 1-15-10)	County Commission	54,977 (2)	50,000	"
Stephen Jennings (2-15-10 through 6-30-10)	County Commission	32,684 (3)	25,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	73,944	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	73,944	50,000	"
Clerk and Master:				
James Carroll (7-1-09 through 7-5-09)	Section 8-24-102, <u>TCA</u>	1,094	55,000	"
Stephen Ogle (7-6-09 through 6-30-10)	Section 8-24-102, <u>TCA</u>	73,091	55,000	"
Register	Section 8-24-102, <u>TCA</u>	73,944	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	98,395 (4)	25,000	"
Purchasing Agent	and County Commission County Commission	53,306	25,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty			500,000	Travelers Casualty and Surety Company
Forgery or Alteration			500,000	"
Money and Securities - On Premises			500,000	"
Money and Securities - Messenger			500,000	"
Computer Fraud			500,000	"

(1) Includes chief executive officer training supplement of \$1,000.
 (2) Includes \$7,159 for serving as assistant county mayor and \$7,766 of accumulated vacation pay.
 (3) Includes \$6,558 for serving as assistant county mayor.
 (4) Includes \$8,025 for serving as director of the Juvenile Detention Center, a law enforcement training supplement of \$600, and \$8,274 for serving as superintendent of the workhouse.

Exhibit K-6

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2010

	Special Revenue Funds						District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 20,600,441	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(278,797)	0	0	0	0	0	0
Trustee's Collections - Prior Year	844,311	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	175,360	0	0	0	0	0	0
Interest and Penalty	134,472	0	0	0	0	0	0
Pick-up Taxes	141,390	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	178,914	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	234,169	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	1,273,030	0	0	0	0	0	0
Litigation Tax - General	405,359	0	0	0	0	0	0
Litigation Tax - Special Purpose	30	9,845	9,840	0	0	0	0
Business Tax	231,665	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
Other County Local Option Taxes	6,148	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	1	0	0	0	0	0	0
Wholesale Beer Tax	239,735	0	0	0	0	0	0
Total Local Taxes	\$ 24,186,228	\$ 9,845	\$ 9,840	\$ 0	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	43,834	0	0	0	0	0	0
Permits							
Building Permits	214,069	0	0	0	0	0	0
Other Permits	1,840	0	0	0	0	0	0
Total Licenses and Permits	\$ 259,919	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds						District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 6,092	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	915	0	0
Drug Court Fees	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	1,355	0
DUI Treatment Fines	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	35,490	0	0	0	0	0	0
<u>Criminal Court</u>							
Fines	5,343	0	0	0	0	0	0
Officers Costs	31,754	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	91,245	0	0	0	0	0	0
Officers Costs	349,615	0	0	0	0	0	0
Game and Fish Fines	1,011	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	26,073	0	0
Jail Fees	43,086	0	0	0	0	0	0
District Attorney General Fees	58,621	0	0	0	0	0	19,914
DUI Treatment Fines	0	0	0	0	0	0	0
Courtroom Security Fee	27,415	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	5,164	0	0	0	0	0	0
Data Entry Fee - Chancery Court	2,274	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	669	0	0	0	8,040	0	0
Total Fines, Forfeitures, and Penalties	\$ 657,779	\$ 0	\$ 0	\$ 0	\$ 35,028	\$ 21,269	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	33	0	0	0	0	0	0
Other General Service Charges	159,474	0	0	4,890	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	\$ 8,311	\$ 0	\$ 0	\$ 24,286	\$ 0	\$ 0	\$ 0	0
Library Fees	0	0	0	88,457	0	0	0	0
Telephone Commissions	89,066	0	0	0	81,626	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	0
Data Processing Fee - Register	44,146	0	0	0	0	0	0	0
Probation Fees	627,235	0	0	0	0	0	0	0
<u>Other Charges for Services</u>								
Other Charges for Services	4,685	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 932,950	\$ 0	\$ 0	\$ 117,633	\$ 81,626	\$ 0	\$ 0	0
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 12,349	\$ 0	\$ 0	\$ 14,498	\$ 20,471	\$ 0	\$ 2,010	0
Lease/Rentals	2	0	0	0	0	0	0	0
Sale of Materials and Supplies	349,283	0	0	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0	0	0
Sale of Maps	1,447	0	0	0	0	0	0	0
Miscellaneous Refunds	7,440	0	0	0	11,394	0	0	0
<u>Nonrecurring Items</u>								
Sale of Equipment	50,833	0	0	0	30,077	0	0	0
Contributions and Gifts	945	0	0	2,342	0	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	129,740	0	0	136,349	0	0	0	0
Total Other Local Revenues	\$ 552,039	\$ 0	\$ 0	\$ 153,189	\$ 61,942	\$ 0	\$ 2,010	0
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 1,203,374	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	495,826	0	0	0	0	0	0	0
General Sessions Court Clerk	3,076,177	0	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees in-Lieu-of Salary (Cont.)</u>								
Clerk and Master	\$ 410,211	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Register	607,846	0	0	0	0	0	0	0
Sheriff	54,663	0	0	0	0	0	0	0
Trustee	1,811,059	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 7,659,156	\$ 0	\$ 0	\$ 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	\$ 0	\$ 0
State Reappraisal Grant	32,063	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	85,800	0	0	0	0	0	0	0
Health and Welfare Grants	744,141	0	0	0	0	0	0	0
<u>Health Department Programs</u>								
Public Works Grants	0	0	0	0	0	0	0	0
State Aid Program	63,395	0	0	0	0	0	0	0
Litter Program	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	359,411	0	0	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0	0	0
Alcoholic Beverage Tax	132,604	0	0	0	0	0	0	0
Mixed Drink Tax	70,727	0	0	0	0	0	0	0
Contracted Prisoner Boarding	961,937	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	97,045	0	0	0	0	0	0	0
Other State Revenues	14,539	0	0	0	0	0	0	0
Total State of Tennessee	\$ 2,604,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 9,156	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	338,293	0	0	0	0	0	0	0
ARRA Grant # 1	0	0	0	0	0	0	0	0
Other Federal through State	124,272	0	0	9,600	0	0	0	0
<u>Direct Federal Revenue</u>	1,821,781	0	0	0	0	0	0	0
Other Direct Federal Revenue								
Total Federal Government	\$ 2,293,502	\$ 0	\$ 0	\$ 9,600	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 55,789	\$ 0	\$ 0	\$ 899,521	\$ 0	\$ 0	\$ 0	0
Contracted Services	1,450	0	0	0	0	0	0	0
<u>Citizens Groups</u>								
Donations	17,044	0	0	9,600	0	0	0	0
Total Other Governments and Citizens Groups	\$ 74,283	\$ 0	\$ 0	\$ 909,121	\$ 0	\$ 0	\$ 0	0
Total	\$ 39,220,676	\$ 9,845	\$ 9,840	\$ 1,189,543	\$ 178,596	\$ 23,279	\$ 0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works		General Debt Service	Other Capital Projects	Permanent Fund Endowment		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 13,644,496	\$ 0	\$ 0	\$ 0	\$ 34,244,937	
Discount on Property Taxes	0	0	0	(184,659)	0	0	0	(463,456)	
Trustee's Collections - Prior Year	0	0	0	562,875	0	0	0	1,407,186	
Circuit/Clerk & Master Collections - Prior Years	0	0	0	116,148	0	0	0	291,508	
Interest and Penalty	0	0	0	88,552	0	0	0	223,024	
Pick-up Taxes	0	0	0	88,829	0	0	0	230,219	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	118,502	0	0	0	297,416	
Payments in-Lieu-of Taxes - Other	0	0	0	304,922	0	0	0	539,091	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	0	2,148,850	0	0	0	0	2,148,850	
Hotel/Motel Tax	0	0	0	318,258	0	0	0	1,591,288	
Litigation Tax - General	51,898	0	0	0	0	0	0	457,257	
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	19,715	
Business Tax	0	0	0	289,291	0	0	0	520,956	
Mineral Severance Tax	0	0	58,405	0	0	0	0	58,405	
Other County Local Option Taxes	0	0	0	0	0	0	0	6,148	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	0	0	0	0	0	0	1	
Wholesale Beer Tax	0	0	0	0	0	0	0	239,735	
Total Local Taxes	\$ 51,898	\$ 0	\$ 2,207,255	\$ 15,347,214	\$ 0	\$ 0	\$ 0	\$ 41,812,280	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176	
Cable TV Franchise	0	0	0	0	0	0	0	43,834	
<u>Permits</u>									
Building Permits	0	0	0	0	0	0	0	214,069	
Other Permits	0	0	233,533	0	0	0	0	235,373	
Total Licenses and Permits	\$ 0	\$ 0	\$ 233,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 493,452	

(Continued)

Exhibit K-6

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

	Constituti- onal		Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Officers - Fees		General Debt Service	Other Capital Projects	Permanent Fund Endowment		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,092
Drug Control Fines	0	0	0	0	0	0	0	915
Drug Court Fees	25,781	0	0	0	0	0	0	25,781
District Attorney General Fees	0	0	0	0	0	0	0	1,355
DUI Treatment Fines	808	0	0	0	0	0	0	808
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	35,490
<u>Criminal Court</u>								
Fines	0	0	0	0	0	0	0	5,343
Officers Costs	0	0	0	0	0	0	0	31,754
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	91,245
Officers Costs	0	0	0	0	0	0	0	349,615
Game and Fish Fines	0	0	0	0	0	0	0	1,011
Drug Control Fines	0	0	0	0	0	0	0	26,073
Jail Fees	0	0	0	0	0	0	0	43,086
District Attorney General Fees	0	0	0	0	0	0	0	78,535
DUI Treatment Fines	21,947	0	0	0	0	0	0	21,947
Courtroom Security Fee	0	0	0	0	0	0	0	27,415
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	5,164
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	2,274
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	8,709
Total Fines, Forfeitures, and Penalties	\$ 48,536	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	762,612
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33
Other General Service Charges	0	0	0	0	0	0	0	164,364

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Permanent Fund	Endowment		
<u>Charges for Current Services (Cont.)</u>									
<u>Fees</u>									
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,597
Library Fees	0	0	0	0	0	0	0	0	88,457
Telephone Commissions	0	0	0	0	0	0	0	0	170,692
Constitutional Officers' Fees and Commissions	0	24	0	0	0	0	0	0	24
Data Processing Fee - Register	0	0	0	0	0	0	0	0	44,146
Probation Fees	0	0	0	0	0	0	0	0	627,235
<u>Other Charges for Services</u>									
Other Charges for Services	963	0	0	0	0	0	0	0	5,648
Total Charges for Current Services	\$ 963	\$ 24	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,133,196
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 1,977	\$ 0	\$ 5,971	\$ 227,370	\$ 0	\$ 9,885	\$ 0	\$ 0	\$ 294,531
Lease/Rentals	0	0	0	28,000	0	0	0	0	28,002
Sale of Materials and Supplies	0	0	1,434	0	0	0	0	0	350,717
Sale of Gasoline	0	0	457	0	0	0	0	0	457
Sale of Maps	0	0	0	0	0	0	0	0	1,447
Miscellaneous Refunds	0	0	0	1,615	18,701	0	0	0	39,150
<u>Nonrecurring Items</u>									
Sale of Equipment	0	0	0	0	0	0	0	0	80,910
Contributions and Gifts	0	0	0	0	10,000	0	0	0	13,287
<u>Other Local Revenues</u>									
Other Local Revenues	0	0	100,250	0	24,652	0	0	0	390,991
Total Other Local Revenues	\$ 1,977	\$ 0	\$ 108,112	\$ 256,985	\$ 53,353	\$ 9,885	\$ 0	\$ 0	\$ 1,199,492
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,203,374
Circuit Court Clerk	0	0	0	0	0	0	0	0	495,826
General Sessions Court Clerk	0	0	0	0	0	0	0	0	3,076,177

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Permanent Fund			
						Endowment			
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees in-Lieu-of Salary (Cont.)</u>									
Clerk and Master	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	410,211
Register	0	0	0	0	0	0	0	0	607,846
Sheriff	0	0	0	0	0	0	0	0	54,663
Trustee	0	0	0	0	0	0	0	0	1,811,059
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	7,659,156
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
State Reappraisal Grant	0	0	0	0	0	0	0	0	32,063
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	85,800
<u>Health and Welfare Grants</u>									
Health Department Programs	0	0	0	0	0	0	0	0	744,141
<u>Public Works Grants</u>									
State Aid Program	0	0	187,155	0	0	0	0	0	187,155
Litter Program	0	0	0	0	0	0	0	0	63,395
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	359,411
Beer Tax	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	132,604
Mixed Drink Tax	0	0	0	0	0	0	0	0	70,727
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	961,937
Gasoline and Motor Fuel Tax	0	0	2,408,581	0	0	0	0	0	2,408,581
Petroleum Special Tax	0	0	84,987	0	0	0	0	0	84,987
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	16,380
Other State Grants	47,923	0	0	0	0	0	0	0	144,968
Other State Revenues	0	0	0	0	0	0	0	0	14,539
Total State of Tennessee	\$ 47,923 \$	0 \$	2,680,723 \$	0 \$	0 \$	0 \$	0 \$	0 \$	5,333,466

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works	General Debt Service	Other Capital Projects	Permanent Fund	Endowment		
<u>Federal Government</u>									
<u>Federal Through State</u>									
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,156
Homeland Security Grants	0	0	0	0	0	0	0	0	338,293
ARRA Grant # 1	36,549	0	0	0	0	100,000	0	0	136,549
Other Federal through State	0	0	91,519	0	0	2,716	0	0	228,107
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	0	0	0	0	0	0	0	0	1,821,781
Total Federal Government	\$ 36,549	\$ 0	\$ 91,519	\$ 0	\$ 102,716	\$ 0	\$ 0	\$ 0	\$ 2,533,886
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 0	\$ 0	\$ 0	\$ 26,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 981,410
Contracted Services	0	0	0	214,916	0	0	0	0	216,366
<u>Citizens Groups</u>									
Donations	0	0	0	0	0	0	0	0	26,644
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 241,016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,224,420
Total	\$ 187,846	\$ 24	\$ 5,321,142	\$ 15,845,215	\$ 156,069	\$ 9,885	\$ 62,151,960	\$ 0	\$ 187,846

Exhibit K-7

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 16,019,093	\$ 0	\$ 0	\$ 0	\$ 16,019,093
Discount on Property Taxes	(216,804)	0	0	0	(216,804)
Trustee's Collections - Prior Year	647,647	0	0	0	647,647
Circuit/Clerk & Master Collections - Prior Years	136,375	0	0	0	136,375
Interest and Penalty	105,869	0	0	0	105,869
Pick-up Taxes	123,061	0	0	0	123,061
Payments in-Lieu-of Taxes - T.V.A.	12,172	0	0	0	12,172
Payments in-Lieu-of Taxes - Local Utilities	139,131	0	0	0	139,131
Payments in-Lieu-of Taxes - Other	57,447	0	0	0	57,447
<u>County Local Option Taxes</u>					
Local Option Sales Tax	9,529,423	0	0	0	9,529,423
Business Tax	471,456	0	0	0	471,456
Other County Local Option Taxes	5,785	0	0	0	5,785
<u>Statutory Local Taxes</u>					
Bank Excise Tax	143,045	0	0	0	143,045
Total Local Taxes	\$ 27,173,700	\$ 0	\$ 0	\$ 0	\$ 27,173,700
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,593	\$ 0	\$ 0	\$ 0	\$ 5,593
Cable TV Franchise	342,528	0	0	0	342,528
Total Licenses and Permits	\$ 348,121	\$ 0	\$ 0	\$ 0	\$ 348,121
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Contract for Instructional Services with Other LEAs	\$ 38,900	\$ 0	\$ 0	\$ 0	\$ 38,900
Receipts from Individual Schools	0	0	2,297,618	0	2,297,618
Community Service Fees - Children	0	0	0	1,425,941	1,425,941
Total Charges for Current Services	\$ 38,900	\$ 0	\$ 2,297,618	\$ 1,425,941	\$ 3,762,459
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 189,834	\$ 0	\$ 4,473	\$ 1,653	\$ 195,960
Lease/Rentals	28,233	0	0	0	28,233
Retirees' Insurance Payments	144	0	0	0	144
Miscellaneous Refunds	1,381	0	0	0	1,381
<u>Nonrecurring Items</u>					
Sale of Equipment	109	0	1,825	0	1,934
Damages Recovered from Individuals	12,224	0	0	0	12,224
Contributions and Gifts	61,046	0	0	0	61,046
<u>Other Local Revenues</u>					
Other Local Revenues	105,643	0	0	8,945	114,588
Total Other Local Revenues	\$ 398,614	\$ 0	\$ 6,298	\$ 10,598	\$ 415,510
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 53,155	\$ 0	\$ 0	\$ 0	\$ 53,155

(Continued)

Exhibit K-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</u>					
Basic Education Program	\$ 41,325,901	\$ 0	\$ 0	\$ 0	\$ 41,325,901
Basic Education Program - ARRA	2,112,100	0	0	0	2,112,100
Early Childhood Education	541,331	0	0	0	541,331
School Food Service	0	0	54,138	0	54,138
Energy Efficient School Initiative	3,007	0	0	0	3,007
Driver Education	14,948	0	0	0	14,948
Other State Education Funds	79,590	0	0	188,484	268,074
Coordinated School Health - ARRA	125,000	0	0	0	125,000
Internet Connectivity - ARRA	40,686	0	0	0	40,686
Statewide Student Management System (SSMS) - ARRA	28,046	0	0	0	28,046
Career Ladder Program	464,599	0	0	0	464,599
<u>Other State Revenues</u>					
Mixed Drink Tax	44,582	0	0	0	44,582
State Revenue Sharing - T.V.A.	1,283,594	0	0	0	1,283,594
Other State Grants	13,412	0	0	0	13,412
Safe Schools - ARRA	22,318	0	0	0	22,318
Total State of Tennessee	\$ 46,152,269	\$ 0	\$ 54,138	\$ 188,484	\$ 46,394,891
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,102,945	\$ 0	\$ 2,102,945
Breakfast	0	0	741,605	0	741,605
USDA - Other	0	0	15,436	0	15,436
USDA Food Service Equipment Grant - ARRA	0	0	41,975	0	41,975
Adult Education State Grant Program	145,372	0	0	0	145,372
Vocational Education - Basic Grants to States	0	191,574	0	0	191,574
Title I Grants to Local Education Agencies	0	2,646,522	0	0	2,646,522
Innovative Education Program Strategies	0	86,743	0	0	86,743
Special Education - Grants to States	75,978	3,863,146	0	0	3,939,124
Eisenhower Professional Development State Grants	0	489,506	0	0	489,506
Other Federal through State	0	169,122	0	0	169,122
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	123,740	0	0	0	123,740
Total Federal Government	\$ 345,090	\$ 7,446,613	\$ 2,901,961	\$ 0	\$ 10,693,664
Total	\$ 74,456,694	\$ 7,446,613	\$ 5,260,015	\$ 1,625,023	\$ 88,788,345

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Clerical Personnel	\$	41,275	
Temporary Personnel		3,279	
Board and Committee Members Fees		113,400	
Social Security		9,479	
State Retirement		4,215	
Employee and Dependent Insurance		6,324	
Life Insurance		207	
Medical Insurance		4,728	
Dental Insurance		300	
Unemployment Compensation		124	
Employer Medicare		2,266	
Dues and Memberships		6,183	
Operating Lease Payments		1,860	
Legal Notices, Recording, and Court Costs		2,214	
Printing, Stationery, and Forms		329	
Travel		4,112	
Tuition		1,205	
Other Contracted Services		4,250	
Data Processing Supplies		139	
Duplicating Supplies		353	
Office Supplies		183	
Periodicals		121	
Other Supplies and Materials		476	
Workers' Compensation Insurance		236	
Total County Commission			\$ 207,258

Board of Equalization

Board and Committee Members Fees	\$	3,555	
Social Security		220	
Unemployment Compensation		28	
Employer Medicare		52	
Other Supplies and Materials		523	
Workers' Compensation Insurance		12	
Total Board of Equalization			4,390

Beer Board

Legal Notices, Recording, and Court Costs	\$	179	
Total Beer Board			179

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Budget and Finance Committee

Operating Lease Payments	\$	700	
Legal Notices, Recording, and Court Costs		600	
Printing, Stationery, and Forms		500	
Duplicating Supplies		550	
Total Budget and Finance Committee			\$ 2,350

County Mayor/Executive

County Official/Administrative Officer	\$	118,492	
Assistant(s)		13,717	
Clerical Personnel		69,644	
Social Security		11,481	
State Retirement		20,734	
Employee and Dependent Insurance		12,683	
Life Insurance		671	
Medical Insurance		13,778	
Dental Insurance		874	
Unemployment Compensation		169	
Employer Medicare		2,830	
Advertising		144	
Dues and Memberships		2,616	
Maintenance and Repair Services - Office Equipment		283	
Office Supplies		331	
Periodicals		136	
Other Supplies and Materials		30	
Workers' Compensation Insurance		315	
Other Charges		3,042	
Total County Mayor/Executive			271,970

Personnel Office

Supervisor/Director	\$	71,909
Clerical Personnel		34,555
Social Security		6,752
State Retirement		11,734
Employee and Dependent Insurance		12,151
Life Insurance		454
Medical Insurance		9,085
Dental Insurance		577
Unemployment Compensation		167
Employer Medicare		1,579
Dues and Memberships		160

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Operating Lease Payments	\$	1,872	
Legal Services		1,079	
Travel		198	
Tuition		220	
Office Supplies		805	
Workers' Compensation Insurance		172	
Other Charges		4,318	
Total Personnel Office			\$ 157,787

Election Commission

County Official/Administrative Officer	\$	66,550	
Clerical Personnel		71,840	
Custodial Personnel		1,395	
Temporary Personnel		22,166	
Other Salaries and Wages		8,000	
Election Commission		20,450	
Election Workers		36,842	
In-Service Training		2,700	
Social Security		11,284	
State Retirement		13,262	
Employee and Dependent Insurance		1,844	
Life Insurance		604	
Medical Insurance		14,184	
Dental Insurance		900	
Unemployment Compensation		582	
Employer Medicare		2,816	
Dues and Memberships		250	
Operating Lease Payments		1,392	
Legal Notices, Recording, and Court Costs		2,939	
Printing, Stationery, and Forms		756	
Rentals		550	
Travel		6,634	
Tuition		3,310	
Other Contracted Services		50,696	
Office Supplies		6,563	
Workers' Compensation Insurance		279	
Furniture and Fixtures		72	
Total Election Commission			348,860

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		277,790	
Social Security		21,114	
State Retirement		36,088	
Employee and Dependent Insurance		25,296	
Life Insurance		1,648	
Medical Insurance		42,552	
Dental Insurance		2,700	
Unemployment Compensation		704	
Employer Medicare		4,938	
Dues and Memberships		877	
Operating Lease Payments		6,492	
Maintenance and Repair Services - Office Equipment		171	
Printing, Stationery, and Forms		205	
Travel		1,901	
Tuition		200	
Other Contracted Services		6,060	
Data Processing Supplies		724	
Duplicating Supplies		1,289	
Office Supplies		1,268	
Other Supplies and Materials		951	
Workers' Compensation Insurance		557	
Data Processing Equipment		32,118	
Total Register of Deeds			\$ 539,587

Planning

Assistant(s)	\$	78,486
Supervisor/Director		70,086
Social Security		9,031
State Retirement		15,244
Employee and Dependent Insurance		6,324
Life Insurance		596
Medical Insurance		13,276
Dental Insurance		842
Unemployment Compensation		247
Employer Medicare		2,112
Consultants		1,000
Dues and Memberships		1,658
Operating Lease Payments		1,896
Legal Notices, Recording, and Court Costs		1,228

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Travel	\$	896	
Tuition		35	
Duplicating Supplies		139	
Gasoline		351	
Office Supplies		691	
Workers' Compensation Insurance		223	
Total Planning			\$ 204,361

Building

Supervisor/Director	\$	46,704	
Clerical Personnel		9,006	
Social Security		3,409	
State Retirement		5,716	
Employee and Dependent Insurance		2,284	
Life Insurance		282	
Medical Insurance		6,449	
Dental Insurance		409	
Unemployment Compensation		117	
Employer Medicare		797	
Legal Notices, Recording, and Court Costs		2,609	
Travel		1,476	
Other Contracted Services		2,525	
Office Supplies		309	
Workers' Compensation Insurance		82	
Other Charges		1,547	
Total Building			83,721

Engineering

Supervisor/Director	\$	61,938
Deputy(ies)		31,951
Clerical Personnel		8,988
Social Security		6,226
State Retirement		10,555
Employee and Dependent Insurance		8,604
Life Insurance		448
Medical Insurance		11,174
Dental Insurance		709
Unemployment Compensation		205
Employer Medicare		1,456
Advertising		100

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Dues and Memberships	\$	3,460	
Maintenance and Repair Services - Vehicles		1,887	
Printing, Stationery, and Forms		800	
Tuition		100	
Gasoline		1,844	
Office Supplies		433	
Workers' Compensation Insurance		152	
Other Charges		1,167	
Data Processing Equipment		130	
Furniture and Fixtures		264	
Total Engineering			\$ 152,591

Codes Compliance

Supervisor/Director	\$	50,410	
Other Salaries and Wages		74,510	
Social Security		7,376	
State Retirement		12,754	
Employee and Dependent Insurance		14,408	
Life Insurance		608	
Medical Insurance		15,473	
Dental Insurance		982	
Unemployment Compensation		298	
Employer Medicare		1,725	
Communication		262	
Dues and Memberships		665	
Legal Notices, Recording, and Court Costs		28	
Travel		172	
Tuition		1,215	
Other Contracted Services		702	
Duplicating Supplies		209	
Gasoline		4,559	
Office Supplies		701	
Small Tools		297	
Textbooks		267	
Workers' Compensation Insurance		197	
Other Charges		2,876	
Total Codes Compliance			190,694

County Buildings

Supervisor/Director	\$	62,419	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Clerical Personnel	\$	24,595	
Custodial Personnel		169,191	
Maintenance Personnel		116,566	
Part-time Personnel		28,202	
Bonus Payments		27,950	
Social Security		25,854	
State Retirement		41,354	
Employee and Dependent Insurance		34,782	
Life Insurance		1,812	
Medical Insurance		63,434	
Dental Insurance		4,025	
Unemployment Compensation		1,367	
Employer Medicare		6,047	
Dues and Memberships		133	
Maintenance Agreements		37,279	
Maintenance and Repair Services - Buildings		35,011	
Maintenance and Repair Services - Equipment		37,715	
Maintenance and Repair Services - Office Equipment		580	
Maintenance and Repair Services - Vehicles		424	
Pest Control		3,470	
Permits		900	
Other Contracted Services		1,524	
Custodial Supplies		29,676	
Gasoline		4,167	
Natural Gas		75,876	
Office Supplies		751	
Periodicals		109	
Uniforms		1,988	
Utilities		505,930	
Other Supplies and Materials		9,388	
Workers' Compensation Insurance		657	
Maintenance Equipment		434	
Total County Buildings			\$ 1,353,610

Other General Administration

Audit Services	\$	31,747
Communication		157,197
Legal Services		49,538
Legal Notices, Recording, and Court Costs		1,605,467
Postal Charges		159,938

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Other Contracted Services	\$ 119,351	
Electricity	2,137	
Utilities	2,459	
Liability Insurance	232,345	
Other Charges	9,268	
Building Improvements	7,915	
Total Other General Administration		\$ 2,377,362

Preservation of Records

Other Salaries and Wages	\$ 64,496	
Social Security	3,790	
State Retirement	6,617	
Employee and Dependent Insurance	9,486	
Life Insurance	323	
Medical Insurance	9,456	
Dental Insurance	600	
Unemployment Compensation	176	
Employer Medicare	886	
Communication	1,463	
Consultants	4,394	
Dues and Memberships	175	
Operating Lease Payments	714	
Travel	280	
Other Contracted Services	1,190	
Office Supplies	375	
Utilities	7,500	
Other Supplies and Materials	3,583	
Workers' Compensation Insurance	97	
Total Preservation of Records		115,601

Risk Management

Other Salaries and Wages	\$ 142,228
Social Security	8,385
State Retirement	14,590
Employee and Dependent Insurance	13,145
Life Insurance	651
Medical Insurance	9,827
Dental Insurance	923
Unemployment Compensation	273
Employer Medicare	1,961

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Risk Management (Cont.)

Dues and Memberships	\$	136	
Operating Lease Payments		2,721	
Maintenance and Repair Services - Vehicles		357	
Printing, Stationery, and Forms		290	
Travel		358	
Tuition		1,200	
Other Contracted Services		6,650	
Gasoline		2,858	
Office Supplies		384	
Other Supplies and Materials		1,412	
Workers' Compensation Insurance		246	
Other Charges		6,481	
Data Processing Equipment		764	
Furniture and Fixtures		123	
Total Risk Management			\$ 215,963

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	73,944	
Accountants/Bookkeepers		409,633	
Social Security		29,504	
State Retirement		47,262	
Employee and Dependent Insurance		24,998	
Life Insurance		1,962	
Medical Insurance		47,292	
Dental Insurance		3,001	
Unemployment Compensation		978	
Employer Medicare		6,900	
Dues and Memberships		2,358	
Operating Lease Payments		6,808	
Legal Notices, Recording, and Court Costs		400	
Printing, Stationery, and Forms		2,169	
Travel		1,832	
Tuition		4,265	
Gasoline		434	
Office Supplies		622	
Premiums on Corporate Surety Bonds		242	
Workers' Compensation Insurance		751	
Other Charges		2,158	
Total Accounting and Budgeting			667,513

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing

County Official/Administrative Officer	\$	53,306	
Purchasing Personnel		155,735	
Social Security		11,988	
State Retirement		19,928	
Employee and Dependent Insurance		31,093	
Life Insurance		1,022	
Medical Insurance		27,580	
Dental Insurance		1,750	
Unemployment Compensation		584	
Employer Medicare		2,803	
Dues and Memberships		543	
Operating Lease Payments		1,932	
Legal Notices, Recording, and Court Costs		3,282	
Maintenance and Repair Services - Office Equipment		389	
Printing, Stationery, and Forms		2,100	
Travel		1,196	
Tuition		755	
Data Processing Supplies		223	
Duplicating Supplies		146	
Office Supplies		768	
Other Supplies and Materials		260	
Workers' Compensation Insurance		341	
Total Purchasing			\$ 317,724

Property Assessor's Office

County Official/Administrative Officer	\$	73,944
Assistant(s)		290,679
Clerical Personnel		180,597
Social Security		32,714
State Retirement		55,376
Employee and Dependent Insurance		41,106
Life Insurance		2,591
Medical Insurance		57,524
Dental Insurance		3,950
Unemployment Compensation		1,056
Employer Medicare		7,651
Data Processing Services		40,584
Dues and Memberships		2,692
Operating Lease Payments		3,679
Legal Services		24,600

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,679	
Printing, Stationery, and Forms		1,416	
Travel		3,077	
Tuition		545	
Other Contracted Services		31,000	
Duplicating Supplies		1,356	
Gasoline		2,153	
Office Supplies		2,927	
Other Supplies and Materials		957	
Workers' Compensation Insurance		821	
Other Charges		72,807	
Building Improvements		3,986	
Motor Vehicles		18,840	
Total Property Assessor's Office			\$ 960,307

Reappraisal Program

Assistant(s)	\$	188,640	
Clerical Personnel		62,780	
Social Security		15,024	
State Retirement		25,514	
Employee and Dependent Insurance		31,620	
Life Insurance		1,274	
Medical Insurance		33,096	
Dental Insurance		2,100	
Unemployment Compensation		616	
Employer Medicare		3,514	
Data Processing Services		8,194	
Dues and Memberships		60	
Travel		307	
Other Contracted Services		21,500	
Gasoline		1,091	
Office Supplies		182	
Other Supplies and Materials		300	
Workers' Compensation Insurance		379	
Other Charges		15	
Total Reappraisal Program			396,206

County Trustee's Office

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		234,660	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Temporary Personnel	\$	7,132	
Social Security		18,284	
State Retirement		29,482	
Employee and Dependent Insurance		18,972	
Life Insurance		1,300	
Medical Insurance		28,368	
Dental Insurance		1,800	
Unemployment Compensation		690	
Employer Medicare		4,321	
Dues and Memberships		1,178	
Operating Lease Payments		1,764	
Legal Services		4,505	
Legal Notices, Recording, and Court Costs		173	
Maintenance and Repair Services - Office Equipment		106	
Printing, Stationery, and Forms		1,462	
Travel		638	
Tuition		175	
Other Contracted Services		362	
Duplicating Supplies		414	
Office Supplies		1,700	
Other Supplies and Materials		1,094	
Workers' Compensation Insurance		477	
Total County Trustee's Office			\$ 433,001

County Clerk's Office

County Official/Administrative Officer	\$	73,944
Clerical Personnel		654,919
Part-time Personnel		13,353
Social Security		43,571
State Retirement		74,378
Employee and Dependent Insurance		75,888
Life Insurance		3,451
Medical Insurance		108,350
Dental Insurance		6,875
Unemployment Compensation		2,043
Employer Medicare		10,193
Dues and Memberships		1,474
Operating Lease Payments		4,054
Maintenance Agreements		13,901
Maintenance and Repair Services - Equipment		200

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Printing, Stationery, and Forms	\$	4,221	
Travel		729	
Tuition		20	
Other Contracted Services		646	
Data Processing Supplies		1,600	
Duplicating Supplies		125	
Gasoline		1,105	
Office Supplies		4,155	
Periodicals		600	
Other Supplies and Materials		1,805	
Premiums on Corporate Surety Bonds		150	
Workers' Compensation Insurance		1,141	
Total County Clerk's Office			\$ 1,102,891

Data Processing

Supervisor/Director	\$	86,058	
Data Processing Personnel		333,243	
Social Security		25,494	
State Retirement		43,020	
Employee and Dependent Insurance		18,972	
Life Insurance		1,880	
Medical Insurance		42,552	
Dental Insurance		2,700	
Unemployment Compensation		792	
Employer Medicare		5,963	
Data Processing Services		2,544	
Maintenance and Repair Services - Equipment		14,739	
Printing, Stationery, and Forms		17,084	
Travel		297	
Other Contracted Services		2,117	
Data Processing Supplies		5,015	
Equipment Parts - Light		14,111	
Office Supplies		235	
Workers' Compensation Insurance		647	
Data Processing Equipment		13,961	
Total Data Processing			631,424

Administration of Justice

Circuit Court Judge

Jury and Witness Expense	\$	20,790	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Judge (Cont.)

Operating Lease Payments	\$	3,814	
Legal Notices, Recording, and Court Costs		240	
Maintenance Agreements		2,872	
Printing, Stationery, and Forms		6,758	
Travel		96	
Other Contracted Services		4,085	
Duplicating Supplies		238	
Office Supplies		286	
Other Supplies and Materials		5,601	
Building Improvements		11,696	
Total Circuit Court Judge			\$ 56,476

Circuit Court Clerk

County Official/Administrative Officer	\$	73,944
Clerical Personnel		1,200,526
Overtime Pay		7,445
Social Security		75,241
State Retirement		119,697
Employee and Dependent Insurance		125,690
Life Insurance		5,899
Medical Insurance		187,857
Dental Insurance		11,920
Unemployment Compensation		4,197
Employer Medicare		17,918
Bank Charges		100
Dues and Memberships		2,239
Operating Lease Payments		3,701
Maintenance Agreements		18,471
Maintenance and Repair Services - Office Equipment		617
Maintenance and Repair Services - Vehicles		700
Printing, Stationery, and Forms		14,503
Travel		7,672
Tuition		5,892
Other Contracted Services		8,321
Data Processing Supplies		5,344
Duplicating Supplies		4,975
Library Books/Media		958
Office Supplies		3,313
Other Supplies and Materials		6,055
Workers' Compensation Insurance		1,941

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Data Processing Equipment	\$ 8,565	
Total Circuit Court Clerk		\$ 1,923,701

General Sessions Judge

Judge(s)	\$ 583,974	
Secretary(ies)	106,413	
Other Salaries and Wages	4,800	
Other Per Diem and Fees	3,174	
Social Security	33,532	
State Retirement	70,833	
Employee and Dependent Insurance	18,972	
Life Insurance	1,502	
Medical Insurance	33,096	
Dental Insurance	2,100	
Unemployment Compensation	264	
Employer Medicare	9,849	
Dues and Memberships	1,485	
Operating Lease Payments	1,104	
Maintenance and Repair Services - Office Equipment	705	
Printing, Stationery, and Forms	728	
Travel	3,427	
Tuition	645	
Library Books/Media	2,223	
Office Supplies	634	
Other Supplies and Materials	3,157	
Workers' Compensation Insurance	1,064	
Other Charges	54	
Total General Sessions Judge		883,735

Chancery Court

County Official/Administrative Officer	\$ 74,185
Clerical Personnel	270,385
Social Security	20,488
State Retirement	31,535
Employee and Dependent Insurance	23,978
Life Insurance	1,524
Medical Insurance	42,158
Dental Insurance	2,675
Unemployment Compensation	786
Employer Medicare	4,808

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Dues and Memberships	\$	1,012	
Operating Lease Payments		4,856	
Legal Notices, Recording, and Court Costs		273	
Printing, Stationery, and Forms		7,263	
Travel		572	
Duplicating Supplies		887	
Office Supplies		4,351	
Other Supplies and Materials		329	
Premiums on Corporate Surety Bonds		108	
Workers' Compensation Insurance		530	
Total Chancery Court			\$ 492,703

Juvenile Court

Youth Service Officer(s)	\$	181,083	
Secretary(ies)		25,037	
Other Salaries and Wages		66,356	
Social Security		16,588	
State Retirement		27,956	
Employee and Dependent Insurance		12,648	
Life Insurance		1,265	
Medical Insurance		31,914	
Dental Insurance		2,025	
Unemployment Compensation		600	
Employer Medicare		3,880	
Dues and Memberships		310	
Evaluation and Testing		1,662	
Operating Lease Payments		5,103	
Medical and Dental Services		8,400	
Printing, Stationery, and Forms		8,021	
Travel		9,847	
Tuition		1,015	
Other Contracted Services		1,300	
Library Books/Media		94	
Office Supplies		769	
Other Supplies and Materials		1,141	
Workers' Compensation Insurance		426	
Other Charges		1,345	
Furniture and Fixtures		1,480	
Total Juvenile Court			410,265

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Office of Public Defender

Clerical Personnel	\$	34,800	
Social Security		2,158	
Unemployment Compensation		160	
Employer Medicare		505	
Communication		468	
Operating Lease Payments		15,600	
Travel		811	
Tuition		82	
Other Contracted Services		12,120	
Workers' Compensation Insurance		53	
Total Office of Public Defender			\$ 66,757

Other Administration of Justice

Captain(s)	\$	57,061	
Lieutenant(s)		46,362	
Attendants		216,104	
Longevity Pay		5,903	
Social Security		19,767	
State Retirement		42,743	
Employee and Dependent Insurance		17,532	
Life Insurance		1,431	
Medical Insurance		35,660	
Dental Insurance		2,263	
Unemployment Compensation		664	
Employer Medicare		4,623	
Workers' Compensation Insurance		8,153	
Total Other Administration of Justice			458,266

Probation Services

Supervisor/Director	\$	55,125	
Probation Officer(s)		107,688	
Accountants/Bookkeepers		26,256	
Secretary(ies)		20,000	
Other Salaries and Wages		5,106	
Social Security		12,937	
State Retirement		22,153	
Employee and Dependent Insurance		16,222	
Life Insurance		1,055	
Medical Insurance		33,712	
Dental Insurance		1,989	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Unemployment Compensation	\$	570	
Employer Medicare		3,026	
Communication		740	
Operating Lease Payments		1,320	
Printing, Stationery, and Forms		1,901	
Travel		823	
Tuition		335	
Other Contracted Services		14,775	
Duplicating Supplies		998	
Office Supplies		2,073	
Other Supplies and Materials		2,771	
Workers' Compensation Insurance		336	
Furniture and Fixtures		488	
Total Probation Services			\$ 332,399

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,496
Assistant(s)		109,486
Supervisor/Director		329,576
Deputy(ies)		3,212,108
Detective(s)		306,801
Investigator(s)		28,811
Captain(s)		167,190
Lieutenant(s)		252,517
Sergeant(s)		409,388
Mechanic(s)		36,785
Clerical Personnel		191,759
Attendants		184,312
Longevity Pay		65,234
Overtime Pay		396,995
Other Salaries and Wages		12,417
In-Service Training		84,600
Social Security		353,994
State Retirement		770,666
Employee and Dependent Insurance		481,780
Life Insurance		25,614
Medical Insurance		644,168
Dental Insurance		40,624
Unemployment Compensation		12,333

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Employer Medicare	\$	82,792	
Communication		18,191	
Dues and Memberships		4,885	
Evaluation and Testing		7,588	
Operating Lease Payments		10,000	
Licenses		7,066	
Maintenance Agreements		66,573	
Maintenance and Repair Services - Equipment		31,341	
Maintenance and Repair Services - Office Equipment		1,000	
Maintenance and Repair Services - Vehicles		14,426	
Matching Share		23,750	
Printing, Stationery, and Forms		16,060	
Transportation - Other than Students		1,051	
Travel		31,236	
Tuition		23,740	
Other Contracted Services		17,515	
Basic Skills Materials		31,400	
Data Processing Supplies		13,266	
Duplicating Supplies		2,127	
Electricity		5,237	
Equipment and Machinery Parts		5,655	
Garage Supplies		267	
Gasoline		413,308	
Law Enforcement Supplies		18,151	
Lubricants		4,485	
Office Supplies		11,376	
Small Tools		951	
Tires and Tubes		18,443	
Uniforms		71,174	
Vehicle Parts		31,989	
In-Service/Staff Development		405	
Other Supplies and Materials		19,277	
Workers' Compensation Insurance		136,659	
Other Charges		15,786	
Communication Equipment		84,627	
Law Enforcement Equipment		17,677	
Total Sheriff's Department			\$ 9,458,128

Administration of the Sexual Offender Registry

Other Charges	\$	4,300	
Total Administration of the Sexual Offender Registry			4,300

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	46,944
Supervisor/Director		49,271
Captain(s)		59,914
Lieutenant(s)		120,493
Sergeant(s)		87,479
Computer Programmer(s)		146,468
Medical Personnel		156,386
Guards		128,716
Clerical Personnel		179,637
Attendants		2,437,101
Cafeteria Personnel		73,436
Part-time Personnel		122,818
Longevity Pay		26,162
Overtime Pay		123,403
In-Service Training		41,200
Social Security		228,833
State Retirement		408,130
Employee and Dependent Insurance		312,569
Life Insurance		17,066
Medical Insurance		507,099
Dental Insurance		32,176
Unemployment Compensation		10,603
Employer Medicare		53,522
Contracts with Private Agencies		11,792
Dues and Memberships		1,020
Evaluation and Testing		1,453
Maintenance and Repair Services - Buildings		60
Maintenance and Repair Services - Equipment		406
Medical and Dental Services		842,400
Printing, Stationery, and Forms		548
Travel		17,000
Tuition		610
Other Contracted Services		3,792
Custodial Supplies		46,496
Data Processing Supplies		14,590
Food Preparation Supplies		21,243
Food Supplies		404,029
Prisoners Clothing		10,243
Uniforms		20,805
Other Supplies and Materials		69,048

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Workers' Compensation Insurance	\$	104,379	
Other Charges		335,778	
Total Jail			\$ 7,275,118

Workhouse

County Official/Administrative Officer	\$	8,274	
Social Security		513	
State Retirement		1,139	
Life Insurance		22	
Employer Medicare		120	
Workers' Compensation Insurance		207	
Total Workhouse			10,275

Juvenile Services

Lieutenant(s)	\$	57,061	
Sergeant(s)		100,395	
Medical Personnel		22,722	
Guards		82,138	
Attendants		525,793	
Part-time Personnel		6,317	
Overtime Pay		10,101	
Other Salaries and Wages		33,792	
Social Security		50,172	
State Retirement		89,637	
Employee and Dependent Insurance		92,482	
Life Insurance		3,932	
Medical Insurance		121,609	
Dental Insurance		7,716	
Unemployment Compensation		2,452	
Employer Medicare		11,734	
Maintenance Agreements		6,000	
Medical and Dental Services		3,313	
Printing, Stationery, and Forms		1,860	
Travel		2,440	
Tuition		1,515	
Other Contracted Services		3,430	
Duplicating Supplies		567	
Instructional Supplies and Materials		1,538	
Office Supplies		3,520	
Prisoners Clothing		671	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Uniforms	\$	5,977	
Other Supplies and Materials		10,615	
Workers' Compensation Insurance		21,152	
Total Juvenile Services			\$ 1,280,651

Fire Prevention and Control

Contracts with Private Agencies	\$	4,500	
Total Fire Prevention and Control			4,500

Civil Defense

Supervisor/Director	\$	57,330	
Clerical Personnel		42,774	
Social Security		6,099	
State Retirement		10,330	
Employee and Dependent Insurance		6,324	
Life Insurance		459	
Medical Insurance		9,456	
Dental Insurance		600	
Unemployment Compensation		88	
Employer Medicare		1,423	
Dues and Memberships		35	
Operating Lease Payments		788	
Tuition		50	
Other Contracted Services		44,928	
Gasoline		1,009	
Office Supplies		157	
Uniforms		142	
Workers' Compensation Insurance		157	
Law Enforcement Equipment		257,450	
Total Civil Defense			439,599

Other Emergency Management

Contracts with Government Agencies	\$	302,135	
Total Other Emergency Management			302,135

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	52,825	
Total County Coroner/Medical Examiner			52,825

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Guidance Personnel	\$	22,304	
Medical Personnel		498,811	
Clerical Personnel		87,940	
Custodial Personnel		26,703	
Part-time Personnel		44,139	
Overtime Pay		6,557	
Social Security		40,569	
State Retirement		56,028	
Employee and Dependent Insurance		65,612	
Life Insurance		2,862	
Medical Insurance		98,106	
Dental Insurance		6,225	
Unemployment Compensation		2,469	
Employer Medicare		9,641	
Communication		23,269	
Contracts with Government Agencies		96,810	
Operating Lease Payments		5,106	
Maintenance and Repair Services - Buildings		3,434	
Maintenance and Repair Services - Equipment		2,943	
Medical and Dental Services		260	
Pest Control		400	
Postal Charges		5,799	
Printing, Stationery, and Forms		2,756	
Travel		5,146	
Other Contracted Services		36,343	
Custodial Supplies		6,000	
Duplicating Supplies		42	
Electricity		49,080	
Office Supplies		10,612	
Other Supplies and Materials		1,527	
Workers' Compensation Insurance		1,116	
Other Charges		9,517	
Furniture and Fixtures		308	
Office Equipment		294	
Total Local Health Center			\$ 1,228,728

Rabies and Animal Control

Supervisor/Director	\$	30,015
Part-time Personnel		16,939
Other Salaries and Wages		29,090

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Social Security	\$	4,621	
State Retirement		3,629	
Employee and Dependent Insurance		3,952	
Life Insurance		289	
Medical Insurance		10,325	
Dental Insurance		705	
Unemployment Compensation		338	
Employer Medicare		1,081	
Licenses		275	
Maintenance and Repair Services - Vehicles		138	
Travel		144	
Other Contracted Services		14,928	
Animal Food and Supplies		1,611	
Drugs and Medical Supplies		7,279	
Gasoline		3,624	
Natural Gas		1,063	
Office Supplies		853	
Uniforms		113	
Utilities		9,063	
Other Supplies and Materials		3,511	
Workers' Compensation Insurance		96	
Other Charges		13,777	
Total Rabies and Animal Control			\$ 157,459

Ambulance/Emergency Medical Services

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

General Welfare Assistance

Contributions	\$	106,536	
Pauper Burials		5,700	
Total General Welfare Assistance			112,236

Other Local Welfare Services

Contracts with Private Agencies	\$	110,697	
Total Other Local Welfare Services			110,697

Other Public Health and Welfare

Assistant(s)	\$	110,829	
Supervisor/Director		63,099	

(Continued)

Exhibit K-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.)

Secretary(ies)	\$	26,020	
Other Per Diem and Fees		7,200	
Social Security		12,275	
State Retirement		19,482	
Employee and Dependent Insurance		18,972	
Life Insurance		911	
Medical Insurance		23,246	
Dental Insurance		1,425	
Unemployment Compensation		496	
Employer Medicare		2,870	
Communication		5,298	
Dues and Memberships		155	
Operating Lease Payments		1,632	
Postal Charges		90	
Printing, Stationery, and Forms		660	
Travel		21,786	
Other Contracted Services		472	
Custodial Supplies		974	
Office Supplies		3,374	
Other Supplies and Materials		95	
Workers' Compensation Insurance		349	
Other Charges		100	
Health Equipment		1,186	
Total Other Public Health and Welfare			\$ 322,996

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	656,650	
Total Parks and Fair Boards			656,650

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	5,002	
Contracts with Government Agencies		170,091	
Operating Lease Payments		1,570	
Travel		1,000	
Office Equipment		1,373	
Total Agriculture Extension Service			179,036

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Assistant(s)	\$	46,704	
Paraprofessionals		39,233	
Social Security		5,319	
State Retirement		8,817	
Life Insurance		433	
Medical Insurance		9,456	
Dental Insurance		600	
Unemployment Compensation		176	
Employer Medicare		1,244	
Communication		1,974	
Dues and Memberships		1,011	
Maintenance Agreements		600	
Postal Charges		630	
Travel		506	
Instructional Supplies and Materials		177	
Office Supplies		1,245	
Workers' Compensation Insurance		130	
Total Soil Conservation			\$ 118,255

Other Operations

Tourism

Other Salaries and Wages	\$	276,161	
Advertising		348,942	
Dues and Memberships		1,698	
Operating Lease Payments		4,641	
Legal Notices, Recording, and Court Costs		340	
Postal Charges		3,000	
Printing, Stationery, and Forms		14,811	
Travel		428	
Tuition		350	
Other Contracted Services		28,202	
Office Supplies		292	
Other Charges		696	
Data Processing Equipment		100	
Total Tourism			679,661

Industrial Development

Contracts for Development Costs	\$	926,627	
Total Industrial Development			926,627

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Other Salaries and Wages	\$	79,000	
Communication		16,139	
Maintenance and Repair Services - Buildings		4,816	
Rentals		60,000	
Other Contracted Services		8,608	
Custodial Supplies		5,131	
Office Supplies		1,278	
Utilities		8,989	
Other Supplies and Materials		1,427	
Other Charges		1,030	
Total Other Economic and Community Development			\$ 186,418

Veterans' Services

County Official/Administrative Officer	\$	64,288	
Supervisor/Director		35,585	
Clerical Personnel		22,451	
Social Security		7,521	
State Retirement		11,459	
Employee and Dependent Insurance		1,581	
Life Insurance		526	
Medical Insurance		13,396	
Dental Insurance		850	
Unemployment Compensation		280	
Employer Medicare		1,759	
Dues and Memberships		55	
Operating Lease Payments		1,536	
Maintenance Agreements		700	
Printing, Stationery, and Forms		259	
Travel		1,565	
Duplicating Supplies		322	
Gasoline		907	
Office Supplies		701	
Workers' Compensation Insurance		190	
Total Veterans' Services			165,931

Other Charges

Local Retirement	\$	73,804	
Office Supplies		1,188	
Total Other Charges			74,992

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 45,000	
Total Contributions to Other Agencies		\$ 45,000

Miscellaneous

Communication	\$ 63	
Trustee's Commission	504,775	
Total Miscellaneous		504,838

Highways

Litter and Trash Collection

Attendants	\$ 31,764	
Longevity Pay	250	
Social Security	1,881	
State Retirement	3,285	
Employee and Dependent Insurance	6,144	
Life Insurance	156	
Medical Insurance	4,563	
Dental Insurance	290	
Unemployment Compensation	87	
Employer Medicare	440	
Contracts with Government Agencies	2,490	
Licenses	15	
Other Contracted Services	18,978	
Tires and Tubes	549	
Other Supplies and Materials	2,158	
Workers' Compensation Insurance	797	
Total Litter and Trash Collection		73,847

Capital Projects

Other General Government Projects

Building Construction	\$ 194,758	
Data Processing Equipment	71,020	
Law Enforcement Equipment	258,515	
Motor Vehicles	481,387	
Total Other General Government Projects		1,005,680

Total General Fund \$ 40,796,234

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$ 21,368	
Total County Buildings		\$ 21,368

Other Operations

Other Charges

Trustee's Commission	\$ 99	
Total Other Charges		<u>99</u>

Total Courthouse and Jail Maintenance Fund		\$ 21,467
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Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$ 7,080	
Trustee's Commission	<u>99</u>	
Total Other Charges		<u>\$ 7,179</u>

Total Law Library Fund		7,179
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Public Library Fund

General Government

County Buildings

Supervisor/Director	\$ 3,727	
Custodial Personnel	64,536	
Maintenance Personnel	24,968	
Part-time Personnel	9,022	
Social Security	6,106	
State Retirement	10,209	
Employee and Dependent Insurance	12,648	
Life Insurance	455	
Medical Insurance	18,912	
Dental Insurance	1,200	
Unemployment Compensation	478	
Employer Medicare	1,428	
Maintenance and Repair Services - Buildings	15,651	
Maintenance and Repair Services - Equipment	2,757	
Other Supplies and Materials	675	
Workers' Compensation Insurance	<u>149</u>	
Total County Buildings		\$ 172,921

(Continued)

Exhibit K-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	\$	162,107	
Assistant(s)		71,630	
Supervisor/Director		176,858	
Paraprofessionals		210,352	
Part-time Personnel		251,571	
Social Security		52,009	
State Retirement		74,851	
Employee and Dependent Insurance		53,754	
Life Insurance		2,898	
Medical Insurance		89,832	
Dental Insurance		5,700	
Unemployment Compensation		3,483	
Local Retirement		11,390	
Employer Medicare		12,228	
Communication		11,064	
Data Processing Services		27,214	
Dues and Memberships		160	
Operating Lease Payments		11,457	
Maintenance Agreements		4,727	
Pest Control		696	
Postal Charges		8,000	
Printing, Stationery, and Forms		376	
Travel		817	
Tuition		235	
Permits		210	
Other Contracted Services		32,039	
Custodial Supplies		12,403	
Data Processing Supplies		3,372	
Library Books/Media		227,915	
Office Supplies		15,257	
Periodicals		25,137	
Utilities		174,376	
Other Supplies and Materials		5,303	
Building and Contents Insurance		20,000	
Trustee's Commission		1,322	
Workers' Compensation Insurance		1,261	
Data Processing Equipment		9,492	
Total Libraries			\$ 1,771,496

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Part-time Personnel	\$	26,763	
Social Security		1,659	
Unemployment Compensation		214	
Employer Medicare		447	
Other Supplies and Materials		46,102	
Workers' Compensation Insurance		54	
Total Other Social, Cultural, and Recreational			\$ 75,239

Total Public Library Fund \$ 2,019,656

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	34,105	
Animal Food and Supplies		9,903	
Other Supplies and Materials		137,983	
Trustee's Commission		681	
Total Sheriff's Department			\$ 182,672

Total Drug Control Fund 182,672

District Attorney General Fund

Administration of Justice

District Attorney General

Library Books/Media	\$	44	
Trustee's Commission		233	
Total District Attorney General			\$ 277

Total District Attorney General Fund 277

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	38,918	
Probation Officer(s)		27,382	
Part-time Personnel		11,892	
Social Security		4,726	
State Retirement		4,830	
Employee and Dependent Insurance		6,060	
Life Insurance		374	

(Continued)

Exhibit K-8

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

Other Special Revenue Fund (Cont.)

Administration of Justice (Cont.)

Criminal Court (Cont.)

Medical Insurance	\$	9,424	
Dental Insurance		600	
Unemployment Compensation		271	
Employer Medicare		1,105	
Communication		1,792	
Dues and Memberships		920	
Postal Charges		238	
Printing, Stationery, and Forms		180	
Travel		8,583	
Tuition		1,340	
Other Contracted Services		3,817	
Data Processing Supplies		155	
Instructional Supplies and Materials		1,333	
Office Supplies		1,014	
Other Supplies and Materials		4,767	
Trustee's Commission		771	
Workers' Compensation Insurance		148	
Total Criminal Court			\$ 130,640

Other Operations

ARRA Grant # 1

Probation Officer(s)	\$	20,577	
Social Security		1,218	
State Retirement		321	
Employee and Dependent Insurance		3,426	
Life Insurance		74	
Medical Insurance		2,790	
Dental Insurance		175	
Unemployment Compensation		136	
Employer Medicare		285	
Communication		735	
Travel		2,200	
Tuition		1,200	
Other Supplies and Materials		2,045	
Data Processing Equipment		1,001	
Total ARRA Grant # 1			36,183

Total Other Special Revenue Fund \$ 166,823

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 24	
Total County Trustee's Office		\$ 24

Total Constitutional Officers - Fees Fund \$ 24

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 81,496	
Assistant(s)	69,155	
Supervisor/Director	59,952	
Accountants/Bookkeepers	46,537	
Dispatchers/Radio Operators	37,328	
Clerical Personnel	36,988	
Other Salaries and Wages	73,025	
Social Security	24,411	
State Retirement	41,529	
Employee and Dependent Insurance	31,620	
Life Insurance	1,689	
Medical Insurance	37,424	
Dental Insurance	2,400	
Unemployment Compensation	231	
Local Retirement	3,328	
Employer Medicare	5,713	
Communication	13,760	
Dues and Memberships	3,800	
Maintenance Agreements	6,855	
Postal Charges	132	
Travel	352	
Tuition	115	
Drugs and Medical Supplies	656	
Electricity	5,414	
Natural Gas	386	
Office Supplies	1,606	
Building and Contents Insurance	1,939	
Liability Insurance	38,041	
Trustee's Commission	49,418	
Vehicle and Equipment Insurance	38,669	
Workers' Compensation Insurance	4,915	
Other Charges	1,984	
Total Administration	\$ 720,868	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Supervisor/Director	\$	124,160	
Foremen		142,203	
Equipment Operators		217,418	
Equipment Operators - Heavy		101,533	
Equipment Operators - Light		769,073	
Truck Drivers		136,810	
Laborers		110,047	
Overtime Pay		53,614	
Other Salaries and Wages		252,530	
Social Security		114,163	
State Retirement		193,519	
Employee and Dependent Insurance		181,901	
Life Insurance		9,124	
Medical Insurance		239,729	
Dental Insurance		15,533	
Unemployment Compensation		1,694	
Local Retirement		18,431	
Employer Medicare		26,722	
Evaluation and Testing		1,557	
Permits		100	
Other Contracted Services		43,374	
Asphalt - Hot Mix		166,191	
Asphalt - Liquid		26,233	
Concrete		445	
Crushed Stone		58,796	
Pipe - Metal		16,091	
Road Signs		7,531	
Salt		23,111	
Structural Steel		2,570	
Wood Products		504	
Other Supplies and Materials		11,369	
Workers' Compensation Insurance		23,491	
State Aid Projects		315,093	
Total Highway and Bridge Maintenance			\$ 3,404,660

Operation and Maintenance of Equipment

Supervisor/Director	\$	61,569
Foremen		94,824
Mechanic(s)		297,159
Nightwatchmen		100,508

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Overtime Pay	\$	13,726	
Social Security		33,984	
State Retirement		56,736	
Employee and Dependent Insurance		56,040	
Life Insurance		2,650	
Medical Insurance		63,049	
Dental Insurance		4,042	
Unemployment Compensation		475	
Employer Medicare		7,948	
Maintenance and Repair Services - Equipment		177	
Maintenance and Repair Services - Vehicles		260	
Diesel Fuel		61,174	
Equipment and Machinery Parts		74,826	
Gasoline		78,486	
Lubricants		6,944	
Propane Gas		1,455	
Tires and Tubes		15,285	
Other Supplies and Materials		31,011	
Workers' Compensation Insurance		6,544	
Total Operation and Maintenance of Equipment			\$ 1,068,872

Capital Outlay

Bridge Construction	\$	2,413	
Highway Equipment		16,412	
Site Development		4,180	
State Aid Projects		22,326	
Other Equipment		3,180	
Total Capital Outlay			48,511

Total Highway/Public Works Fund \$ 5,242,911

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,085,000	
Principal on Notes		410,000	
Principal on Capital Leases		43,857	
Principal on Other Loans		2,415,501	
Total General Government			\$ 4,954,358

(Continued)

Exhibit K-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	\$ 956,200	
Interest on Notes	66,086	
Interest on Capital Leases	13,187	
Interest on Other Loans	<u>7,548,800</u>	
Total General Government		\$ 8,584,273

Other Debt Service

General Government

Trustee's Commission	\$ 297,966	
Other Debt Service	<u>521,422</u>	
Total General Government		<u>819,388</u>

Total General Debt Service Fund \$ 14,358,019

Other Capital Projects Fund

Other Operations

ARRA Grant # 1

Engineering Services	\$ 11,945	
Other Contracted Services	7,312	
Indirect Cost	<u>32,665</u>	
Total ARRA Grant # 1		\$ 51,922

ARRA Grant # 2

Bridge Construction	\$ <u>83,818</u>	
Total ARRA Grant # 2		83,818

Capital Projects

General Administration Projects

Other Contracted Services	\$ 3,368	
Building Improvements	<u>27,451</u>	
Total General Administration Projects		30,819

Public Safety Projects

Law Enforcement Equipment	\$ <u>13,345</u>	
Total Public Safety Projects		13,345

Social, Cultural, and Recreation Projects

Engineering Services	\$ 24,000	
Other Contracted Services	19,282	
Other Charges	<u>181,496</u>	
Total Social, Cultural, and Recreation Projects		224,778

(Continued)

Exhibit K-8

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects

Other Contracted Services	\$ 9,040	
Site Development	993,885	
Total Other General Government Projects		\$ 1,002,925

Highway and Street Capital Projects

Engineering Services	\$ 15,372	
Other Contracted Services	228,760	
Total Highway and Street Capital Projects		244,132

Education Capital Projects

Other Contracted Services	\$ 2,776,200	
Building Construction	17,024	
Building Improvements	42,955	
Communication Equipment	2,500	
Data Processing Equipment	19,564	
Furniture and Fixtures	9,832	
Other Equipment	91,631	
Other Construction	8,722	
Total Education Capital Projects		2,968,428

Total Other Capital Projects Fund \$ 4,620,167

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$ 13,612	
Total Miscellaneous		\$ 13,612

Total Endowment Fund 13,612

Total Governmental Funds - Primary Government \$ 67,429,041

Exhibit K-9

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 25,078,835	
Career Ladder Program	332,058	
Career Ladder Extended Contracts	135,500	
Salary Supplements	413,178	
Educational Assistants	1,405,932	
Overtime Pay	8,788	
Bonus Payments	566,873	
Certified Substitute Teachers	355,011	
Non-certified Substitute Teachers	268,128	
Social Security	1,707,305	
State Retirement	1,725,553	
Employee and Dependent Insurance	1,964,805	
Life Insurance	123,727	
Medical Insurance	2,666,487	
Dental Insurance	169,867	
Employer Medicare	402,772	
Contracts with Other School Systems	258,450	
Maintenance and Repair Services - Equipment	10,229	
Printing, Stationery, and Forms	5,290	
Other Contracted Services	5,270	
Instructional Supplies and Materials	359,814	
Textbooks	189,075	
Regular Instruction Equipment	24,000	
Total Regular Instruction Program		\$ 38,176,947

Special Education Program

Teachers	\$ 3,942,119
Career Ladder Program	51,838
Career Ladder Extended Contracts	2,000
Educational Assistants	1,167,555
Social Security	307,236
State Retirement	328,638
Employee and Dependent Insurance	313,428
Life Insurance	22,480
Medical Insurance	506,861
Dental Insurance	31,751
Employer Medicare	72,876
Contracts with Other Public Agencies	59,960
Contracts with Private Agencies	9,297

(Continued)

Exhibit K-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.)

Maintenance and Repair Services - Equipment	\$	400	
Other Contracted Services		15,530	
Instructional Supplies and Materials		57,524	
Other Supplies and Materials		997	
Special Education Equipment		26	
Total Special Education Program			\$ 6,890,516

Vocational Education Program

Teachers	\$	2,328,522	
Career Ladder Program		20,500	
Career Ladder Extended Contracts		4,750	
Social Security		140,146	
State Retirement		155,075	
Employee and Dependent Insurance		191,420	
Life Insurance		11,243	
Medical Insurance		227,437	
Dental Insurance		14,364	
Employer Medicare		32,626	
Maintenance and Repair Services - Equipment		1,291	
Other Contracted Services		1,500	
Instructional Supplies and Materials		64,086	
Liability Insurance		408	
Total Vocational Education Program			3,193,368

Adult Education Program

Teachers	\$	122,605	
Paraprofessionals		8,019	
Instructional Computer Personnel		29,763	
Social Security		8,072	
State Retirement		5,624	
Employee and Dependent Insurance		5,820	
Life Insurance		343	
Medical Insurance		9,124	
Dental Insurance		575	
Employer Medicare		2,254	
Instructional Supplies and Materials		3,442	
Total Adult Education Program			195,641

(Continued)

Exhibit K-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	\$ 1,086,122	
Other Charges	10,000	
Total Other		\$ 1,096,122

Support Services

Attendance

Supervisor/Director	\$ 85,554	
Clerical Personnel	39,490	
Social Security	7,487	
State Retirement	9,610	
Employee and Dependent Insurance	12,420	
Life Insurance	439	
Medical Insurance	14,246	
Dental Insurance	847	
Employer Medicare	1,751	
Total Attendance		171,844

Health Services

Medical Personnel	\$ 489,523	
Secretary(ies)	13,871	
Other Salaries and Wages	56,349	
Social Security	33,646	
State Retirement	37,939	
Employee and Dependent Insurance	25,388	
Life Insurance	1,735	
Medical Insurance	45,553	
Dental Insurance	2,814	
Employer Medicare	7,869	
Printing, Stationery, and Forms	321	
Travel	2,506	
Other Contracted Services	2,500	
Drugs and Medical Supplies	24,405	
Instructional Supplies and Materials	31,638	
Total Health Services		776,057

Other Student Support

Guidance Personnel	\$ 1,297,237	
Social Workers	18,280	
Secretary(ies)	50,319	

(Continued)

Exhibit K-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.)

Social Security	\$	84,308	
State Retirement		93,749	
Employee and Dependent Insurance		80,110	
Life Insurance		6,305	
Medical Insurance		134,529	
Dental Insurance		8,996	
Employer Medicare		19,717	
Evaluation and Testing		60,091	
Travel		149	
Other Contracted Services		444	
Instructional Supplies and Materials		357	
Office Supplies		200	
Other Supplies and Materials		5,500	
Total Other Student Support			\$ 1,860,291

Regular Instruction Program

Supervisor/Director	\$	122,744	
Librarians		1,034,662	
Secretary(ies)		111,513	
Educational Assistants		205,450	
Social Security		88,596	
State Retirement		95,594	
Employee and Dependent Insurance		82,271	
Life Insurance		6,028	
Medical Insurance		134,894	
Dental Insurance		8,618	
Employer Medicare		20,720	
Travel		6,923	
Other Supplies and Materials		39	
Other Equipment		3,564	
Total Regular Instruction Program			1,921,616

Special Education Program

Supervisor/Director	\$	63,164	
Psychological Personnel		264,815	
Secretary(ies)		37,254	
Social Security		20,145	
State Retirement		23,659	
Employee and Dependent Insurance		16,402	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	1,372	
Medical Insurance		28,554	
Dental Insurance		1,800	
Employer Medicare		5,147	
Travel		13,698	
Other Contracted Services		2,508	
In Service/Staff Development		5,238	
Total Special Education Program			\$ 483,756

Vocational Education Program

Secretary(ies)	\$	50,034	
Social Security		3,071	
State Retirement		5,217	
Life Insurance		251	
Medical Insurance		9,295	
Dental Insurance		586	
Employer Medicare		718	
Postal Charges		400	
Office Supplies		1,973	
Other Supplies and Materials		166	
Total Vocational Education Program			71,711

Adult Programs

Supervisor/Director	\$	53,696	
Clerical Personnel		22,870	
Social Security		4,532	
State Retirement		5,932	
Employee and Dependent Insurance		6,337	
Life Insurance		363	
Medical Insurance		9,518	
Dental Insurance		600	
Employer Medicare		1,062	
Other Contracted Services		1,984	
In Service/Staff Development		3,756	
Total Adult Programs			110,650

Other Programs

Social Workers	\$	21,569	
Educational Assistants		12,932	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs (Cont.)

Social Security	\$	2,101	
State Retirement		3,584	
Life Insurance		178	
Medical Insurance		5,547	
Dental Insurance		350	
Employer Medicare		491	
On-Behalf Payments to OPEB		53,155	
Total Other Programs			\$ 99,907

Board of Education

Other Salaries and Wages	\$	57,835	
Board and Committee Members Fees		37,800	
Social Security		5,843	
State Retirement		4,668	
Employee and Dependent Insurance		3,700	
Medical Insurance		2,053	
Dental Insurance		470	
Unemployment Compensation		13,284	
Employer Medicare		1,367	
Audit Services		31,000	
Dues and Memberships		8,577	
Legal Services		16,272	
Printing, Stationery, and Forms		564	
Travel		1,620	
Tuition		1,000	
Other Contracted Services		16,362	
Other Supplies and Materials		3,147	
Liability Insurance		154,603	
Trustee's Commission		554,847	
Workers' Compensation Insurance		152,319	
Other Charges		8,476	
Total Board of Education			1,075,807

Director of Schools

County Official/Administrative Officer	\$	107,750
Supervisor/Director		89,943
Career Ladder Program		1,000
Secretary(ies)		44,547
Clerical Personnel		38,606

(Continued)

Exhibit K-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.)

Director of Schools (Cont.)

Other Salaries and Wages	\$	5,429	
Social Security		16,753	
State Retirement		24,365	
Employee and Dependent Insurance		18,969	
Life Insurance		1,783	
Medical Insurance		18,908	
Dental Insurance		1,184	
Disability Insurance		153	
Employer Medicare		3,930	
Dues and Memberships		3,729	
Postal Charges		7,727	
Printing, Stationery, and Forms		5,000	
Travel		223	
Other Contracted Services		14,337	
Office Supplies		11,854	
Other Supplies and Materials		2,120	
Other Charges		3,100	
Total Director of Schools			\$ 421,410

Office of the Principal

Principals	\$	1,488,297	
Accountants/Bookkeepers		57,743	
Assistant Principals		1,058,109	
Secretary(ies)		1,061,889	
Social Security		220,351	
State Retirement		278,246	
Employee and Dependent Insurance		244,023	
Life Insurance		14,076	
Medical Insurance		348,133	
Dental Insurance		22,485	
Employer Medicare		51,534	
Communication		212,977	
Dues and Memberships		4,735	
Tuition		800	
Other Contracted Services		40,825	
Other Supplies and Materials		1,529	
Other Charges		500	
Total Office of the Principal			5,106,252

(Continued)

Exhibit K-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.)

Fiscal Services

Accountants/Bookkeepers	\$	122,725	
Social Security		6,947	
State Retirement		12,592	
Employee and Dependent Insurance		12,648	
Life Insurance		615	
Medical Insurance		14,184	
Dental Insurance		900	
Employer Medicare		1,625	
Total Fiscal Services			\$ 172,236

Operation of Plant

Custodial Personnel	\$	2,382,034	
Social Security		146,851	
State Retirement		229,584	
Employee and Dependent Insurance		279,999	
Life Insurance		11,764	
Medical Insurance		410,149	
Dental Insurance		26,282	
Employer Medicare		34,345	
Evaluation and Testing		225	
Other Contracted Services		147,766	
Custodial Supplies		197,013	
Electricity		2,530,566	
Fuel Oil		48,202	
Natural Gas		218,146	
Water and Sewer		364,327	
Building and Contents Insurance		91,000	
Total Operation of Plant			7,118,253

Maintenance of Plant

Supervisor/Director	\$	44,627
Secretary(ies)		32,304
Maintenance Personnel		603,453
Social Security		41,163
State Retirement		68,571
Employee and Dependent Insurance		54,272
Life Insurance		3,337
Medical Insurance		76,436
Dental Insurance		4,675

(Continued)

Exhibit K-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.)

Employer Medicare	\$	9,627	
Communication		427	
Maintenance and Repair Services - Buildings		32,245	
Maintenance and Repair Services - Equipment		69,859	
Maintenance and Repair Services - Vehicles		17,999	
Other Contracted Services		204,426	
Equipment and Machinery Parts		94,309	
Gasoline		51,815	
Other Supplies and Materials		204,414	
Other Charges		23,484	
Total Maintenance of Plant			\$ 1,637,443

Transportation

Supervisor/Director	\$	61,892	
Clerical Personnel		37,712	
Social Security		6,107	
State Retirement		7,994	
Life Insurance		434	
Medical Insurance		9,487	
Dental Insurance		600	
Employer Medicare		1,428	
Contracts with Parents		796	
Contracts with Vehicle Owners		2,747,169	
Maintenance and Repair Services - Vehicles		5,700	
Medical and Dental Services		1,072	
Other Contracted Services		294,825	
Tires and Tubes		989	
Vehicle and Equipment Insurance		199,249	
Total Transportation			3,375,454

Central and Other

Supervisor/Director	\$	44,627	
Teachers		69,754	
Computer Programmer(s)		142,252	
Clerical Personnel		67,800	
Social Security		18,584	
State Retirement		28,125	
Employee and Dependent Insurance		41,896	
Life Insurance		1,412	

(Continued)

Exhibit K-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 (Cont.)

Medical Insurance	\$	31,914	
Dental Insurance		2,025	
Employer Medicare		4,346	
Other Contracted Services		143,109	
Data Processing Supplies		20,378	
Data Processing Equipment		34,137	
Regular Instruction Equipment		13,190	
Total Central and Other			\$ 663,549

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	289,195	
Educational Assistants		68,460	
Social Security		21,596	
State Retirement		24,083	
Employee and Dependent Insurance		20,881	
Life Insurance		1,745	
Medical Insurance		55,072	
Dental Insurance		3,393	
Employer Medicare		5,051	
Other Contracted Services		39,309	
Instructional Supplies and Materials		2,975	
In Service/Staff Development		3,162	
Total Early Childhood Education			534,922

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	15,600	
Building Improvements		10,140	
Data Processing Equipment		8,857	
Furniture and Fixtures		837	
Total Regular Capital Outlay			35,434

Principal on Debt

Education

Principal on Capital Leases	\$	130,645	
Total Education			130,645

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Interest on Debt

Education

Interest on Capital Leases	\$ 131,329	
Total Education		<u>\$ 131,329</u>

Total General Purpose School Fund \$ 75,451,160

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,235,175	
Educational Assistants	844,410	
Social Security	112,767	
State Retirement	99,972	
Employee and Dependent Insurance	94,678	
Life Insurance	6,524	
Medical Insurance	164,564	
Dental Insurance	10,350	
Employer Medicare	29,412	
Other Contracted Services	20,726	
Instructional Supplies and Materials	99,595	
Workers' Compensation Insurance	6,247	
Other Charges	37,777	
Data Processing Equipment	39,866	
Regular Instruction Equipment	<u>8,599</u>	
Total Regular Instruction Program		\$ 2,810,662

Special Education Program

Teachers	\$ 864,595
Clerical Personnel	95,383
Educational Assistants	747,420
Speech Pathologist	19,128
Certified Substitute Teachers	10,000
Social Security	101,284
State Retirement	130,247
Employee and Dependent Insurance	238,492
Life Insurance	7,089
Medical Insurance	340,195
Dental Insurance	22,836
Employer Medicare	23,917
Other Contracted Services	252,807

(Continued)

Exhibit K-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.)

Instructional Supplies and Materials	\$	171,210	
Workers' Compensation Insurance		4,926	
In Service/Staff Development		18,000	
Special Education Equipment		844	
Other Equipment		599	
Total Special Education Program			\$ 3,048,972

Vocational Education Program

Secretary(ies)	\$	1,529	
Social Security		571	
State Retirement		1,027	
Life Insurance		96	
Dental Insurance		250	
Employer Medicare		284	
Postal Charges		200	
Instructional Supplies and Materials		72,405	
In Service/Staff Development		375	
Other Charges		456	
Vocational Instruction Equipment		78,732	
Total Vocational Education Program			155,925

Support Services

Other Student Support

Social Workers	\$	21,987	
Other Salaries and Wages		36,584	
Social Security		1,463	
State Retirement		2,099	
Life Insurance		55	
Medical Insurance		8,165	
Dental Insurance		325	
Employer Medicare		342	
Evaluation and Testing		11,310	
Travel		56,143	
Other Contracted Services		2,926	
Other Supplies and Materials		3,740	
Workers' Compensation Insurance		106	
In Service/Staff Development		146,186	
Other Charges		7,462	
Other Equipment		59,894	
Total Other Student Support			358,787

(Continued)

Exhibit K-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.)

Regular Instruction Program

Supervisor/Director	\$	33,489	
Secretary(ies)		53,582	
Social Security		4,472	
State Retirement		3,479	
Employee and Dependent Insurance		3,162	
Life Insurance		250	
Medical Insurance		2,364	
Dental Insurance		150	
Employer Medicare		1,215	
Travel		2,378	
Other Supplies and Materials		2,846	
Workers' Compensation Insurance		199	
In Service/Staff Development		26,760	
Other Equipment		4,243	
Total Regular Instruction Program			\$ 138,589

Special Education Program

Psychological Personnel	\$	134,228	
Clerical Personnel		77,213	
Other Salaries and Wages		34,350	
Social Security		12,234	
State Retirement		17,233	
Employee and Dependent Insurance		15,340	
Life Insurance		959	
Medical Insurance		18,642	
Dental Insurance		1,475	
Employer Medicare		3,481	
Workers' Compensation Insurance		793	
In Service/Staff Development		37,474	
Other Equipment		66,292	
Total Special Education Program			419,714

Vocational Education Program

Travel	\$	1,916	
Total Vocational Education Program			1,916

Transportation

Other Contracted Services	\$	385,291	
Total Transportation			385,291

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	8,648	
Social Security		536	
Employer Medicare		125	
Travel		130	
Food Supplies		35,577	
Other Supplies and Materials		849	
Total Food Service			\$ 45,865

Total School Federal Projects Fund \$ 7,365,721

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	80,099
Accountants/Bookkeepers		64,346
Cafeteria Personnel		1,925,390
Social Security		122,980
State Retirement		128,698
Employee and Dependent Insurance		186,776
Life Insurance		6,676
Medical Insurance		276,354
Dental Insurance		17,375
Unemployment Compensation		3,941
Local Retirement		16,220
Employer Medicare		29,002
Dues and Memberships		3,000
Maintenance and Repair Services - Equipment		72,673
Printing, Stationery, and Forms		2,818
Transportation - Other than Students		40,367
Travel		7,672
Other Contracted Services		97,296
Custodial Supplies		51,563
Food Supplies		1,803,385
Office Supplies		2,982
Uniforms		654
Other Supplies and Materials		87,583
Workers' Compensation Insurance		40,776
In Service/Staff Development		1,995
Other Charges		1,631

(Continued)

Exhibit K-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.)

Data Processing Equipment	\$ 24,472	
Food Service Equipment	96,415	
Total Food Service		\$ 5,193,139

Total Central Cafeteria Fund \$ 5,193,139

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$ 56,914	
Clerical Personnel	38,606	
Custodial Personnel	75,000	
Part-time Personnel	996,987	
Social Security	63,385	
State Retirement	54,079	
Employee and Dependent Insurance	47,600	
Life Insurance	870	
Medical Insurance	47,968	
Dental Insurance	3,531	
Employer Medicare	15,285	
Contracts with Vehicle Owners	15,116	
Travel	1,483	
Other Contracted Services	31,327	
Food Supplies	60,769	
Instructional Supplies and Materials	8,340	
Other Supplies and Materials	8,887	
Trustee's Commission	13,393	
Workers' Compensation Insurance	3,760	
In Service/Staff Development	5,357	
Building Improvements	8,950	
Other Equipment	4,884	
Total Community Services		\$ 1,562,491

Total Extended School Program Fund 1,562,491

Total Governmental Funds - Blount County School Department \$ 89,572,511

Exhibit K-10

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 2,369,383	\$ 6,904,335	\$ 9,273,718
Trustee's Collections - Prior Years	0	97,105	282,761	379,866
Circuit/Clerk and Master Collections - Prior Years	0	20,503	59,475	79,978
Interest and Penalty	0	15,860	46,219	62,079
Pick-up Taxes	0	18,445	53,727	72,172
Payments in-Lieu-of Taxes - Local Utilities	0	11,309	32,917	44,226
Payments in-Lieu-of Taxes - Other	0	9,443	27,485	36,928
Local Option Sales Taxes	12,976,670	1,431,106	4,167,411	18,575,187
Business Taxes	0	61,635	178,948	240,583
Other County Local Option Taxes	0	797	2,430	3,227
Marriage Licenses	0	848	2,438	3,286
Cable TV Franchise	0	51,373	149,535	200,908
Investment Income	0	12,522	36,449	48,971
Other Local Revenue	0	103	299	402
Mixed Drink Taxes	0	6,195	18,039	24,234
Other Loans Issued	0	0	0	0
Bank Excise Tax	0	21,454	62,448	83,902
Total Cash Receipts	\$ 12,976,670	\$ 4,128,081	\$ 12,024,916	\$ 29,129,667
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 12,846,903	\$ 4,067,935	\$ 11,841,105	\$ 28,755,943
Trustee's Commission	129,767	63,038	192,991	385,796
Total Cash Disbursements	\$ 12,976,670	\$ 4,130,973	\$ 12,034,096	\$ 29,141,739
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (2,892)	\$ (9,180)	\$ (12,072)
Cash Balance, July 1, 2009	0	4,625	14,482	19,107
Cash Balance, June 30, 2010	\$ 0	\$ 1,733	\$ 5,302	\$ 7,035

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.

	Tables	Pages
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	251-263
Revenue Capacity:		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	8-11	264-267
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	268-272
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	273-274
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	275-278

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 Nine Fiscal Years (1)

(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 84,766,395	\$ 88,192,324	\$ 87,277,486
Restricted	9,990,936	9,911,031	8,653,731	8,814,195	8,728,044	12,779,291	14,719,161	17,659,731	19,166,299
Unrestricted (2)	(51,088,982)	(63,242,963)	(79,010,778)	(87,675,281)	(104,591,839)	(119,981,142)	(155,787,604)	(161,963,309)	(181,418,043)
Total primary government net assets	\$ 10,630,162	\$ 4,019,660	\$ (10,650,507)	\$ (9,187,186)	\$ (23,917,825)	\$ (27,265,630)	\$ (56,302,048)	\$ (56,111,254)	\$ (74,974,258)
Discretely presented school department									
Invested in capital assets, net of related debt	\$ 72,770,777	\$ 75,973,266	\$ 82,774,679	\$ 85,326,140	\$ 96,178,828	\$ 105,663,939	\$ 128,228,018	\$ 127,519,652	\$ 127,933,091
Invested in capital assets	754,323	721,330	1,017,010	1,265,274	1,131,898	1,191,359	875,351	816,019	1,150,056
Restricted	5,104,102	4,631,320	4,764,596	5,167,705	6,132,311	4,906,776	4,207,826	4,289,290	2,716,231
Total discretely presented school department	\$ 78,629,202	\$ 81,325,916	\$ 88,556,285	\$ 91,759,119	\$ 103,443,037	\$ 111,762,074	\$ 133,311,195	\$ 132,624,961	\$ 131,799,378

(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 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.

Blount County, Tennessee
Changes in Net Assets
Last Nine Fiscal Years (1)

Table 2

(accrual basis of accounting)

	2002		2003		2004		2005	
	Primary Government	Component Unit						
Expenses								
Governmental activities:								
General government	\$ 5,355,239	\$ 0	\$ 4,399,856	\$ 0	\$ 5,430,866	\$ 0	\$ 3,594,673	\$ 0
Finance	3,340,103	0	3,311,723	0	3,563,683	0	3,800,073	0
Administration of justice	3,330,315	0	4,011,613	0	4,673,361	0	4,439,900	0
Public safety	13,335,695	0	13,332,303	0	14,205,852	0	16,863,564	0
Public health and welfare	1,287,783	0	685,915	0	2,382,789	0	2,126,494	0
Social, cultural, and recreational services	2,338,949	0	1,865,186	0	3,449,953	0	3,568,200	0
Agriculture and natural resources	184,931	0	195,594	0	228,265	0	211,185	0
Other operations (2)(3)	0	0	2,647,369	0	2,814,754	0	3,024,776	0
Highways	8,929,084	0	8,460,227	0	9,049,039	0	9,567,174	0
Education (4)	39,276,376	0	18,534,543	0	20,527,255	0	18,423,799	0
Debt Service:								
Interest on long-term debt	4,055,309	0	5,014,825	0	5,393,155	0	5,803,384	0
Other debt service	285,553	0	213,838	0	222,176	0	309,437	0
Component unit - Blount County School Department (5)	0	63,819,023	0	68,009,114	0	68,896,160	0	74,715,324
Total Expenses	\$ 81,719,337	\$ 63,819,023	\$ 62,672,992	\$ 68,009,114	\$ 71,941,148	\$ 68,896,160	\$ 71,732,659	\$ 74,715,324
Program Revenues								
Governmental activities:								
Charges for service:								
General government	\$ 1,421,051	\$ 0	\$ 1,768,644	\$ 0	\$ 1,735,416	\$ 0	\$ 1,733,147	\$ 0
Finance	2,084,640	0	2,175,230	0	2,242,694	0	2,488,877	0
Administration of justice	1,770,985	0	2,050,852	0	2,462,591	0	2,644,818	0
Public safety	3,816,601	0	3,755,338	0	4,009,453	0	3,118,865	0
Public health and welfare	203,416	0	201,843	0	229,657	0	239,990	0
Social, cultural, and recreational services	75,890	0	119,102	0	137,777	0	137,449	0
Other operations	0	0	0	0	0	0	0	0
Highways	211,308	0	209,073	0	240,798	0	626,590	0
Education	5,427,260	0	6,073,404	0	7,653,220	0	9,495,208	0
Component unit - Blount County School Department	0	28,261,320	0	16,328,038	0	20,472,984	0	16,921,334
Operating grants and contributions	3,992,979	0	4,657,436	0	4,475,670	0	5,585,547	0
Capital grants and contributions	6,497,200	0	7,523,806	0	6,109,157	0	9,163,880	0
Total revenues	\$ 25,501,330	\$ 28,261,320	\$ 28,534,728	\$ 16,328,038	\$ 29,296,433	\$ 20,472,984	\$ 35,234,371	\$ 16,921,334
Net (expense)/revenue Total	\$ (56,218,007)	\$ (35,557,703)	\$ (34,138,264)	\$ (51,681,076)	\$ (42,644,715)	\$ (48,423,176)	\$ (36,498,288)	\$ (57,793,990)

(Continued)

Table 2

**Blount County, Tennessee
Changes in Net Assets
Last Nine Fiscal Years**

(accrual basis of accounting) (Cont.)

	2002		2003		2004		2005	
	Primary Government	Component Unit	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 (6)	\$ 21,175,563	\$ 11,902,615	\$ 20,495,228	\$ 13,353,250	\$ 20,519,109	\$ 13,276,553	\$ 24,403,395	\$ 15,818,864
Sales taxes	1,933,074	8,260,215	2,051,371	8,608,959	2,051,999	9,047,945	2,089,375	9,417,172
Other taxes	2,584,793	328,283	2,635,443	350,531	2,940,085	380,830	2,671,799	410,978
Grants and contributions not restricted	1,659,427	30,097,597	1,832,348	31,727,487	1,786,291	32,586,709	1,885,267	34,714,283
Unrestricted investment income	955,450	242,030	468,279	164,922	315,668	141,350	388,903	388,027
Gain on sale of capital assets	0	0	15,751	0	0	0	0	0
Miscellaneous	19,051	225,800	29,342	172,641	67,025	220,158	34,955	247,500
Total governmental activities	\$ 28,327,358	\$ 51,056,540	\$ 27,527,762	\$ 54,377,790	\$ 27,680,177	\$ 55,653,545	\$ 31,473,694	\$ 60,996,824
Change in Net Assets	\$(27,890,649)	\$ 15,498,837	\$(6,610,502)	\$ 2,696,714	\$(14,964,538)	\$ 7,230,369	\$(5,024,594)	\$ 3,202,834

(Continued)

Table 2

**Blount County, Tennessee
Changes in Net Assets
Last Nine Fiscal Years**

(accrual basis of accounting) (Cont.)

	2006		2007		2008		2009	
	Primary Government	Component Unit						
Expenses								
Governmental activities:								
General government	\$ 4,574,541	\$ 0	\$ 4,320,235	\$ 0	\$ 4,753,520	\$ 0	\$ 6,923,832	\$ 0
Finance	4,219,651	0	4,295,393	0	4,294,152	0	4,487,118	0
Administration of justice	4,417,115	0	5,141,149	0	4,596,462	0	4,814,644	0
Public safety	16,897,954	0	17,355,681	0	19,231,988	0	19,289,086	0
Public health and welfare	1,798,707	0	1,975,908	0	1,941,135	0	1,932,343	0
Social, cultural, and recreational services	2,790,337	0	2,711,933	0	2,717,539	0	3,199,073	0
Agriculture and natural resources	229,274	0	234,364	0	265,620	0	295,610	0
Other operations (2)(3)	10,411,231	0	2,827,630	0	4,310,751	0	3,356,818	0
Highways	10,424,179	0	9,946,373	0	13,334,983	0	11,491,174	0
Education (4)	28,004,179	0	27,216,725	0	52,796,062	0	17,821,378	0
Debt Service:								
Interest on long-term debt	5,938,315	0	6,467,567	0	8,273,643	0	7,429,795	0
Other debt service	675,651	0	1,289,553	0	1,303,697	0	1,373,990	0
Component unit - Blount County School Department (5)	0	78,658,428	0	86,389,144	0	88,933,180	0	92,261,996
Total Expenses	\$ 90,381,134	\$ 78,658,428	\$ 83,782,511	\$ 86,389,144	\$ 117,819,552	\$ 88,933,180	\$ 82,414,861	\$ 92,261,996
Program Revenues								
Governmental activities:								
Charges for service:								
General government	\$ 1,955,082	\$ 0	\$ 2,026,204	\$ 0	\$ 1,799,350	\$ 0	\$ 3,098,599	\$ 0
Finance	2,799,250	0	2,906,651	0	3,075,977	0	3,022,424	0
Administration of justice	3,693,907	0	4,730,640	0	4,460,532	0	4,231,455	0
Public safety	3,505,190	0	3,570,510	0	4,481,582	0	4,761,602	0
Public health and welfare	234,463	0	174,046	0	213,277	0	125,119	0
Social, cultural, and recreational services	299,353	0	288,594	0	273,602	0	265,634	0
Other operations	0	0	0	0	0	0	3,622	0
Highways	693,191	0	780,181	0	1,386,841	0	556,853	0
Education	10,448,576	0	11,215,988	0	11,157,317	0	10,979,963	0
Component unit - Blount County School Department	0	23,821,726	0	23,718,579	0	36,716,034	0	17,097,038
Operating grants and contributions	4,736,202	0	4,835,443	0	5,163,438	0	4,838,146	0
Capital grants and contributions	14,234,010	0	8,908,820	0	10,217,506	0	6,732,731	0
Total revenues	\$ 42,599,224	\$ 23,821,726	\$ 39,437,077	\$ 23,718,579	\$ 42,229,422	\$ 36,716,034	\$ 38,616,148	\$ 17,097,038
Net (expense)/revenue Total	\$ (47,781,910)	\$ (54,836,702)	\$ (44,345,434)	\$ (62,670,565)	\$ (75,590,130)	\$ (52,217,146)	\$ (43,798,713)	\$ (75,164,958)

(Continued)

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Nine Fiscal Years

(accrual basis of accounting) (Cont.)

	2006		2007		2008		2009	
	Primary Government	Component Unit						
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes (6)	\$ 24,920,611	\$ 15,647,059	\$ 32,159,284	\$ 15,982,164	\$ 35,029,006	\$ 16,531,569	\$ 36,280,272	\$ 16,959,961
Sales taxes	2,192,732	10,165,748	2,301,875	10,446,190	2,229,483	10,717,260	2,238,198	9,925,283
Other taxes	3,188,703	424,651	3,157,284	403,700	3,248,082	376,220	2,952,279	339,964
Grants and contributions not restricted	1,507,334	39,551,938	2,107,312	43,200,324	2,128,290	45,433,236	1,852,747	47,011,413
Unrestricted investment income	834,929	552,360	1,197,753	752,248	1,043,904	506,843	660,578	226,811
Gain on sale of capital assets	380,283	0	39,723	0	2,865,782	0	0	0
Miscellaneous	26,679	178,864	34,398	204,976	9,145	201,139	5,433	15,292
Investment Income (Loss) - Derivatives			0	0	0	0	0	0
Total governmental activities	\$ 33,051,271	\$ 66,520,620	\$ 40,997,629	\$ 70,989,602	\$ 46,553,712	\$ 73,766,267	\$ 43,989,507	\$ 74,478,724
Change in Net Assets								
Total	\$ (14,730,639)	\$ 11,683,918	\$ (3,347,805)	\$ 8,319,037	\$ (29,036,418)	\$ 21,549,121	\$ 190,794	\$ (686,234)

(Continued)

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Nine Fiscal Years

(accrual basis of accounting) (Cont.)

	2010	
	Primary Government	Component Unit
Expenses		
Governmental activities:		
General government	\$ 10,330,443	\$ 0
Finance	4,457,456	0
Administration of justice	4,831,128	0
Public safety	19,397,058	0
Public health and welfare	2,027,243	0
Social, cultural, and recreational services	2,936,416	0
Agriculture and natural resources	291,411	0
Other operations (2)(3)	0	0
Highways	9,568,858	0
Education (4)	14,767,556	0
Debt Service:		
Interest on long-term debt	8,220,147	0
Other debt service	1,331,116	0
Component unit - Blount County School Department (5)	0	92,797,626
Total Expenses	\$ 78,158,832	\$ 92,797,626
Program Revenues		
Governmental activities:		
Charges for service:		
General government	\$ 2,522,955	\$ 0
Finance	3,025,390	0
Administration of justice	3,848,240	0
Public safety	3,411,755	0
Public health and welfare	154,284	0
Social, cultural, and recreational services	281,984	0
Other operations	5,588	0
Highways	335,674	0
Education	11,630,315	0
Component unit - Blount County School Department	0	16,958,317
Operating grants and contributions	4,805,343	0
Capital grants and contributions	2,780,606	0
Total revenues	\$ 32,802,134	\$ 16,958,317
Net (expense)/revenue Total	\$ (45,356,698)	\$ (75,839,309)

(Continued)

Table 2

Blount County, Tennessee
Changes in Net Assets
Last Nine Fiscal Years

(accrual basis of accounting) (Cont.)

	2010	
	Primary Government	Component Unit
General Revenues and Other Changes in Net Assets		
Governmental activities:		
Taxes		
Property taxes (6)	\$ 35,332,827	\$ 16,535,015
Sales taxes	2,148,850	9,529,423
Other taxes	2,893,504	620,286
Grants and contributions not restricted	1,582,153	48,117,359
Unrestricted investment income	308,080	195,960
Gain on sale of capital assets	0	0
Miscellaneous	60,199	15,683
Investment Income (Loss) - Derivatives	(4,231,716)	0
Total governmental activities	<u>\$ 38,093,897</u>	<u>\$ 75,013,726</u>
Change in Net Assets		
Total	<u><u>\$ (7,262,801)</u></u>	<u><u>\$ (825,583)</u></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) For fiscal year 2010, the expenses previously reflected as "other operations" have been reclassified into more appropriate categories. Prior periods have not been restated.
- (4) The fluctuation in "education" expense is due to building of new schools.
- (5) The decrease in 2003 from 2002 in "component unit - Blount County School Department" is due to loss of federal grant funds.
- (6) 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 Nine 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
2008	35,029,006	2,229,493	9,130	585,024	1,616,514	514,972	746,103	116,132	245,241	294,884	41,386,499
2009	36,280,272	2,238,198	8,608	449,571	1,424,814	510,628	693,761	71,549	242,919	283,494	42,203,814
2010	36,169,334	2,148,850	6,148	43,834	1,591,288	476,972	520,956	58,405	239,735	1	41,255,523
Component Unit											
2002	\$ 11,902,615	\$ 8,260,215	\$ 10,436	\$ 0	\$ 0	\$ 317,847	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,491,113
2003	13,353,250	8,608,959	12,823	0	0	337,708	0	0	0	0	22,312,740
2004	13,276,553	9,047,945	12,459	0	0	368,371	0	0	0	0	22,705,328
2005	15,818,864	9,417,172	11,833	0	0	399,145	0	0	0	0	25,647,014
2006	15,647,059	10,165,748	11,829	0	0	412,822	0	0	0	0	26,237,458
2007	15,982,164	10,446,190	10,305	0	0	393,395	0	0	0	0	26,832,054
2008	16,531,569	10,717,260	8,691	0	0	367,529	0	0	0	0	27,625,049
2009	16,959,961	9,925,283	8,172	0	0	331,792	0	0	0	0	27,225,208
2010	16,743,765	9,529,423	5,785	342,528	0	471,456	0	0	143,045	0	27,236,002

(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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government:										
General Fund										
Reserved	\$ 1,132,799	\$ 1,308,975	\$ 1,287,499	\$ 1,383,612	\$ 1,580,757	\$ 2,199,754	\$ 2,443,738	\$ 2,399,056	\$ 2,176,154	\$ 2,637,104
Unreserved (1)	6,264,104	7,444,928	6,690,574	4,978,869	1,285,491	270,053	3,183,024	7,960,954	8,933,911	6,283,373
Total General Fund	\$ 7,396,903	\$ 8,753,903	\$ 7,978,073	\$ 6,362,481	\$ 2,866,248	\$ 2,469,807	\$ 5,626,762	\$ 10,360,010	\$ 11,110,065	\$ 8,920,477
All other governmental funds										
Reserved	\$ 27,826,554	\$ 10,362,695	\$ 8,618,763	\$ 4,220,791	\$ 5,151,581	\$ 5,879,644	\$ 29,089,359	\$ 7,139,680	\$ 1,245,226	\$ 10,546,238
Unreserved, reported in:										
Special revenue funds	1,375,433	875,227	798,270	648,416	823,477	1,575,815	2,187,345	2,551,226	3,491,480	3,570,077
Debt service funds	7,362,429	5,138,661	5,625,671	5,188,632	5,682,938	4,979,673	7,676,296	10,248,838	11,893,290	13,244,164
Permanent funds	0	0	0	0	0	0	0	15,438	4,421	694
Capital projects funds	(22,411,860)	(7,013,296)	(6,118,925)	(2,394,359)	(873,040)	(2,871,615)	(27,366,666)	(5,773,321)	49,979	(12,116,310)
Total all other governmental funds	\$ 14,152,556	\$ 9,363,287	\$ 8,923,779	\$ 7,663,480	\$ 10,784,956	\$ 9,563,517	\$ 11,586,334	\$ 14,181,861	\$ 16,684,396	\$ 15,244,863
Component Unit:										
General Fund (General Purpose School)										
Reserved	\$ 253,485	\$ 260,089	\$ 74,174	\$ 200,825	\$ 202,515	\$ 357,351	\$ 201,290	\$ 581,585	\$ 376,762	\$ 264,540
Unreserved	4,031,036	3,618,603	3,103,351	3,112,273	3,420,351	4,210,427	5,876,244	5,574,275	3,409,442	2,340,929
Total General Fund	\$ 4,284,521	\$ 3,878,692	\$ 3,177,525	\$ 3,313,098	\$ 3,622,866	\$ 4,567,778	\$ 6,077,534	\$ 6,155,860	\$ 3,786,204	\$ 2,605,469
All other governmental funds										
Reserved	\$ 336,988	\$ 155,189	\$ 137,384	\$ 331,076	\$ 607,445	\$ 384,685	\$ 367,814	\$ 190,953	\$ 358,979	\$ 419,948
Unreserved, reported in:										
Special revenue funds	817,358	754,072	725,021	947,734	899,112	968,848	1,118,312	986,922	628,188	963,788
Capital projects funds	955	0	0	0	0	0	0	0	0	0
Total all other governmental funds	\$ 1,155,301	\$ 909,261	\$ 862,405	\$ 1,278,810	\$ 1,506,557	\$ 1,353,533	\$ 1,486,126	\$ 1,177,875	\$ 987,167	\$ 1,383,736

(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 Prospect Elementary School.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Local taxes	\$ 25,765,753	\$ 26,306,237	\$ 25,527,028	\$ 26,194,901	\$ 29,569,391	\$ 31,063,540	\$ 38,085,574	\$ 41,037,649	\$ 41,488,620	\$ 41,812,280
Licenses and permits	468,013	522,244	641,140	595,562	950,329	1,196,718	1,093,406	1,173,446	971,254	493,452
Fines, forfeitures, and penalties	533,230	445,239	659,520	820,307	946,992	1,352,569	1,586,703	1,038,231	1,485,996	762,612
Charges for current services	4,294,925	4,660,197	5,052,826	446,452	475,109	479,971	803,880	988,481	1,026,011	1,133,196
Other local revenues	1,605,310	1,444,940	1,298,367	1,552,600	1,680,010	2,205,109	2,797,784	3,204,549	4,356,894	1,199,492
Fees received from county officials	0	0	0	4,968,786	5,169,449	6,180,718	6,674,114	6,767,137	7,544,605	7,659,156
State of Tennessee	5,290,287	5,243,812	4,911,821	4,400,244	5,053,540	7,093,836	5,541,303	5,781,332	5,385,633	5,333,466
Federal government	1,335,123	3,110,552	2,892,713	3,505,148	2,858,007	4,343,260	3,627,024	6,187,179	6,091,865	2,533,886
Other governments and citizens groups	4,600,405	3,359,089	2,343,607	1,284,830	1,312,299	5,172,440	1,269,346	1,163,468	1,253,207	1,224,420
Total Revenues	\$ 43,893,046	\$ 45,092,310	\$ 43,327,022	\$ 43,768,830	\$ 48,015,126	\$ 59,088,161	\$ 61,479,134	\$ 67,341,472	\$ 69,604,085	\$ 62,151,960
Expenditures (1)										
General government	\$ 28,611,764	\$ 4,884,279	\$ 2,788,083	\$ 3,145,503	\$ 3,357,168	\$ 4,306,820	\$ 4,131,990	\$ 4,654,568	\$ 6,490,491	\$ 6,420,573
Finance	0	3,021,207	3,286,362	3,533,305	3,611,852	4,071,028	4,092,155	4,129,984	4,372,956	4,509,090
Administration of justice	0	2,857,349	3,228,252	3,699,015	4,171,933	4,272,273	4,788,615	4,363,794	4,656,838	4,755,219
Public safety	0	11,932,616	13,243,505	13,927,155	15,401,864	16,307,461	16,396,703	18,544,560	17,956,442	19,010,203
Public health and welfare	0	1,261,356	1,298,118	1,481,066	2,069,088	1,780,768	1,935,359	1,927,979	1,923,913	1,992,116
Social, cultural, and recreational services	0	452,604	1,758,217	1,848,469	2,090,873	2,244,575	2,303,766	2,430,396	2,516,792	2,503,385
Agriculture and natural resources	0	177,534	193,300	207,467	208,904	231,259	232,565	265,041	295,903	297,291
Other operations (2)	0	0	5,894,828	6,671,289	7,373,991	14,474,599	7,384,343	19,568,504	6,203,524	2,776,280
Highways	5,089,816	5,863,820	5,171,748	5,500,638	6,007,485	6,426,211	5,868,808	7,559,884	5,936,333	5,316,758
Debt service:	7,356,852	0	0	0	0	0	0	0	0	0
Principal	0	4,708,500	3,537,500	3,490,000	3,440,000	4,006,511	3,433,233	3,720,501	4,486,023	4,954,358
Interest	0	3,990,428	4,960,603	5,238,355	5,605,576	5,958,205	6,402,103	8,351,919	7,525,587	8,584,273
Other debt service	0	221,763	303,543	305,951	831,383	415,971	1,023,435	1,823,294	1,774,808	819,388
Capital projects	24,897,988	27,062,372	10,385,234	11,399,324	6,976,294	16,644,490	16,251,782	29,740,763	11,576,323	5,490,107
Total expenditures	\$ 65,956,420	\$ 66,433,828	\$ 56,049,293	\$ 60,447,537	\$ 61,146,411	\$ 81,140,171	\$ 74,244,857	\$ 107,081,187	\$ 75,715,933	\$ 67,429,041
Excess (Deficiency) of revenues over expenditures	\$ (22,063,374)	\$ (21,341,518)	\$ (12,722,271)	\$ (16,678,707)	\$ (13,131,285)	\$ (22,052,010)	\$ (12,765,723)	\$ (39,739,715)	\$ (6,111,848)	\$ (5,277,081)

(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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses)										
Transfers in	\$ 4,977,575	\$ 5,340,414	\$ 5,779,881	\$ 1,004,173	\$ 1,110,588	\$ 1,932,980	\$ 2,652,292	\$ 1,199,634	\$ 1,924,520	\$ 1,185,010
Transfers out	(4,753,287)	(5,122,593)	(5,555,205)	(775,957)	(1,180,756)	(1,690,100)	(2,317,115)	(876,735)	(1,599,520)	(899,520)
Operating transfers to component units	(647,319)	0	0	0	0	0	0	0	0	0
Operating transfers from component units	244,334	0	0	0	0	0	0	0	0	0
Public building authority loan proceeds	0	0	0	0	0	0	0	0	0	0
Other loans issued	30,099,743	31,052,280	11,282,257	13,574,600	12,343,060	20,191,250	17,610,318	44,957,329	6,955,038	1,362,470
Notes issued	0	0	0	0	0	0	0	0	1,346,260	0
Premiums on debt issued	0	0	0	0	448,731	0	0	418,255	2,787,580	0
Refunding bonds issued	0	0	0	0	27,325,000	0	0	69,975,000	97,885,000	0
Refunding notes issued	0	0	0	0	0	0	0	0	0	0
Discounts on debt issued	0	0	0	0	0	0	0	(16,010)	(9,440)	0
Payments to refunded bond escrow agent	0	0	0	0	(27,290,095)	0	0	(69,485,000)	(99,925,000)	0
Total other financing sources (uses)	\$ 29,921,046	\$ 31,270,101	\$ 11,506,933	\$ 13,802,816	\$ 12,756,528	\$ 20,434,130	\$ 17,945,495	\$ 46,172,473	\$ 9,364,438	\$ 1,647,960
Net change in fund balances	\$ 7,857,672	\$ 9,928,583	\$ (1,215,338)	\$ (2,875,891)	\$ (374,757)	\$ (1,617,880)	\$ 5,179,772	\$ 6,432,758	\$ 3,252,590	\$ (3,629,121)
Debt service as a percentage of non-capital expenditures	17.92%	22.66%	19.27%	18.42%	18.23%	16.10%	18.72%	17.97%	21.49%	23.18%

(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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(modified accrual basis of accounting)										
Revenues										
Local taxes (1)	\$ 19,063,788	\$ 20,509,906	\$ 22,239,198	\$ 22,923,346	\$ 25,695,368	\$ 26,315,466	\$ 26,870,464	\$ 27,731,451	\$ 26,897,184	\$ 27,173,700
Licenses and permits	4,249	4,321	3,895	3,530	3,030	2,888	2,969	4,260	5,823	3,48,121
Charges for current services	3,280,212	3,396,305	3,354,886	3,728,447	3,782,383	4,166,607	4,434,165	4,433,358	4,025,361	3,762,459
Other local revenues	890,853	492,091	370,430	450,343	759,551	886,819	1,021,290	845,529	606,688	415,510
State of Tennessee	30,535,730	31,249,021	32,831,035	33,617,315	36,193,548	39,276,204	43,311,492	45,575,829	46,807,816	46,394,891
Federal government	5,490,671	6,102,652	6,885,567	6,920,687	7,140,650	6,883,789	7,434,037	7,088,253	8,567,731	10,693,664
Other governments and citizens groups	0	0	0	0	6,000	0	0	0	0	0
Total Revenues	\$ 59,265,503	\$ 61,754,296	\$ 65,685,011	\$ 67,643,668	\$ 73,580,530	\$ 77,531,773	\$ 83,074,417	\$ 85,678,680	\$ 86,910,603	\$ 88,788,345
Expenditures (2)										
Current:										
Instruction	\$ 41,407,558	\$ 38,446,395	\$ 40,805,793	\$ 41,381,080	\$ 46,066,951	\$ 47,699,706	\$ 49,986,098	\$ 53,177,314	\$ 54,618,251	\$ 55,568,153
Support services	15,932,558	18,411,760	19,568,398	19,427,238	20,549,840	21,867,206	23,519,009	25,271,227	26,677,367	26,370,533
Operation of non-instructional services	0	5,124,100	5,138,749	5,410,808	5,773,611	6,566,066	7,097,811	7,593,835	7,425,230	7,336,417
Capital outlay	27,923	32,203	0	315,847	111,296	82,790	2,896,952	163,913	494,299	35,434
Capital projects	54,404	0	0	0	0	0	0	0	0	0
Debt service:	902,335	0	0	0	0	0	0	0	0	0
Principal on debt	0	2,500,000	415,000	415,000	415,000	415,000	525,500	615,141	118,111	130,645
Interest on debt	0	107,500	96,111	83,400	66,800	50,200	197,940	168,766	137,709	131,329
Other debt service	0	284,207	408,983	58,917	58,917	58,917	58,915	0	0	0
Total Expenditures	\$ 58,324,778	\$ 64,906,165	\$ 66,433,034	\$ 67,092,290	\$ 73,042,415	\$ 76,739,885	\$ 84,282,225	\$ 86,990,196	\$ 89,470,967	\$ 89,572,511
Excess (Deficiency) of revenues over expenditures	\$ 940,725	\$ (3,151,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ (1,207,808)	\$ (1,311,516)	\$ (2,560,364)	\$ (784,166)
Other financing sources (uses)										
Transfers in	\$ 166,152	\$ 12,196	\$ 26,679	\$ 103,237	\$ 74,701	\$ 4,315	\$ 0	\$ 0	\$ 362,109	\$ 347,345
Transfers out	(410,486)	(12,196)	(26,679)	(103,237)	(74,701)	(4,315)	0	0	(362,109)	(347,345)
Notes issued	0	2,500,000	0	0	0	0	2,850,157	0	0	0
Total other financing sources (uses)	\$ (244,334)	\$ 2,500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,850,157	\$ 0	\$ 0	\$ 0
Net change in fund balances	\$ 696,391	\$ (651,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ 1,642,349	\$ (1,311,516)	\$ (2,560,364)	\$ (784,166)
Debt service as a percentage of non-capital expenditures	1.55%	4.46%	1.38%	0.83%	0.74%	0.68%	0.96%	0.90%	0.29%	0.29%

(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											
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
2008	35,265,180	2,229,493	9,130	585,024	1,616,514	514,972	746,103	116,132	245,241	294,884	41,622,673
2009	36,014,649	2,238,198	8,608	449,571	1,424,814	510,628	693,761	71,549	242,919	283,494	41,938,191
2010	36,769,925	2,148,850	6,148	43,834	1,591,288	476,972	520,956	58,405	239,735	1	41,856,114
Component Unit											
2001	\$ 10,460,135	\$ 8,206,126	\$ 8,933	\$ 0	\$ 0	\$ 293,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,968,425
2002	11,833,599	8,241,650	10,436	0	0	317,847	0	0	0	0	20,403,532
2003	13,153,346	8,608,959	12,823	0	0	337,708	0	0	0	0	22,112,836
2004	13,352,744	9,060,688	11,667	0	0	368,371	0	0	0	0	22,793,470
2005	15,739,811	9,394,839	11,610	0	0	399,145	0	0	0	0	25,545,405
2006	15,708,073	10,062,340	11,895	0	0	412,822	0	0	0	0	26,195,130
2007	16,061,783	10,404,032	11,254	0	0	393,395	0	0	0	0	26,870,464
2008	16,637,971	10,717,260	8,691	0	0	367,529	0	0	0	0	27,731,451
2009	16,631,937	9,925,283	8,172	0	0	331,792	0	0	0	0	26,897,184
2010	17,023,991	9,529,423	5,785	342,528	0	471,456	0	0	0	143,045	27,516,228

(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 Ended June 30	Real Property			Tangible Personal Property Assessed	Public Utility Assessment	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							
2001	\$ 945,864,875	\$ 326,351,440	\$ 211,035,528	\$ 61,973,835	\$ 1,545,225,678	\$	2.36	\$ 5,859,498,893	26%
2002	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	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	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	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	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	1,768,732,750	490,095,200	271,597,700	108,579,121	2,639,004,771		2.18	9,454,242,525	28%
2008	1,837,158,675	515,030,040	302,786,095	109,082,317	2,764,057,127		2.23	9,929,654,226	28%
2009	1,889,473,750	543,823,760	335,887,221	92,860,408	2,862,045,139		2.23	11,936,433,598	24%
2010	1,923,112,250	555,792,760	280,893,751	87,019,570	2,846,818,331		2.23	11,898,916,259	24%

Source: Information provided by the Tennessee State Board of Equalization Tax Aggregate Reports.

Information can be found at <http://www.comptroller1.state.tn.us/pa/taxaggr.asp>

Table 9

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

<u>Fiscal Year Ended 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>
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
2008	2007	0.770	0.950	0.51	2.23	2.05	2.20
2009	2008	0.770	0.950	0.51	2.23	2.30	2.10
2010	2009	0.770	0.950	0.51	2.23	2.30	2.10

Table 10

Blount County, Tennessee
Principal Taxpayers
June 30, 2010

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Denso Manufacturing Tenn	\$101,074,252	1	3.55%	\$88,055,576	2	5.70%
Alcoa Inc.	88,662,701	2	3.11%	96,607,790	1	6.25%
Alcoa Aluminum Company, Inc.	34,731,445	3	1.22%	N/A	-	
CMH Services, Inc.	15,739,817	4	0.55%	5,064,490	6	0.33%
Blackberry Farm LLC	9,691,480	5	0.34%	N/A	-	
Presbyterian Homes of Tennessee, Inc.	7,822,340	6	0.27%	N/A	-	
Standard Aero Alliance, Inc.	7,719,561	7	0.27%	N/A	-	
Hamilton Crossing I LLC	7,357,640	8	0.26%	N/A	-	
Ruby Tuesday, Inc.	7,202,234	9	0.25%	N/A	-	
CBL & Associates Limited	<u>6,476,280</u>	10	<u>0.23%</u>	<u>6,801,920</u>	5	<u>0.44%</u>
Totals	<u>\$286,477,750</u>		<u>10.06%</u>	<u>\$196,529,776</u>		<u>12.72%</u>

NOTES:

- (1) Taken from the records of the Blount County Information Technology Department.
- (2) The figures used for this table were based on amounts from the Trustee's Official Tax Billing Summary. Percentages were figured using total 2010 Real and Personal Property Assessment figure of \$2,759,798,761 plus total 2010 Public Utilities Assessment figure of \$87,019,570.
- (3) Denominator - Total Assessed Value.

Table 11

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

Tax Year	Total Tax Levy	Current Collections	Percent of Levy Collected	Adjustments and Delinquent Collections	Total Tax Collections and Adjustments	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
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%	2,638,789	54,840,665	99.41%	323,506	0.59%
2007	59,203,343	56,108,671	94.77%	815,559	56,924,230	96.15%	2,279,113	3.85%
2008	61,753,051	56,747,644	91.89%	2,331,006	59,078,650	95.67%	2,674,401	4.33%
2009	61,542,888	57,554,232	93.52%	N/A (4)	N/A (4)	N/A (4)	N/A (4)	N/A (4)

NOTES:

(1) Total tax levy does not include amounts for public utilities, which are assessed at the state level by the Public Service Commission. Local taxes include real and personal property taxes, hotel/motel taxes, and local option taxes.

(2) Current collections include amounts collected from the Trustee's Office through June 30 of each year.

(3) Delinquent tax collections include amounts collected by the Trustee's Office after June 30 of each year, and amounts collected by the Clerk and Master in Chancery Court.

(4) Tax notices are sent out after June 30 each year, become due and payable October 1, but do not become delinquent until March 1 of the following year.

Table 12

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

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Capital Outlay Notes</u>	<u>Capital Leases</u>	<u>Other Loans Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita Income</u>
2001	\$ 2,075,000	\$ 6,393,500	\$ 0	\$ 82,832,180	\$ 91,300,680	3.33%	\$ 25,370
2002	0	5,562,500	0	112,081,960	117,644,460	3.71%	28,455
2003	0	4,010,000	0	120,964,217	124,974,217	4.27%	26,253
2004	0	3,105,000	0	131,538,817	134,643,817	4.37%	27,111
2005	27,285,000	2,480,000	0	114,711,877	144,476,877	5.70%	22,364
2006	27,170,000	1,845,000	0	131,231,616	160,246,616	6.10%	22,220
2007	26,970,000	1,190,000	3,061,925	145,876,433	177,098,358	6.13%	24,091
2008	26,340,000	525,000	2,866,784	188,478,261	218,210,045	7.39%	24,693
2009	24,665,000	1,616,260	2,728,151	190,857,798	219,867,209	7.25%	24,693
2010	22,580,000	1,206,260	2,553,649	189,804,767	216,144,676	N/A	N/A

NOTES:

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

Table 13

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

Fiscal Year Ended June 30	Population	Assessed Value	General Obligation Bonds	Less: Amounts Available on Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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	119,855	2,764,057,127	177,098,358	7,676,296	169,422,062	6.1%	1,413.56
2008	119,620	2,862,045,139	218,210,045	10,248,838	207,961,207	7.3%	1,738.52
2009	122,784	2,846,818,331	219,867,209	11,893,290	207,973,919	7.3%	1,693.82
2010	N/A	N/A	216,144,676	13,244,164	202,900,512	N/A	N/A

NOTES:

- (1) U.S. Bureau of Census figures were used for 2000. Figures for 1998 and 1999 were projected by Woods & Poole Economics, Inc. Recent figures are taken from the website www.tennesseeanymtime.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 8).
- (3) Gross bonded debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports including undrawn proceeds from loan agreements.
- (4) Debt service fund balance is per Comprehensive Annual Financial Reports without the reserves for internal notes.
- (5) Gross bonded debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports including undrawn proceeds from loan agreements.

N/A - Not available.

Table 14

Blount County, Tennessee
Schedule of Direct and Overlapping Debt
June 30, 2010

DIRECT DEBT

Notes Payable	\$ 1,206,260	
Public Building Authority Loan Agreements	189,804,767	
General Bonded Debt	22,580,000	
Capital Leases Payable	2,553,649	
Less debt service funds	<u>(13,244,164)</u>	
Total Direct Debt		\$ 202,900,512

OVERLAPPING DEBT

City of Maryville	\$ 88,891,895	
City of Alcoa	<u>51,510,000</u>	
Total Overlapping Debt		<u>140,401,895</u>
TOTAL DIRECT AND OVERLAPPING DEBT		<u>\$ 343,302,407</u>

NOTE:

Amounts for the City of Maryville and the City of Alcoa include both bonds and notes, but exclude debt specifically associated with utility revenues.

Amounts for the county include primary government and the discretely presented Blount County Schools debt only, and excludes 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>Total Personal Income</u>	<u>(3) Median Age</u>	<u>(4) (5) Unemployment Rate</u>
2000	105,823	\$ 24,262	\$ 2,567,477,626	38.4	2.70%
2001	108,000	25,370	2,739,960,000	38.4	4.00%
2002	111,500	28,455	3,172,732,500	38.4	3.70%
2003	111,510	26,253	2,927,472,030	38.4	4.00%
2004	113,744	27,111	3,083,713,584	38.5	4.90%
2005	113,393	22,364	2,535,921,052	40.2	4.60%
2006	118,186	22,220	2,626,092,920	39.5	4.30%
2007	119,855	24,091	2,887,426,805	39.7	4.00%
2008	119,620	24,693	2,953,776,660	39.7	6.30%
2009	122,784	24,693	3,031,905,312	39.7	8.20%

NOTES:

- (1) The 2000 figure is from the U.S. Bureau of the Census.
Years 2001 - 2004 taken from the www.tennesseeanytime.gov website.
- (2) The 2005 figures are from the 2005 American Community Survey.
- (3) U. S. 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 U.S. Bureau of the Census.
- (4) The 2006, 2007, and 2008 figures are from factfinder.census.gov.
- (5) The 2009 figures are from: factfinder.census.gov, <http://quickfacts.census.gov/qfd/states/47/47009.html>
<http://www.bls.gov/data/#unemployment>.

These figures reflect the latest reliable information.

Table 18

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

<u>Employer</u>	2010			(4) 2001		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Clayton Homes ⁽¹⁾	2,511	1	4.69%	2,508	2	4.68%
Denso Manufacturing Tennessee, Inc. ⁽¹⁾	2,500	2	4.67%	2,930	1	5.47%
Blount Memorial Hospital, Inc. ⁽¹⁾	2,198	3	4.10%	1,950	4	3.64%
Blount County School System ⁽¹⁾	1,600	4	2.99%	1,090	5	2.03%
Alcoa, Inc. ⁽¹⁾	1,368	5	2.55%	2,000	3	3.73%
Ruby Tuesday ⁽¹⁾	1,301	6	2.43%	-	-	-
WalMart Super Center ⁽³⁾	775	7	1.45%	-	-	-
Blount County Government ⁽¹⁾	745	8	1.39%	613	7	1.14%
Maryville City Schools ⁽³⁾	658	9	1.23%	-	-	-
Marriott Business Services ⁽¹⁾	546	10	1.02%	-	-	-
APAC-TENN Inc. Harrison Division ⁽¹⁾	525	11	0.98%	-	-	-
IJ Company ⁽²⁾	483	12	0.90%	-	-	-
City of Maryville ⁽³⁾	336	13	0.63%	-	-	-
Sanford Brand/Rubbermaid ⁽¹⁾	300	14	0.56%	-	-	-
Rockford Manufacturing ⁽¹⁾	300	15	0.56%	325	9	0.61%
	<u>16,146</u>		<u>27.79%</u>	<u>11,416</u>		<u>21.31%</u>
Total Employment 2010 (as of 5/10)	(5) 58,100	*				
Total Employment 2001 (as of 6/01)	53,570	*				

*Total employment for Blount County

- Sources: (1) The Knoxville News Sentinel "Book of Lists"
(2) 2010 State of TN Economic & Community Development
(3) 2010 Responses from Employer
(4) The Knoxville News Sentinel "Book of Lists" 2000-2005
(5) Tennessee Department of Labor

Table 19

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

Function	Department	Fiscal Year										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
General County	Commission	0	0	1	1	1	1	1	1	1	1.5	
	County Mayor	3	3	3	3	3	3	3	3	3	2	
	Insurance and Risk Management	3	3	2	3	3	2	5	4	2	3	
	Election Commission	3	3	3	3	3	3	2	3	3	4.4	
	Register of Deeds	12	12	12	12	11	11	9	9	9	9	
	Planning	3	3	3	3	3	3	3	3	3	3	
	Engineering	N/A	N/A	N/A	N/A	1	1	1	1.5	2	1.3	
	County Buildings	11	11	12	12	12	13	13	14	14	13.7	
	Human Resources	1	1	1	1	2	2	1	2	2	2	
	Preservation of Records	1	1	1	1	2	2	2	2	3	2	
	Accounting and Budgeting	10	10	11	13	13	16	14	11	10	10.6	
	Purchasing	5	5	5	5	5	6	6	6	6	6	
	Property Assessor	15	15	16	17	18	19	17	19	20	20	
	Trustee	7	7	7	7	7	7	7	7	7	7	
	County Clerk	25	25	25	25	25	25	23	23	23	22	
	Information Technology	7	8	8	9	9	9	9	9	9	9	
	Circuit Court Clerk	38	38	39	34	40	42	47	38	48	49.5	
	Clerk and Master	9	9	10	10	10	10	9	10	10	9	
	Juvenile Court	6	7	7	8	8	7	7	6	7	6	
	Public Defender	0	0	0	0	0	0	0	0	0	0	
	Sheriff's Department	130	130	133	133	139	139	135	148	145	141.6	
	Justice Center	90	90	86	86	86	98	98	102	111	104.4	
	Juvenile Services	4	4	27	27	28	31	31	25	25	24.4	
	Emergency Management	1	1	1	1	2	2	2	2	2	2	
	Local Health Center	13	13	14	14	15	16	20	22	21	21.5	
	Field Line Inspection	5	5	5	5	6	6	6	5	5	5	
	Soil Conservation	2	2	2	2	2	2	2	2	2	2	
	Veteran's Services	3	3	3	3	3	3	3	3	2	3	
	Building Commissioner	1	1	1	1	1	5	2	3	2	2.3	
	Codes Compliance	N/A	N/A	N/A	N/A	N/A	N/A	2	2	3	3.3	
	Animal Control	N/A	N/A	N/A	N/A	N/A	N/A	1	1	2	4.7	
	Probation	N/A	N/A	N/A	N/A	N/A	N/A	6	6	7	7	
Employee Benefits	0	0	0	0	0	0	0	0	0	0		
Subtotal		408	410	438	439	458	484	487	492	509	502.2	
Public Library	County Buildings	0	0	4	4	4	4	5	5	4	4	
	Other General Administration	0	0	0	0	0	0	0	1	0	0	
	Libraries	14.5	21.5	25	25	25	25	21	19	20	19	
	Subtotal		14.5	21.5	29	29	29	29	26	25	24	23
Drug Court	State	3	3	3	3	3	3	2	2	3	3	
Highway	Administration	5	5	5	5	5	5	8	7	7	8	
	Highway and Bridge Maintenance	54	51	58	58	56	56	53	54	53	50	
	Operation and Maintenance of Equip.	12	13	13	14	14	14	13	14	14	13	
	Subtotal		71	69	76	77	75	75	74	75	74	71
Schools	Educational and Instructional Programs	756	762.8	792	799	818	825	850	1,011	1,060	1,057	
	Attendance Program	2.8	2.8	3	3	3	3	3	3	3	3	
	Health Services Program	7	7	6	4	4	7	6	15	20	20	
	Guidance and Testing Program	26	26	27	24	24	26	25	29	29	29	
	Family Resource Center	1	1	1	1	1	1	1	1	1	1	
	Libraries	21	21	31	25.5	25.5	25.5	26.0	37	38	38	
	Psychological Services	4	4	2.4	8	8	8	6	10	10	10	
	Career Technical Education	0	0	0	4	4	4	2	2	2	2	
	Office of the Superintendent	2.5	3	3	3	3	4	4	4	4	4	
	Office of the Principal	63.5	65.5	67	72	73	73	73	87	94	84	
	Fiscal Services	5	5	5	5	5	0	0	3	3	3	
	Operation and Maintenance of Plant	83	94	95	98	99.5	100.5	101.5	111	117	117	
	Board of Education	0	0	0	0	0	0	0.5	7.0	7.0	7.0	
	Transportation	1	1	1	2	2	2	2	2	2	2	
	Student Management and Technology	5	5	5	5	4.5	5.5	7.5	7.5	7.5	7.5	
	Food Service	51	51	60	60	58	58	58	110	104	101	
	Blount County Extended School	9	9	11	12	12	13	14	67	70	68	
	Subtotal		1037.8	1058.1	1109.4	1125.5	1144.5	1155.5	1179.5	1506.5	1,572	1,554
	GRAND TOTAL		1,534.3	1,561.6	1,655.4	1,673.5	1,709.5	1,746.5	1,768.5	2,100.5	2,181.5	2,152.9

Source: Information provided by Blount County Payroll Department

Table 20

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Property Assessor:										
Taxable/Non-taxable properties maintained	59,185	59,185	60,616	61,482	62,491	63,548	64,602	65,309	65,953	66,249
Personal properties maintained	4,000	4,000	4,406	4,664	4,688	4,985	5,282	5,677	5,254	5,680
Parcels reviewed for reappraisal	58,453	58,453	16,972	14,997	21,463	63,548	21,012	28,983	13,512	66,249
Real property	58,453	58,453	59,126	59,986	60,990	62,044	63,098	64,861	64,492	64,975
Trustee:										
Delinquent taxes	\$ 192,113	\$ 326,439	\$ 249,561	\$ 296,593	\$ 212,301	\$ 175,466	\$ 214,620	\$ 334,337	\$ 399,615	\$ 587,586
Commissions earned	\$ 1,192,907	\$ 1,486,142	\$ 1,287,681	\$ 1,315,657	\$ 1,486,142	\$ 1,536,815	\$ 1,726,786	\$ 1,822,745	\$ 1,816,003	\$ 1,811,036
Interest earned on investments	\$ 2,191,785	\$ 1,347,805	\$ 663,869	\$ 482,860	\$ 758,424	\$ 1,436,537	\$ 1,955,463	\$ 1,678,910	\$ 1,011,557	\$ 581,194
County Clerk:										
New business licenses issued	833	895	882	960	961	963	965	969	427	849
Marriage licenses issued	1,350	1,381	1,255	1,160	976	961	960	930	940	934
Estates filed for probate	570	578	612	532	533	509	500	500	556	491
Building Commissioner:										
Building permits	933	1,187	1,139	1,235	1,115	1,390	1,565	815	571	704
Circuit Court Clerk:										
Criminal cases filed*	1,411	1,461	1,032	870	1,001	1,050	1,100	1,238	1,291	1,470
Civil cases filed	1,903	1,871	642	808	1,022	1,070	1,125	646	655	684
General Sessions Court:										
State cases filed*	10,318	10,395	10,020	7,561	8,864	9,310	9,775	18,078	16,287	16,067
Civil cases filed	3,996	3,935	4,920	5,614	5,624	5,905	6,200	7,240	7,433	7,744
Traffic division	N/A	N/A	1,023	8,117	9,715	8,120	8,550	8,937	7,451	5,609
Sheriff's Office:										
Civil papers received	23,106	17,497	17,350	17,836	18,500	18,951	18,951	18,536	19,352	18,229
Complaints answered	32,828	32,116	46,273	34,608	65,163	65,163	65,163	67,761	66,772	54,571
DARE programs conducted	619	504	495	383	335	118	118	-	-	-
DUI arrests	161	188	250	215	228	228	228	144	154	114
Speeding tickets issued	257	249	531	490	1,437	1,437	1,437	9,092	4,617	3,509
Average inmates housed a day	298	298	328	325	352	358	364	425	445	393
Cost per day to house inmate	\$ 45.00	\$ 45.00	\$ 47.60	\$ 44.77	\$ 53.91	\$ 54.00	\$ 54.00	\$ 40.56	\$ 39.01	\$ 54.87
Correctional officers certified by State	59	60	65	63	65	70	70	63	72	72
Rabies and Animal Control:										
Animal control complaints	2,997	3,610	1,179	3,518	3,674	1,469	3,085	2,356	N/A	4,800
Animals adopted **	263	255	192	354	433	255	535	N/A	N/A	1,380
Animals euthanized **	2,277	2,062	689	1,803	1,662	901	1,892	N/A	N/A	1,020
Animals picked up **	N/A	555	N/A	360						
Parks and Recreation:										
Youth basketball participants	375	475	450	508	545	550	575	475	585	630
Youth soccer participants	905	1,045	1,100	1,132	1,150	1,200	1,200	1,350	1,345	1,250
Adult softball teams	201	181	182	185	183	185	180	166	135	127
Adult basketball teams	39	35	36	33	33	34	35	25	16	19
Adult volleyball teams	33	N/A	36	36	36	34	36	42	38	36
Senior center membership	N/A	N/A	450	450	500	500	550	416	500	500
Highway Department:										
Miles of road maintained	1,085	1,081	1,079	1,085	1,258	1,261	1,261	1,261	850	850
Bridges maintained	120	120	120	120	120	120	120	120	120	120
Miles of rights-of-way mowed	2,170	2,162	2,158	2,170	2,516	2,522	2,522	2,522	1,700	1,700
Schools:										
Enrollment	10,825	10,962	10,978	11,137	11,305	11,368	11,586	11,793	11,648	11,612
Pupils transported by bus	8,042	6,166	6,200	6,500	8,438	8,500	8,500	8,485	8,293	8,618

* Cases are not separated by category
 ** Blount County created their own Animal Control department
 in FY 07-08; the animals were previously handled by Maryville City.
 Source: Information provided by Department Heads and Officials of Blount County

Table 21

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

Function	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government									
Blount County Courthouse	1	1	1	1	1	1	1	1	1
County Buildings									
Pickup Trucks	2	2	2	2	2	3	3	3	4
Sport Utility Vehicles									1
Property Assessor									
Cars	3	3	3	3	3	3	3	3	2
Sport Utility Vehicles	0	1	2	2	2	2	2	3	3
Trucks	0	0	0	0	0	0	0	0	1
County Clerk									
Cars	1	1	1	1	1	1	1	1	0
Sport Utility Vehicles	0	0	0	0	0	0	0	0	1
Veterans Department									
Cars	1	1	1	1	1	0	1	1	1
Accounting									
Sport Utility Vehicles	0	0	0	0	0	0	0	0	1
County Mayor									
Sport Utility Vehicles	0	1	1	1	0	0	0	1	0
Planning									
Cars	0	0	0	0	0	0	1	1	1
Codes Compliance									
Cars	0	0	0	0	0	0	2	3	2
Sport Utility Vehicles	0	0	0	0	0	0	0	1	1
Risk Management									
Cars	0	0	0	0	0	1	0	0	0
Trucks	0	0	0	0	0	1	1	1	1
Sport Utility Vehicles	0	0	0	0	0	0	1	1	1
Records Management									
Building	0	0	0	0	0	0	0	0	1
Trucks	0	0	0	0	0	0	0	0	1
Surplus									
Cars	0	0	0	0	0	0	0	0	1
Trucks	0	0	0	0	0	0	0	0	0
Sport Utility Vehicles	0	0	0	0	0	0	3	0	0
Administration of Justice									
Circuit Court									
Cars	0	0	1	1	1	0	0	0	0
Sport Utility Vehicles	0	0	0	0	0	1	1	1	1
Public Safety									
Blount County Justice Center	1	1	1	1	1	1	1	1	1
Patrol Cars	107	143	165	177	189	177	175	196	173
Sport Utility Vehicles	14	22	27	32	39	36	33	36	35
Trucks	4	5	8	8	9	8	10	12	13
Vans	3	3	4	4	5	6	6	7	6
Mobile Command Unit	0	0	0	1	1	1	2	2	2
ATV	1	1	1	1	2	3	3	3	4
Boat	1	3	3	3	3	3	3	3	3
Motorcycles	0	0	0	4	10	6	6	6	6
Miscellaneous Vehicle Equipment	0	0	0	0	0	3	3	3	3
Metro Narcotics Department Building	1	1	1	1	1	1	1	1	1
Cars	4	4	4	4	6	4	4	4	4
Trucks	0	2	2	2	5	6	5	4	5
Sport Utility Vehicles	0	0	0	0	0	0	3	4	5
Emergency Management									
Cars	0	0	0	0	0	0	1	1	1
Vans	0	0	0	0	0	0	0	0	1
Fire Truck	0	0	0	0	0	0	1	1	1
Utility Vehicles	0	0	0	2	2	2	3	4	5
Public Health and Welfare									
Blount County Health Department	1	1	1	1	1	1	1	1	1
Environmental, Building Codes, and Engineering Building	1	1	1	1	1	1	1	1	1
Engineering Vehicles									
Trucks	0	0	0	0	0	0	0	1	1
Sports Utility	0	0	1	1	1	1	1	1	1
Overlook Mental Health Bldg	1	1	1	1	1	1	1	1	1

(Continued)

Table 21

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

Function	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Social, Cultural, and Recreational Services									
Parks and Recreational Office Building	1	1	1	1	1	1	1	1	1
Senior Center Building	1	1	1	1	1	1	1	1	1
Everett Gym Building	1	1	1	1	1	1	1	1	1
Public Library (New)	1	1	1	1	1	1	1	1	1
Animal Control Truck	0	0	0	0	0	1	1	2	2
Other General Government									
Thompson Brown House	1	1	1	1	1	1	1	1	1
Townsend Visitors Center	1	1	1	1	1	1	1	1	1
Lincoln Extension Pavilion	1	1	1	1	1	1	1	1	1
Highway Department									
Highway Department Office	1	1	1	1	1	1	1	1	0
Salt Storage Building	0	1	1	1	1	1	1	1	0
Bridges	61	61	61	62	62	62	62	62	62
Roads	341	355	371	395	413	424	451	467	484
Traffic Lights	0	0	4	4	4	4	5	5	6
Cars	5	5	5	5	5	2	2	2	2
Trucks	24	24	24	24	24	28	27	26	26
Sport Utility Vehicles	6	7	7	7	7	5	10	10	10
Heavy Equipment	56	58	59	59	59	50	53	53	53
Trailers	0	0	0	0	0	4	4	4	4
Vans	0	0	0	0	0	2	2	2	2
Function									
Component Unit									
Blount County School Department									
Central Office	1	1	1	1	1	1	1	1	1
Elementary Schools	11	11	11	11	12	12	12	13	12
Middle Schools	4	4	4	4	4	4	4	5	4
High Schools	2	2	2	2	2	2	2	2	2
Alternative School	0	0	1	1	1	1	1	1	1
Vocation Buildings	2	2	2	2	2	2	2	2	2
Buses	3	3	3	6	6	6	6	5	5
Cars	6	6	6	6	6	6	5	6	6
Vans	7	7	7	7	7	7	7	7	7
Trucks	14	15	15	15	16	17	17	17	17
Utility Vehicle	3	3	3	3	4	3	3	3	3
Storage Building	1	1	1	1	1	1	1	1	1
Maintenance Building	1	1	1	1	1	1	1	1	1

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

The information for this table is only available for nine years.

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 37243-1402
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

November 24, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated November 24, 2010. Our report includes a reference 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 Blount County Children's Home, Blount Memorial Hospital, Inc., Blount County Emergency Communications District, and 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 10.02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

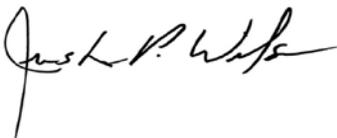
Compliance and Other Matters

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.01 and 10.03.

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

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, director of accounts and budgets, County Commission and Board of Education, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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

November 24, 2010

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, 2010. 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, 2010.

However, as described in items 10.01 and 10.04 in the accompanying Schedule of Findings and Questioned Costs, Blount County did not comply with requirements regarding procurement that are applicable to the Highway Planning and Construction Grant (CFDA No. 20.205), which is a nonmajor federal program. Compliance with such requirements is necessary, in our opinion, for Blount County to comply with the requirements applicable to this program.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over compliance.

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

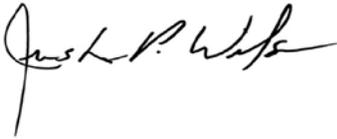
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10.02 and 10.05. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, 2010, and have issued our report thereon dated November 24, 2010. 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.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, director of accounts and budgets, County Commission, Board of Education, others within the entity, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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	\$ 741,605
National School Lunch Program	10.555	N/A	2,102,945 (3)
Summer Food Service Program for Children	10.559	N/A	79,479
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	41,975
Fresh Fruit and Vegetable Program	10.582	N/A	15,436
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	309,529 (3)
Total U.S. Department of Agriculture			\$ 3,290,969
Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 234,169
Total Department of the Interior			\$ 234,169
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	\$ 36,549
Total U.S. Department of Justice			\$ 36,549
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 94,235 (4)
ARRA - Highway Planning and Construction	20.205	040133	83,818 (4)
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(2)	77,002
Alcohol Open Container Requirements	20.607	(2)	33,071
Total U.S. Department of Transportation			\$ 288,126
U.S. Department of National Endowment for the Humanities:			
Direct Program:			
Promotion of the Humanities - Division of Preservation and Access	45.149	N/A	\$ 6,000
Total U.S. Department of National Endowment for the Humanities			\$ 6,000
U.S. Department of Libraries:			
Passed through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 9,600
Total U.S. Department of Libraries			\$ 9,600
U.S. Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	\$ 51,922
Total U.S. Department of Energy			\$ 51,922
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,988,654
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	666,465
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,262,857
Special Education - Grants to States, Recovery Act	84.391	N/A	1,593,657

(Continued)

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Special Education Cluster (Cont.):			
Special Education - Preschool Grants	84.173	N/A	\$ 98,480
Special Education - Preschool Grants, Recovery Act	84.392	N/A	10,947
Career and Technical Education - Basic Grants to States	84.048	N/A	195,808
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	43,427
Education Technology State Grants	84.318	(2)	26,931
Education Technology State Grants, Recovery Act	84.386	(2)	59,816
English Language Acquisition Grants	84.365	(2)	20,726
Improving Teacher Quality State Grants	84.367	N/A	492,895
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	2,112,100
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	255,632
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	145,372
Total U.S. Department of Education			\$ 9,973,767
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 9,156
Emergency Management Performance Grants	97.042	(2)	127,203
Homeland Security Grant Program	97.067	34101-00000482	211,090
Total U.S. Department of Homeland Security			\$ 347,449
Total Expenditures of Federal Awards			\$ 14,238,551
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	63,395
Law Enforcement Training - State Department of Safety	N/A	(2)	85,800
State Reappraisal - Comptroller of the Treasury	N/A	(2)	32,063
Health Department Program - State Department of Health	N/A	(7)	744,141
Child Care Assistance Program - State Department of Human Services	N/A	(2)	142,624
Adult Basic Education - State Department of Education	N/A	(2)	93,062
Drivers Education	N/A	(2)	14,948
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	541,331
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	97,045
Total State Grants			\$ 1,823,409

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) Total for CFDA No. 10.555 is \$2,412,474.
- (4) Total for CFDA No. 20.205 is \$178,053.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

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, 2009, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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 one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173 and 84.392); Improving Teacher Quality State Grants (CFDA No. 84.367); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act, and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$427,156 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County did not qualify as a low-risk auditee.

PART II, FINDING 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; however, management did not provide responses for inclusion in this report.

OFFICES OF COUNTY MAYOR AND PURCHASING DEPARTMENT

FINDING 10.01 **THE TENNESSEE DEPARTMENT OF TRANSPORTATION HAS QUESTIONED COSTS OF \$45,492 RELATED TO A CONSTRUCTION CONTRACT FUNDED BY THE FEDERAL HIGHWAY PLANNING AND CONSTRUCTION GRANT PROGRAM**
(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

The Tennessee Department of Transportation (TDOT) recently performed a monitoring of its contracts with Blount County and has questioned costs of \$45,492 submitted as eligible expenses in previous years under the federal Highway Planning and Construction Grant program. The questioned costs resulted from the county's failure to follow federal regulations associated with sealed bids for construction at the Little River Railroad Museum. As a result of the monitoring, TDOT is requesting that Blount County refund \$36,680 to the state, which represents the amount TDOT reimbursed the county related to the contract in question (80.63 percent in accordance with the grant agreement). A copy of this monitoring report may be obtained from the State of Tennessee, Department of Transportation, Finance Office, James K. Polk Building, 505 Deaderick Street, Suite 800, Nashville, TN 37243.

OFFICES OF DIRECTOR OF SCHOOLS AND PURCHASING DEPARTMENT

FINDING 10.02 **CHILD NUTRITION CLUSTER GRANT FUNDS WERE USED TO PURCHASE AN OVEN BASED ON AN EXPIRED BID**
(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

Blount County utilized an expired bid to purchase a combi-oven. Blount County piggy-backed off of a bid solicited by the Metropolitan Government of Nashville and Davidson County (Metro) in May 2006; however, according to Metro, the bid lapsed December 31, 2006. The oven was purchased on September 2, 2009, with Child Nutrition Cluster Grant funds (CFDA Nos. 10.553, 10.555 and 10.559) for \$27,281. County personnel failed to confirm the validity of the bid prior to purchasing the equipment, which indicated a significant deficiency in internal control. In effect, this internal control deficiency allowed the purchase of the equipment without accepting a valid bid and created a situation that could result in the United States Department of Agriculture requesting repayment for the purchase price of the equipment. Section 5-14-108, Tennessee Code Annotated, requires

competitive bids for purchases over \$10,000. It was not possible to determine the amount, if any, that the actual purchase price exceeded (or was less than) the amount that would have been paid had current bids been accepted.

RECOMMENDATION

Grant administrators should not piggy-back off of bids solicited by other governments without confirming the validity of the bid. Grant administrators should contact the Tennessee Department of Education School Nutrition Program to determine whether further action is required.

OFFICE OF COUNTY MAYOR

FINDING 10.03 **A CAPITAL OUTLAY NOTE WAS NOT RETIRED BY ITS MATURITY DATE**
(Noncompliance Under Government Auditing Standards)

In April 2007, the General Debt Service Fund loaned the Other Capital Projects Fund \$350,000 to provide funds for an animal shelter. The County Commission authorized the repayment of this loan from fundraising efforts for the animal shelter, along with net revenues of the animal shelter and animal control activities. The three-year note was scheduled to mature on April 27, 2010. However, fundraising efforts of the animal shelter have been used to fund construction and early operations of the shelter, and the shelter has failed to generate net revenues; therefore, the note is currently past due. County officials have requested a three-year extension on the note from the state Comptroller's Office.

RECOMMENDATION

County officials should comply with the repayment provisions authorized for debt instruments.

BEST PRACTICE

AN AUDIT COMMITTEE HAS NOT BEEN ESTABLISHED

Blount County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks.

**PART III, FINDING AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Transportation: Passed-through State Department of Transportation: Highway Planning and Construction	10.04	20.205	Circular A-133, <u>Compliance Supplement</u> , Part 3 I.	Noncompliance - See Finding 10.01. The Tennessee Department of Transportation has questioned costs of \$45,492 related to deficiencies in bids for a construction contract.	\$ 45,492
U.S. Department of Agriculture: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program National School Lunch Program Summer Food Service Program for Children	10.05	10.553 10.555 10.559	Circular A-133, <u>Compliance Supplement</u> , Part 3 B.	Significant deficiency in Internal Control - See Finding 10.02. Nutrition Cluster Grant funds were used to purchase an oven based on an expired bid.	27,281

**BLOUNT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Office of County Mayor and Purchasing Department – Corrective Action Plan for Current-Year's Findings

FINDINGS 10.01 and 10.04

Contact Person: Stephen Jennings, Director of Accounts and Budgets

Corrective action planned: The settlement of the TDOT Compliance monitoring finding can only be authorized by the County Commission. The payment (reimbursement) of \$36,680 was on the Commission's agenda for the regular session, November 18, 2010, but was pulled at the request of the county attorney for one month because he was still in negotiations to further reduce or eliminate the requested payment. This will go back on the Budget Committee agenda for December 6, 2010, and the Commission will vote on it December 16, 2010.

Anticipated completion date: December 16, 2010

Office of Director of Schools and Purchasing Department – Corrective Action Plan for Current-Year's Findings

FINDINGS 10.02 and 10.05

Contact Person: Troy Logan, Fiscal Administrator

Corrective action planned: The Tennessee Department of Education, Nutrition Program will be contacted to determine whether further action is required.

Anticipated completion date: December 3, 2010