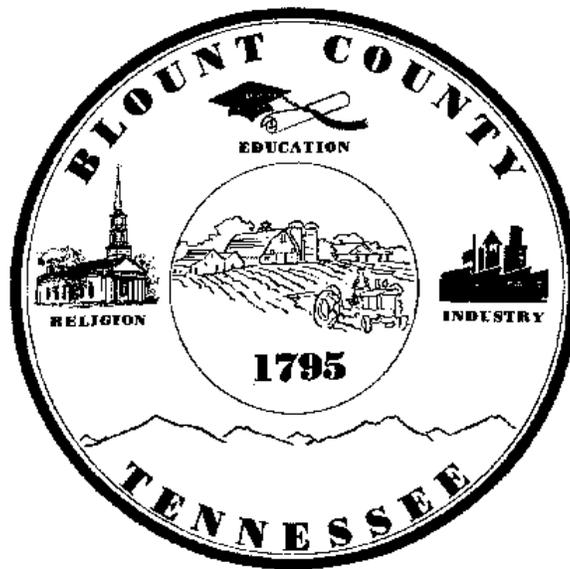

ANNUAL FINANCIAL REPORT BLOUNT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

AMY MOORE, CGFM
ANGIE COLLINS, CPA
ANDREW WAY, CPA
GARRETT RAIDEN
DOUG SANDIDGE, CISA, CFE
State Auditors

STEPHEN JENNINGS
Director of Accounts and Budgets
Blount County, Tennessee

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

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Audit Highlights

Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2011.

Results

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

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

Finding and Best Practice

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

OFFICE OF CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.

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 by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Blount County Officials

June 30, 2011

Officials

Ed Mitchell, 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
Phyllis Crisp, Register
James Berrong, Sheriff
Stephen Jennings, Director of Accounts and Budgets
Teresa Johnson, Purchasing Agent

Board of County Commissioners

Steve Samples, Chairman	Mark Hasty
Tonya Burchfield	Jerome Moon
Richard Carver	Kenneth Melton
Brad Harrison	Mike Caylor
Mike Lewis	Holden Lail
Peggy Lambert	Scott Helton
Gary Farmer	Ron French
Jim Folts	Tab Burkhalter
Tom Greene	Monika Murrell
Roy Gamble	Gerald Kirby
Gordon Wright, Sr.	

Board of Education

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

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

December 9, 2011

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, 2011, 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 .05 percent and .02 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc., (which represent 42.65 percent and 64.75 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .61 percent and .66 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 32.39 percent and .01 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, 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.

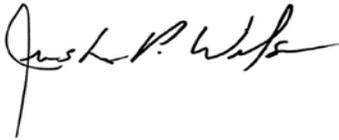
As described in Note V.B., Blount County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 22 and the budgetary comparison, pension, and other postemployment benefits information on pages 133 through 140 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 financial statements as a whole. 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 extending downwards from 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, 2011

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, 2011. 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 financial statements and the notes to the 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 2011

Key Financial Highlights

In total, net assets of the Primary Government decreased by \$5.1 million, while net assets of the DPCU School Department increased by \$13.6 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 drop in net assets for the Primary Government was the new debt issuance (ARRA QSCB - \$14.855 million) to fund the construction of Prospect Elementary School and the replacement of the HVAC system at Carpenters Middle School. This was partially offset with investment income of \$4.6 million derived from a favorable change in the fair value of interest rate derivatives in place to hedge the interest rate risk on the county's variable rate demand obligations. The major primary governmental funds operated with deficit spending during the fiscal year ended June 30, 2011. The General and the General Debt Service funds used fund balance totaling \$1 million and \$1.1 million, respectively, for the year ended June 30, 2011.

General revenues of the Primary Government accounted for \$45.5 million or 54.5 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$38 million or 45.5 percent of total revenues of \$83.5 million.

General revenues of the DPCU School Department were \$78.4 million or 74.7 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$26.5 million or 25.3 percent of total revenues of \$104.9 million.

Total assets of governmental activities in the Primary Government were \$203 million as taxes receivable ended at \$36.8 million, cash ended at \$29.7 million, and capital assets, net

of accumulated depreciation, ended at \$127 million. Total assets in the DPCU School Department were \$174.1 million as taxes receivable ended at \$19.8 million, cash ended at \$11.5 million, and capital assets, net of accumulated depreciation, ended at \$138.6 million.

The county had \$88.1 million in expenses with \$38 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$33 million) were inadequate by \$4.6 million to provide current funding for these programs.

The DPCU School Department had \$94 million in expenses related to governmental activities; \$26.5 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 \$19.9 and \$9.9 million, respectively, in addition to the BEP contribution of \$48 million) exceeded expenditures by \$10.9 million, the majority of which went toward the construction of Prospect Elementary School. The General Purpose School Fund's balance did increase, however, by \$2.3 million to a total of \$4.9 million on the back of stronger sales tax collections and a significantly higher share of the total property tax rate relative to the prior year.

In summary, the Net Assets for the combined Primary Government and the DPCU School Department increased by \$8.5 million (\$2.2 million of this amount was a prior-period adjustment to the DPCU School Department's capital assets) during the fiscal year ended June 30, 2011, aided significantly by the non-economic change in fair value of Interest Rate Derivatives of \$4.6 million.

The best gauge of how the Primary Government and the DPCU School Department fared during the fiscal year ended June 30, 2011, is the following:

- The Unassigned Fund Balance for the county's General Fund decreased by **\$.9 million** to **\$5.4 million**.
- The Fund Balance restricted for Debt Service decreased by **\$1.9 million** to **\$11.3 million**.
- This \$2.8 million deficit in the Primary Government was partially offset by the **\$2.3 million increase** in Fund Balance Restricted for Education to **\$4.7 million**.

In addition, the county has taken steps to increase the cash reserves in the Internal Service Fund for Self Insured Exposures, Health, Workers' Compensation, and General Liability.

All in all, the elected officials and department heads that manage the fiscal affairs of the Blount County Government did an excellent job in controlling spending and preserving the cash balances necessary to maintain the county's AA credit rating while continuing to provide excellence in public safety, education, and other basic required services that the citizens deserve and expect.

Using This Annual Financial Report (AFR)

This annual financial 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 funds are the General Debt Service Fund and the Education Capital Projects Fund. In the case of the DPCU School Department, the General Purpose School Fund is the only major fund.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the county and the DPCU School Department to provide programs and activities financed during 2011, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2011. 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 reported here include 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 statements 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, General Debt Service, and Education Capital Projects 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 Self 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 \$80.1 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$145.4 million at the close of the most recent fiscal year.

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

Although the county's and the DPCU School Department's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the county's and the DPCU School Department's net assets for 2011 and a comparison to the prior year.

An additional portion of the county's net assets, \$16.6 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$3.2 million of net assets is subject to external restriction.

Tables 2a and 2b show changes in net assets for fiscal year 2011 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	
	2011	2010
Assets:		
Current and Other Assets	\$ 75,994,491	\$ 66,072,343
Capital Assets	126,963,123	127,731,231
Total Assets	\$ 202,957,614	\$ 193,803,574
Liabilities:		
Long-term Liabilities Outstanding	\$ 230,982,193	\$ 164,341,290
Other Liabilities	52,086,833	104,436,542
Total Liabilities	\$ 283,069,026	\$ 268,777,832
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 86,269,660	\$ 87,277,486
Restricted	16,621,217	19,166,299
Unrestricted	(183,002,289)	(181,418,043)
Total Net Assets (Deficit)	\$ (80,111,412)	\$ (74,974,258)
	DPCU School Department	
	2011	2010
Assets:		
Current and Other Assets	\$ 35,464,040	\$ 31,488,992
Capital Assets	138,613,309	130,233,851
Total Assets	\$ 174,077,349	\$ 161,722,843
Liabilities:		
Long-term Liabilities Outstanding	\$ 2,268,412	\$ 3,023,776
Other Liabilities	26,378,148	26,899,689
Total Liabilities	\$ 28,646,560	\$ 29,923,465
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 136,456,589	\$ 127,933,091
Restricted	3,224,304	1,150,056
Unrestricted	5,749,896	2,716,231
Total Net Assets	\$ 145,430,789	\$ 131,799,378

Public Safety expenditures of \$20.9 million accounted for approximately 23.7 percent of the \$88.1 million total expenses for governmental activities, while Highways and Education expenses accounted for 10.7 percent and 26.5 percent, respectively. Of that \$88.1 million in governmental activities expenses, \$26 million was covered by direct charges to users of the services and \$11.9 million by other grants and contributions. A significant portion of those charges is for constitutional officers' fees and commissions and for premiums charged to the

DPCU School Department for health insurance. Public safety charges for services 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 \$2.4 million annually has been designated for roads and bridges, a public works function.

Table 2A

Blount County - Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 26,015,765	\$ 25,216,185
Operating Grants and Contributions	5,009,479	4,805,343
Capital Grants and Contributions	6,927,389	2,780,606
General Revenues:		
Property Taxes	33,041,596	35,332,827
Sales Taxes	2,353,926	2,148,850
Hotel/Motel Taxes	1,719,211	1,591,288
Business Taxes	670,553	520,956
Other Taxes	729,111	781,260
Grants and Contributions Not Restricted to Specific Programs	2,030,589	1,582,153
Unrestricted Investment Income	344,686	308,080
Investment Income (Loss) - Derivatives	4,565,754	(4,231,716)
Miscellaneous	122,068	60,199
Total Revenues	\$ 83,530,127	\$ 70,896,031
Expenses:		
General Government	\$ 10,369,841	\$ 10,330,443
Finance	3,972,192	4,457,456
Administration of Justice	4,691,159	4,831,128
Public Safety	20,893,906	19,397,058
Public Health and Welfare	1,556,469	2,027,243
Social, Cultural, and Recreational	2,880,912	2,936,416
Agriculture and Natural Resources	287,750	291,411
Highway	9,460,374	9,568,858
Education	23,429,609	14,767,556
Interest on General Long-term Debt	9,358,473	8,220,147
Other Debt Service	1,191,568	1,331,116
Total Liabilities	\$ 88,092,253	\$ 78,158,832

Table 2A

Blount County - Changes in Net Assets (Cont.)

	Governmental Activities	
	2011	2010
Increase (Decrease) in Net Assets	\$ (4,562,126)	\$ (7,262,801)
Prior-period Adjustment	(575,028)	(11,600,203)
Net Assets, Beginning	(74,974,258)	(56,111,254)
Net Assets, Ending	\$ (80,111,412)	\$ (74,974,258)

Table 2B

Blount County School Department -
Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,383,810	\$ 3,790,692
Operating Grants and Contributions	10,600,641	10,208,812
Capital Grants and Contributions	12,542,064	2,958,813
General Revenues:		
Property Taxes	19,886,316	16,535,015
Sales Taxes	9,921,960	9,529,423
Business Taxes	412,569	471,456
Other Taxes	5,101	148,830
Grants and Contributions Not Restricted to Specific Programs	48,001,021	48,117,359
Unrestricted Investment Income	121,567	195,960
Miscellaneous	11,853	15,683
Total Revenues	<u>\$ 104,886,902</u>	<u>\$ 91,972,043</u>
Expenses:		
Instruction	\$ 55,078,517	\$ 55,955,004
Support Services	31,405,663	29,129,457
Operation of Non-Instructional Services	7,537,221	7,713,165
Total Expenses	<u>\$ 94,021,401</u>	<u>\$ 92,797,626</u>
Increase (Decrease) in Net Assets	\$ 10,865,501	\$ (825,583)
Prior-period Adjustment	2,765,910	0
Net Assets, Beginning	131,799,378	132,624,961
Net Assets, Ending	\$ 145,430,789	\$ 131,799,378

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, unassigned 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 \$25.3 million. Of this amount, \$5.4 million constitutes unassigned fund balance in the General Fund, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is restricted, committed, or assigned for various purposes, most notably a debt service restriction. In the DPCU School Department's governmental funds, combined ending fund balances were \$8.6 million. Of this amount, \$4.6 million constitutes unassigned fund balance available for general schools use.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5.4 million, while total fund balance was \$7.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 12.9 percent of total General Fund expenditures, while total fund balance represents 18.9 percent of that same amount.

The General Debt Service Fund balance deteriorated during FY 2010-11 by \$1.1 million to \$12.3 million in total. Of this \$12.3 million, \$11.4 million is restricted for debt service and \$.9 million is committed for debt service. This drop is directly attributed to a lower share of the property tax rate, which was reallocated to the General Purpose School Fund.

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 revenues 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, unassigned fund balance of the General

Purpose School Fund was \$4.6 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. The fund balance in the General Purpose School Fund was 6.4 percent of annual expenditures in FY 2010-11.

Capital Assets and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$127 million (net of accumulated depreciation). 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, 2011, totaled \$138.6 million (net of accumulated depreciation).

Note IV.D. (Capital Assets) provides capital assets activity during the 2011 fiscal year. During 2011, 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 2011 fiscal year, the county had total loan agreements outstanding of \$138.9 million. The county had total general obligation refunding bonds outstanding of \$81.7 million. Of these amounts, all are backed by the full faith and credit of the county. The county maintains an Aa2 rating from Moody's and an AA- rating from 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 \$3.2 million, and notes payable of \$1.1 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 12.1 percent of the total expenses for governmental activities.

The DPCU School Department has a capital lease payable of \$2.2 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 8.4 percent. The state's average unemployment rate is currently 9.6 percent and the national average is 8.6 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 2012 fiscal year. At the end of the 2011 fiscal year, unassigned fund balance in the General Fund was \$5.4 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, 2011

	Primary Government Total	Component Units					
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Cash	\$ 113,593	\$ 2,770,391	\$ 103,384	\$ 4,680,383	\$ 706,903	\$ 184,480	
Equity in Pooled Cash and Investments	29,576,466	8,754,248	0	0	0	0	
Inventories	0	0	0	2,836,711	0	0	
Deferred Outflow - Interest Rate Swap	0	0	0	7,497,287	0	0	
Accounts Receivable	1,146,356	132,535	345	16,463,577	123,574	3,975,000	
Due from Other Governments	2,952,664	3,955,632	0	0	0	0	
Due from Primary Government	0	55,040	0	0	0	0	
Due from Component Units	863,823	0	0	0	0	0	
Property Taxes Receivable	37,899,189	20,397,184	0	0	0	0	
Allowance for Uncollectible Property Taxes	(1,058,640)	(600,990)	0	0	0	0	
Prepaid Items	0	0	0	2,348,462	17,962	0	
Other Current Assets	0	0	0	5,154,480	11,106	0	
Restricted Assets:							
Restricted for Foundation	0	0	0	1,309,172	0	0	
Other Restricted Assets	0	0	0	161,741,358	0	0	
Notes Receivable	2,284,660	0	0	0	0	0	
Unamortized Debt Issuance Cost	2,216,380	0	0	811,917	0	993,929	
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	226,830,000	
Capital Assets:							
Assets Not Depreciated:							
Land	8,581,561	9,951,059	0	9,494,550	21,038	0	
Construction in Progress	866,462	12,523,027	0	9,026,917	0	0	
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	37,099,176	114,165,021	219,127	67,114,652	2,940,840	0	
Other Capital Assets	5,373,973	1,974,202	12,927	16,968,465	530,553	0	
Infrastructure	75,041,951	0	0	0	0	0	
Total Assets	\$ 202,957,614	\$ 174,077,349	\$ 335,783	\$ 305,447,931	\$ 4,351,976	\$ 231,983,409	

(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	
Accounts Payable	\$ 1,608,272	\$ 731,425	\$ 178	\$ 4,322,718	\$ 40,288	\$ 101,565	
Accrued Payroll	133,215	4,177,181	0	9,015,968	32,575	0	
Accrued Interest Payable	672,392	77,661	0	469,008	0	0	
Payroll Deductions Payable	252,409	393,386	0	0	0	0	
Contracts Payable	0	227,629	0	0	0	0	
Retainage Payable	0	11,635	0	0	0	0	
Due to Primary Government	0	863,823	0	0	0	0	
Due to Component Units	55,040	0	0	0	0	0	
Due to State of Tennessee	929	0	0	0	0	0	
Other Current Liabilities	2,207,960	672,535	0	3,918,236	0	0	
Derivative - Interest Rate Swap	11,266,165	0	0	7,497,287	0	0	
Unearned Revenue - Current Property Taxes	35,890,451	19,222,873	0	0	0	0	
Noncurrent Liabilities:							
Due Within One Year	6,850,193	174,287	0	3,775,000	39,317	3,975,000	
Due in More Than One Year	224,132,000	2,094,125	0	99,536,357	1,162,201	226,830,000	
Total Liabilities	\$ 283,069,026	\$ 28,646,560	\$ 178	\$ 128,534,574	\$ 1,274,381	\$ 230,906,565	

LIABILITIES

NET ASSETS

Invested in Capital Assets,						
Net of Related Debt	\$ 86,269,660	\$ 136,456,589	\$ 0	\$ 4,517,457	\$ 2,290,913	\$ 0
Invested in Capital Assets Restricted for:	0	0	232,054	0	0	0
General Government	197,418	0	0	0	0	0
Finance	31,891	0	0	0	0	0
Administration of Justice	571,756	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	
\$	1,910,908	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
	780,332	0	0	0	0	0	0
	11,604,705	0	0	0	0	0	0
	1,038,804	2,359,786	0	0	0	0	0
	0	864,518	0	0	0	0	0
	485,403	0	0	861,315	0	0	0
	(183,002,289)	5,749,896	103,551	171,534,585	786,682	1,076,844	
Total Net Assets (Deficit)	\$ (80,111,412)	\$ 145,430,789	\$ 335,605	\$ 176,913,357	\$ 3,077,595	\$ 1,076,844	

NET ASSETS (CONT.)

Restricted for: (Cont.)

Public Safety
Social, Cultural, and Recreation
Debt Service
Capital Projects
Education
Permanent Endowment:
Nonexpendable
Unrestricted

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

Blount County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Exhibit B

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Primary					Component Units					
	Program Revenues		Capital		Total	Blount		Blount		Emergency	Public
Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Governmental Activities	County School Department	County Children's Home	County Memorial Hospital	Communications District	Public Building Authority		
Primary Government											
Governmental Activities:											
General Government	\$ 10,369,841	\$ 2,106,231	\$ 19,514	\$ 432,000	\$ (7,812,096)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance Administration of Justice	3,972,192	3,339,827	22,560	0	(609,805)	0	0	0	0	0	0
Public Safety	4,691,159	3,648,086	213,552	0	(829,521)	0	0	0	0	0	0
Public Health and Welfare	20,893,906	4,348,986	243,617	2,698,441	(13,602,862)	0	0	0	0	0	0
Social, Cultural, and Recreational Services	1,556,469	178,100	991,797	207,199	(179,373)	0	0	0	0	0	0
Agriculture and Natural Resources	2,880,912	367,510	899,521	202,185	(1,411,696)	0	0	0	0	0	0
Highways	287,750	0	0	0	(287,750)	0	0	0	0	0	0
Education	9,460,374	225,283	2,618,918	3,387,564	(3,228,609)	0	0	0	0	0	0
Interest on Long-term Debt	23,429,609	11,801,742	0	0	(11,627,867)	0	0	0	0	0	0
Debt Service	9,358,473	0	0	0	(9,358,473)	0	0	0	0	0	0
Total Primary Government	1,191,568	0	0	0	(1,191,568)	0	0	0	0	0	0
	\$ 88,092,253	\$ 26,015,765	\$ 5,009,479	\$ 6,927,389	\$ (50,139,620)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units											
Blount County School Department	\$ 94,021,401	\$ 3,383,810	\$ 10,600,641	\$ 12,542,064	\$ 0	\$ (67,494,886)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Blount County Children's Home	107,861	0	44,088	0	0	(63,773)	0	0	0	0	0
Blount Memorial Hospital	190,378,559	169,452,018	14,008,564	0	0	0	0	(6,917,977)	0	0	0
Emergency Communications District	2,138,903	732,463	622,611	0	0	0	0	0	(783,829)	0	0
Public Building Authority	641,384	38,069	0	0	0	0	0	0	0	(603,315)	0
Total Component Units	\$ 287,288,108	\$ 173,606,360	\$ 25,275,904	\$ 12,542,064	\$ 0	\$ (67,494,886)	\$ (63,773)	\$ (6,917,977)	\$ (783,829)	\$ (603,315)	\$ (603,315)

(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	Blount County School Department	Blount County Children's Home	Blount County Memorial Hospital	Emergency Communications District	Public Building Authority	Primary Government Total	Governmental Activities
General Revenues:										
Property Taxes Levied for General Purposes				\$ 19,886,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service				0	0	0	0	0	0	0
Local Option Sales Taxes				9,921,960	0	0	0	0	0	0
Hotel/Motel Taxes				0	0	0	0	0	0	0
Litigation - General Taxes				0	0	0	0	0	0	0
Business Taxes				412,569	0	0	0	0	0	0
Wholesale Beer Taxes				0	0	0	0	0	0	0
Other Taxes				5,101	0	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				48,001,021	0	818,106	640,365	0	0	0
Unrestricted Investment Income				121,567	3,496	12,273,324	5,923	1,210	0	0
Miscellaneous				11,853	0	0	6,167	0	0	0
Total General Revenues				\$ 78,360,387	\$ 3,496	\$ 13,091,430	\$ 652,455	\$ 1,210	\$ 0	\$ 0
Change in Fair Value of Derivatives - Interest Rate Swap				0	0	0	0	0	0	0
Change in Net Assets				\$ 10,865,501	\$ (60,277)	\$ 6,173,453	\$ (131,374)	\$ (602,105)	\$ 0	\$ 0
Net Assets (Deficit), July 1, 2010				131,799,378	395,882	170,739,904	3,208,969	1,678,949	0	0
Prior-period Adjustment				(575,028)	0	0	0	0	0	0
Net Assets (Deficit), June 30, 2011				\$ (80,111,412)	\$ 335,605	\$ 176,913,357	\$ 3,077,595	\$ 1,076,844	\$ 0	\$ 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, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Debt</u>	<u>Other</u>	
			<u>Gov- ern- mental</u>	
	<u>Service</u>		<u>Funds</u>	<u>Gov- ern- mental</u>
				<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 15,534	\$ 15,634
Equity in Pooled Cash and Investments	7,028,115	12,119,368	3,985,296	23,132,779
Accounts Receivable	337,178	14,316	409,997	761,491
Due from Other Governments	1,748,220	71,347	1,133,097	2,952,664
Due from Other Funds	334,473	343,842	5,459	683,774
Property Taxes Receivable	23,858,050	14,041,139	0	37,899,189
Allowance for Uncollectible Property Taxes	(668,871)	(389,769)	0	(1,058,640)
Notes Receivable - Long-term	0	2,284,660	0	2,284,660
Total Assets	\$ 32,637,265	\$ 28,484,903	\$ 5,549,383	\$ 66,671,551
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 816,111	\$ 11,253	\$ 46,764	\$ 874,128
Accrued Payroll	0	0	133,215	133,215
Payroll Deductions Payable	198,800	0	53,609	252,409
Due to Other Funds	364,127	316,075	20,796	700,998
Due to State of Tennessee	0	0	929	929
Other Current Liabilities	0	0	7,398	7,398
Deferred Revenue - Current Property Taxes	22,586,232	13,304,219	0	35,890,451
Deferred Revenue - Delinquent Property Taxes	545,400	314,018	0	859,418
Other Deferred Revenues	208,794	2,284,660	147,833	2,641,287
Total Liabilities	\$ 24,719,464	\$ 16,230,225	\$ 410,544	\$ 41,360,233
<u>Fund Balances</u>				
Nonspendable:				
Endowments	\$ 0	\$ 0	\$ 485,403	\$ 485,403
Restricted:				
Restricted for General Government	192,876	0	4,542	197,418
Restricted for Finance	31,891	0	0	31,891
Restricted for Administration of Justice	234,041	0	337,715	571,756
Restricted for Public Safety	346,392	0	1,564,516	1,910,908
Restricted for Social, Cultural, and Recreational Services	0	0	825,881	825,881
Restricted for Education	0	0	681,292	681,292
Restricted for Capital Outlay	0	0	201,863	201,863
Restricted for Debt Service	0	11,349,150	0	11,349,150
Restricted for Capital Projects	0	0	7,816	7,816
Committed:				
Committed for Administration of Justice	79,315	0	0	79,315
Committed for Social, Cultural, and Recreational Services	245,190	0	0	245,190
Committed for Highways/Public Works	0	0	1,029,811	1,029,811
Committed for Debt Service	0	905,528	0	905,528
Assigned:				
Assigned for General Government	283,066	0	0	283,066

(Continued)

Exhibit C-1

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

	<u>Major Funds</u>		<u>Nonmajor</u>	
		<u>General</u>	<u>Funds</u>	
	<u>General</u>	<u>Debt</u>	<u>Other</u>	<u>Total</u>
		<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>				
<u>Fund Balances (Cont.)</u>				
Assigned (Cont.):				
Assigned for Finance	\$ 212,107	\$ 0	\$ 0	\$ 212,107
Assigned for Administration of Justice	95,518	0	0	95,518
Assigned for Public Safety	697,610	0	0	697,610
Assigned for Public Health and Welfare	36,556	0	0	36,556
Assigned for Social, Cultural, and Recreational Services	37,388	0	0	37,388
Assigned for Agriculture and Natural Resources	607	0	0	607
Assigned for Highways/Public Works	3,028	0	0	3,028
Unassigned	5,422,216	0	0	5,422,216
Total Fund Balances	<u>\$ 7,917,801</u>	<u>\$ 12,254,678</u>	<u>\$ 5,138,839</u>	<u>\$ 25,311,318</u>
Total Liabilities and Fund Balances	<u>\$ 32,637,265</u>	<u>\$ 28,484,903</u>	<u>\$ 5,549,383</u>	<u>\$ 66,671,551</u>

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2011

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)		\$ 25,311,318
(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	866,462	
Add: infrastructure net of accumulated depreciation	75,041,951	
Add: buildings and improvements net of accumulated depreciation	37,099,176	
Add: other capital assets net of accumulated depreciation	<u>5,373,973</u>	126,963,123
(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.		4,817,812
(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	\$ (1,066,260)	
Less: other loans payable	(138,901,256)	
Less: capital leases payable	(3,236,470)	
Less: bonds payable	(81,670,000)	
Add: deferred amount on refunding	1,999,772	
Add: deferred charges - debt issuance costs	2,216,380	
Less: compensated absences payable	(1,371,051)	
Less: other postemployment benefits liability	(1,447,618)	
Less: accrued interest on bonds, notes, and capital leases	(672,392)	
Less: other deferred revenue - premium on debt	(5,289,310)	
Less: fair market value of swap agreements	<u>(11,266,165)</u>	(240,704,370)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,500,705</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (80,111,412)</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, 2011

	Major Funds			Nonmajor	Total
	General	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 24,471,115	\$ 13,022,421	\$ 0	\$ 2,476,410	\$ 39,969,946
Licenses and Permits	793,621	0	0	218,674	1,012,295
Fines, Forfeitures, and Penalties	804,806	0	0	193,869	998,675
Charges for Current Services	864,806	0	0	226,108	1,090,914
Other Local Revenues	1,021,558	209,940	0	988,200	2,219,698
Fees Received from County Officials	6,608,249	0	0	0	6,608,249
State of Tennessee	2,988,690	0	0	2,963,218	5,951,908
Federal Government	3,242,965	0	0	1,099,708	4,342,673
Other Governments and Citizens Groups	256,608	92,546	0	1,105,200	1,454,354
Total Revenues	\$ 41,052,418	\$ 13,324,907	\$ 0	\$ 9,271,387	\$ 63,648,712
Expenditures					
Current:					
General Government	\$ 6,210,629	\$ 0	\$ 0	\$ 164,354	\$ 6,374,983
Finance	4,386,512	0	0	326	4,386,838
Administration of Justice	4,718,817	0	0	182,127	4,900,944
Public Safety	19,317,813	0	0	118,545	19,436,358
Public Health and Welfare	1,874,751	0	0	0	1,874,751
Social, Cultural, and Recreational Services	653,583	0	0	1,801,361	2,454,944
Agriculture and Natural Resources	297,371	0	0	0	297,371
Other Operations	2,391,357	0	0	883,231	3,274,588
Highways	77,195	0	0	5,684,770	5,761,965
Debt Service:					
Principal on Debt	0	4,808,743	0	0	4,808,743
Interest on Debt	0	9,262,573	0	0	9,262,573
Other Debt Service	0	1,411,234	132,277	0	1,543,511
Capital Projects	1,055,546	0	0	6,285,751	7,341,297
Capital Projects - Donated	0	0	9,547,703	0	9,547,703
Total Expenditures	\$ 40,983,574	\$ 15,482,550	\$ 9,679,980	\$ 15,120,465	\$ 81,266,569
Excess (Deficiency) of Revenues Over Expenditures	\$ 68,844	\$ (2,157,643)	\$ (9,679,980)	\$ (5,849,078)	\$ (17,617,857)
Other Financing Sources (Uses)					
Bonds Issued	\$ 0	\$ 0	\$ 14,855,000	\$ 0	\$ 14,855,000
Capital Leases Issued	0	0	0	3,007,000	3,007,000
Refunding Debt Issued	0	46,390,000	0	0	46,390,000
Premiums on Debt Issued	0	2,536,835	0	0	2,536,835
Transfers In	220,000	350,000	0	6,466,540	7,036,540
Transfers Out	(1,291,520)	0	(5,175,020)	(350,000)	(6,816,540)
Payments to Refunded Debt Escrow Agent	0	(48,245,000)	0	0	(48,245,000)
Total Other Financing Sources (Uses)	\$ (1,071,520)	\$ 1,031,835	\$ 9,679,980	\$ 9,123,540	\$ 18,763,835
Net Change in Fund Balances	\$ (1,002,676)	\$ (1,125,808)	\$ 0	\$ 3,274,462	\$ 1,145,978
Fund Balance, July 1, 2010	8,920,477	13,380,486	0	1,864,377	24,165,340
Fund Balance, June 30, 2011	\$ 7,917,801	\$ 12,254,678	\$ 0	\$ 5,138,839	\$ 25,311,318

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, 2011

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,145,978
(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	\$ 3,218,823	
Less: current-year depreciation expense	<u>(6,333,164)</u>	(3,114,341)
(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	\$ 2,562,705	
Less: book value of capital assets disposed	<u>(216,472)</u>	2,346,233
(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, 2011	\$ 3,500,705	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(2,528,310)</u>	972,395
(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: capital lease proceeds	\$ (3,007,000)	
Less: bond proceeds	(14,855,000)	
Less: refunding bond proceeds	(46,390,000)	
Less: change in premium on debt issuances	(2,190,956)	
Add: change in deferred debt issuance costs	177,553	
Add: principal payments on bonds	2,155,000	
Add: principal payments on notes	140,000	
Add: principal payments on other loans	2,658,511	
Add: principal payments on capital leases	23,419	
Add: payment to refunding agent	48,245,000	
Less: change in deferred amount on refunding debt	<u>(339,676)</u>	(13,383,149)
(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	\$ (95,900)	
Change in compensated absences payable	(76,511)	
Change in other postemployment benefits liability	<u>(492,199)</u>	(664,610)

(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.	\$ 3,569,614
(7)	The interest rate swap agreement is classified as an investment derivative; therefore, the following is reflected on the changes in net assets for governmental activities. Add: Change in fair value of derivatives-interest rate swap	<u>4,565,754</u>
	Change in net assets of governmental activities (Exhibit B)	<u>\$ (4,562,126)</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, 2011

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 97,959
Equity in Pooled Cash and Investments	6,443,687
Accounts Receivable	382,509
Due from Other Funds	14,826
Due from Component Units	863,823
Total Assets	<hr/> <u>\$ 7,802,804</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 729,390
Due to Component Units	55,040
Other Current Liabilities	2,200,562
Total Liabilities	<hr/> <u>\$ 2,984,992</u>
<u>NET ASSETS</u>	
Unrestricted	<hr/> <u>\$ 4,817,812</u>
Total Net Assets	<hr/> <u>\$ 4,817,812</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, 2011

	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 20,340,108
Total Operating Revenues	<u>\$ 20,340,108</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 708,715
Insurance Premiums	629,062
Building and Contents Insurance	142,740
Other Administrative Expenses	80,453
Medical Claims	14,045,769
Liability Insurance	17,600
Other Self-Insured Claims	649,683
Medical Clinic Other Contracted Services	325,224
Total Operating Expenses	<u>\$ 16,599,246</u>
Operating Income (Loss)	<u>\$ 3,740,862</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 48,752
Total Nonoperating Revenues (Expenses)	<u>\$ 48,752</u>
Income (Loss) Before Transfers	\$ 3,789,614
Transfers Out	(220,000)
Change in Net Assets	\$ 3,569,614
Net Assets, July 1, 2010	<u>1,248,198</u>
Net Assets, June 30, 2011	<u><u>\$ 4,817,812</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, 2011

	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 20,436,616
Payments to Fiscal Agents	(708,715)
Payments to Insurers	(789,402)
Payments for Claims	(14,342,226)
Payments for Administrative Costs	(80,453)
Payments for Medical Clinic Contracted Services	(325,224)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 4,190,596</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 47,469
Net Cash Provided By (Used In) Investing Activities	<u>\$ 47,469</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (220,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (220,000)</u>
Increase (Decrease) in Cash	\$ 4,018,065
Cash, July 1, 2010	<u>2,523,581</u>
Cash, June 30, 2011	<u>\$ 6,541,646</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 3,740,862
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	(250,163)
Increase (Decrease) in Other Current Liabilities	<u>699,897</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 4,190,596</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 97,959
Equity in Pooled Cash and Investments per Net Assets	<u>6,443,687</u>
Cash, June 30, 2011	<u>\$ 6,541,646</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,502,485
Equity in Pooled Cash and Investments	1,584,087
Accounts Receivable	282
Due from Other Governments	3,490,462
Due from Other Funds	4,754
Taxes Receivable	12,104,662
Allowance for Uncollectible Taxes	<u>(356,656)</u>
Total Assets	<u>\$ 20,330,076</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 29,263
Payroll Deductions Payable	467,629
Due to Other Funds	2,356
Due to Other Taxing Units	15,237,229
Due to Litigants, Heirs, and Others	3,502,641
Due to Joint Ventures	1,055,647
Other Current Liabilities	<u>35,311</u>
Total Liabilities	<u>\$ 20,330,076</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, 2011

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
1431 William Blount Drive
Maryville, Tennessee 37801

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

Blount County Public Building Authority
341 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. Net debt issues totaling \$9,547,703 were contributed by the county to the School Department during the year ended June 30, 2011. During the year, \$2,994,361 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.

Education Capital Projects Fund – This fund accounts for debt issued by the county that is subsequently contributed to the discretely presented School Department for construction and renovation projects.

Additionally, Blount County reports the following fund types:

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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, workers’ 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 types:

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

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.

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

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 1.53 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 \$729,390 related to self insured health claims. The balance in the account Other Current Liabilities on the Statement of Net Assets includes \$2,200,562 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, 2011, Blount County had \$184,268,016 in outstanding debt for capital purposes of other entities (schools of \$178,179,096; industrial purposes of \$4,405,000; and joint communications system lease of \$1,683,920). 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the

Board of Education are authorized bodies to make assignments. Assigned fund balance in the General and the General Purpose School funds consists of amounts assigned for encumbrances at June 30, 2011.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

7. Prior-period Adjustment

The Other Postemployment Benefits liability was restated for both the primary government and the School Department to adjust the allocation of the net other postemployment benefits obligation at June 30, 2010. The liability for the primary government was increased by \$575,028, and the liability for the School Department was decreased by the same amount.

Capital assets of the discretely presented School Department were also restated by \$2,190,882 from the prior year because certain school building improvements had been omitted.

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

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

The budgetary level of control is at the major category level established by the 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.

At June 30, 2011, Blount County and the Blount County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General Fund	Capital Purposes	\$ 401,184
Nonmajor Fund:		
Other Capital Projects	Various Projects	108,453
School Department:		
Nonmajor Fund:		
Education Capital Projects	School Construction and Renovations	921,730

B. Expenditures Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the Primary Government and the School Department.

Fund/Major Category	Amount Overspent
General Fund:	
County Coroner/Medical Examiner	\$ 7,200
General Purpose School Fund:	
Support - Board of Education	3,221
Support - Office of the Principal	19,563

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Blount County and the Blount County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash 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, 2011, 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	\$ 133,953

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, 2011, 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 was \$785,000. 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. 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 the 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. However, the purchaser was unable to make the September 1, 2010, payment and requested another extension. On December 8, 2010, the Industrial Development Board executed another formal agreement with the purchaser to extend and modify the terms of the June 14, 2010, agreement. This agreement provided for payments of \$25,000 to be paid on December 31, 2010, September 1, 2011, and 2012

with the entire balance being due in full on September 1, 2013, with the potential for a one-year extension. The purchaser made the schedule payment of \$25,000 in December 2010. The entire balance of \$613,929, due on the contract as of June 30, 2011, 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 \$588,929.

On August 19, 2010, Blount County entered into an Intergovernmental Agreement with the City of Maryville and the City of Alcoa to share the costs of a new communication system. The notes receivable for the City of Maryville and City of Alcoa's portion of the 10-year capital lease purchase is \$918,996 and \$751,735 respectively. These notes receivable are reflected in the General Debt Service Fund. See Note IV.G. for information on the capital lease associated with the purchase of the equipment.

Notes receivable are offset by deferred revenue in the fund financial statements.

C. Derivative Instruments

Primary Government

At June 30, 2011, Blount County had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$20 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 20,000,000	6-1-06	6-1-31	Pay 4.31% receive 63.45% of 5 year 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 5 year 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 5 year 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 3.533% receive 59% of 5 year 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 5 year LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2011</u>		6-30-11
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivatives:					
Pay-fixed interest rate swaps:					
\$20 M Swap	Interest and Investment Earnings	\$ 1,334,487	Debt	\$ (3,488,318)	\$ 20,000,000
\$10 M Swap	Interest and Investment Earnings	602,437	Debt	(1,144,950)	10,000,000
\$10 M Swap	Interest and Investment Earnings	500,123	Debt	(548,511)	10,000,000
\$14 M Swap	Interest and Investment Earnings	639,410	Debt	(1,199,036)	14,000,000
\$39 M Swap	Interest and Investment Earnings	1,489,298	Debt	(4,885,350)	39,000,000
Totals		<u>\$ 4,565,755</u>		<u>\$ (11,266,165)</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, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.313%
Variable payment from counterparty	% LIBOR	<u>-1.243%</u>
Net interest rate swap payments		3.070%
Variable-rate bond coupon payments		0.100%
On-going costs (other loan fees)		<u>0.756%</u>
 Synthetic interest rate on bonds		 <u><u>3.926%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$3,488,318. 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, 2011, 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, 2011, 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, 2011, 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	
2012	\$ 0	\$ 20,000	\$ 614,003	\$ 634,003
2013	0	20,000	614,003	634,003
2014	0	20,000	614,003	634,003
2015	0	20,000	614,003	634,003
2016	0	20,000	614,003	634,003
2017-2021	0	100,000	3,070,015	3,170,015
2022-2026	0	100,000	3,070,015	3,170,015
2027-2031	20,000,000	92,585	2,842,373	22,934,958
Total	\$ 20,000,000	\$ 392,585	\$ 12,052,418	\$ 32,445,003

\$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 are no longer outstanding and the interest rate swap has since been assigned to, and is now associated with, the Series E-1-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. At no time will 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, 2011, 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>-1.238%</u>
Net interest rate swap payments		2.662%
Variable-rate bond coupon payments		0.100%
On-going costs (other loan fees)		<u>1.070%</u>
Synthetic interest rate on bonds		<u><u>3.832%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,144,950. 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, 2011, 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, 2011, 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, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for the 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	
2012	\$ 0	\$ 10,000	\$ 266,191	\$ 276,191
2013	0	10,000	266,191	276,191
2014	0	10,000	266,191	276,191
2015	0	10,000	266,191	276,191
2016	0	10,000	266,191	276,191
2017-2021	0	50,000	1,330,956	1,380,956
2022-2026	0	50,000	1,330,956	1,380,956
2027-2030	10,000,000	33,570	893,604	10,927,174
Total	\$ 10,000,000	\$ 183,570	\$ 4,886,471	\$ 15,070,041

\$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, 2011, 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>-1.156%</u>
Net interest rate swap payments		2.108%
Variable-rate bond coupon payments		0.100%
On-going costs (other loan fees)		<u>1.101%</u>
Synthetic interest rate on bonds		<u><u>3.309%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$548,511. 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, 2011, 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, 2011, 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, 2011, 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	
2012	\$ 0	\$ 10,000	\$ 210,819	\$ 220,819
2013	0	10,000	210,819	220,819
2014	0	10,000	210,819	220,819
2015	0	10,000	210,819	220,819
2016	0	10,000	210,819	220,819
2017-2021	0	50,000	1,054,095	1,104,095
2022-2026	0	50,000	1,054,095	1,104,095
2027-2028	10,000,000	18,500	390,015	10,408,515
Total	\$ 10,000,000	\$ 168,500	\$ 3,552,300	\$ 13,720,800

\$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 3.533 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, 2011, 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>-1.156%</u>
Net interest rate swap payments		2.377%
Variable-rate bond coupon payments		0.100%
On-going costs (other loan fees)		<u>1.101%</u>
 Synthetic interest rate on bonds		 <u><u>3.578%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,199,036. 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, 2011, 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, 2011, 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, 2011, 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	
2012	\$ 0	\$ 14,000	\$ 332,737	\$ 346,737
2013	0	14,000	332,737	346,737
2014	0	14,000	332,737	346,737
2015	0	14,000	332,737	346,737
2016	0	14,000	332,737	346,737
2017-2021	0	56,000	1,330,946	1,386,946
2022-2026	12,000,000	58,000	1,378,480	13,436,480
2027	2,000,000	2,000	47,534	2,049,534
Total	\$ 14,000,000	\$ 186,000	\$ 4,420,645	\$ 18,606,645

\$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 are no longer outstanding and the interest rate swap has since been assigned to, and is now associated with, the Series E-1-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. At no time will 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, 2011, 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>-1.243%</u>
Net interest rate swap payments		3.027%
Variable-rate bond coupon payments		0.100%
On-going costs (other loan fees)		<u>1.070%</u>
Synthetic interest rate on bonds		<u><u>4.197%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$4,885,350. 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, 2011, 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, 2011, 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, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for the 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	
2012	\$ 0	\$ 39,000	\$ 1,180,536	\$ 1,219,536
2013	0	39,000	1,180,536	1,219,536
2014	0	39,000	1,180,536	1,219,536
2015	0	39,000	1,180,536	1,219,536
2016	0	39,000	1,180,536	1,219,536
2017-2021	23,010,000	164,220	4,970,963	28,145,183
2022-2023	15,990,000	24,200	732,538	16,746,738
Total	\$ 39,000,000	\$ 383,420	\$ 11,606,181	\$ 50,989,601

D. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 8,581,561	\$ 0	\$ 0	\$ 8,581,561
Construction in Progress	4,610,780	479,487	(4,223,805)	866,462
Total Capital Assets Not Depreciated	\$ 13,192,341	\$ 479,487	\$ (4,223,805)	\$ 9,448,023

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 48,046,016	\$ 3,575,647	\$ 0	\$ 51,621,663
Roads, Streets, and				
Bridges	132,107,656	3,302,513	0	135,410,169
Other Capital Assets	12,094,898	2,647,686	(839,871)	13,902,713
Total Capital Assets				
Depreciated	<u>\$ 192,248,570</u>	<u>\$ 9,525,846</u>	<u>\$ (839,871)</u>	<u>\$ 200,934,545</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 13,485,722	\$ 1,036,765	\$ 0	\$ 14,522,487
Roads, Streets, and				
Bridges	55,987,702	4,380,516	0	60,368,218
Other Capital Assets	8,236,256	915,883	(623,399)	8,528,740
Total Accumulated				
Depreciation	<u>\$ 77,709,680</u>	<u>\$ 6,333,164</u>	<u>\$ (623,399)</u>	<u>\$ 83,419,445</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 114,538,890</u>	<u>\$ 3,192,682</u>	<u>\$ (216,472)</u>	<u>\$ 117,515,100</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 127,731,231</u>	<u>\$ 3,672,169</u>	<u>\$ (4,440,277)</u>	<u>\$ 126,963,123</u>

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

Governmental Activities:

General Government	\$ 195,974
Finance	14,544
Administration of Justice	235,386
Public Safety	924,804
Public Health and Welfare	137,519
Social, Cultural, and Recreational	286,047
Highways	<u>4,538,890</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 6,333,164</u>

Discretely Presented Blount County School Department

Governmental Activities:

	* Restated			
	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
	<hr/>			
Capital Assets Not Depreciated:				
Land	\$ 9,951,059	\$ 0	\$ 0	\$ 9,951,059
Construction in Progress	23,083,544	9,679,659	(20,240,176)	12,523,027
Total Capital Assets Not Depreciated	<hr/> \$ 33,034,603	\$ 9,679,659	\$ (20,240,176)	\$ 22,474,086 <hr/>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 138,259,183	\$ 19,396,330	\$ (185,436)	\$ 157,470,077
Other Capital Assets	4,222,092	990,891	(102,868)	5,110,115
Total Capital Assets Depreciated	<hr/> \$ 142,481,275	\$ 20,387,221	\$ (288,304)	\$ 162,580,192 <hr/>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 40,121,691	\$ 3,190,394	\$ (7,029)	\$ 43,305,056
Other Capital Assets	2,969,454	262,599	(96,140)	3,135,913
Total Accumulated Depreciation	<hr/> \$ 43,091,145	\$ 3,452,993	\$ (103,169)	\$ 46,440,969 <hr/>
Total Capital Assets Depreciated, Net	<hr/> \$ 99,390,130	\$ 16,934,228	\$ (185,135)	\$ 116,139,223 <hr/>
Governmental Activities Capital Assets, Net	<hr/> \$ 132,424,733	\$ 26,613,887	\$ (20,425,311)	\$ 138,613,309 <hr/>

See Note I.D.7 for prior-period adjustment.

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

Governmental Activities:

Instruction	\$ 35,290
Support Services	3,253,724
Operation of Non-Instructional Services	<u>163,979</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,452,993</u>

E. Construction Commitments

At June 30, 2011, the School Department had uncompleted construction projects of approximately \$921,730 in the Education Capital Projects Fund, primarily for the construction of a new elementary school. Funding has been provided through the issuance of Qualified School Construction Bonds by the primary government.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	General Debt Service	\$ 316,075
General	Nonmajor governmental	16,042
General	Agency	2,356
General Debt Service	General	343,842
Nonmajor governmental	General	5,459
Agency	Nonmajor governmental	4,754
Internal Service	General	<u>14,826</u>
Total		<u>\$ 703,354</u>
School Department:		
General Purpose School	Nonmajor governmental	\$ 79,420
Nonmajor governmental	Nonmajor governmental	<u>11,485</u>
Total		<u>\$ 90,905</u>

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

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	\$ 863,823
Component Unit: School Department	Primary Government: Internal Service	<u>55,040</u>
		<u><u>\$ 918,863</u></u>

Interfund Transfers

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 1,291,520
Education Capital Projects Fund	0	0	5,175,020
Nonmajor Governmental Fund	0	350,000	0
Internal Service Fund	<u>220,000</u>	<u>0</u>	<u>0</u>
Total Transfers	<u>\$ 220,000</u>	<u>\$ 350,000</u>	<u>\$ 6,466,540</u>

Discretely Presented Blount County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 64,290

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

Primary Government

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 September 1, 2010, Blount County entered into a 10-year lease-purchase agreement for a Motorola Communication System. The terms of the agreement require total lease payments of \$3,007,000 plus interest of 3.97 percent. Blount County entered into an interlocal agreement with the cities of Alcoa and Maryville to sublease a portion of the system to those cities. Title to the equipment transfers to Blount County and the cities at the end of the lease period. The lease payments will be made from the General Debt Service Fund. See Note IV.B. regarding notes receivable from the City of Maryville and City of Alcoa related to the lease.

Discretely Presented Blount County School Department

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.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	
	<u>Primary</u>	<u>School</u>
	<u>Government</u>	<u>Department</u>
Machinery and Equipment (county portion)	\$ 1,808,935	\$ 0
Less: Accumulated Depreciation	0	0
Buildings and Improvements	350,000	2,738,602
Less: Accumulated Depreciation	(42,000)	(684,650)
Total Book Value	<u>\$ 2,116,935</u>	<u>\$ 2,053,952</u>

The leased communication system was not placed in service until near year end; therefore, no depreciation was charged on the system during the year.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	Governmental Funds	
	Primary Government	School Department
2012	\$ 404,982	\$ 281,797
2013	404,982	288,730
2014	404,982	295,872
2015	404,982	303,227
2016	404,982	310,803
2017-2021	1,954,095	1,323,624
Total Minimum Lease Payments	\$ 3,979,005	\$ 2,804,053
Less: Amount Representing Interest	(742,535)	(647,333)
Present Value of Minimum Lease Payments	\$ 3,236,470	\$ 2,156,720

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 19 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, 2011, 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, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds - Refunding	2 to 5%	\$ 73,715,000	\$ 66,815,000
Qualified School Construction Bonds	2.6	14,855,000	\$ 14,855,000
Capital Outlay Notes	4.11	1,346,260	1,066,260
Other Loans - Fixed Rate	2.5 to 6.2	42,930,000	37,840,000
Other Loans - Variable Rate - Refunding	Variable	101,840,000	100,755,000
Loan Agreement - State School Bond Authority	0	727,865	306,256
Capital Lease	3.97 to 4.5	3,357,000	3,236,470

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, 2011:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rates as of 6-30-11	Other Fees on Variable Rate Debt
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Blount County Public Building Authority

Industrial Park (Series B-10-A)	\$ 2,000,000	\$ 1,580,000	Fixed	5.55 to 6.2%	N/A
Various Purpose (Series B-16-A) Refunding	33,550,000	29,185,000	Fixed	3 to 5	N/A
Industrial Park (Series B-17-A) Refunding	3,000,000	2,825,000	Fixed	3.25 to 4.5	N/A
Various Purpose (Series E-3-B) Refunding	20,165,000	20,165,000	Variable	.10 (1)	.756
Various Purpose (Series E-5-A)	31,175,000	30,090,000	Variable	.10 (1)	1.101
Various Purpose (Series B-18-A)	4,380,000	4,250,000	Fixed	2.5 to 5	N/A

TN State School Bond Authority

Qualified Zone Academy Bonds	727,865	<u>306,256</u>	N/A	0	N/A
		<u>\$ 138,901,256</u>			

(1) In addition to the interest requirements on the variable rate debt, the county is also obligated for payments under certain interest rate swap agreements. See the swap agreements section of Note IV.C. on derivatives.

During prior years, 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). Based on these events, on March 2, 2009, the county issued a loan agreement, Series B-18-A, which included funds for temporary refinancing of the Series IV-C-1 and A-5-A agreements. This loan agreement required that the principal related to the refinancing, \$46,545,000, be entirely repaid during fiscal year 2011. During the current year, the county issued refunding bonds to extend the maturity of the debt to 2030. This is further discussed in the current refunding section of this note.

The annual requirements to amortize all bonds, notes, and other loans outstanding as of June 30, 2011, 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 \$138,901,256. 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, 2011.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 3,302,441	\$ 3,644,373	\$ 6,946,814
2013	3,531,929	3,506,979	7,038,908
2014	3,606,929	3,414,004	7,020,933
2015	3,786,929	3,322,095	7,109,024
2016	3,886,929	3,201,345	7,088,274
2017-2021	30,544,645	13,678,926	44,223,571
2022-2026	19,504,645	7,491,775	26,996,420
2027-2030	13,505,553	2,498,567	16,004,120
Total	\$ 81,670,000	\$ 40,758,064	122,428,064

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2017-2018	291,260	16,955	308,215
Total	<u>\$ 1,066,260</u>	<u>\$ 174,421</u>	<u>1,240,681</u>

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2012	\$ 2,510,501	\$ 4,320,652	\$ 1,139,533	\$ 7,970,686
2013	2,600,501	4,251,263	1,135,184	7,986,948
2014	2,735,501	4,174,482	1,130,835	8,040,818
2015	2,860,501	4,087,275	1,129,459	8,077,235
2016	3,020,501	3,989,005	1,128,138	8,137,644
2017-2021	5,423,751	17,887,769	5,623,765	28,935,285
2022-2026	26,645,000	12,308,265	5,438,450	44,391,715
2027-2031	44,605,000	5,572,440	3,977,379	54,154,819
2032-2036	39,450,000	418,650	1,684,180	41,552,830
2037	9,050,000	8,550	91,485	9,150,035
Total	<u>\$ 138,901,256</u>	<u>\$ 57,018,351</u>	<u>\$ 22,478,408</u>	<u>\$ 218,398,015</u>

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

There is \$12,254,678 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$664, based on the 2010 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,828, based on the 2010 federal census.

The county has also issued bonds and other loans on behalf of Blount Memorial Hospital, Inc. The Hospital Revenue Bonds outstanding at June 30, 2011, totaled \$12,155,000. 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, 2011, totaled \$92,210,000. 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, 2011, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 22,580,000	\$ 1,206,260	\$ 189,804,767
Additions	61,245,000	0	0
Deductions	(2,155,000)	(140,000)	(50,903,511)
Balance, June 30, 2011	<u>\$ 81,670,000</u>	<u>\$ 1,066,260</u>	<u>\$ 138,901,256</u>
Balance Due Within One Year	<u>\$ 3,302,441</u>	<u>\$ 145,000</u>	<u>\$ 2,510,501</u>
	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2010	\$ 955,419 *	\$ 252,889	\$ 1,294,540
Additions	656,239	3,007,000	1,259,571
Deductions	(164,040)	(23,419)	(1,183,060)
Balance, June 30, 2011	<u>\$ 1,447,618</u>	<u>\$ 3,236,470</u>	<u>\$ 1,371,051</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 275,278</u>	<u>\$ 616,973</u>

*The beginning balance for other postemployment benefits liability has been increased by \$575,028 due to a prior-period adjustment as described in Note I.7.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 227,692,655
Less: Balance Due Within One Year	(6,850,193)
Add: Unamortized Premium on Debt	5,289,310
Less: Deferred Amount on Refunding	<u>(1,999,772)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 224,132,000</u>

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

Current Refunding

On May 5, 2011, Blount County refunded a \$46,545,000 loan agreement that had a balloon payment due June 1, 2011, and a \$1,700,000 loan agreement with general obligation bonds. The county issued \$46,390,000 of general obligation refunding bonds to provide resources for the current refunding of the old debt. As a result of the current refunding, which extended the final maturity on the debt to 2030, total debt service payments over the next 19 years will be increased by \$22,023,392, and an economic loss (difference between the present value of the debt service payments of the refunded and refunding debt) of \$922,299 was obtained.

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, 2011, was as follows:

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2010	\$ 2,300,760	\$ 48,949
Additions	0	1,273
Deductions	(144,040)	(1,879)
	<u>\$ 2,156,720</u>	<u>\$ 48,343</u>
Balance, June 30, 2011	<u>\$ 2,156,720</u>	<u>\$ 48,343</u>
Balance Due Within One Year	<u>\$ 165,305</u>	<u>\$ 8,982</u>
		<u>Other Postemployment Benefits</u>
Balance, July 1, 2010*		\$ 252,173
Additions		1,437,230
Deductions		(1,626,054)
		<u>\$ 63,349</u>
Balance, June 30, 2011		<u>\$ 63,349</u>
Balance Due Within One Year		<u>\$ 0</u>

*The beginning balance for other postemployment benefits liability has been decreased by \$575,028 due to a prior-period adjustment as described in Note I.7.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 2,268,412
Less: Balance Due Within One Year	<u>(174,287)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,094,125</u>

Compensated absences and other postemployment benefits 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 \$1,240,681 payable monthly through June 2018. For the current year, principal and interest paid and hotel motel tax revenues generated by the increase were \$189,930 and \$343,842, 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, 2011, were \$51,759. 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, 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. On May 25, 2011, per County Commission approval, the General Fund transferred \$350,000 to the Other Capital Projects Fund to provide the necessary funds to repay the internal note to the General Debt Service Fund.

	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
Animal Shelter	\$ 350,000	\$ 0	\$ (350,000)	0

L. Short-term Debt

Blount County issued tax and revenue anticipation notes in advance of property tax and other revenue collections in the following funds. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2011, was as follows:

Fund	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Highway/Public Works Fund Fund (Borrowed from General Fund)	\$ 0	\$ 350,000	\$ (350,000)	0
General Purpose School Fund (Borrowed from General Debt Service Fund)	0	2,000,000	(2,000,000)	0

M. 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, 2011, interest earned totaled \$6,477 while expenditures totaled \$7,171.

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 catastrophic losses. The portion of net assets of the internal service fund attributable to health coverage was \$5,145,305 at June 30, 2011, and has been designated by management for future catastrophic losses. The portion of net assets attributable to general liability, property, casualty, and workers' compensation coverage reflected a temporary deficit of \$385,613 at June 30, 2011. County officials intend to eliminate the deficit through increased premium charges during the ensuing fiscal years. Net assets of the self insurance fund include \$58,120 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
2009-2010	\$ 1,042,028	\$ 1,348,103	\$ (979,458)	\$ 1,410,673
2010-2011	1,410,673	2,067,770	(1,866,078)	1,612,365

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 1,470,253	\$ 14,122,969	\$ (14,806,777)	\$ 786,445
2010-2011	786,445	12,611,892	(12,125,836)	1,272,501

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Assets includes \$684,304 related to self insured health claims, and the balance in the account Other Current Liabilities includes \$2,200,562 of internal service fund liabilities for other self-insured claims.

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Blount County and the Blount County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

Subsequent to year-end, the county authorized the General Fund to loan up to \$1 million in revenue/tax anticipation notes to the Highway/Public Works Fund. In July 2011, \$350,000 of this note was issued.

D. Contingent Liabilities

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital, Inc. 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, 2011, totaled \$92,210,000.

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 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.

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 \$786,173 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 \$11,464,923 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 \$653,583 to the operations of the commission during the year ended June 30, 2011.

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. Intergovernmental Cooperation Agreement – Research and Development Park

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

H. 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

County Employees

Blount County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 12.39 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

County Library Employees

Blount County requires its library employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended

June 30, 2011, was 11.89 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2011, Blount County’s annual pension cost of \$3,743,625 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 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 ten-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, 2009, was six 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
6-30-11	\$3,743,625	100%	\$0
6-30-10	3,479,107	100	0
6-30-09	3,238,147	100	0

County Library Employees

For the year ended June 30, 2011, the county’s annual pension cost of \$78,456 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 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, 2009, was nine 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
6-30-11	\$78,456	100%	\$0
6-30-10	82,420	100	0
6-30-09	87,999	100	0

Funded Status and Funding Progress

County Employees

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 \$80 million, and the actuarial value of assets was \$61 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19 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.

County Library Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 79.14 percent funded. The actuarial accrued liability for benefits was \$2 million, and the actuarial value of assets was \$2 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$1 million, and the ratio of the UAAL to the covered payroll was 53.68 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at 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, 2011, was 9.05 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, 2011, 2010, and 2009, were \$3,617,944, \$2,590,532, and \$2,614,312, respectively, equal to the required contributions for each year.

I. 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	\$ 658,498	\$ 1,437,917	\$ 2,096,415
Interest on the NPO	38,216	10,088	48,304
Adjustment to the ARC	(40,475)	(10,775)	(51,250)
Annual OPEB cost	\$ 656,239	\$ 1,437,230	\$ 2,093,469
Amount of contribution	(164,040)	(1,626,054)	(1,790,094)
Increase/decrease in NPO	\$ 492,199	\$ (188,824)	\$ 303,375
Net OPEB obligation, 7-1-10	380,391	827,201	1,207,592
Prior-period Adjustment*	575,028	(575,028)	0
Net OPEB obligation, 6-30-11	\$ 1,447,618	\$ 63,349	\$ 1,510,967

*A prior-period adjustment is reflected on the Statement of Activities due to an OPEB reallocation between the primary government and the School Department. See Note I.D.7.

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Self-insured	\$ 1,795,395	63.6 %	\$ 652,645
6-30-10	"	1,866,135	70.3	1,207,592
6-30-11	"	2,093,469	85.5	1,510,967

	Primary Government	School Department	Total
Actuarial valuation date	7-1-10	7-1-10	
Actuarial accrued liability (AAL)	\$ 6,020,270	\$ 17,656,413	\$ 23,676,683
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,020,270	\$ 17,656,413	\$ 23,676,683
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 21,406,828	\$ 47,159,187	\$ 68,566,015
UAAL as a % of covered payroll	28%	37%	35%

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 July 1, 2010, 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 nine percent initially, reduced by decrements to an ultimate rate of five percent after four 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.

J. Termination Benefits

The Blount County School Department had entered into a retirement incentive bonus payment plan in accordance with contract provisions. However, this plan has expired under contract provisions and individuals who retire subsequent to June 30, 2010, do not qualify for this plan. The incentive was available to all full-time certified teachers and classified employees who retired from the School Department with the last ten consecutive years of service in Blount County and who had attained age 60, or had a minimum of 30 years of credited membership in the Tennessee Consolidated Retirement System. The plan gave teachers who had met the above requirements an incentive payment of \$12,000 paid in one payment on November 30, 2010. For classified employees, the incentive payment was 40 percent of the employee's final year's salary, plus an additional \$100 bonus, paid in one payment on November 30, 2010. There were 34 certified and 14 classified individuals who participated in the program. Payments of \$459,000 for certified individuals and \$144,587 for classified individuals were made from the General Purpose School Fund for retirement incentive obligations during the year.

K. 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.

L. 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.

8. Fund Balances

Governmental fund equity is classified as fund balance. During the year ended June 30, 2011, the home implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance and Government fund Type Definitions*. Under this statement, fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions, or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the home itself using the highest level of governing body (Board).
- d. Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority or an official expressly authorized by the governing body.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The home has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default

provision under GASB Statement 54 applies expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No home official is granted the authority to assign fund balance. In addition, the home has no formal policy with regard to stabilization funds.

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, 2011, is summarized as follows:

	<u>Interest Rate</u>	<u>Carrying Amount</u>
Checking and Savings Accounts:		
GreenBank Checking	Varies	\$ 514
GreenBank Checking	Varies	201
GreenBank Savings	Varies	<u>102,619</u>
Total Checking Accounts		<u>\$ 103,334</u>
Petty Cash		<u>\$ 50</u>
Total Cash and Investments		<u>\$ 103,384</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, 2011, totaled \$0.

3. Capital Assets

Capital assets activities for the year ended June 30, 2011, was as follows:

	<u>Balance 7-1-10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6-30-11</u>
Governmental Activities:				
Buildings and				
Improvements	\$ 773,349	\$ 0	\$ 0	\$ 773,349
Equipment	183,754	0	(51,182)	132,572
Furniture and Fixtures	43,911	0	0	43,911
Total Historical Cost	<u>\$ 1,001,014</u>	<u>\$ 0</u>	<u>\$ (51,182)</u>	<u>\$ 949,832</u>
Less Accumulated Depreciation:				
Buildings and				
Improvements	\$ (546,982)	\$ (7,240)	\$ 0	\$ (554,222)
Equipment	(172,389)	(2,471)	51,182	(123,678)
Furniture and Fixtures	(38,945)	(933)	0	(39,878)
Total Accumulated Depreciation	<u>\$ (758,316)</u>	<u>\$ (10,644)</u>	<u>\$ 51,182</u>	<u>\$ (717,778)</u>
Governmental Activities Capital Assets, Net	<u>\$ 242,698</u>	<u>\$ (10,644)</u>	<u>\$ 0</u>	<u>\$ 232,054</u>

Depreciation expense was charged to governmental activities as follows:

Children's Home	\$ <u>10,644</u>
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4. **Accrued Expenses**

Payables in the governmental funds are composed of:

Accounts Payable	\$ <u>178</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, 2011, the home contributed \$0 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.

The hospital uses enterprise fund accounting and is included as a discretely presented component unit in the financial statements of the county.

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

Basis of Presentation

The hospital's financial statements are presented on the accrual basis of accounting in accordance with Governmental Accounting Standards Board ("GASB"), which establishes standards for external financial reporting for all state and local government entities. GASB requires the reclassification of net position into three components, which are defined as follows:

Invested in capital assets, net of related debt – This component of net position 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows or resources 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 or deferred inflow of resources is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those

assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted – This component of net position consists of net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows that are not included in the determination invested in capital assets, net of related debt or restricted components of net position.

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, 2011, the hospital's fixed income investments all have quality ratings of BB 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 up to approximately eight years with an average duration of 3.8 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, net position, 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 6-30-11	Percent
U.S. Treasury Portfolio (cash equivalents)	\$ 6,031,833	4
U.S. Government Agency Securities	11,181,446	7
Municipal Bonds	3,527,150	2
Corporate Bonds	26,729,275	16
Bond Mutual Funds	83,682,088	52
Equity Mutual Funds	30,589,566	19
Total	<u>\$ 161,741,358</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 6-30-11
Cash	\$ 89,022
U.S. Treasury Portfolio (cash equivalents)	187,941
Bond Mutual Funds	446,553
Equity Mutual Funds	585,656
Total	<u>\$ 1,309,172</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 position is as follows:

	Balance 6-30-11
Gross Patient Service Charges	\$ 601,570,242
Contractual Adjustments and Discounts	(388,214,805)
Charity Care Charges Foregone	(36,136,600)
Provision for Bad Debts	(7,766,819)
Net Patient Service Revenue	<u>\$ 169,452,018</u>

D. Third-party Payor Agreements

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

The Medicare program pays for inpatient services on a prospective basis primarily based upon diagnostic related group assignments as determined by the patient's clinical diagnosis and medical procedures utilized. The hospital receives additional payments from Medicare based on the provision of services to a disproportionate share of low income patients (as defined by the Medicare program). Medicare also pays for outpatient services on a prospective basis based upon ambulatory payment classifications and fee schedules. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. Contractual adjustments for Medicare, TennCare, and other third party discount arrangements are recognized when the related revenues are reported in the financial statements. The percentage of gross patient charges from the Medicare and TennCare programs was approximately 34 percent and 12 percent, respectively, for 2011.

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 statement of net position; income from the trust assets, claims and administrative costs are reported in the statements of revenues, expenses, and changes in net position.

Claims and expenses of \$257,538 were paid from the fund during the year ended June 30, 2011. As of June 30, 2011, 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 \$1,100,853 at June 30, 2011. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$12,858,000 for 2011.

F. Property and Equipment

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

	Balance 7-1-10	Additions	Retirements and Transfers	Balance 6-30-11
Cost:				
Land	\$ 9,212,081	\$ 282,469	\$ 0	\$ 9,494,550
Land Improvements	2,382,783	0	0	2,382,783
Buildings, Improvements, and Fixed Equipment	133,459,385	1,656,969	(121,950)	134,994,404
Equipment	89,676,598	4,610,983	(7,507,837)	86,779,744
Construction in Progress	5,058,658	5,617,490	(1,649,231)	9,026,917
Total Cost	<u>\$ 239,789,505</u>	<u>\$ 12,167,911</u>	<u>\$ (9,279,018)</u>	<u>\$ 242,678,398</u>
Allowances for				
Depreciation:				
Land Improvements	\$ (2,146,281)	\$ (68,607)	\$ 0	\$ (2,214,888)
Buildings, Improvements, and Fixed Equipment	(62,572,025)	(5,597,044)	121,422	(68,047,647)
Equipment	(70,424,651)	(6,654,164)	7,267,536	(69,811,279)
Total Allowances for Depreciation	<u>\$ (135,142,957)</u>	<u>\$ (12,319,815)</u>	<u>\$ 7,388,958</u>	<u>\$ (140,073,814)</u>
Net Property and Equipment	<u>\$ 104,646,548</u>	<u>\$ (151,904)</u>	<u>\$ (1,890,060)</u>	<u>\$ 102,604,584</u>

Construction in progress at June 30, 2011, consists primarily of costs related to the clinical documentation project with total estimated costs of approximately \$6 million to \$7 million.

G. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-10	Principal Payments	Balance 6-30-11
Series 1998A Bonds	\$ 4,340,000	\$ 1,380,000	\$ 2,960,000
Series 1998B Bonds	9,980,000	785,000	9,195,000
Series E-5-A Bonds	93,665,000	1,455,000	92,210,000
Total Outstanding	\$ 107,985,000	<u>\$ 3,620,000</u>	\$ 104,365,000
Less Current Portion	(3,620,000)		(3,775,000)
Less Unamortized Loss on Bond Refunding	<u>(1,184,002)</u>		<u>(1,053,643)</u>
Long-term Portion	<u>\$ 103,180,998</u>		<u>\$ 99,536,357</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 2011). 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 \$1,445,000 in 2012 to \$1,515,000 in 2013 at interest rates ranging from 4.5 percent to 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$825,000 in 2012 to \$1,245,000 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 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 2011).

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 \$1,505,000 in 2012 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 previously issued and refunded 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.

The hospital records the fair value liability of its interest rate swaps, which 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.

As of June 30, 2011, 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, 2011, 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, 2011, are summarized as follows:

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
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
2016	3,525,000	1,015,000	4,540,000
2017-2021	21,675,000	4,610,000	26,285,000
2022-2026	33,250,000	0	33,250,000
2027-2029	24,100,000	0	24,100,000
Total	<u>\$ 92,210,000</u>	<u>\$ 12,155,000</u>	<u>\$ 104,365,000</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, 2011, which was .11 percent):

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2012	\$ 2,595,331	\$ 550,923	\$ 3,146,254
2013	2,593,668	440,973	3,034,641
2014	2,591,782	360,828	2,952,610
2015	2,588,246	313,015	2,901,261
2016	2,584,520	262,399	2,846,919
2017-2021	12,849,926	487,900	13,337,826
2022-2026	9,690,407	0	9,690,407
2027-2029	2,035,183	0	2,035,183
Total	<u>\$ 37,529,063</u>	<u>\$ 2,416,038</u>	<u>\$ 39,945,101</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 6-30-11
Debt Service Reserve Funds	\$ 2,893,816
Bond Funds	<u>2,572,140</u>
Total	<u>\$ 5,465,956</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 bi-weekly. Hospital contributions to the plan totaled \$4,114,515 in 2011. Employee contributions were \$3,435,835 in 2011.

I. Foundation

At June 30, 2011, the foundation's assets and net position total \$1,309,172, and consist of cash and investments. A portion of the investments at June 30, 2011, totaling \$861,315, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. The 2011 Statement of Revenues, Expenses and Changes in Net Position includes foundation contribution revenue of \$373,480, net investment income of \$152,352 and distributions and other expenses of \$344,347. 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 services 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 lives, 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	3 – 20

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2011, 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 nonoperating.

Nonoperating Revenues/Expenses

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

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 7-1-10	Additions	Retirements
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 0
Construction in Progress	0	0	0
	\$ 21,038	\$ 0	\$ 0

Description	Balance		
	7-1-10	Additions	Retirements
Depreciable:			
Building	\$ 3,011,795	\$ 15,818	\$ 0
Building and Improvements	7,990	0	0
Emergency Equipment	919,416	0	0
Office Equipment and Furniture	202,087	0	0
Vehicle	16,486	0	0
	<u>\$ 4,157,774</u>	<u>\$ 15,818</u>	<u>\$ 0</u>
Total	<u>\$ 4,178,812</u>	<u>\$ 15,818</u>	<u>\$ 0</u>

Description (Cont.)	Balance	Accumulated	Net Value
	6-30-11	Depreciation	6-30-11
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	\$ 3,027,613	\$ 94,513	\$ 2,933,100
Building and Improvements	7,990	250	7,740
Emergency Equipment	919,416	481,805	437,611
Office Equipment and Furniture	202,087	116,564	85,523
Vehicle	16,486	9,067	7,419
	<u>\$ 4,173,592</u>	<u>\$ 702,199</u>	<u>\$ 3,471,393</u>
Total	<u>\$ 4,194,630</u>	<u>\$ 702,199</u>	<u>\$ 3,492,431</u>

Depreciation expense for the fiscal year ended June 30, 2011, totaled \$170,596.

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, 2011. The note bears interest at four percent and matures July 15, 2011. Subsequent to June 30, 2011, the

note was renewed. Monthly principal and interest payments of \$7,569 are due beginning August 15, 2011. The note matures July 15, 2014. Debt maturities detailed below are based on the modified loan.

Changes in Note Payable are as follows:

	Balance 7-1-10	Note Proceeds	Note Repayments	Balance 6-30-11
Note Payable	\$ 1,243,232	\$ 0	\$ (41,714)	\$ 1,201,518

Debt maturities are as follows:

Year Ending	Total Note Requirements	Principal	Interest
2012	\$ 87,267	\$ 39,317	\$ 47,950
2013	90,834	44,586	46,248
2014	90,834	46,426	44,408
2015	1,074,804	1,071,189	3,615
Total	\$ 1,343,739	\$ 1,201,518	\$ 142,221

Total interest incurred during the year was \$49,649.

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 \$7,474 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, 2011, was 11.67 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, 2011, the district's annual pension cost of \$123,812 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 3 percent annual rate of inflation; (c) 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); (d) projected 3.5 percent annual increase in the Social Security wage base; and (e) projected post retirement increases of 2.5 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 ten 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, 2009, was 16 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
6-30-11	\$ 123,812	100%	\$ 0
6-30-10	117,183	100	0
6-30-09	113,398	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.

H. Subsequent Events

On October 14, 2011, a lawsuit was filed in Blount County Circuit Court naming the district as one of several defendants. The plaintiff is alleging that negligence on the part of the defendants lead to his mother's death and is seeking damages of \$10 million. While the suit is in its early stages, management believes it is without merit and intends to vigorously defend itself. The district's insurance carrier is providing legal representation.

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. Fund Balances

Governmental fund equity is classified as fund balance. During the year ended June 30, 2011, the PBA implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance and Government Fund Type Definitions*. Under this statement, fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions, or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of governing body (Board).
- d. Assigned fund balances are amounts intended to be used for specific purpose by the board through action other than the highest level of authority or an official expressly authorized by the board.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The PBA has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement No. 54 apply expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No official is granted the authority to assign fund balance. In addition, the PBA has no formal policy with regard to stabilization funds.

7. **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.

8. **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, 2011.

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 and cash equivalents consist of demand deposits and savings accounts. At June 30, 2011, cash and cash equivalents totaled \$82,915 in the General Fund and \$101,565 in the Loan Fund.

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.

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.

Credit Risk – The PBA has no limit on the amount it may invest in any one issuer. At June 30, 2011, the PBA had no investments in commercial paper.

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

A summary of bond transactions of the PBA for the period July 1, 2010, through June 30, 2011, was as follows:

	<u>Public Facility Bonds</u>
Debt Payable - July 1, 2010	\$ 282,955,000
Debt Retired in Current Year	<u>(52,150,000)</u>
Debt Payable - June 30, 2011	<u><u>\$ 230,805,000</u></u>

Bonds payable at June 30, 2011, are comprised of the following issues:

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$3,000,000 - 2008 Local Government Improvement Bonds (Series B-17-A) due in installments of \$85,000 beginning June 2010 through June 2030 at \$225,000; average interest of 4.4%. (Jointly with Maryville/Alcoa)	\$ 2,825,000

Public Facility Bonds	Amount Outstanding
\$2,000,000 - 2006 Local Government Improvement Bonds (Series B-10-A) due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; average interest at 6.08% (Jointly with Maryville/Alcoa).	\$ 1,580,000
\$32,145,000 - 2008 Local Government Improvement Bonds (Series B-16-A) 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 rate 4.30%.	29,185,000
\$50,500,000 - 2008 Local Government Improvement Bonds (Series E-1-A) due in installments of \$1,000,000 to \$8,150,000 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%.	30,090,000
\$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%.	92,210,000
\$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 \$900,000 in June 2019. Interest payable annually at 7.02%.	<u>4,250,000</u>
Total Bonds Outstanding	<u>\$ 230,805,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2011, including interest payments, are \$370,913,433 as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 3,975,000	\$ 8,815,762	\$ 12,790,762
2013	4,140,000	8,648,490	12,788,490
2014	5,895,000	8,579,782	14,474,782
2015	6,195,000	8,493,241	14,688,241
2016	6,505,000	8,382,708	14,887,708
2017-2021	26,995,000	40,589,854	67,584,854
2022-2026	59,895,000	33,791,199	93,686,199
2027-2031	68,705,000	17,072,924	85,777,924
2032-2036	39,450,000	5,440,970	44,890,970
2037	9,050,000	293,503	9,343,503
Total	\$ 230,805,000	\$ 140,108,433	\$ 370,913,433

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. No commercial insurance has been acquired for the risks of losses to which the entity is exposed. For the year ended June 30, 2011, no insurance claims were pending or payable.

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 \$456,466,115 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, 2011, were as follows:

Bond Issue Amount	Loaned to Blount County	Outstanding 6-30-11
\$ 39,000,000	\$ 39,000,000	\$ 0
20,000,000	20,000,000	0
4,100,000	4,100,000	0
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
3,000,000	3,000,000	2,825,000
2,000,000	2,000,000	1,580,000
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	30,090,000
95,045,000	95,045,000	92,210,000
50,925,000	50,925,000	4,250,000
32,145,000	32,145,000	29,185,000
2,006,115	2,006,115	0
<u>\$ 456,466,115</u>	<u>\$ 456,466,115</u>	<u>\$ 230,805,000</u>

Expenditures were as follows during the fiscal year ended June 30, 2011:

Professional Fees	\$ 9,004
Attorney Fees	760
TN Secretary of State	40
Bank Service Charge	<u>66</u>
	<u>\$ 9,870</u>
Amortization of Loan Costs	<u>\$ 512,284</u>

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 \$1,860,130,000 have been issued on behalf of the following entities:

<u>Borrower</u>	<u>Original Bond Amount</u>	<u>Outstanding Bond Balance June 30, 2011</u>
City of Alcoa	\$ 154,185,000	\$ 83,540,000
Blount County	514,415,000	230,805,000
Alcoa/Maryville	10,000,000	8,080,000
Bradley County	63,560,000	43,205,000
Cleveland	68,480,000	21,335,000
Campbell County	20,550,000	10,450,000
Cumberland County	52,415,000	18,970,000
Coffee County	2,775,000	0
Cocke County	3,500,000	0
Claiborne County	6,225,000	4,725,000
Etowah	14,805,000	3,560,000
Erwin	1,500,000	0
Fayetteville	9,080,000	0
Greeneville	18,160,000	0
Greene County	10,000,000	10,000,000
Hendersonville	4,040,000	0
Hawkins County	40,820,000	25,965,000
Hamblen County	40,200,000	10,100,000
Hiwassee	12,000,000	11,530,000
Jefferson County	28,305,000	11,700,000
Johnson City	102,385,000	0
Johnson County	5,700,000	0
Knoxville	59,970,000	59,970,000
Knox County	193,550,000	177,835,000
Lexington	5,400,000	0
Loudon County	14,835,000	13,435,000
Maryville	78,800,000	13,205,000
Morgan County	10,000,000	0
Morristown	47,355,000	1,125,000
Morristown/Hamblen	5,775,000	1,080,000
Monroe County	34,290,000	32,445,000
Mt. Juliet	2,700,000	0

Borrower	Original Bond Amount	Outstanding Bond Balance June 30, 2011
Oak Ridge	\$ 38,895,000	\$ 20,075,000
Red Bank	3,850,000	3,005,000
Roane County	21,650,000	1,300,000
Sevierville	8,000,000	0
Tri-County	7,500,000	7,500,000
Washington County	130,360,000	130,200,000
Warren County	6,500,000	0
White County	1,275,000	0
Winchester	6,325,000	0
Totals	<u>\$ 1,860,130,000</u>	<u>\$ 955,140,000</u>

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 \$1,860,130,000 to other governmental entities as of June 30, 2011. 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. The conduit debt balance as of June 30, 2011, is \$995,140,000.

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 for bonds are being amortized over the life of the bond issues as follows:

Bond Series	Bond Costs	Accumulated Amortization June 30, 2010	Accumulated Amortization June 30, 2011	Accumulated Amortization June 30, 2011
C-2-A	\$ 500,325	\$ 149,986	\$ 350,339	\$ 500,325 *
D-1-B	94,156	21,400	72,756	94,156 *
E-5-A	476,825	89,406	19,868	109,274
B-1-C	19,074	3,576	15,498	19,074 *
B-16-A	140,779	18,222	6,074	24,296
B-4-A	25,347	3,456	21,891	25,347 *
B-18-A	57,500	7,418	4,945	12,363
E-1-A	393,136	31,078	15,539	46,617
E-3-B	123,613	0	5,374	5,374
Totals	<u>\$ 1,830,755</u>	<u>\$ 324,542</u>	<u>\$ 512,284</u>	<u>\$ 836,826</u>

*Denotes a bond that has been fully paid.

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,471,115	\$ 0	\$ 0	\$ 24,471,115	\$ 23,215,816	\$ 23,215,816	\$ 1,255,299
Licenses and Permits	793,621	0	0	793,621	828,000	828,000	(34,379)
Fines, Forfeitures, and Penalties	804,806	0	0	804,806	867,826	867,826	(63,020)
Charges for Current Services	864,806	0	0	864,806	901,799	905,799	(40,993)
Other Local Revenues	1,021,558	0	0	1,021,558	753,850	1,042,550	(20,992)
Fees Received from County Officials	6,608,249	0	0	6,608,249	6,238,679	7,247,340	(639,091)
State of Tennessee	2,988,690	0	0	2,988,690	3,225,861	2,527,772	460,918
Federal Government	3,242,965	0	0	3,242,965	2,446,585	3,177,340	65,625
Other Governments and Citizens Groups	256,608	0	0	256,608	163,634	175,994	80,614
Total Revenues	\$ 41,052,418	\$ 0	\$ 0	\$ 41,052,418	\$ 38,642,050	\$ 39,988,437	\$ 1,063,981
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 201,172	\$ (6,557)	\$ 1,347	\$ 195,962	\$ 200,139	\$ 200,139	\$ 4,177
Board of Equalization	8,984	(740)	0	8,244	9,710	9,710	1,466
Beer Board	201	(1)	0	200	200	200	0
Budget and Finance Committee	250	0	250	500	500	500	0
County Mayor/Executive	207,502	(99)	2,868	210,271	242,294	242,294	32,023
Personnel Office	135,217	(3,414)	1,418	133,221	169,626	169,626	36,405
Election Commission	400,418	(72,619)	30,195	357,994	584,114	584,114	226,120
Register of Deeds	541,489	(708)	1,958	542,739	618,811	618,811	76,072
Planning	207,045	(1,638)	2,142	207,549	211,648	211,648	4,099
Building	82,118	(475)	1,197	82,840	85,565	85,565	2,725
Engineering	162,190	(17,130)	5,504	150,564	171,054	171,054	20,490
Codes Compliance	199,957	(3,430)	1,728	198,255	215,185	215,185	16,930

(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 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 1,452,282	\$ (162,973)	\$ 184,896	\$ 1,474,205	\$ 1,570,385	\$ 1,570,385	\$ 96,180
Other General Administration	2,271,036	(31,664)	17,471	2,256,843	808,365	2,292,804	35,961
Preservation of Records	121,753	(16,934)	12,261	117,080	121,314	122,164	5,084
Risk Management	219,015	(23,817)	17,504	212,702	272,012	272,012	59,310
<u>Finance</u>							
Accounting and Budgeting	702,211	(1,551)	3,704	704,364	753,937	753,937	49,573
Purchasing	277,852	(867)	1,141	278,126	346,659	346,659	68,533
Property Assessor's Office	932,147	(136,853)	117,866	913,160	955,373	955,373	42,213
Reappraisal Program	344,534	(32,819)	36,304	348,019	401,679	401,679	53,660
County Trustee's Office	440,488	(1,327)	10	439,171	453,085	453,085	13,914
County Clerk's Office	1,071,403	(5,922)	13,171	1,078,652	1,165,181	1,165,181	86,529
Data Processing	617,877	(24,311)	38,312	631,878	652,050	670,400	38,522
<u>Administration of Justice</u>							
Circuit Court Judge	93,908	(17,077)	20,467	97,298	102,338	102,338	5,040
Circuit Court Clerk	1,942,218	(127,539)	110,383	1,925,062	1,995,482	1,995,482	70,420
Criminal Court	4	0	0	4	0	4	0
General Sessions Judge	895,621	(2,832)	8,360	901,149	946,575	931,855	30,706
Chancery Court	500,736	(4,442)	7,765	504,059	524,656	524,656	20,597
Juvenile Court	433,510	(12,727)	15,376	436,159	442,931	443,678	7,519
Office of Public Defender	63,225	(232)	1,525	64,518	65,380	65,380	862
Other Administration of Justice	468,566	0	0	468,566	488,314	488,314	19,748
Probation Services	321,029	(246)	6,642	327,425	360,065	360,065	32,640
<u>Public Safety</u>							
Sheriff's Department	9,895,365	(403,387)	222,151	9,714,129	10,250,710	10,371,961	657,832

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Administration of the Sexual Offender Registry	\$ 7,500	\$ (2,300)	\$ 3,720	\$ 8,920	\$ 5,000	\$ 9,000	\$ 80
Jail	7,329,650	(237,331)	100,212	7,192,531	7,269,408	7,429,408	236,877
Workhouse	10,222	0	0	10,222	10,414	10,414	192
Juvenile Services	1,230,687	(38,543)	20,469	1,212,613	1,430,227	1,430,227	217,614
Fire Prevention and Control	23,250	0	0	23,250	23,250	23,250	0
Civil Defense	447,806	(9,879)	24,874	462,801	749,104	757,229	294,428
Other Emergency Management	302,133	0	0	302,133	302,133	302,133	0
County Coroner/Medical Examiner	71,200	0	0	71,200	52,000	64,000	(7,200)
<u>Public Health and Welfare</u>							
Local Health Center	1,200,018	(10,919)	7,336	1,196,435	1,246,555	1,253,597	57,162
Rabies and Animal Control	223,941	(19,077)	21,476	226,340	414,806	414,806	188,466
General Welfare Assistance	26,586	0	0	26,586	30,086	30,086	3,500
Other Local Welfare Services	98,668	0	0	98,668	98,668	98,668	0
Other Public Health and Welfare	325,538	(9,125)	7,744	324,157	335,328	335,328	11,171
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	653,583	0	0	653,583	653,583	653,583	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	177,193	(984)	593	176,802	178,240	178,240	1,438
Soil Conservation	120,178	(1,208)	14	118,984	119,273	119,273	289
<u>Other Operations</u>							
Tourism	628,304	(16,501)	31,822	643,625	660,123	680,123	36,498
Industrial Development	786,173	0	0	786,173	786,173	786,173	0
Other Economic and Community Development	155,376	(7,297)	5,298	153,377	165,010	165,010	11,633
Veterans' Services	167,145	(177)	238	167,206	174,275	174,275	7,069

(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 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 102,858	\$ (30)	\$ 30	\$ 102,858	\$ 157,480	\$ 150,626	\$ 47,768
Contributions to Other Agencies	45,000	0	0	45,000	45,000	45,000	0
ARRA Grant # 3	0	0	141,638	141,638	141,638	141,638	0
ARRA Grant # 4	8,990	0	0	8,990	10,887	10,887	1,897
Miscellaneous	497,511	0	0	497,511	500,000	500,000	2,489
<u>Highways</u>							
Litter and Trash Collection	77,195	(5,236)	3,028	74,987	82,195	82,195	7,208
<u>Capital Projects</u>							
Administration of Justice Projects	14,010	0	0	14,010	0	14,123	113
Other General Government Projects	1,041,536	(187,555)	188,472	1,042,453	1,063,430	1,045,080	2,627
Total Expenditures	\$ 40,983,574	\$ (1,660,493)	\$ 1,440,880	\$ 40,763,961	\$ 41,889,623	\$ 43,700,630	\$ 2,936,669
Excess (Deficiency) of Revenues Over Expenditures	\$ 68,844	\$ 1,660,493	\$ (1,440,880)	\$ 288,457	\$ (3,247,573)	\$ (3,712,193)	\$ 4,000,650
<u>Other Financing Sources (Uses)</u>							
Notes Issued	0	0	0	0	550,000	550,000	(550,000)
Transfers In	220,000	0	0	220,000	297,012	317,012	(97,012)
Transfers Out	(1,291,520)	0	0	(1,291,520)	(899,520)	(1,291,520)	0
Total Other Financing Sources (Uses)	\$ (1,071,520)	\$ 0	\$ 0	\$ (1,071,520)	\$ (52,508)	\$ (424,508)	\$ (647,012)
Net Change in Fund Balance	\$ (1,002,676)	\$ 1,660,493	\$ (1,440,880)	\$ (783,063)	\$ (3,300,081)	\$ (4,136,701)	\$ 3,353,638
Fund Balance, July 1, 2010	8,920,477	(1,660,493)	0	7,259,984	8,920,477	8,920,477	(1,660,493)
Fund Balance, June 30, 2011	\$ 7,917,801	\$ 0	\$ (1,440,880)	\$ 6,476,921	\$ 5,620,396	\$ 4,783,776	\$ 1,693,145

Exhibit F-2

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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)
County Employees	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	45
County Library Employees	7-1-09	1,545	1,951	406	79.17	757	53.68
"	7-1-07	1,331	1,738	407	76.58	742	54.85

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the 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, 2011

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial 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%
Self-Insurance	7-1-10	0	23,677	23,677	0	68,566	34.53

*Data available for only two actuarial valuations.

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

A. BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the 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.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation category (the legal level of control) of the General Fund.

Fund/Major Category	Amount Overspent
General Fund:	
County Coroner/Medical Examiner	\$ 7,200

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

C. At June 30, 2011, Blount County reported the following significant encumbrances in the General Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Capital Purposes	\$ 401,184

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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, 2011

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	Other Special Revenue	
\$	0	0	100	0	0	0	0
	4,542	43,874	1,082,643	1,555,310	113,118	170,764	
	0	0	11,288	1,300	0	119	
	0	0	0	10,868	0	16,096	
	0	0	0	5,459	0	0	
\$	4,542	43,874	1,094,031	1,572,937	113,118	186,979	

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	4,542

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	0
Accrued Payroll	0
Payroll Deductions Payable	0
Due to Other Funds	0
Due to State of Tennessee	0
Other Current Liabilities	0
Other Deferred Revenues	0
Total Liabilities	0
Fund Balances	
Nonspendable:	
Endowments	0
Restricted:	
Restricted for General Government	4,542
Restricted for Administration of Justice	0
Restricted for Public Safety	0
Restricted for Social, Cultural, and Recreational Services	0
Total Liabilities and Fund Balances	4,542

\$	0	0	23,398	1,023	0	0	2,278
	0	0	31,304	0	0	0	2,833
	0	0	10,656	0	0	0	597
	0	0	0	0	0	0	548
	0	0	929	0	0	0	0
	0	0	0	7,398	0	0	0
	0	0	0	0	0	0	0
\$	0	0	66,287	8,421	0	0	6,256

(Continued)

Exhibit G-1

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

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	Other Special Revenue	
\$	0	0	0	0	0	0	0
	0	0	201,863	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
\$	4,542	43,874	1,027,744	1,564,516	113,118	180,723	180,723
\$	4,542	43,874	1,094,031	1,572,937	113,118	186,979	186,979

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
<u>Restricted (Cont.):</u>
Restricted for Education
Restricted for Capital Outlay
Restricted for Capital Projects
<u>Committed:</u>
Committed for Highways/Public Works
<u>Total Fund Balances</u>
Total Liabilities and Fund Balances

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)					Total Nonmajor Governmental Funds
	Capital Projects Fund		Permanent Fund		Total	
	Constitu- tional Officers - Fees	Highway / Public Works	Other Capital Projects	Endowment		
\$ 15,434 \$	0 \$	15,534 \$	0 \$	0 \$	15,534	
0	214,424	3,184,675	315,218	485,403	3,985,296	
60	38,268	51,035	358,962	0	409,997	
0	938,618	965,582	167,515	0	1,133,097	
0	0	5,459	0	0	5,459	
\$ 15,494 \$	1,191,310 \$	4,222,285 \$	841,695 \$	485,403 \$	5,549,383	

ASSETS

Cash	15,434
Equity in Pooled Cash and Investments	214,424
Accounts Receivable	38,268
Due from Other Governments	938,618
Due from Other Funds	0
Total Assets	1,191,310

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts Payable	0	20,065	46,764	0	46,764
Accrued Payroll	0	99,078	133,215	0	133,215
Payroll Deductions Payable	0	42,356	53,609	0	53,609
Due to Other Funds	15,494	0	16,042	4,754	20,796
Due to State of Tennessee	0	0	929	0	929
Other Current Liabilities	0	0	7,398	0	7,398
Other Deferred Revenues	0	0	147,833	0	147,833
Total Liabilities	15,494	161,499	257,957	152,587	410,544
Fund Balances					
Nonspendable:					
Endowments	0	0	0	485,403	485,403
Restricted:					
Restricted for General Government	0	0	4,542	0	4,542
Restricted for Administration of Justice	0	0	337,715	0	337,715
Restricted for Public Safety	0	0	1,564,516	0	1,564,516
Restricted for Social, Cultural, and Recreational Services	0	0	825,881	0	825,881

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)				Capital	Permanent	Total
	Constituti- onal Officers - Fees	Highway / Public Works	Total	Other Capital Projects	Fund	Fund	
\$	0	0	0	681,292	\$	0	681,292
	0	0	201,863	0		0	201,863
	0	0	0	7,816		0	7,816
	0	1,029,811	1,029,811	0	0	0	1,029,811
\$	0	1,029,811	3,964,328	689,108	\$	485,403	5,138,839
\$	15,494	1,191,310	4,222,285	841,695	\$	485,403	5,549,383

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Restricted (Cont.):
Restricted for Education
Restricted for Capital Outlay
Restricted for Capital Projects
Committed:
Committed for Highways/Public Works
Total Fund Balances
Total Liabilities and Fund Balances

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General		
Revenues							
Local Taxes	\$ 8,773	\$ 8,775	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,922
Licenses and Permits	0	0	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	133,714	18,476	0	41,679
Charges for Current Services	0	0	117,790	107,376	0	0	448
Other Local Revenues	0	0	155,673	30,293	1,318	0	2,422
State of Tennessee	0	0	0	0	0	0	54,499
Federal Government	0	0	1,520	0	0	0	40,023
Other Governments and Citizens Groups	0	0	899,521	0	0	0	0
Total Revenues	\$ 8,773	\$ 8,775	\$ 1,174,504	\$ 271,383	\$ 19,794	\$ 0	\$ 184,993
Expenditures							
Current:							
General Government	\$ 6,340	\$ 0	\$ 158,014	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	50,194	0	131,765
Public Safety	0	0	0	118,545	0	0	0
Social, Cultural, and Recreational Services	0	0	1,801,361	0	0	0	0
Other Operations	88	7,384	0	0	0	0	38,713
Highways	0	0	0	0	0	0	0
Capital Projects	0	0	7,774	0	0	0	0
Total Expenditures	\$ 6,428	\$ 7,384	\$ 1,967,149	\$ 118,545	\$ 50,194	\$ 0	\$ 170,478
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,345	\$ 1,391	\$ (792,645)	\$ 152,838	\$ (30,400)	\$ 0	\$ 14,515
Other Financing Sources (Uses)							
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	899,520	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 899,520	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 2,345	\$ 1,391	\$ 106,875	\$ 152,838	\$ (30,400)	\$ 0	\$ 14,515
Fund Balance, July 1, 2010	2,197	42,483	920,869	1,411,678	143,518	0	166,208
Fund Balance, June 30, 2011	\$ 4,542	\$ 43,874	\$ 1,027,744	\$ 1,564,516	\$ 113,118	\$ 0	\$ 180,723

(Continued)

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

	Special Revenue Funds (Cont.)			Capital	Permanent	Total
	Constitutional Officers - Fees	Highway / Public Works	Total	Projects Fund	Fund	
Revenues						
Local Taxes	\$ 0	\$ 2,412,940	\$ 2,476,410	\$ 0	\$ 0	\$ 2,476,410
Licenses and Permits	0	218,674	218,674	0	0	218,674
Fines, Forfeitures, and Penalties	0	0	193,869	0	0	193,869
Charges for Current Services	494	0	226,108	0	0	226,108
Other Local Revenues	0	13,837	203,543	778,180	6,477	988,200
State of Tennessee	0	2,908,719	2,963,218	0	0	2,963,218
Federal Government	0	0	41,543	1,058,165	0	1,099,708
Other Governments and Citizens Groups	0	0	899,521	205,679	0	1,105,200
Total Revenues	\$ 494	\$ 5,554,170	\$ 7,222,886	\$ 2,042,024	\$ 6,477	\$ 9,271,387
Expenditures						
Current:						
General Government	\$ 0	\$ 0	\$ 164,354	\$ 0	\$ 0	\$ 164,354
Finance	326	0	326	0	0	326
Administration of Justice	168	0	182,127	0	0	182,127
Public Safety	0	0	118,545	0	0	118,545
Social, Cultural, and Recreational Services	0	0	1,801,361	0	0	1,801,361
Other Operations	0	0	46,185	829,875	7,171	883,231
Highways	0	5,684,770	5,684,770	0	0	5,684,770
Capital Projects	0	0	7,774	6,277,977	0	6,285,751
Total Expenditures	\$ 494	\$ 5,684,770	\$ 8,005,442	\$ 7,107,852	\$ 7,171	\$ 15,120,465
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (130,600)	\$ (782,556)	\$ (5,065,828)	\$ (694)	\$ (5,849,078)
Other Financing Sources (Uses)						
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 3,007,000	\$ 0	\$ 3,007,000
Transfers In	0	0	899,520	5,567,020	0	6,466,540
Transfers Out	0	0	0	(350,000)	0	(350,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 899,520	\$ 8,224,020	\$ 0	\$ 9,123,540
Net Change in Fund Balances	\$ 0	\$ (130,600)	\$ 116,964	\$ 3,158,192	\$ (694)	\$ 3,274,462
Fund Balance, July 1, 2010	0	1,160,411	3,847,364	(2,469,084)	486,097	1,864,377
Fund Balance, June 30, 2011	\$ 0	\$ 1,029,811	\$ 3,964,328	\$ 689,108	\$ 485,403	\$ 5,138,839

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 8,773 \$	0 \$	8,773 \$	8,250 \$	8,250 \$	523
Total Revenues	\$ 8,773 \$	0 \$	8,773 \$	8,250 \$	8,250 \$	523
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 6,340 \$	1,810 \$	8,150 \$	8,150 \$	8,150 \$	0
Other Operations	88	0	88	100	100	12
Other Charges	6,428 \$	1,810 \$	8,238 \$	8,250 \$	8,250 \$	12
Total Expenditures	\$ 2,345 \$	(1,810) \$	535 \$	0 \$	0 \$	535
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,345 \$	(1,810) \$	535 \$	0 \$	0 \$	535
Net Change in Fund Balance Fund Balance, July 1, 2010	2,197	0	2,197	2,197	2,197	0
Fund Balance, June 30, 2011	\$ 4,542 \$	(1,810) \$	2,732 \$	2,197 \$	2,197 \$	535

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,775 \$	0 \$	0 \$	8,775 \$	8,000 \$	8,000 \$	775
Total Revenues	\$ 8,775 \$	0 \$	0 \$	8,775 \$	8,000 \$	8,000 \$	775
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 7,384 \$	(4,717) \$	5,271 \$	7,938 \$	8,000 \$	8,000 \$	62
Total Expenditures	\$ 7,384 \$	(4,717) \$	5,271 \$	7,938 \$	8,000 \$	8,000 \$	62
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,391 \$	4,717 \$	(5,271) \$	837 \$	0 \$	0 \$	837
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,391 \$ 42,483	4,717 \$ (4,717)	(5,271) \$ 0	837 \$ 37,766	0 \$ 42,483	0 \$ 42,483	837 (4,717)
Fund Balance, June 30, 2011	\$ 43,874 \$	0 \$	(5,271) \$	38,603 \$	42,483 \$	42,483 \$	(3,880)

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 117,790	\$ 0	\$ 0	\$ 117,790	\$ 110,500	\$ 110,500	\$ 7,290
Other Local Revenues	155,673	0	0	155,673	146,000	146,000	9,673
Federal Government	1,520	0	0	1,520	0	0	1,520
Other Governments and Citizens Groups	899,521	0	0	899,521	899,521	899,521	0
Total Revenues	\$ 1,174,504	\$ 0	\$ 0	\$ 1,174,504	\$ 1,156,021	\$ 1,156,021	\$ 18,483
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 158,014	\$ (17,387)	\$ 18,295	\$ 158,922	\$ 188,920	\$ 188,920	\$ 29,998
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,738,858	(125,447)	75,975	1,689,386	1,852,719	1,844,719	155,333
Other Social, Cultural, and Recreational Capital Projects	62,503	(8,875)	5,962	59,590	83,500	83,500	23,910
Other General Government Projects	7,774	0	0	7,774	0	8,000	226
Total Expenditures	\$ 1,967,149	\$ (151,709)	\$ 100,232	\$ 1,915,672	\$ 2,125,139	\$ 2,125,139	\$ 209,467
Excess (Deficiency) of Revenues Over Expenditures	\$ (792,645)	\$ 151,709	\$ (100,232)	\$ (741,168)	\$ (969,118)	\$ (969,118)	\$ 227,950
<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, 2010	\$ 106,875	\$ 151,709	\$ (100,232)	\$ 158,352	\$ (69,598)	\$ (69,598)	\$ 227,950
	920,869	(151,709)	0	769,160	920,869	920,869	(151,709)
Fund Balance, June 30, 2011	\$ 1,027,744	\$ 0	\$ (100,232)	\$ 927,512	\$ 851,271	\$ 851,271	\$ 76,241

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 133,714	\$ 0	\$ 0	\$ 133,714	\$ 210,700	\$ 210,700	\$ (76,986)
Charges for Current Services	107,376	0	0	107,376	0	0	107,376
Other Local Revenues	30,293	0	0	30,293	59,000	59,000	(28,707)
Total Revenues	\$ 271,383	\$ 0	\$ 0	\$ 271,383	\$ 269,700	\$ 269,700	\$ 1,683
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 118,545	\$ (16,349)	\$ 45,225	\$ 147,421	\$ 437,000	\$ 437,000	\$ 289,579
Total Expenditures	\$ 118,545	\$ (16,349)	\$ 45,225	\$ 147,421	\$ 437,000	\$ 437,000	\$ 289,579
Excess (Deficiency) of Revenues Over Expenditures	\$ 152,838	\$ 16,349	\$ (45,225)	\$ 123,962	\$ (167,300)	\$ (167,300)	\$ 291,262
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 152,838	\$ 16,349	\$ (45,225)	\$ 123,962	\$ (167,300)	\$ (167,300)	\$ 291,262
	1,411,678	(16,349)	0	1,395,329	1,411,678	1,411,678	(16,349)
Fund Balance, June 30, 2011	\$ 1,564,516	\$ 0	\$ (45,225)	\$ 1,519,291	\$ 1,244,378	\$ 1,244,378	\$ 274,913

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 45,922	\$ 0	\$ 0	\$ 45,922	\$ 48,068	\$ 48,068	\$ (2,146)
Fines, Forfeitures, and Penalties	41,679	0	0	41,679	18,646	38,146	3,533
Charges for Current Services	448	0	0	448	300	300	148
Other Local Revenues	2,422	0	0	2,422	1,900	1,900	522
Fees Received from County Officials	0	0	0	0	19,500	0	0
State of Tennessee	54,499	0	0	54,499	0	50,000	4,499
Federal Government	40,023	0	0	40,023	100,000	50,000	(9,977)
Total Revenues	\$ 184,993	\$ 0	\$ 0	\$ 184,993	\$ 188,414	\$ 188,414	\$ (3,421)
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 131,765	(5,287)	3,235	129,713	188,414	138,415	8,702
Other Operations	38,713	0	3,604	42,317	0	49,999	7,682
ARRA Grant # 6	170,478	(5,287)	6,839	172,030	188,414	188,414	16,384
Total Expenditures	\$ 340,956	(10,574)	13,678	\$ 334,060	\$ 188,414	\$ 188,414	\$ 16,384
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,515	5,287	(6,839)	12,963	0	0	12,963
Net Change in Fund Balance	\$ 14,515	5,287	(6,839)	12,963	0	0	12,963
Fund Balance, July 1, 2010	166,208	(5,287)	0	160,921	166,208	166,208	(5,287)
Fund Balance, June 30, 2011	\$ 180,723	0	(6,839)	\$ 173,884	\$ 166,208	\$ 166,208	\$ 7,676

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,412,940	\$ 0	\$ 0	\$ 2,412,940	\$ 2,485,313	\$ 2,485,313	\$ (72,373)
Licenses and Permits	218,674	0	0	218,674	268,358	268,358	(49,684)
Other Local Revenues	13,837	0	0	13,837	6,500	6,500	7,337
State of Tennessee	2,908,719	0	0	2,908,719	3,155,000	3,155,000	(246,281)
<u>Total Revenues</u>	<u>\$ 5,554,170</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,554,170</u>	<u>\$ 5,915,171</u>	<u>\$ 5,915,171</u>	<u>\$ (361,001)</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 739,434	\$ 0	\$ 1,406	\$ 740,840	\$ 738,329	\$ 828,329	\$ 87,489
Highway and Bridge Maintenance	3,803,601	(55,726)	7,639	3,755,514	3,894,135	3,923,875	168,361
Operation and Maintenance of Equipment	1,114,031	(8,971)	28,518	1,133,578	1,129,207	1,165,867	32,289
Capital Outlay	27,704	(1,587)	0	26,117	153,500	87,100	60,983
<u>Total Expenditures</u>	<u>\$ 5,684,770</u>	<u>\$ (66,284)</u>	<u>\$ 37,563</u>	<u>\$ 5,656,049</u>	<u>\$ 5,915,171</u>	<u>\$ 6,005,171</u>	<u>\$ 349,122</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ (130,600)</u>	<u>\$ 66,284</u>	<u>\$ (37,563)</u>	<u>\$ (101,879)</u>	<u>\$ 0</u>	<u>\$ (90,000)</u>	<u>\$ (11,879)</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2010</u>	<u>\$ (130,600)</u>	<u>\$ 66,284</u>	<u>\$ (37,563)</u>	<u>\$ (101,879)</u>	<u>\$ 0</u>	<u>\$ (90,000)</u>	<u>\$ (11,879)</u>
	<u>1,160,411</u>	<u>(66,284)</u>	<u>0</u>	<u>1,094,127</u>	<u>1,160,411</u>	<u>1,160,411</u>	<u>(66,284)</u>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 1,029,811</u>	<u>\$ 0</u>	<u>\$ (37,563)</u>	<u>\$ 992,248</u>	<u>\$ 1,160,411</u>	<u>\$ 1,070,411</u>	<u>\$ (78,163)</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 13,022,421	\$ 0	\$ 13,022,421	\$ 12,202,311	\$ 12,202,311	\$ 820,110
Other Local Revenues	209,940	0	209,940	428,000	428,000	(218,060)
Other Governments and Citizens Groups	92,546	0	92,546	49,045	49,045	43,501
Total Revenues	\$ 13,324,907	\$ 0	\$ 13,324,907	\$ 12,679,356	\$ 12,679,356	\$ 645,551
<u>Expenditures</u>						
<u>Principal on Debt</u>						
General Government	\$ 4,808,743	\$ 0	\$ 4,808,743	\$ 4,905,501	\$ 4,905,501	\$ 96,758
Interest on Debt						
General Government	9,262,573	0	9,262,573	10,440,000	10,440,000	1,177,427
<u>Other Debt Service</u>						
General Government	1,411,234	(12,000)	1,399,234	965,000	1,435,871	36,637
Total Expenditures	\$ 15,482,550	\$ (12,000)	\$ 15,470,550	\$ 16,310,501	\$ 16,781,372	\$ 1,310,822
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,157,643)	\$ 12,000	\$ (2,145,643)	\$ (3,631,145)	\$ (4,102,016)	\$ 1,956,373
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 46,390,000	\$ 0	\$ 46,390,000	\$ 48,000,000	\$ 46,390,000	\$ 0
Premiums on Debt Issued	2,536,835	0	2,536,835	0	3,610,000	(1,073,165)
Transfers In	350,000	0	350,000	0	0	350,000
Payments to Refunded Debt Escrow Agent	(48,245,000)	0	(48,245,000)	(48,000,000)	(49,529,129)	1,284,129
Total Other Financing Sources (Uses)	\$ 1,031,835	\$ 0	\$ 1,031,835	\$ 0	\$ 470,871	\$ 560,964
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (1,125,808)	\$ 12,000	\$ (1,113,808)	\$ (3,631,145)	\$ (3,631,145)	\$ 2,517,337
Fund Balance, July 1, 2010	13,380,486	(12,000)	13,368,486	13,368,486	13,368,486	0
Fund Balance, June 30, 2011	\$ 12,254,678	\$ 0	\$ 12,254,678	\$ 9,737,341	\$ 9,737,341	\$ 2,517,337

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, 2011

	Agency Funds							Total
	Cities - Sales Tax	City School ADA - Alcoa	School ADA - Maryville	Joint Venture	Constitu- tional Officers - Agency	Other Agency		
ASSETS								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,502,485	\$ 0	\$ 0	\$ 3,502,485
Equity in Pooled Cash and Investments	0	3,253	9,567	1,106,036	0	465,231	0	1,584,087
Accounts Receivable	0	0	0	126	156	0	0	282
Due from Other Governments	2,355,439	284,342	836,622	14,059	0	0	0	3,490,462
Due from Other Funds	0	0	0	0	0	4,754	0	4,754
Taxes Receivable	0	3,070,449	9,034,213	0	0	0	0	12,104,662
Allowance for Uncollectible Taxes	0	(90,469)	(266,187)	0	0	0	0	(356,656)
Total Assets	\$ 2,355,439	\$ 3,267,575	\$ 9,614,215	\$ 1,120,221	\$ 3,502,641	\$ 469,985	\$ 0	\$ 20,330,076
LIABILITIES								
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 29,263	\$ 0	\$ 0	\$ 0	\$ 29,263
Payroll Deductions Payable	0	0	0	0	0	467,629	0	467,629
Due to Other Funds	0	0	0	0	0	2,356	0	2,356
Due to Other Taxing Units	2,355,439	3,267,575	9,614,215	0	0	0	0	15,237,229
Due to Litigants, Heirs, and Others	0	0	0	0	3,502,641	0	0	3,502,641
Due to Joint Ventures	0	0	0	1,055,647	0	0	0	1,055,647
Other Current Liabilities	0	0	0	35,311	0	0	0	35,311
Total Liabilities	\$ 2,355,439	\$ 3,267,575	\$ 9,614,215	\$ 1,120,221	\$ 3,502,641	\$ 469,985	\$ 0	\$ 20,330,076

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 13,354,952	\$ 13,354,952	\$ 0
Due from Other Governments	2,243,268	2,355,439	2,243,268	2,355,439
Total Assets	\$ 2,243,268	\$ 15,710,391	\$ 15,598,220	\$ 2,355,439
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,243,268	\$ 15,710,391	\$ 15,598,220	\$ 2,355,439
Total Liabilities	\$ 2,243,268	\$ 15,710,391	\$ 15,598,220	\$ 2,355,439
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,733	\$ 4,579,275	\$ 4,577,755	\$ 3,253
Due from Other Governments	270,333	284,342	270,333	284,342
Taxes Receivable	3,098,554	3,070,449	3,098,554	3,070,449
Allowance for Uncollectible Taxes	(55,832)	(90,469)	(55,832)	(90,469)
Total Assets	\$ 3,314,788	\$ 7,843,597	\$ 7,890,810	\$ 3,267,575
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,314,788	\$ 7,843,597	\$ 7,890,810	\$ 3,267,575
Total Liabilities	\$ 3,314,788	\$ 7,843,597	\$ 7,890,810	\$ 3,267,575
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 5,302	\$ 13,482,744	\$ 13,478,479	\$ 9,567
Due from Other Governments	786,878	836,622	786,878	836,622
Taxes Receivable	9,023,511	9,034,213	9,023,511	9,034,213
Allowance for Uncollectible Taxes	(162,595)	(266,187)	(162,595)	(266,187)
Total Assets	\$ 9,653,096	\$ 23,087,392	\$ 23,126,273	\$ 9,614,215
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 9,653,096	\$ 23,087,392	\$ 23,126,273	\$ 9,614,215
Total Liabilities	\$ 9,653,096	\$ 23,087,392	\$ 23,126,273	\$ 9,614,215

(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	\$ 1,131,038	\$ 321,014	\$ 346,016	\$ 1,106,036
Accounts Receivable	1,239	126	1,239	126
Due from Other Governments	67,174	14,059	67,174	14,059
Total Assets	\$ 1,199,451	\$ 335,199	\$ 414,429	\$ 1,120,221
<u>Liabilities</u>				
Accounts Payable	\$ 1,036	\$ 29,263	\$ 1,036	\$ 29,263
Due to Joint Venture	1,177,515	270,625	392,493	1,055,647
Other Current Liabilities	20,900	35,311	20,900	35,311
Total Liabilities	\$ 1,199,451	\$ 335,199	\$ 414,429	\$ 1,120,221
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,186,241	\$ 20,461,728	\$ 21,145,484	\$ 3,502,485
Accounts Receivable	818	156	818	156
Total Assets	\$ 4,187,059	\$ 20,461,884	\$ 21,146,302	\$ 3,502,641
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,187,059	\$ 20,461,884	\$ 21,146,302	\$ 3,502,641
Total Liabilities	\$ 4,187,059	\$ 20,461,884	\$ 21,146,302	\$ 3,502,641
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 365,705	\$ 78,668,907	\$ 78,569,381	\$ 465,231
Due from Other Funds	15,404	4,754	15,404	4,754
Total Assets	\$ 381,109	78,673,661	78,584,785	469,985
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 356,308	\$ 78,671,305	\$ 78,559,984	\$ 467,629
Due to Other Funds	24,801	2,356	24,801	2,356
Total Liabilities	\$ 381,109	\$ 78,673,661	\$ 78,584,785	\$ 469,985

(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	\$ 4,186,241	\$ 20,461,728	\$ 21,145,484	\$ 3,502,485
Equity in Pooled Cash and Investments	1,503,778	110,406,892	110,326,583	1,584,087
Accounts Receivable	2,057	282	2,057	282
Due from Other Governments	3,367,653	3,490,462	3,367,653	3,490,462
Due from Other Funds	15,404	4,754	15,404	4,754
Taxes Receivable	12,122,065	12,104,662	12,122,065	12,104,662
Allowance for Uncollectible Taxes	(218,427)	(356,656)	(218,427)	(356,656)
Total Assets	<u>\$ 20,978,771</u>	<u>\$ 146,112,124</u>	<u>\$ 146,760,819</u>	<u>\$ 20,330,076</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,036	\$ 29,263	\$ 1,036	\$ 29,263
Payroll Deductions Payable	356,308	78,671,305	78,559,984	467,629
Due to Other Funds	24,801	2,356	24,801	2,356
Due to Other Taxing Units	15,211,152	46,641,380	46,615,303	15,237,229
Due to Litigants, Heirs, and Others	4,187,059	20,461,884	21,146,302	3,502,641
Due to Joint Ventures	1,177,515	270,625	392,493	1,055,647
Other Current Liabilities	20,900	35,311	20,900	35,311
Total Liabilities	<u>\$ 20,978,771</u>	<u>\$ 146,112,124</u>	<u>\$ 146,760,819</u>	<u>\$ 20,330,076</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, three Special Revenue Funds, and a Capital Projects Fund.

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for construction projects funded by the Qualified School Construction bonds issued by the primary government and contributed to the School Department.

Exhibit J-1

Blount County, Tennessee
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 55,078,517	\$ 39,500	\$ 7,114,998	\$ 0	\$ (47,924,019)
Support Services	31,405,663	3,344,310	51,759	12,542,064	(15,467,530)
Operation of Non-Instructional Services	7,537,221	0	3,433,884	0	(4,103,337)
Total Governmental Activities	\$ 94,021,401	\$ 3,383,810	\$ 10,600,641	\$ 12,542,064	\$ (67,494,886)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 19,886,316
Local Option Sales Taxes					9,921,960
Business Taxes					412,569
Other Local Taxes					5,101
Grants and Contributions Not Restricted for Specific Programs					48,001,021
Unrestricted Investment Income					121,567
Miscellaneous					11,853
Total General Revenues					\$ 78,360,387
Change in Net Assets					\$ 10,865,501
Net Assets, July 1, 2010					131,799,378
Prior-period Adjustment					2,765,910
Net Assets, June 30, 2011					\$ 145,430,789

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2011

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,770,391	\$ 2,770,391
Equity in Pooled Cash and Investments	7,187,698	1,566,550	8,754,248
Accounts Receivable	77,564	54,971	132,535
Due from Other Governments	3,296,089	659,543	3,955,632
Due from Other Funds	79,420	11,485	90,905
Due from Primary Government	55,040	0	55,040
Property Taxes Receivable	20,397,184	0	20,397,184
Allowance for Uncollectible Property Taxes	(600,990)	0	(600,990)
Total Assets	<u>\$ 30,492,005</u>	<u>\$ 5,062,940</u>	<u>\$ 35,554,945</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 487,629	\$ 243,796	\$ 731,425
Accrued Payroll	3,677,203	499,978	4,177,181
Payroll Deductions Payable	350,820	42,566	393,386
Contracts Payable	0	227,629	227,629
Retainage Payable	0	11,635	11,635
Due to Other Funds	0	90,905	90,905
Due to Primary Government	757,822	106,001	863,823
Other Current Liabilities	601,585	70,950	672,535
Deferred Revenue - Current Property Taxes	19,222,873	0	19,222,873
Deferred Revenue - Delinquent Property Taxes	518,602	0	518,602
Total Liabilities	<u>\$ 25,616,534</u>	<u>\$ 1,293,460</u>	<u>\$ 26,909,994</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 8,005	\$ 856,513	\$ 864,518
Restricted for Capital Projects	0	2,359,786	2,359,786
Committed:			
Committed for Education	0	553,181	553,181
Assigned:			
Assigned for Education	218,183	0	218,183
Unassigned	4,649,283	0	4,649,283
Total Fund Balances	<u>\$ 4,875,471</u>	<u>\$ 3,769,480</u>	<u>\$ 8,644,951</u>
Total Liabilities and Fund Balances	<u>\$ 30,492,005</u>	<u>\$ 5,062,940</u>	<u>\$ 35,554,945</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, 2011

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)		\$	8,644,951
(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		12,523,027	
Add: buildings and improvements net of accumulated depreciation		114,165,021	
Add: other capital assets net of accumulated depreciation		<u>1,974,202</u>	138,613,309
(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	\$	(2,156,720)	
Less: other postemployment benefits liability		(63,349)	
Less: accrued interest on capital leases		(77,661)	
Less: compensated absences payable		<u>(48,343)</u>	(2,346,073)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>518,602</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 145,430,789</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, 2011

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 30,531,112	\$ 0	\$ 30,531,112
Licenses and Permits	5,568	0	5,568
Charges for Current Services	39,500	3,314,377	3,353,877
Other Local Revenues	346,943	22,470	369,413
State of Tennessee	46,925,061	254,599	47,179,660
Federal Government	564,976	10,657,711	11,222,687
Other Governments and Citizens Groups	0	9,547,703	9,547,703
Total Revenues	<u>\$ 78,413,160</u>	<u>\$ 23,796,860</u>	<u>\$ 102,210,020</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 49,867,598	\$ 5,365,059	\$ 55,232,657
Support Services	25,399,256	1,992,764	27,392,020
Operation of Non-Instructional Services	576,320	6,790,194	7,366,514
Capital Outlay	95,961	0	95,961
Debt Service:			
Principal on Debt	144,040	0	144,040
Interest on Debt	124,273	0	124,273
Capital Projects	0	7,198,809	7,198,809
Total Expenditures	<u>\$ 76,207,448</u>	<u>\$ 21,346,826</u>	<u>\$ 97,554,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,205,712</u>	<u>\$ 2,450,034</u>	<u>\$ 4,655,746</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 64,290	\$ 0	\$ 64,290
Transfers Out	0	(64,290)	(64,290)
Total Other Financing Sources (Uses)	<u>\$ 64,290</u>	<u>\$ (64,290)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,270,002	\$ 2,385,744	\$ 4,655,746
Fund Balance, July 1, 2010	2,605,469	1,383,736	3,989,205
Fund Balance, June 30, 2011	<u>\$ 4,875,471</u>	<u>\$ 3,769,480</u>	<u>\$ 8,644,951</u>

Exhibit J-5

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2011

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)		\$ 4,655,746
(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	\$ 6,832,343	
Less: current-year depreciation expense	<u>(3,452,993)</u>	3,379,350
(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.	\$ 2,994,361	
Less: book value of assets disposed.	<u>(185,135)</u>	2,809,226
(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, 2011	\$ 518,602	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(836,081)</u>	(317,479)
(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		144,040
(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	\$ 5,188	
Change in other postemployment benefits liability	188,824	
Change in compensated absences payable	<u>606</u>	<u>194,618</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 10,865,501</u>

Exhibit J-6

Blount County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Blount County School Department
 June 30, 2011

ASSETS

	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,770,391
Equity in Pooled Cash and Investments	238,036	975,540	352,974	1,566,550	0	1,566,550
Accounts Receivable	0	682	54,289	54,971	0	54,971
Due from Other Governments	646,606	1,700	11,237	659,543	0	659,543
Due from Other Funds	0	11,485	0	11,485	0	11,485
Total Assets	\$ 884,642	\$ 989,407	\$ 418,500	\$ 2,292,549	\$ 2,770,391	\$ 5,062,940

LIABILITIES AND FUND BALANCES

	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total	
Liabilities	\$ 41,022	\$ 12,003	\$ 19,430	\$ 72,455	\$ 171,341	\$ 243,796
Accounts Payable	367,739	75,379	56,860	499,978	0	499,978
Accrued Payroll	26,065	11,002	5,499	42,566	0	42,566
Payroll Deductions Payable	0	0	0	0	227,629	227,629
Contracts Payable	0	0	0	0	11,635	11,635
Retainage Payable	69,261	1,644	20,000	90,905	0	90,905
Due to Other Funds	65,795	33,289	6,917	106,001	0	106,001
Due to Primary Government	49,861	14,476	6,613	70,950	0	70,950
Other Current Liabilities	\$ 619,743	\$ 147,793	\$ 115,319	\$ 882,855	\$ 410,605	\$ 1,293,460
Total Liabilities	\$ 884,642	\$ 989,407	\$ 418,500	\$ 2,292,549	\$ 2,770,391	\$ 5,062,940
Fund Balances	\$ 14,899	\$ 841,614	\$ 0	\$ 856,513	\$ 0	\$ 856,513
Restricted:	0	0	0	0	2,359,786	2,359,786
Restricted for Education	250,000	0	303,181	553,181	0	553,181
Restricted for Capital Projects	264,899	841,614	303,181	1,409,694	2,359,786	3,769,480
Committed:	\$ 884,642	\$ 989,407	\$ 418,500	\$ 2,292,549	\$ 2,770,391	\$ 5,062,940
Committed for Education						
Total Fund Balances	\$ 884,642	\$ 989,407	\$ 418,500	\$ 2,292,549	\$ 2,770,391	\$ 5,062,940
Total Liabilities and Fund Balances	\$ 884,642	\$ 989,407	\$ 418,500	\$ 2,292,549	\$ 2,770,391	\$ 5,062,940

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, 2011

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects		
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 2,060,782	\$ 1,253,595	\$ 0	\$ 3,314,377	\$ 3,314,377
Other Local Revenues	0	8,594	2,984	10,892	22,470	22,470
State of Tennessee	0	54,728	199,871	0	254,599	254,599
Federal Government	7,426,834	3,230,877	0	0	10,657,711	10,657,711
Other Governments and Citizens Groups	0	0	0	9,547,703	9,547,703	9,547,703
Total Revenues	\$ 7,426,834	\$ 5,354,981	\$ 1,456,450	\$ 9,558,595	\$ 23,796,860	\$ 23,796,860
<u>Expenditures</u>						
Current:						
Instruction	\$ 5,365,059	\$ 0	\$ 0	\$ 0	\$ 5,365,059	\$ 5,365,059
Support Services	1,992,764	0	0	0	1,992,764	1,992,764
Operation of Non-Instructional Services	74,763	5,328,482	1,386,949	0	6,790,194	6,790,194
Capital Projects	0	0	0	7,198,809	7,198,809	7,198,809
Total Expenditures	\$ 7,432,586	\$ 5,328,482	\$ 1,386,949	\$ 7,198,809	\$ 21,346,826	\$ 21,346,826
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,752)	\$ 26,499	\$ 69,501	\$ 2,359,786	\$ 2,450,034	\$ 2,450,034
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (64,290)	\$ 0	\$ 0	\$ 0	\$ (64,290)	\$ (64,290)
Total Other Financing Sources (Uses)	\$ (64,290)	\$ 0	\$ 0	\$ 0	\$ (64,290)	\$ (64,290)
Net Change in Fund Balances	\$ (70,042)	\$ 26,499	\$ 69,501	\$ 2,359,786	\$ 2,385,744	\$ 2,385,744
Fund Balance, July 1, 2010	334,941	815,115	233,680	1,383,736	1,383,736	1,383,736
Fund Balance, June 30, 2011	\$ 264,899	\$ 841,614	\$ 303,181	\$ 2,359,786	\$ 3,769,480	\$ 3,769,480

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
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 30,531,112	\$ 0	\$ 0	\$ 30,531,112	\$ 29,168,000	\$ 29,168,000	\$ 1,363,112
Licenses and Permits	5,568	0	0	5,568	4,700	4,700	868
Charges for Current Services	39,500	0	0	39,500	39,000	39,000	500
Other Local Revenues	346,943	0	0	346,943	423,000	447,635	(100,692)
State of Tennessee	46,925,061	0	0	46,925,061	46,651,300	46,695,240	229,821
Federal Government	564,976	0	0	564,976	355,000	570,014	(5,038)
Total Revenues	\$ 78,413,160	\$ 0	\$ 0	\$ 78,413,160	\$ 76,641,000	\$ 76,924,589	\$ 1,488,571
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 37,658,608	\$ (4,835)	\$ 9,243	\$ 37,663,016	\$ 38,330,000	\$ 38,310,000	\$ 646,984
Alternative Instruction Program	77,736	0	0	77,736	0	77,736	0
Special Education Program	7,308,044	(6,451)	3,271	7,304,864	7,616,000	7,704,000	399,136
Vocational Education Program	3,255,298	(85)	1,337	3,256,550	3,349,600	3,342,600	86,050
Adult Education Program	204,957	0	517	205,474	201,700	219,968	14,494
Other	1,362,955	0	0	1,362,955	1,420,000	1,430,000	67,045
<u>Support Services</u>							
Attendance	147,971	0	0	147,971	157,000	151,500	3,529
Health Services	746,376	(248)	432	746,560	757,400	750,400	3,840
Other Student Support	1,736,995	(25,668)	16,721	1,728,048	1,850,600	1,850,600	122,552
Regular Instruction Program	1,900,919	(1,319)	2,111	1,901,711	1,906,000	1,912,500	10,789
Special Education Program	351,762	(6,912)	4,932	349,782	365,100	365,100	15,318
Vocational Education Program	70,420	0	0	70,420	71,300	71,300	880
Adult Programs	118,190	0	780	118,970	112,100	120,003	1,033

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 99,310	\$ 0	\$ 0	\$ 99,310	\$ 53,100	\$ 106,459	\$ 7,149
Board of Education	1,518,177	(5,233)	2,247	1,515,191	1,151,970	1,511,970	(3,221)
Director of Schools	376,480	(10,141)	11,981	378,320	383,800	383,800	5,480
Office of the Principal	5,116,349	(1,098)	258	5,115,509	5,052,100	5,095,946	(19,563)
Fiscal Services	175,563	0	0	175,563	176,300	176,300	737
Operation of Plant	7,281,270	(42,094)	58,589	7,297,765	7,303,000	7,468,000	170,235
Maintenance of Plant	1,718,054	(25,246)	45,873	1,738,681	1,689,000	1,794,000	55,319
Transportation	3,420,855	(1,730)	11,534	3,430,659	3,308,900	3,464,900	34,241
Central and Other	620,565	(8,657)	7,554	619,462	636,700	670,854	51,392
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	576,320	0	111	576,431	581,000	591,322	14,891
<u>Capital Outlay</u>							
Regular Capital Outlay	95,961	(95,482)	40,692	41,171	0	75,000	33,829
<u>Principal on Debt</u>							
Education	144,040	0	0	144,040	268,330	144,050	10
Interest on Debt							
Education	124,273	0	0	124,273	0	124,280	7
Total Expenditures	\$ 76,207,448	\$ (235,199)	\$ 218,183	\$ 76,190,432	\$ 76,741,000	\$ 77,912,588	\$ 1,722,156
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,205,712	\$ 235,199	\$ (218,183)	\$ 2,222,728	\$ (100,000)	\$ (987,999)	\$ 3,210,727

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 64,290	\$ 0	\$ 0	\$ 64,290	\$ 100,000	\$ 100,000	\$ (35,710)
Total Other Financing Sources (Uses)	\$ 64,290	\$ 0	\$ 0	\$ 64,290	\$ 100,000	\$ 100,000	\$ (35,710)
Net Change in Fund Balance	\$ 2,270,002	\$ 235,199	\$ (218,183)	\$ 2,287,018	\$ 0	\$ (887,999)	\$ 3,175,017
Fund Balance, July 1, 2010	2,605,469	(235,199)	0	2,370,270	2,340,929	2,340,929	29,341
Fund Balance, June 30, 2011	\$ 4,875,471	\$ 0	\$ (218,183)	\$ 4,657,288	\$ 2,340,929	\$ 1,452,930	\$ 3,204,358

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,426,834	\$ 0	\$ 0	\$ 7,426,834	\$ 7,496,003	\$ 9,832,972	\$ (2,406,138)
Total Revenues	\$ 7,426,834	\$ 0	\$ 0	\$ 7,426,834	\$ 7,496,003	\$ 9,832,972	\$ (2,406,138)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,493,902	\$ (445)	\$ 735	\$ 2,494,192	\$ 3,052,600	\$ 2,687,152	\$ 192,960
Special Education Program	2,664,094	(26,720)	26,681	2,664,055	2,815,707	3,750,698	1,086,643
Vocational Education Program	207,063	(889)	2,535	208,709	218,396	227,729	19,020
<u>Support Services</u>							
Other Student Support	75,644	(9,458)	1,218	67,404	344,400	516,023	448,619
Regular Instruction Program	980,583	(383)	6,966	987,166	125,000	1,121,848	134,682
Alternative Instruction Program	6,652	0	1,950	8,602	0	15,000	6,398
Special Education Program	539,345	(1,592)	1,053	538,806	491,900	643,423	104,617
Vocational Education Program	1,397	0	58	1,455	4,000	1,456	1
Transportation	389,143	0	0	389,143	410,000	476,900	87,757
<u>Operation of Non-Instructional Services</u>							
Food Service	74,763	(4,979)	54,272	124,056	0	132,370	8,314
Total Expenditures	\$ 7,432,586	\$ (44,466)	\$ 95,468	\$ 7,483,588	\$ 7,462,003	\$ 9,572,599	\$ 2,089,011
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,752)	\$ 44,466	\$ (95,468)	\$ (56,754)	\$ 34,000	\$ 260,373	\$ (317,127)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,000	\$ 0	\$ 0
Transfers Out	\$ (64,290)	\$ 0	\$ 0	\$ (64,290)	\$ (159,000)	\$ (260,373)	\$ 196,083
Total Other Financing Sources (Uses)	\$ (64,290)	\$ 0	\$ 0	\$ (64,290)	\$ (34,000)	\$ (260,373)	\$ 196,083
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (70,042)	\$ 44,466	\$ (95,468)	\$ (121,044)	\$ 0	\$ 0	\$ (121,044)
	334,941	(44,466)	0	290,475	290,474	290,474	1
Fund Balance, June 30, 2011	\$ 264,899	\$ 0	\$ (95,468)	\$ 169,431	\$ 290,474	\$ 290,474	\$ (121,043)

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,060,782	\$ 0	\$ 0	\$ 2,060,782	\$ 2,259,000	\$ 2,259,000	\$ (198,218)
Other Local Revenues	8,594	0	0	8,594	3,000	3,000	5,594
State of Tennessee	54,728	0	0	54,728	55,000	55,000	(272)
Federal Government	3,230,877	0	0	3,230,877	2,898,000	3,195,517	35,360
Total Revenues	\$ 5,354,981	\$ 0	\$ 0	\$ 5,354,981	\$ 5,215,000	\$ 5,512,517	\$ (157,536)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,328,482	\$ (302,819)	\$ 307,364	\$ 5,333,027	\$ 5,300,000	\$ 5,597,517	\$ 264,490
Total Expenditures	\$ 5,328,482	\$ (302,819)	\$ 307,364	\$ 5,333,027	\$ 5,300,000	\$ 5,597,517	\$ 264,490
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,499	\$ 302,819	\$ (307,364)	\$ 21,954	\$ (85,000)	\$ (85,000)	\$ 106,954
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	\$ 85,000	\$ (85,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	\$ 85,000	\$ (85,000)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 26,499	\$ 302,819	\$ (307,364)	\$ 21,954	\$ 0	\$ 0	\$ 21,954
	815,115	(302,819)	0	512,296	512,102	512,102	194
Fund Balance, June 30, 2011	\$ 841,614	\$ 0	\$ (307,364)	\$ 534,250	\$ 512,102	\$ 512,102	\$ 22,148

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,253,595 \$	0 \$	0 \$	1,253,595 \$	1,489,000 \$	1,489,000 \$	(235,405)
Other Local Revenues	2,984	0	0	2,984	8,000	8,000	(5,016)
State of Tennessee	199,871	0	0	199,871	163,000	175,000	24,871
Total Revenues	\$ 1,456,450 \$	0 \$	0 \$	1,456,450 \$	1,660,000 \$	1,672,000 \$	(215,550)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,386,949 \$	(29,836) \$	25,951 \$	1,383,064 \$	1,693,000 \$	1,705,000 \$	321,936
Total Expenditures	\$ 1,386,949 \$	(29,836) \$	25,951 \$	1,383,064 \$	1,693,000 \$	1,705,000 \$	321,936
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,501 \$	29,836 \$	(25,951) \$	73,386 \$	(33,000) \$	(33,000) \$	106,386
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0 \$	0 \$	0 \$	0 \$	33,000 \$	33,000 \$	(33,000)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	33,000 \$	33,000 \$	(33,000)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 69,501 \$	29,836 \$	(25,951) \$	73,386 \$	0 \$	0 \$	73,386
	233,680	(29,836)	0	203,844	201,686	201,686	2,158
Fund Balance, June 30, 2011	\$ 303,181 \$	0 \$	(25,951) \$	277,230 \$	201,686 \$	201,686 \$	75,544

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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
PRIMARY GOVERNMENT									
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation Capital Outlay Notes Series 2009A (1)	\$ 1,346,260	4.11%	6-29-09	6-1-18	\$ 1,206,260	0 \$	140,000 \$	0 \$	1,066,260
Total Notes Payable					\$ 1,206,260	0 \$	140,000 \$	0 \$	1,066,260
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Library	4,100,000	Variable	12-1-00	6-1-23	\$ 2,000,000	0 \$	300,000 \$	1,700,000 \$	0
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	1,695,000	0	115,000	0	1,580,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	30,680,000	0	1,495,000	0	29,185,000
Refunding (Series E-1-A)	50,500,000	Variable	6-20-08	6-1-37	50,500,000	0	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	2,915,000	0	90,000	0	2,825,000
Refunding (Series E-3-B)	20,165,000	Variable (1)	7-31-08	6-1-31	20,165,000	0	0	0	20,165,000
Refunding (Series E-5-A)	31,175,000	Variable (2)	8-7-08	6-1-30	30,460,000	0	370,000	0	30,090,000
Various Purposes (Series B-18-A)	4,380,000	2.5 to 5	3-2-09	6-1-19	4,330,000	0	80,000	0	4,250,000
Refunding (Series B-18-A)	46,545,000	2.5 to 5 (3)	3-2-09	6-1-11	46,545,000	0	0	46,545,000	0
<u>Tennessee State School Bond Authority</u>									
<u>Loan Agreement</u>									
Qualified Zone Academy Bonds - School Building: Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	514,767	0	208,511	0	306,256
Total Other Loans Payable					\$ 189,804,767	0 \$	2,658,511 \$	48,245,000 \$	138,901,256

(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 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
<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	\$ 5,695,000	\$ 0	\$ 545,000	\$ 0	\$ 5,150,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	4,445,000	0	430,000	0	4,015,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	12,440,000	0	1,180,000	0	11,260,000
Qualified School Construction Bond, Series 2010	14,855,000	2.6	10-7-10	9-14-27	0	14,855,000	0	0	14,855,000
General Obligation Refunding, Series 2011	46,390,000	4.5	5-5-11	6-1-30	0	46,390,000	0	0	46,390,000
Total Bonds Payable					\$ 22,580,000	\$ 61,245,000	\$ 2,155,000	\$ 0	\$ 81,670,000
<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	\$ 252,889	\$ 0	\$ 23,419	\$ 0	\$ 229,470
Motorola Radio System	3,007,000	3.97	9-1-10	9-1-20	0	3,007,000	0	0	3,007,000
Total Capital Leases Payable					\$ 252,889	\$ 3,007,000	\$ 23,419	\$ 0	\$ 3,236,470
<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	\$ 2,300,760	\$ 0	\$ 144,040	\$ 0	\$ 2,156,720
Total Capital Leases Payable					\$ 2,300,760	\$ 0	\$ 144,040	\$ 0	\$ 2,156,720

- (1) 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.
- (2) This loan agreement included refunding of outstanding principal of \$10,000,000 on Series B-4-A, and \$14,000,000 on Series D-1-B, which was 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.
- (3) 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
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	\$ 1,066,260	\$ 174,421	\$ 1,240,681

Year Ending June 30	Other Loans			
	Principal	*Interest	Other Fees	Total
2012	\$ 2,510,501	\$ 4,320,652	\$ 1,139,533	\$ 7,970,686
2013	2,600,501	4,251,263	1,135,184	7,986,948
2014	2,735,501	4,174,482	1,130,835	8,040,818
2015	2,860,501	4,087,275	1,129,459	8,077,235
2016	3,020,501	3,989,005	1,128,138	8,137,644
2017	2,140,501	3,883,510	1,126,817	7,150,828
2018	1,380,501	3,757,620	1,125,496	6,263,617
2019	1,232,749	3,600,897	1,123,899	5,957,545
2020	325,000	3,437,424	1,123,899	4,886,323
2021	345,000	3,208,318	1,123,654	4,676,972
2022	150,000	2,966,513	1,123,654	4,240,167
2023	160,000	2,724,636	1,123,654	4,008,290
2024	8,455,000	2,469,319	1,123,654	12,047,973
2025	8,775,000	2,217,876	1,063,714	12,056,590
2026	9,105,000	1,929,921	1,003,774	12,038,695
2027	9,435,000	1,625,516	943,834	12,004,350
2028	9,900,000	1,319,781	890,049	12,109,830
2029	3,960,000	1,112,601	774,714	5,847,315
2030	8,645,000	928,243	733,427	10,306,670
2031	12,665,000	586,299	635,355	13,886,654
2032	7,100,000	188,000	486,850	7,774,850
2033	7,550,000	157,650	416,230	8,123,880
2034	7,900,000	31,850	340,795	8,272,645
2035	8,250,000	24,450	261,615	8,536,065
2036	8,650,000	16,700	178,690	8,845,390
2037	9,050,000	8,550	91,485	9,150,035
Total	\$ 138,901,256	\$ 57,018,351	\$ 22,478,408	\$ 218,398,015

(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
2012	\$ 3,302,441	\$ 3,644,373	\$ 6,946,814
2013	3,531,929	3,506,979	7,038,908
2014	3,606,929	3,414,004	7,020,933
2015	3,786,929	3,322,095	7,109,024
2016	3,886,929	3,201,345	7,088,274
2017	4,526,929	3,076,528	7,603,457
2018	5,426,929	2,927,140	8,354,069
2019	6,011,929	2,763,588	8,775,517
2020	7,166,929	2,580,635	9,747,564
2021	7,411,929	2,331,035	9,742,964
2022	8,001,929	2,006,785	10,008,714
2023	8,351,929	1,653,035	10,004,964
2024	1,036,929	1,281,785	2,318,714
2025	1,041,929	1,277,385	2,319,314
2026	1,071,929	1,272,785	2,344,714
2027	1,108,173	1,266,621	2,374,794
2028	1,622,380	613,464	2,235,844
2029	7,595,000	475,382	8,070,382
2030	3,180,000	143,100	3,323,100
Total	\$ 81,670,000	\$ 40,758,064	\$ 122,428,064

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 275,278	\$ 129,704	\$ 404,982
2013	286,336	118,646	404,982
2014	297,839	107,143	404,982
2015	309,805	95,177	404,982
2016	322,252	82,730	404,982
2017	335,200	69,781	404,981
2018	348,670	56,312	404,982
2019	362,591	41,177	403,768
2020	342,452	27,730	370,182
2021	356,047	14,135	370,182
Total	\$ 3,236,470	\$ 742,535	\$ 3,979,005

(Continued)

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.)

DISCRETELY PRESENTED BLOUNT
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
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	\$ 2,156,720	\$ 647,333	\$ 2,804,053

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2011

<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 6-30-11</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%	\$ 613,929
Motorola Radio System	The City of Maryville, Tennessee	918,996	9-1-10	9-1-20	0	918,996
Motorola Radio System	The City of Alcoa, Tennessee	751,735	9-1-10	9-1-20	0	751,735
Total Notes Receivable						<u>\$ 2,284,660</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, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 899,520
General	Other Capital Projects	Capital projects	350,000
General	Other Capital Projects	Capital projects	42,000
Education Capital Projects	Other Capital Projects	Capital projects	5,175,020
Other Capital Projects	General Debt Service	Animal shelter funding	350,000
Self-Insurance	General	Payroll	220,000
Total Transfers Primary Government			<u>\$ 7,036,540</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 64,290
Total Transfers Discretely Presented Blount County School Department			<u>\$ 64,290</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Jerry Cunningham (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 19,749	\$ 50,000	Cincinnati Insurance Company
Ed Mitchell (9-1-10 through 6-30-11)	Section 8-24-102, TCA	91,155	50,000	"
Highway Superintendent	Section 8-24-102, TCA	81,496	100,000	"
Director of Schools	Board of Education	108,750 (1)	50,000	"
Trustee	Section 8-24-102, TCA	73,944	4,121,800	"
Assessor of Property	Section 8-24-102, TCA	73,944	10,000	"
Director of Accounts and Budgets	County Commission	87,158 (2)	25,000	"
County Clerk	Section 8-24-102, TCA	73,944	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	73,944	50,000	"
Clerk and Master Register:	Section 8-24-102, TCA	73,944	55,000	"
Penny Whaley (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,324	25,000	"
Phyllis Crisp (9-1-10 through 6-30-11)	Section 8-24-102, TCA	61,620	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	98,396 (3)	25,000	"
Purchasing Agent	County Commission	50,176	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 a chief executive officer training supplement of \$1,000.

(2) Includes \$13,214 for serving as assistant county mayor.

(3) Includes \$8,150 for serving as director of the Juvenile Detention Center, a law enforcement training supplement of \$600, and \$8,150 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, 2011

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 19,663,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(282,253)	0	0	0	0	0	0
Trustee's Collections - Prior Year	953,351	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	270,500	0	0	0	0	0	0
Interest and Penalty	214,720	0	0	0	0	0	0
Pick-up Taxes	417,507	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	180,810	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	617,892	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	1,375,369	0	0	0	0	0	0
Litigation Tax - General	356,439	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	8,773	8,775	0	0	0	0
Business Tax	417,511	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	35,093	0	0	0	0	0	0
Wholesale Beer Tax	245,071	0	0	0	0	0	0
Interstate Telecommunications Tax	5,117	0	0	0	0	0	0
Total Local Taxes	\$ 24,471,115	\$ 8,773	\$ 8,775	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 632,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Building Permits	159,878	0	0	0	0	0	0
Other Permits	830	0	0	0	0	0	0
Total Licenses and Permits	\$ 793,621	\$ 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						
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 5,078	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	1,236	0	0	0
Drug Court Fees	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	1,383	0	1,383
DUI Treatment Fines	0	0	0	0	0	0	0
<u>Criminal Court</u>							
Fines	4,303	0	0	0	0	0	0
Officers Costs	35,147	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	75,015	0	0	0	0	0	0
Officers Costs	563,760	0	0	0	0	0	0
Game and Fish Fines	434	0	0	0	0	0	0
Drug Control Fines	0	0	0	16,959	0	0	0
Jail Fees	39,366	0	0	0	0	0	0
District Attorney General Fees	52,502	0	0	0	0	0	17,093
DUI Treatment Fines	0	0	0	0	0	0	0
Courtroom Security Fee	23,891	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,685	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	625	0	0	115,519	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 804,806	\$ 0	\$ 0	\$ 133,714	\$ 18,476	\$ 0	\$ 18,476
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other General Service Charges	\$ 142,493	\$ 0	\$ 5,430	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>							
Copy Fees	4,715	0	22,090	0	0	0	0
Library Fees	0	0	90,270	0	0	0	0
Telephone Commissions	107,376	0	0	107,376	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Register	41,062	0	0	0	0	0	0
Probation Fees	553,998	0	0	0	0	0	0
Data Processing Fee - County Clerk	13,322	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	1,840	0	0	0	0	0	0
Total Charges for Current Services	\$ 864,806	\$ 0	\$ 117,790	\$ 107,376	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 99,376	\$ 0	\$ 10,544	\$ 18,484	\$ 0	\$ 0	\$ 1,318
Lease/Rentals	1	0	0	0	0	0	0
Sale of Materials and Supplies	304	0	0	0	0	0	0
Commissary Sales	468,665	0	0	0	0	0	0
Sale of Maps	61	0	0	0	0	0	0
Sale of Recycled Materials	3,610	0	0	0	0	0	0
Miscellaneous Refunds	668	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	53,406	0	0	11,809	0	0	0
Sale of Property	0	0	0	0	0	0	0
Contributions and Gifts	1,175	0	2,895	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	394,292	0	142,234	0	0	0	0
Total Other Local Revenues	\$ 1,021,558	\$ 0	\$ 155,673	\$ 30,293	\$ 0	\$ 0	\$ 1,318
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 1,447,185	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	398,772	0	0	0	0	0	0
General Sessions Court Clerk	1,832,547	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						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees-in-Lieu-of Salary (Cont.)</u>							
Clerk and Master	\$ 425,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Register	593,771	0	0	0	0	0	0
Sheriff	32,396	0	0	0	0	0	0
Trustee	1,878,278	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,608,249	\$ 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
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	85,200	0	0	0	0	0	0
Health and Welfare Grants	769,062	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	47,063	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	408,199	0	0	0	0	0	0
Beer Tax	18,724	0	0	0	0	0	0
Alcoholic Beverage Tax	139,460	0	0	0	0	0	0
Mixed Drink Tax	77,593	0	0	0	0	0	0
Contracted Prisoner Boarding	1,309,195	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	99,690	0	0	0	0	0	0
Other State Revenues	10,340	0	0	0	0	0	0
Total State of Tennessee	\$ 2,988,690	\$ 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
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	General	General	General	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants								
ARRA Grant # 1	0	0	0	0	0	0	0	0
ARRA Grant # 2	0	0	0	0	0	0	0	0
ARRA Grant # 3	0	0	0	0	0	0	0	0
ARRA Grant # 4	31,644	0	0	0	0	0	0	0
Other Federal through State	158,417	0	1,520	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Asset Forfeiture Funds	1,810	0	0	0	0	0	0	0
Public Safety Partnership and Community Policing - COPS	187,000	0	0	0	0	0	0	0
Tax Credit Bond Rebate	316,075	0	0	0	0	0	0	0
Other Direct Federal Revenue	2,262,415	0	0	0	0	0	0	0
Total Federal Government	\$ 3,242,965	\$ 0	\$ 1,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	13,440	0	0	0	0	0	0	0
Contributions	205,955	0	899,521	0	0	0	0	0
Contracted Services	4,350	0	0	0	0	0	0	0
<u>Citizens Groups</u>								
Donations	32,863	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 256,608	\$ 0	\$ 899,521	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 41,052,418	\$ 8,773	\$ 1,174,504	\$ 271,383	\$ 8,775	\$ 1,174,504	\$ 271,383	\$ 19,794

(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	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works	General Debt Service		Other Capital Projects				
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 11,270,888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,934,876	
Discount on Property Taxes	0	0	0	(162,510)	0	0	0	0	(444,763)	
Trustee's Collections - Prior Year	0	0	0	652,320	0	0	0	0	1,605,671	
Circuit/Clerk & Master Collections - Prior Years	0	0	0	155,743	0	0	0	0	426,243	
Interest and Penalty	0	0	0	137,421	0	0	0	0	352,141	
Pick-up Taxes	0	0	0	259,675	0	0	0	0	677,182	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	112,000	0	0	0	0	292,810	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	0	617,892	
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	2,353,926	0	0	0	0	0	2,353,926	
Hotel/Motel Tax	0	0	0	343,842	0	0	0	0	1,719,211	
Litigation Tax - General	45,922	0	0	0	0	0	0	0	402,361	
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	0	17,548	
Business Tax	0	0	0	253,042	0	0	0	0	670,553	
Mineral Severance Tax	0	0	59,014	0	0	0	0	0	59,014	
<u>Statutory Local Taxes</u>										
Bank Excise Tax	0	0	0	0	0	0	0	0	35,093	
Wholesale Beer Tax	0	0	0	0	0	0	0	0	245,071	
Interstate Telecommunications Tax	0	0	0	0	0	0	0	0	5,117	
Total Local Taxes	\$ 45,922	\$ 0	\$ 2,412,940	\$ 13,022,421	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,969,946	
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 632,913	
<u>Permits</u>										
Building Permits	0	0	0	0	0	0	0	0	159,878	
Other Permits	0	0	218,674	0	0	0	0	0	219,504	
Total Licenses and Permits	\$ 0	\$ 0	\$ 218,674	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,012,295	

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Highway/ Public Works	Debt Service Fund		Capital Projects Fund		Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers - Fees	General	Debt Service		Other Capital Projects	Endowment				
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,078
Drug Control Fines	0	0	0	0	0	0	0	0	0	0	1,236
Drug Court Fees	24,370	0	0	0	0	0	0	0	0	0	24,370
District Attorney General Fees	0	0	0	0	0	0	0	0	0	0	1,383
DUI Treatment Fines	618	0	0	0	0	0	0	0	0	0	618
<u>Criminal Court</u>											
Fines	0	0	0	0	0	0	0	0	0	0	4,303
Officers Costs	0	0	0	0	0	0	0	0	0	0	35,147
<u>General Sessions Court</u>											
Fines	0	0	0	0	0	0	0	0	0	0	75,015
Officers Costs	0	0	0	0	0	0	0	0	0	0	563,760
Game and Fish Fines	0	0	0	0	0	0	0	0	0	0	434
Drug Control Fines	0	0	0	0	0	0	0	0	0	0	16,959
Jail Fees	0	0	0	0	0	0	0	0	0	0	39,366
District Attorney General Fees	0	0	0	0	0	0	0	0	0	0	69,595
DUI Treatment Fines	16,691	0	0	0	0	0	0	0	0	0	16,691
Courtroom Security Fee	0	0	0	0	0	0	0	0	0	0	23,891
<u>Chancery Court</u>											
Officers Costs	0	0	0	0	0	0	0	0	0	0	4,685
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	0	0	116,144
Total Fines, Forfeitures, and Penalties	\$ 41,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	998,675
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	147,923
<u>Fees</u>											
Copy Fees	0	0	0	0	0	0	0	0	0	0	26,805
Library Fees	0	0	0	0	0	0	0	0	0	0	90,270
Telephone Commissions	0	0	0	0	0	0	0	0	0	0	214,752

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Highway/ Public Works	Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service	Other Capital Projects					
<u>Charges for Current Services (Cont.)</u>									
<u>Fees (Cont.)</u>									
Constitutional Officers' Fees and Commissions	\$ 0	\$ 494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 494
Data Processing Fee - Register	0	0	0	0	0	0	0	0	41,062
Probation Fees	0	0	0	0	0	0	0	0	553,998
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	13,322
<u>Other Charges for Services</u>									
Other Charges for Services	448	0	0	0	0	0	0	0	2,288
Total Charges for Current Services	\$ 448	\$ 494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,090,914
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 2,044	\$ 0	\$ 7,228	\$ 156,940	\$ 0	\$ 6,477	\$ 0	\$ 0	\$ 302,411
Lease/Rentals	0	0	0	28,000	0	0	0	0	28,001
Sale of Materials and Supplies	0	0	0	0	0	0	0	0	304
Commissary Sales	0	0	0	0	0	0	0	0	468,665
Sale of Maps	0	0	0	0	0	0	0	0	61
Sale of Recycled Materials	0	0	0	0	0	0	0	0	3,610
Miscellaneous Refunds	0	0	0	0	0	0	0	0	668
<u>Nonrecurring Items</u>									
Sale of Equipment	0	0	0	0	4,718	0	0	0	69,933
Sale of Property	0	0	0	25,000	0	0	0	0	25,000
Contributions and Gifts	0	0	0	0	0	0	0	0	4,070
<u>Other Local Revenues</u>									
Other Local Revenues	378	0	6,609	0	773,462	0	0	0	1,316,975
Total Other Local Revenues	\$ 2,422	\$ 0	\$ 13,837	\$ 209,940	\$ 778,180	\$ 6,477	\$ 0	\$ 0	\$ 2,219,698
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of-Salary</u>									
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,447,185
Circuit Court Clerk	0	0	0	0	0	0	0	0	398,772
General Sessions Court Clerk	0	0	0	0	0	0	0	0	1,832,547

(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	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service				
<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	\$ 425,300
Register	0	0	0	0	0	0	0	593,771
Sheriff	0	0	0	0	0	0	0	32,396
Trustee	0	0	0	0	0	0	0	1,878,278
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,608,249
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	0	85,200
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	0	769,062
<u>Public Works Grants</u>								
State Aid Program	0	0	336,864	0	0	0	0	336,864
Litter Program	0	0	0	0	0	0	0	47,063
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	408,199
Beer Tax	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	0	139,460
Mixed Drink Tax	0	0	0	0	0	0	0	77,593
Contracted Prisoner Boarding	0	0	0	0	0	0	0	1,309,195
Gasoline and Motor Fuel Tax	0	0	2,486,554	0	0	0	0	2,486,554
Petroleum Special Tax	0	0	85,301	0	0	0	0	85,301
Registrar's Salary Supplement	0	0	0	0	0	0	0	15,164
Other State Grants	54,499	0	0	0	0	0	0	154,189
Other State Revenues	0	0	0	0	0	0	0	10,340
Total State of Tennessee	\$ 54,499	\$ 0	\$ 2,908,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,951,908

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Highway / Public Works	Debt		Capital		Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service	Other Capital Projects		Debt Service Fund	Other Capital Projects Fund	Endowment			
Federal Government											
<u>Federal Through State</u>											
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 285,604
ARRA Grant # 1	0	0	0	0	0	0	285,000	0	0	0	285,000
ARRA Grant # 2	0	0	0	0	0	0	423,980	0	0	0	423,980
ARRA Grant # 3	40,023	0	0	0	0	0	0	0	0	0	40,023
ARRA Grant # 4	0	0	0	0	0	0	0	0	0	0	31,644
Other Federal through State	0	0	0	0	0	0	202,185	0	0	0	362,122
<u>Direct Federal Revenue</u>											
Asset Forfeiture Funds	0	0	0	0	0	0	0	0	0	0	1,810
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	0	0	0	0	187,000
Tax Credit Bond Rebate	0	0	0	0	0	0	0	0	0	0	316,075
Other Direct Federal Revenue	0	0	0	0	0	0	147,000	0	0	0	2,409,415
Total Federal Government	\$ 40,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,058,165	\$ 0	\$ 0	\$ 0	\$ 4,342,673
Other Governments and Citizens Groups											
<u>Other Governments</u>											
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,440
Contributions	0	0	0	0	0	43,500	0	0	0	0	1,148,976
Contracted Services	0	0	0	0	0	49,046	0	0	0	0	53,396
<u>Citizens Groups</u>											
Donations	0	0	0	0	0	0	205,679	0	0	0	238,542
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 92,546	\$ 205,679	\$ 0	\$ 0	\$ 0	\$ 1,454,354
Total	\$ 184,993	\$ 494	\$ 5,554,170	\$ 13,324,907	\$ 2,042,024	\$ 6,477	\$ 63,648,712				

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 18,632,382	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,632,382
Discount on Property Taxes	(268,384)	0	0	0	0	(268,384)
Trustee's Collections - Prior Year	827,308	0	0	0	0	827,308
Circuit/Clerk & Master Collections - Prior Years	257,610	0	0	0	0	257,610
Interest and Penalty	180,967	0	0	0	0	180,967
Pick-up Taxes	378,330	0	0	0	0	378,330
Payments in-Lieu-of Taxes - T.V.A.	13,279	0	0	0	0	13,279
Payments in-Lieu-of Taxes - Local Utilities	155,790	0	0	0	0	155,790
Payments in-Lieu-of Taxes - Other	14,200	0	0	0	0	14,200
<u>County Local Option Taxes</u>						
Local Option Sales Tax	9,921,960	0	0	0	0	9,921,960
Business Tax	412,569	0	0	0	0	412,569
Other County Local Option Taxes	5,101	0	0	0	0	5,101
Total Local Taxes	\$ 30,531,112	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,531,112
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	5,568	0	0	0	0	5,568
Total Licenses and Permits	\$ 5,568	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,568
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Contract for Instructional Services with Other LEAs	39,500	0	0	0	0	39,500
Receipts from Individual Schools	0	0	2,060,782	0	0	2,060,782
Community Service Fees - Children	0	0	0	1,253,595	0	1,253,595
Total Charges for Current Services	\$ 39,500	\$ 0	\$ 2,060,782	\$ 1,253,595	\$ 0	\$ 3,353,877
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	101,593	0	6,744	2,338	10,892	121,567
Lease/Rentals	29,933	0	0	0	0	29,933
Refund of Telecommunication & Internet Fees (E-Rate)	44,216	0	0	0	0	44,216

(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	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	2,594 \$	0 \$	1,706 \$	0 \$	0 \$	4,300
Damages Recovered from Individuals	7,553	0	0	0	0	7,553
Contributions and Gifts	50,825	0	0	0	0	50,825
<u>Other Local Revenues</u>						
Other Local Revenues	110,229	0	144	646	0	111,019
Total Other Local Revenues	\$ 346,943 \$	0 \$	8,594 \$	2,984 \$	10,892 \$	369,413
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	51,759 \$	0 \$	0 \$	0 \$	0 \$	51,759
<u>State Education Funds</u>						
Basic Education Program	39,648,548	0	0	0	0	39,648,548
Basic Education Program - ARRA	4,226,451	0	0	0	0	4,226,451
Early Childhood Education	576,312	0	0	0	0	576,312
School Food Service	0	0	54,728	0	0	54,728
Other State Education Funds	84,033	0	0	199,871	0	283,904
Coordinated School Health - ARRA	125,000	0	0	0	0	125,000
Internet Connectivity - ARRA	34,154	0	0	0	0	34,154
Family Resource Centers - ARRA	66,600	0	0	0	0	66,600
Statewide Student Management System (SSMS) - ARRA	22,529	0	0	0	0	22,529
Career Ladder Program	410,927	0	0	0	0	410,927
Career Ladder - Extended Contract - ARRA	273,884	0	0	0	0	273,884
<u>Other State Revenues</u>						
Mixed Drink Tax	48,663	0	0	0	0	48,663
State Revenue Sharing - T.V.A.	1,326,878	0	0	0	0	1,326,878
Safe Schools - ARRA	29,267	0	0	0	0	29,267
Other State Revenues	56	0	0	0	0	56
Total State of Tennessee	\$ 46,925,061 \$	0 \$	54,728 \$	199,871 \$	0 \$	47,179,660
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	0 \$	0 \$	2,140,242 \$	0 \$	0 \$	2,140,242
USDA - Commodities	0	0	297,517	0	0	297,517

(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	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Breakfast	\$ 0	\$ 0	\$ 773,887	\$ 0	\$ 0	\$ 773,887
Adult Education State Grant Program	167,510	0	0	0	0	167,510
Vocational Education - Basic Grants to States	0	221,974	0	0	0	221,974
Title I Grants to Local Education Agencies	0	2,503,429	0	0	0	2,503,429
Innovative Education Program Strategies	0	7,390	0	0	0	7,390
Special Education - Grants to States	190,136	3,499,461	0	0	0	3,689,597
English Language Acquisition Grants	0	22,516	0	0	0	22,516
Eisenhower Professional Development State Grants	0	528,118	0	0	0	528,118
ARRA Grant # A	77,736	0	0	0	0	77,736
Race to the Top - ARRA	0	497,522	0	0	0	497,522
Other Federal through State	0	146,424	19,231	0	0	165,655
Direct Federal Revenue	129,594	0	0	0	0	129,594
ROTC Reimbursement	564,976	7,426,834	3,230,877	0	0	11,222,687
Total Federal Government						
<u>Other Governments and Citizens Groups</u>						
Other Governments						
Contributions	0	0	0	0	9,547,703	9,547,703
Total Other Governments and Citizens Groups	0	0	0	0	9,547,703	9,547,703
Total	\$ 78,413,160	\$ 7,426,834	\$ 5,354,981	\$ 1,456,450	\$ 9,558,595	\$ 102,210,020

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Clerical Personnel	\$	41,107	
Temporary Personnel		4,098	
Board and Committee Members Fees		101,394	
Social Security		8,741	
State Retirement		4,762	
Employee and Dependent Insurance		6,597	
Life Insurance		207	
Medical Insurance		5,100	
Dental Insurance		300	
Unemployment Compensation		89	
Employer Medicare		2,105	
Dues and Memberships		6,183	
Operating Lease Payments		1,729	
Legal Notices, Recording, and Court Costs		2,106	
Printing, Stationery, and Forms		447	
Travel		7,422	
Tuition		2,940	
Other Contracted Services		4,050	
Data Processing Supplies		102	
Duplicating Supplies		385	
Office Supplies		301	
Periodicals		146	
Other Supplies and Materials		625	
Workers' Compensation Insurance		236	
Total County Commission			\$ 201,172

Board of Equalization

Board and Committee Members Fees	\$	7,590	
Social Security		471	
Unemployment Compensation		61	
Employer Medicare		110	
Other Supplies and Materials		740	
Workers' Compensation Insurance		12	
Total Board of Equalization			8,984

Beer Board

Legal Notices, Recording, and Court Costs	\$	201	
Total Beer Board			201

(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

Legal Notices, Recording, and Court Costs	\$ 250	
Total Budget and Finance Committee		\$ 250

County Mayor/Executive

County Official/Administrative Officer	\$ 110,904	
Assistant(s)	13,214	
Clerical Personnel	42,300	
Social Security	9,816	
State Retirement	8,723	
Employee and Dependent Insurance	7,700	
Life Insurance	476	
Medical Insurance	6,617	
Dental Insurance	614	
Unemployment Compensation	72	
Employer Medicare	2,296	
Maintenance and Repair Services - Office Equipment	283	
Gasoline	1,542	
Office Supplies	644	
Periodicals	100	
Other Supplies and Materials	237	
Workers' Compensation Insurance	262	
Other Charges	1,702	
Total County Mayor/Executive		207,502

Personnel Office

Supervisor/Director	\$ 48,563
Clerical Personnel	42,452
Social Security	5,360
State Retirement	10,549
Employee and Dependent Insurance	10,139
Life Insurance	394
Medical Insurance	8,250
Dental Insurance	485
Unemployment Compensation	133
Employer Medicare	1,253
Advertising	331
Dues and Memberships	70
Legal Services	1,257
Travel	605
Tuition	514

(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.)

Office Supplies	\$	798	
Workers' Compensation Insurance		172	
Other Charges		3,892	
Total Personnel Office			\$ 135,217

Election Commission

County Official/Administrative Officer	\$	66,550	
Clerical Personnel		62,206	
Custodial Personnel		975	
Temporary Personnel		41,388	
Other Salaries and Wages		16,000	
Election Commission		25,450	
Election Workers		72,181	
In-Service Training		5,880	
Social Security		12,185	
State Retirement		14,358	
Life Insurance		563	
Medical Insurance		14,450	
Dental Insurance		850	
Unemployment Compensation		677	
Employer Medicare		3,204	
Dues and Memberships		250	
Operating Lease Payments		1,319	
Legal Notices, Recording, and Court Costs		5,895	
Printing, Stationery, and Forms		1,968	
Rentals		1,170	
Travel		4,278	
Tuition		2,545	
Other Contracted Services		42,722	
Office Supplies		1,943	
Workers' Compensation Insurance		583	
Other Charges		12	
Furniture and Fixtures		816	
Total Election Commission			400,418

Register of Deeds

County Official/Administrative Officer	\$	73,944
Clerical Personnel		253,257
Part-time Personnel		13,899
Social Security		20,458

(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 (Cont.)

State Retirement	\$ 39,478	
Employee and Dependent Insurance	23,650	
Life Insurance	1,612	
Medical Insurance	43,775	
Dental Insurance	2,575	
Unemployment Compensation	591	
Employer Medicare	4,785	
Dues and Memberships	882	
Operating Lease Payments	6,188	
Maintenance and Repair Services - Office Equipment	154	
Travel	2,696	
Tuition	825	
Other Contracted Services	1,125	
Data Processing Supplies	1,675	
Duplicating Supplies	2,342	
Office Supplies	1,379	
Other Supplies and Materials	507	
Workers' Compensation Insurance	557	
Data Processing Equipment	45,135	
Total Register of Deeds	\$ 541,489	

Planning

Assistant(s)	\$ 78,486
Supervisor/Director	70,086
Social Security	9,049
State Retirement	17,220
Employee and Dependent Insurance	6,600
Life Insurance	606
Medical Insurance	14,320
Dental Insurance	842
Unemployment Compensation	202
Employer Medicare	2,116
Dues and Memberships	2,163
Operating Lease Payments	1,896
Legal Notices, Recording, and Court Costs	1,043
Travel	780
Tuition	200
Duplicating Supplies	144
Food Supplies	32
Gasoline	440

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Office Supplies	\$ 596	
Workers' Compensation Insurance	224	
Total Planning	\$ 207,045	

Building

Supervisor/Director	\$ 46,704	
Clerical Personnel	9,706	
Social Security	3,456	
State Retirement	6,538	
Employee and Dependent Insurance	2,204	
Life Insurance	286	
Medical Insurance	6,803	
Dental Insurance	400	
Unemployment Compensation	96	
Employer Medicare	808	
Legal Notices, Recording, and Court Costs	1,513	
Travel	1,277	
Other Contracted Services	1,875	
Office Supplies	167	
Workers' Compensation Insurance	85	
Other Charges	200	
Total Building	82,118	

Engineering

Supervisor/Director	\$ 61,938
Deputy(ies)	29,620
Clerical Personnel	9,681
Social Security	6,128
State Retirement	11,734
Employee and Dependent Insurance	8,798
Life Insurance	449
Medical Insurance	11,474
Dental Insurance	675
Unemployment Compensation	168
Employer Medicare	1,433
Advertising	400
Dues and Memberships	3,460
Maintenance and Repair Services - Vehicles	358
Printing, Stationery, and Forms	1,785
Tuition	125

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Other Contracted Services	\$	10,000	
Gasoline		1,896	
Office Supplies		189	
Workers' Compensation Insurance		156	
Other Charges		957	
Furniture and Fixtures		766	
Total Engineering			\$ 162,190

Codes Compliance

Supervisor/Director	\$	50,410	
Clerical Personnel		9,380	
Other Salaries and Wages		66,303	
Social Security		7,522	
State Retirement		14,765	
Employee and Dependent Insurance		15,398	
Life Insurance		633	
Medical Insurance		16,998	
Dental Insurance		1,000	
Unemployment Compensation		240	
Employer Medicare		1,759	
Dues and Memberships		755	
Legal Notices, Recording, and Court Costs		28	
Printing, Stationery, and Forms		27	
Travel		432	
Tuition		1,271	
Other Contracted Services		320	
Duplicating Supplies		591	
Gasoline		5,875	
Office Supplies		927	
Textbooks		261	
Other Supplies and Materials		213	
Workers' Compensation Insurance		200	
Other Charges		1,961	
Furniture and Fixtures		2,688	
Total Codes Compliance			199,957

County Buildings

Supervisor/Director	\$	60,403
Clerical Personnel		24,645
Custodial Personnel		148,831

(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.)

Maintenance Personnel	\$ 115,013	
Part-time Personnel	33,810	
Bonus Payments	3,114	
Social Security	23,206	
State Retirement	41,286	
Employee and Dependent Insurance	44,550	
Life Insurance	1,722	
Medical Insurance	62,900	
Dental Insurance	3,700	
Unemployment Compensation	1,143	
Employer Medicare	5,427	
Communication	100	
Maintenance Agreements	40,249	
Maintenance and Repair Services - Buildings	37,563	
Maintenance and Repair Services - Equipment	75,616	
Maintenance and Repair Services - Office Equipment	831	
Maintenance and Repair Services - Vehicles	225	
Pest Control	3,630	
Permits	1,555	
Other Contracted Services	1,531	
Custodial Supplies	43,016	
Equipment and Machinery Parts	215	
Gasoline	6,190	
Natural Gas	74,345	
Office Supplies	421	
Periodicals	117	
Uniforms	2,002	
Utilities	587,192	
Other Supplies and Materials	7,060	
Workers' Compensation Insurance	663	
Maintenance Equipment	11	
Total County Buildings		\$ 1,452,282

Other General Administration

Audit Services	\$ 31,747
Communication	164,685
Legal Services	45,765
Legal Notices, Recording, and Court Costs	1,010,161
Postal Charges	179,492
Other Contracted Services	98,343

(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.)

Utilities	\$ 8,134	
Liability Insurance	682,345	
Premiums on Corporate Surety Bonds	10,805	
Other Charges	<u>39,559</u>	
Total Other General Administration		\$ 2,271,036

Preservation of Records

Other Salaries and Wages	\$ 64,496	
Social Security	3,705	
State Retirement	7,475	
Employee and Dependent Insurance	13,200	
Life Insurance	323	
Medical Insurance	10,200	
Dental Insurance	600	
Unemployment Compensation	144	
Employer Medicare	866	
Communication	1,511	
Dues and Memberships	20	
Operating Lease Payments	710	
Travel	535	
Tuition	800	
Other Contracted Services	3,595	
Office Supplies	1,109	
Utilities	5,500	
Other Supplies and Materials	6,867	
Workers' Compensation Insurance	<u>97</u>	
Total Preservation of Records		121,753

Risk Management

Other Salaries and Wages	\$ 147,859
Social Security	8,767
State Retirement	17,291
Employee and Dependent Insurance	14,061
Life Insurance	687
Medical Insurance	13,425
Dental Insurance	940
Unemployment Compensation	216
Employer Medicare	2,050
Communication	122
Dues and Memberships	136

(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.)

Operating Lease Payments	\$	2,944	
Legal Services		262	
Maintenance and Repair Services - Vehicles		2,109	
Travel		635	
Tuition		875	
Gasoline		3,212	
Office Supplies		413	
Other Supplies and Materials		1,793	
Workers' Compensation Insurance		246	
Other Charges		914	
Furniture and Fixtures		58	
Total Risk Management			\$ 219,015

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	73,944	
Accountants/Bookkeepers		433,336	
Social Security		30,496	
State Retirement		58,491	
Employee and Dependent Insurance		26,400	
Life Insurance		2,263	
Medical Insurance		54,158	
Dental Insurance		3,186	
Unemployment Compensation		786	
Employer Medicare		7,132	
Dues and Memberships		688	
Operating Lease Payments		5,874	
Printing, Stationery, and Forms		1,214	
Travel		505	
Tuition		690	
Gasoline		297	
Office Supplies		702	
Workers' Compensation Insurance		804	
Other Charges		1,245	
Total Accounting and Budgeting			702,211

Purchasing

County Official/Administrative Officer	\$	50,176
Purchasing Personnel		126,762
Social Security		10,215

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

State Retirement	\$	20,630	
Employee and Dependent Insurance		28,875	
Life Insurance		895	
Medical Insurance		27,200	
Dental Insurance		1,600	
Unemployment Compensation		360	
Employer Medicare		2,389	
Dues and Memberships		175	
Operating Lease Payments		1,779	
Legal Notices, Recording, and Court Costs		2,517	
Printing, Stationery, and Forms		1,900	
Travel		871	
Tuition		20	
Data Processing Supplies		200	
Duplicating Supplies		150	
Office Supplies		624	
Other Supplies and Materials		173	
Workers' Compensation Insurance		341	
Total Purchasing			\$ 277,852

Property Assessor's Office

County Official/Administrative Officer	\$	73,944
Assistant(s)		282,782
Clerical Personnel		180,597
Social Security		32,237
State Retirement		62,276
Employee and Dependent Insurance		47,850
Life Insurance		2,586
Medical Insurance		61,200
Dental Insurance		3,900
Unemployment Compensation		864
Employer Medicare		7,539
Data Processing Services		53,199
Dues and Memberships		1,987
Operating Lease Payments		3,236
Legal Services		3,250
Maintenance and Repair Services - Office Equipment		1,072
Maintenance and Repair Services - Vehicles		1,463
Printing, Stationery, and Forms		2,835
Travel		3,375

(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.)

Tuition	\$	685	
Duplicating Supplies		635	
Gasoline		3,356	
Office Supplies		583	
Other Supplies and Materials		66	
Workers' Compensation Insurance		821	
Other Charges		99,809	
Total Property Assessor's Office			\$ 932,147

Reappraisal Program

Assistant(s)	\$	159,257	
Clerical Personnel		63,144	
Social Security		13,217	
State Retirement		25,776	
Employee and Dependent Insurance		27,500	
Life Insurance		1,128	
Medical Insurance		31,450	
Dental Insurance		1,850	
Unemployment Compensation		432	
Employer Medicare		3,091	
Data Processing Services		15,900	
Dues and Memberships		175	
Travel		581	
Gasoline		414	
Other Supplies and Materials		240	
Workers' Compensation Insurance		379	
Total Reappraisal Program			344,534

County Trustee's Office

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		230,873	
Temporary Personnel		6,145	
Social Security		18,485	
State Retirement		33,304	
Employee and Dependent Insurance		23,100	
Life Insurance		1,320	
Medical Insurance		30,600	
Dental Insurance		1,800	
Unemployment Compensation		504	
Employer Medicare		4,361	

(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.)

Dues and Memberships	\$	1,203	
Operating Lease Payments		1,705	
Legal Services		4,253	
Legal Notices, Recording, and Court Costs		173	
Maintenance and Repair Services - Office Equipment		110	
Printing, Stationery, and Forms		1,685	
Travel		296	
Tuition		2,115	
Other Contracted Services		728	
Duplicating Supplies		645	
Office Supplies		2,201	
Other Supplies and Materials		459	
Workers' Compensation Insurance		479	
Total County Trustee's Office			\$ 440,488

County Clerk's Office

County Official/Administrative Officer	\$	73,944
Clerical Personnel		619,012
Part-time Personnel		13,397
Social Security		41,460
State Retirement		79,112
Employee and Dependent Insurance		81,400
Life Insurance		3,293
Medical Insurance		109,650
Dental Insurance		6,150
Unemployment Compensation		1,628
Employer Medicare		9,696
Dues and Memberships		912
Operating Lease Payments		3,312
Maintenance Agreements		13,901
Maintenance and Repair Services - Office Equipment		185
Maintenance and Repair Services - Vehicles		952
Printing, Stationery, and Forms		3,156
Travel		18
Other Contracted Services		170
Data Processing Supplies		1,600
Duplicating Supplies		2,334
Gasoline		1,534
Office Supplies		2,728
Periodicals		56

(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.)

Other Supplies and Materials	\$	612	
Premiums on Corporate Surety Bonds		50	
Workers' Compensation Insurance		1,141	
Total County Clerk's Office			\$ 1,071,403

Data Processing

Supervisor/Director	\$	86,058	
Data Processing Personnel		324,571	
Social Security		24,897	
State Retirement		47,302	
Employee and Dependent Insurance		18,975	
Life Insurance		1,840	
Medical Insurance		43,775	
Dental Insurance		2,575	
Unemployment Compensation		620	
Employer Medicare		5,823	
Data Processing Services		2,544	
Maintenance and Repair Services - Equipment		25,200	
Printing, Stationery, and Forms		9,208	
Travel		115	
Other Contracted Services		1,929	
Data Processing Supplies		5,050	
Equipment Parts - Light		14,326	
Office Supplies		390	
Workers' Compensation Insurance		647	
Data Processing Equipment		2,032	
Total Data Processing			617,877

Administration of Justice

Circuit Court Judge

Jury and Witness Expense	\$	56,451	
Operating Lease Payments		2,991	
Legal Notices, Recording, and Court Costs		144	
Maintenance Agreements		1,798	
Printing, Stationery, and Forms		7,560	
Travel		284	
Other Contracted Services		3,215	
Duplicating Supplies		969	
Office Supplies		733	
Other Supplies and Materials		5,254	

(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.)

Building Improvements	\$	1,985	
Data Processing Equipment		980	
Office Equipment		11,544	
Total Circuit Court Judge			\$ 93,908

Circuit Court Clerk

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		1,194,386	
Overtime Pay		8,443	
Social Security		74,883	
State Retirement		132,569	
Employee and Dependent Insurance		128,428	
Life Insurance		5,850	
Medical Insurance		199,750	
Dental Insurance		11,450	
Unemployment Compensation		2,880	
Employer Medicare		17,866	
Bank Charges		116	
Dues and Memberships		7,348	
Operating Lease Payments		3,615	
Maintenance Agreements		8,627	
Maintenance and Repair Services - Office Equipment		140	
Printing, Stationery, and Forms		25,855	
Travel		6,493	
Tuition		5,698	
Other Contracted Services		4,135	
Data Processing Supplies		5,056	
Duplicating Supplies		5,057	
Library Books/Media		764	
Office Supplies		4,007	
Other Supplies and Materials		5,547	
Workers' Compensation Insurance		1,942	
Data Processing Equipment		4,912	
Office Equipment		2,457	
Total Circuit Court Clerk			1,942,218

Criminal Court

Office Supplies	\$	4	
Total Criminal Court			4

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

Judge(s)	\$	583,974	
Secretary(ies)		106,413	
Other Salaries and Wages		5,400	
Other Per Diem and Fees		1,403	
Social Security		32,673	
State Retirement		80,016	
Employee and Dependent Insurance		23,100	
Life Insurance		1,542	
Medical Insurance		35,700	
Dental Insurance		1,950	
Unemployment Compensation		216	
Employer Medicare		9,840	
Dues and Memberships		1,595	
Operating Lease Payments		1,104	
Maintenance and Repair Services - Office Equipment		429	
Printing, Stationery, and Forms		1,189	
Travel		2,497	
Tuition		725	
Other Contracted Services		319	
Library Books/Media		1,374	
Office Supplies		1,714	
Other Supplies and Materials		1,309	
Workers' Compensation Insurance		1,064	
Other Charges		75	
Total General Sessions Judge			\$ 895,621

Chancery Court

County Official/Administrative Officer	\$	73,944
Clerical Personnel		270,160
Social Security		20,289
State Retirement		39,882
Employee and Dependent Insurance		19,800
Life Insurance		1,550
Medical Insurance		45,900
Dental Insurance		2,700
Unemployment Compensation		720
Employer Medicare		4,745
Dues and Memberships		580
Operating Lease Payments		4,292
Legal Notices, Recording, and Court Costs		248

(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.)

Maintenance and Repair Services - Office Equipment	\$	296	
Printing, Stationery, and Forms		7,736	
Travel		728	
Duplicating Supplies		1,314	
Office Supplies		5,059	
Other Supplies and Materials		263	
Workers' Compensation Insurance		530	
Total Chancery Court			\$ 500,736

Juvenile Court

Youth Service Officer(s)	\$	191,349	
Secretary(ies)		25,037	
Other Salaries and Wages		66,721	
Social Security		17,155	
State Retirement		31,199	
Employee and Dependent Insurance		19,525	
Life Insurance		1,332	
Medical Insurance		35,700	
Dental Insurance		2,100	
Unemployment Compensation		504	
Employer Medicare		4,012	
Dues and Memberships		375	
Evaluation and Testing		2,100	
Operating Lease Payments		5,818	
Medical and Dental Services		5,754	
Printing, Stationery, and Forms		4,148	
Travel		6,272	
Tuition		2,065	
Other Contracted Services		1,633	
Library Books/Media		426	
Office Supplies		1,479	
Other Supplies and Materials		1,035	
Workers' Compensation Insurance		426	
Other Charges		1,906	
Office Equipment		5,439	
Total Juvenile Court			433,510

Office of Public Defender

Clerical Personnel	\$	34,000	
Social Security		2,108	

(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 (Cont.)

Unemployment Compensation	\$	144	
Employer Medicare		493	
Communication		7	
Operating Lease Payments		14,300	
Other Contracted Services		12,120	
Workers' Compensation Insurance		53	
Total Office of Public Defender			\$ 63,225

Other Administration of Justice

Captain(s)	\$	57,061	
Lieutenant(s)		45,792	
Attendants		217,741	
Longevity Pay		5,903	
Social Security		19,822	
State Retirement		47,180	
Employee and Dependent Insurance		18,944	
Life Insurance		1,454	
Medical Insurance		39,018	
Dental Insurance		2,295	
Unemployment Compensation		566	
Employer Medicare		4,636	
Workers' Compensation Insurance		8,154	
Total Other Administration of Justice			468,566

Probation Services

Supervisor/Director	\$	55,125	
Probation Officer(s)		98,342	
Accountants/Bookkeepers		26,409	
Secretary(ies)		18,641	
Other Salaries and Wages		5,106	
Social Security		12,238	
State Retirement		22,330	
Employee and Dependent Insurance		18,885	
Life Insurance		1,012	
Medical Insurance		34,728	
Dental Insurance		2,043	
Unemployment Compensation		500	
Employer Medicare		2,862	
Dues and Memberships		745	
Operating Lease Payments		1,220	

(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.)

Printing, Stationery, and Forms	\$	1,856	
Travel		856	
Tuition		1,125	
Other Contracted Services		10,382	
Duplicating Supplies		498	
Office Supplies		1,400	
Other Supplies and Materials		3,504	
Workers' Compensation Insurance		340	
Furniture and Fixtures		882	
Total Probation Services			\$ 321,029

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,496
Assistant(s)		109,486
Supervisor/Director		327,390
Deputy(ies)		3,201,024
Detective(s)		246,012
Investigator(s)		28,811
Captain(s)		165,519
Lieutenant(s)		219,311
Sergeant(s)		389,829
Mechanic(s)		34,014
Clerical Personnel		190,494
Attendants		187,317
Longevity Pay		63,293
Overtime Pay		485,367
Other Salaries and Wages		12,417
In-Service Training		93,000
Social Security		357,808
State Retirement		846,778
Employee and Dependent Insurance		512,212
Life Insurance		25,619
Medical Insurance		698,119
Dental Insurance		40,766
Unemployment Compensation		10,401
Employer Medicare		83,684
Communication		19,559
Contracts with Private Agencies		797
Dues and Memberships		4,430

(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.)

Evaluation and Testing	\$	7,902	
Operating Lease Payments		8,905	
Legal Services		107	
Licenses		7,104	
Maintenance Agreements		69,458	
Maintenance and Repair Services - Equipment		54,647	
Maintenance and Repair Services - Office Equipment		180	
Maintenance and Repair Services - Vehicles		37,064	
Matching Share		23,750	
Printing, Stationery, and Forms		8,274	
Transportation - Other than Students		1,600	
Travel		33,024	
Tuition		8,770	
Other Contracted Services		9,444	
Basic Skills Materials		37,967	
Data Processing Supplies		22,618	
Duplicating Supplies		2,000	
Electricity		8,649	
Equipment and Machinery Parts		180	
Garage Supplies		939	
Gasoline		558,775	
Law Enforcement Supplies		13,915	
Lubricants		4,470	
Office Supplies		11,382	
Small Tools		1,017	
Tires and Tubes		25,641	
Uniforms		94,573	
Vehicle Parts		34,300	
Other Supplies and Materials		32,189	
Workers' Compensation Insurance		152,447	
Other Charges		6,511	
Communication Equipment		166,645	
Law Enforcement Equipment		15,965	
Total Sheriff's Department			\$ 9,895,365

Administration of the Sexual Offender Registry

Other Charges	\$	7,500	
Total Administration of the Sexual Offender Registry			7,500

(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)	\$	45,138
Supervisor/Director		43,028
Captain(s)		59,914
Lieutenant(s)		116,178
Sergeant(s)		94,390
Computer Programmer(s)		171,104
Medical Personnel		163,696
Guards		135,804
Clerical Personnel		179,637
Attendants		2,376,694
Cafeteria Personnel		74,955
Part-time Personnel		120,359
Longevity Pay		24,233
Overtime Pay		154,290
In-Service Training		37,539
Social Security		227,711
State Retirement		443,452
Employee and Dependent Insurance		334,443
Life Insurance		17,053
Medical Insurance		544,006
Dental Insurance		31,850
Unemployment Compensation		9,491
Employer Medicare		53,333
Contracts with Private Agencies		11,960
Dues and Memberships		990
Evaluation and Testing		2,286
Maintenance and Repair Services - Equipment		2,059
Medical and Dental Services		680,989
Printing, Stationery, and Forms		4,318
Travel		4,758
Tuition		820
Other Contracted Services		4,973
Custodial Supplies		62,827
Data Processing Supplies		8,332
Food Preparation Supplies		22,875
Food Supplies		461,404
Prisoners Clothing		12,563
Uniforms		20,459
Other Supplies and Materials		62,360
Workers' Compensation Insurance		101,944

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Charges	\$ 405,435	
Total Jail		\$ 7,329,650

Workhouse

County Official/Administrative Officer	\$ 8,150	
Social Security	494	
State Retirement	1,235	
Life Insurance	21	
Employer Medicare	115	
Workers' Compensation Insurance	207	
Total Workhouse		10,222

Juvenile Services

Captain(s)	\$ 7,489
Lieutenant(s)	54,754
Sergeant(s)	95,797
Medical Personnel	19,045
Guards	74,487
Attendants	497,005
Part-time Personnel	10,529
Overtime Pay	11,339
Other Salaries and Wages	32,507
Social Security	48,139
State Retirement	90,076
Employee and Dependent Insurance	73,920
Life Insurance	3,693
Medical Insurance	117,665
Dental Insurance	6,771
Unemployment Compensation	2,010
Employer Medicare	11,259
Maintenance Agreements	3,000
Medical and Dental Services	3,497
Printing, Stationery, and Forms	1,441
Travel	1,182
Tuition	3,350
Other Contracted Services	3,419
Instructional Supplies and Materials	2,714
Office Supplies	1,465
Prisoners Clothing	3,575
Uniforms	10,627

(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.)

Other Supplies and Materials	\$ 17,145	
Workers' Compensation Insurance	22,787	
Total Juvenile Services		\$ 1,230,687

Fire Prevention and Control

Contracts with Private Agencies	\$ 23,250	
Total Fire Prevention and Control		23,250

Civil Defense

Supervisor/Director	\$ 57,330	
Clerical Personnel	42,774	
Social Security	6,091	
State Retirement	11,701	
Employee and Dependent Insurance	6,600	
Life Insurance	469	
Medical Insurance	10,200	
Dental Insurance	600	
Unemployment Compensation	144	
Employer Medicare	1,425	
Other Contracted Services	90,090	
Gasoline	2,364	
Office Supplies	143	
Workers' Compensation Insurance	157	
Other Charges	399	
Law Enforcement Equipment	217,319	
Total Civil Defense		447,806

Other Emergency Management

Contracts with Government Agencies	\$ 302,133	
Total Other Emergency Management		302,133

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 71,200	
Total County Coroner/Medical Examiner		71,200

Public Health and Welfare

Local Health Center

Guidance Personnel	\$ 21,732	
Medical Personnel	488,953	
Clerical Personnel	87,966	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Custodial Personnel	\$	43,804	
Part-time Personnel		39,627	
Social Security		40,099	
State Retirement		68,346	
Employee and Dependent Insurance		69,850	
Life Insurance		2,755	
Medical Insurance		104,125	
Dental Insurance		6,125	
Unemployment Compensation		1,944	
Employer Medicare		9,532	
Communication		24,226	
Contracts with Government Agencies		96,810	
Operating Lease Payments		3,861	
Maintenance and Repair Services - Buildings		2,909	
Maintenance and Repair Services - Equipment		2,194	
Medical and Dental Services		755	
Pest Control		372	
Postal Charges		4,389	
Printing, Stationery, and Forms		277	
Travel		3,921	
Disposal Fees		355	
Other Contracted Services		2,866	
Custodial Supplies		4,090	
Electricity		54,284	
Office Supplies		4,393	
Other Supplies and Materials		2,052	
Workers' Compensation Insurance		1,116	
Other Charges		6,253	
Office Equipment		37	
Total Local Health Center			\$ 1,200,018

Rabies and Animal Control

Supervisor/Director	\$	28,000
Part-time Personnel		10,669
Other Salaries and Wages		73,786
Social Security		6,823
State Retirement		6,988
Employee and Dependent Insurance		8,525
Life Insurance		338
Medical Insurance		18,275

(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.)

Dental Insurance	\$	1,075	
Unemployment Compensation		288	
Employer Medicare		1,596	
Licenses		60	
Maintenance and Repair Services - Vehicles		2,442	
Travel		547	
Tuition		150	
Other Contracted Services		25,998	
Animal Food and Supplies		5,492	
Drugs and Medical Supplies		9,842	
Gasoline		5,532	
Office Supplies		2,816	
Uniforms		1,141	
Utilities		3,615	
Other Supplies and Materials		4,755	
Workers' Compensation Insurance		163	
Other Charges		5,025	
Total Rabies and Animal Control			\$ 223,941

General Welfare Assistance

Contributions	\$	24,086	
Pauper Burials		2,500	
Total General Welfare Assistance			26,586

Other Local Welfare Services

Contracts with Private Agencies	\$	98,668	
Total Other Local Welfare Services			98,668

Other Public Health and Welfare

Assistant(s)	\$	108,093	
Supervisor/Director		63,099	
Secretary(ies)		28,000	
Other Per Diem and Fees		6,975	
Social Security		12,419	
State Retirement		23,895	
Employee and Dependent Insurance		18,975	
Life Insurance		923	
Medical Insurance		25,075	
Dental Insurance		1,475	
Unemployment Compensation		288	

(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.)

Employer Medicare	\$	2,904	
Dues and Memberships		205	
Operating Lease Payments		1,632	
Travel		19,167	
Tuition		60	
Other Contracted Services		2,958	
Custodial Supplies		486	
Office Supplies		1,859	
Uniforms		570	
Utilities		5,256	
Other Supplies and Materials		94	
Workers' Compensation Insurance		311	
Other Charges		396	
Health Equipment		423	
Total Other Public Health and Welfare			\$ 325,538

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	653,583	
Total Parks and Fair Boards			653,583

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	5,210	
Contracts with Government Agencies		170,240	
Operating Lease Payments		777	
Other Charges		350	
Office Equipment		616	
Total Agriculture Extension Service			177,193

Soil Conservation

Assistant(s)	\$	46,704	
Paraprofessionals		39,233	
Social Security		5,319	
State Retirement		9,960	
Life Insurance		433	
Medical Insurance		10,200	
Dental Insurance		600	
Unemployment Compensation		144	
Employer Medicare		1,244	

(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 (Cont.)

Dues and Memberships	\$	790	
Maintenance Agreements		600	
Postal Charges		440	
Travel		1,705	
Instructional Supplies and Materials		460	
Office Supplies		1,015	
Utilities		1,201	
Workers' Compensation Insurance		130	
Total Soil Conservation			\$ 120,178

Other Operations

Tourism

Other Salaries and Wages	\$	240,304	
Advertising		332,277	
Dues and Memberships		1,043	
Operating Lease Payments		1,071	
Legal Notices, Recording, and Court Costs		289	
Postal Charges		4,000	
Printing, Stationery, and Forms		17,245	
Travel		1,625	
Tuition		960	
Other Contracted Services		26,306	
Office Supplies		39	
Other Charges		3,145	
Total Tourism			628,304

Industrial Development

Contracts for Development Costs	\$	786,173	
Total Industrial Development			786,173

Other Economic and Community Development

Other Salaries and Wages	\$	65,000	
Communication		14,461	
Maintenance and Repair Services - Buildings		4,515	
Rentals		37,869	
Other Contracted Services		12,005	
Custodial Supplies		5,340	
Office Supplies		1,075	
Utilities		9,946	
Other Supplies and Materials		636	

(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 (Cont.)

Other Charges	\$	919	
Data Processing Equipment		3,610	
Total Other Economic and Community Development			\$ 155,376

Veterans' Services

County Official/Administrative Officer	\$	60,218	
Supervisor/Director		35,585	
Clerical Personnel		26,389	
Social Security		7,456	
State Retirement		12,656	
Employee and Dependent Insurance		550	
Life Insurance		520	
Medical Insurance		14,450	
Dental Insurance		850	
Unemployment Compensation		216	
Employer Medicare		1,744	
Dues and Memberships		92	
Operating Lease Payments		1,820	
Legal Notices, Recording, and Court Costs		50	
Maintenance Agreements		700	
Printing, Stationery, and Forms		214	
Travel		921	
Tuition		300	
Duplicating Supplies		553	
Gasoline		962	
Office Supplies		684	
Workers' Compensation Insurance		190	
Other Charges		25	
Total Veterans' Services			167,145

Other Charges

Local Retirement	\$	102,858	
Total Other Charges			102,858

Contributions to Other Agencies

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

ARRA Grant # 4

Law Enforcement Equipment	\$	8,990	
Total ARRA Grant # 4			8,990

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Trustee's Commission	\$ 497,511	
Total Miscellaneous		\$ 497,511

Highways

Litter and Trash Collection

Attendants	\$ 31,764	
Longevity Pay	250	
Social Security	1,883	
State Retirement	3,710	
Employee and Dependent Insurance	6,295	
Life Insurance	152	
Medical Insurance	4,794	
Dental Insurance	282	
Unemployment Compensation	72	
Employer Medicare	440	
Licenses	15	
Other Contracted Services	23,705	
Tires and Tubes	550	
Other Supplies and Materials	2,485	
Workers' Compensation Insurance	798	
Total Litter and Trash Collection		77,195

Capital Projects

Administration of Justice Projects

Other Equipment	\$ 14,010	
Total Administration of Justice Projects		14,010

Other General Government Projects

Data Processing Equipment	\$ 1,794	
Law Enforcement Equipment	866,151	
Motor Vehicles	173,591	
Total Other General Government Projects		<u>1,041,536</u>

Total General Fund \$ 40,983,574

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$ 6,340	
Total County Buildings		\$ 6,340

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 88	
Total Other Charges		\$ 88

Total Courthouse and Jail Maintenance Fund \$ 6,428

Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$ 7,296	
Trustee's Commission	88	
Total Other Charges		\$ 7,384

Total Law Library Fund 7,384

Public Library Fund

General Government

County Buildings

Supervisor/Director	\$ 3,644	
Custodial Personnel	57,056	
Maintenance Personnel	27,144	
Part-time Personnel	8,183	
Social Security	5,755	
State Retirement	10,431	
Employee and Dependent Insurance	11,275	
Life Insurance	448	
Medical Insurance	19,125	
Dental Insurance	1,125	
Unemployment Compensation	320	
Employer Medicare	1,346	
Maintenance and Repair Services - Buildings	9,643	
Maintenance and Repair Services - Equipment	1,828	
Other Supplies and Materials	536	
Workers' Compensation Insurance	155	
Total County Buildings		\$ 158,014

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$ 156,757
Assistant(s)	67,139
Supervisor/Director	185,848

(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.)

Libraries (Cont.)

Paraprofessionals	\$	162,303	
Part-time Personnel		235,968	
Social Security		48,075	
State Retirement		67,863	
Employee and Dependent Insurance		51,425	
Life Insurance		2,760	
Medical Insurance		88,825	
Dental Insurance		5,225	
Unemployment Compensation		2,780	
Local Retirement		11,012	
Employer Medicare		11,366	
Communication		10,100	
Data Processing Services		22,290	
Dues and Memberships		160	
Operating Lease Payments		10,994	
Maintenance Agreements		3,981	
Pest Control		696	
Postal Charges		1,302	
Printing, Stationery, and Forms		169	
Travel		292	
Tuition		15	
Permits		265	
Other Contracted Services		22,361	
Custodial Supplies		12,882	
Data Processing Supplies		563	
Library Books/Media		238,123	
Office Supplies		25,321	
Periodicals		35,858	
Utilities		200,791	
Other Supplies and Materials		6,189	
Building and Contents Insurance		27,000	
Trustee's Commission		1,192	
Workers' Compensation Insurance		1,310	
Data Processing Equipment		19,658	
Total Libraries			\$ 1,738,858

Other Social, Cultural, and Recreational

Part-time Personnel	\$	25,839
Social Security		1,602
State Retirement		113

(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 (Cont.)

Unemployment Compensation	\$	205	
Employer Medicare		375	
Other Supplies and Materials		34,315	
Workers' Compensation Insurance		54	
Total Other Social, Cultural, and Recreational			\$ 62,503

Capital Projects

Other General Government Projects

Data Processing Equipment	\$	7,774	
Total Other General Government Projects			7,774

Total Public Library Fund \$ 1,967,149

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	20,976	
Animal Food and Supplies		9,492	
Other Supplies and Materials		86,518	
Trustee's Commission		1,559	
Total Sheriff's Department			\$ 118,545

Total Drug Control Fund 118,545

District Attorney General Fund

Administration of Justice

District Attorney General

Trustee's Commission	\$	194	
Other Charges		50,000	
Total District Attorney General			\$ 50,194

Total District Attorney General Fund 50,194

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	40,764	
Probation Officer(s)		24,324	
Part-time Personnel		15,756	
Social Security		4,752	

(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.)

State Retirement	\$	7,126	
Employee and Dependent Insurance		5,775	
Life Insurance		331	
Medical Insurance		9,350	
Dental Insurance		550	
Unemployment Compensation		236	
Employer Medicare		1,111	
Communication		2,310	
Dues and Memberships		320	
Postal Charges		6	
Printing, Stationery, and Forms		130	
Travel		3,497	
Tuition		2,630	
Other Contracted Services		2,296	
Data Processing Supplies		137	
Instructional Supplies and Materials		4,394	
Office Supplies		599	
Other Supplies and Materials		4,588	
Trustee's Commission		662	
Workers' Compensation Insurance		121	
Total Criminal Court			\$ 131,765

Other Operations

ARRA Grant # 6

Probation Officer(s)	\$	26,021	
Social Security		1,600	
State Retirement		386	
Employee and Dependent Insurance		825	
Life Insurance		10	
Medical Insurance		850	
Dental Insurance		50	
Unemployment Compensation		272	
Employer Medicare		374	
Communication		45	
Travel		1,564	
Tuition		1,525	
Instructional Supplies and Materials		450	
Other Supplies and Materials		4,701	
Workers' Compensation Insurance		40	
Total ARRA Grant # 6			<u>38,713</u>

Total Other Special Revenue Fund \$ 170,478

(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	\$ 211	
Total County Trustee's Office		\$ 211

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 115	
Total County Clerk's Office		115

Administration of Justice

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 168	
Total General Sessions Court		<u>168</u>

Total Constitutional Officers - Fees Fund		\$ 494
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 81,496
Assistant(s)	70,919
Supervisor/Director	58,075
Accountants/Bookkeepers	17,913
Dispatchers/Radio Operators	37,328
Clerical Personnel	76,305
Social Security	21,332
State Retirement	36,353
Employee and Dependent Insurance	20,351
Life Insurance	1,343
Medical Insurance	31,418
Dental Insurance	1,850
Unemployment Compensation	163
Local Retirement	11,616
Employer Medicare	4,832
Communication	12,790
Dues and Memberships	3,950
Maintenance Agreements	7,020
Postal Charges	132
Travel	971
Tuition	690
Drugs and Medical Supplies	181
Electricity	4,460

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	1,343	
Building and Contents Insurance		1,939	
Liability Insurance		128,041	
Trustee's Commission		55,106	
Vehicle and Equipment Insurance		38,669	
Workers' Compensation Insurance		4,481	
Other Charges		8,367	
Total Administration			\$ 739,434

Highway and Bridge Maintenance

Supervisor/Director	\$	124,312	
Foremen		143,760	
Equipment Operators		221,459	
Equipment Operators - Heavy		82,429	
Equipment Operators - Light		769,468	
Truck Drivers		135,823	
Laborers		88,528	
Overtime Pay		32,554	
Other Salaries and Wages		254,060	
Social Security		110,778	
State Retirement		213,358	
Employee and Dependent Insurance		204,736	
Life Insurance		9,072	
Medical Insurance		260,132	
Dental Insurance		15,300	
Unemployment Compensation		1,703	
Local Retirement		34,771	
Employer Medicare		25,886	
Permits		900	
Other Contracted Services		32,178	
Asphalt - Hot Mix		385,131	
Asphalt - Liquid		31,790	
Crushed Stone		68,185	
Pipe - Metal		12,498	
Road Signs		3,730	
Salt		34,029	
Structural Steel		520	
Other Supplies and Materials		16,047	
Workers' Compensation Insurance		23,711	
State Aid Projects		466,753	
Total Highway and Bridge Maintenance			3,803,601

(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

Supervisor/Director	\$	59,875	
Foremen		92,439	
Mechanic(s)		303,241	
Nightwatchmen		97,587	
Overtime Pay		11,277	
Social Security		33,692	
State Retirement		65,636	
Employee and Dependent Insurance		65,862	
Life Insurance		2,737	
Medical Insurance		71,400	
Dental Insurance		4,200	
Unemployment Compensation		378	
Employer Medicare		7,880	
Maintenance and Repair Services - Equipment		817	
Diesel Fuel		95,287	
Equipment and Machinery Parts		71,578	
Gasoline		75,130	
Lubricants		9,213	
Propane Gas		2,402	
Tires and Tubes		12,913	
Other Supplies and Materials		23,727	
Workers' Compensation Insurance		6,760	
Total Operation and Maintenance of Equipment			\$ 1,114,031

Capital Outlay

Bridge Construction	\$	6,226	
Building Improvements		4,255	
State Aid Projects		17,223	
Total Capital Outlay			<u>27,704</u>

Total Highway/Public Works Fund \$ 5,684,770

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,155,000	
Principal on Notes		140,000	
Principal on Capital Leases		23,419	
Principal on Other Loans		2,490,324	
Total General Government			\$ 4,808,743

(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	\$ 1,592,046	
Interest on Notes	49,930	
Interest on Capital Leases	12,673	
Interest on Other Loans	<u>7,607,924</u>	
Total General Government		\$ 9,262,573

Other Debt Service

General Government

Financial Advisory Services	\$ 5,000	
Trustee's Commission	254,127	
Other Charges	15,000	
Underwriter's Discount	470,871	
Other Debt Service	<u>666,236</u>	
Total General Government		<u>1,411,234</u>

Total General Debt Service Fund \$ 15,482,550

Education Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$ 65,486	
Other Debt Issuance Charges	<u>66,791</u>	
Total General Government		\$ 132,277

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 9,547,703	
Total Capital Projects Donated to School Department		<u>9,547,703</u>

Total Education Capital Projects Fund 9,679,980

Other Capital Projects Fund

Other Operations

ARRA Grant # 1

Engineering Services	\$ 2,634	
Other Contracted Services	21,451	
Indirect Cost	25,990	
Building Improvements	269,635	
Other Equipment	<u>15,280</u>	
Total ARRA Grant # 1		\$ 334,990

(Continued)

Exhibit K-8

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

Other Capital Projects Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 5

Bridge Construction	\$ 494,885	
Total ARRA Grant # 5		\$ 494,885

Capital Projects

General Administration Projects

Building Improvements	\$ 1,171	
Total General Administration Projects		1,171

Public Safety Projects

Other Charges	\$ 1,670,731	
Communication Equipment	1,750,769	
Total Public Safety Projects		3,421,500

Public Health and Welfare Projects

Other Contracted Services	\$ 1,420	
Total Public Health and Welfare Projects		1,420

Social, Cultural, and Recreation Projects

Other Charges	\$ 15,180	
Building Construction	216,752	
Total Social, Cultural, and Recreation Projects		231,932

Other General Government Projects

Building Improvements	\$ 5,508	
Other Capital Outlay	147,000	
Total Other General Government Projects		152,508

Highway and Street Capital Projects

Engineering Services	\$ 4,476	
Other Contracted Services	88,867	
Total Highway and Street Capital Projects		93,343

Education Capital Projects

Other Contracted Services	\$ 2,331,937	
Building Improvements	27,861	
Other Equipment	16,305	
Total Education Capital Projects		<u>2,376,103</u>

Total Other Capital Projects Fund \$ 7,107,852

(Continued)

Exhibit K-8

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

<u>Endowment Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Other Charges	\$	<u>7,171</u>	
Total Miscellaneous			\$ <u>7,171</u>
 Total Endowment Fund			 \$ <u>7,171</u>
 Total Governmental Funds - Primary Government			 \$ <u>81,266,569</u>

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 24,868,324	
Career Ladder Program	292,481	
Career Ladder Extended Contracts	123,970	
Salary Supplements	426,169	
Educational Assistants	1,388,587	
Overtime Pay	8,492	
Certified Substitute Teachers	323,167	
Non-certified Substitute Teachers	242,537	
Social Security	1,651,194	
State Retirement	2,359,581	
Employee and Dependent Insurance	2,121,310	
Life Insurance	119,314	
Medical Insurance	2,841,427	
Dental Insurance	168,893	
Employer Medicare	389,094	
Maintenance and Repair Services - Equipment	5,465	
Printing, Stationery, and Forms	4,000	
Instructional Supplies and Materials	229,239	
Textbooks	95,364	
Total Regular Instruction Program		\$ 37,658,608

Alternative Instruction Program

Instructional Supplies and Materials	\$ 43,904	
Textbooks	33,832	
Total Alternative Instruction Program		77,736

Special Education Program

Teachers	\$ 4,454,431
Career Ladder Program	48,752
Career Ladder Extended Contracts	5,000
Educational Assistants	795,653
Social Security	315,163
State Retirement	456,822
Employee and Dependent Insurance	412,537
Life Insurance	23,544
Medical Insurance	607,356
Dental Insurance	36,352
Employer Medicare	74,561
Contracts with Other Public Agencies	55,657

(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.)

Contracts with Private Agencies	\$	10,497	
Maintenance and Repair Services - Equipment		562	
Instructional Supplies and Materials		10,040	
Other Supplies and Materials		1,117	
Total Special Education Program			\$ 7,308,044

Vocational Education Program

Teachers	\$	2,349,430	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		5,500	
Social Security		140,475	
State Retirement		212,018	
Employee and Dependent Insurance		199,853	
Life Insurance		11,298	
Medical Insurance		237,738	
Dental Insurance		14,360	
Employer Medicare		32,905	
Instructional Supplies and Materials		34,327	
Liability Insurance		510	
Other Capital Outlay		1,884	
Total Vocational Education Program			3,255,298

Adult Education Program

Teachers	\$	123,791	
Paraprofessionals		7,862	
Instructional Computer Personnel		29,763	
Social Security		8,082	
State Retirement		6,922	
Employee and Dependent Insurance		6,600	
Life Insurance		343	
Medical Insurance		10,200	
Dental Insurance		600	
Employer Medicare		2,294	
Instructional Supplies and Materials		4,278	
Data Processing Equipment		4,222	
Total Adult Education Program			204,957

Other

Local Retirement	\$	1,362,955	
Total Other			1,362,955

(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

Attendance

Supervisor/Director	\$	62,422	
Clerical Personnel		40,324	
Social Security		5,836	
State Retirement		10,323	
Employee and Dependent Insurance		12,062	
Life Insurance		409	
Medical Insurance		14,450	
Dental Insurance		780	
Employer Medicare		1,365	
Total Attendance			\$ 147,971

Health Services

Medical Personnel	\$	474,134	
Secretary(ies)		14,437	
Other Salaries and Wages		56,349	
Social Security		32,672	
State Retirement		40,440	
Employee and Dependent Insurance		25,718	
Life Insurance		1,645	
Medical Insurance		43,036	
Dental Insurance		2,569	
Employer Medicare		7,711	
Travel		1,876	
Other Contracted Services		3,000	
Drugs and Medical Supplies		12,815	
Instructional Supplies and Materials		29,974	
Total Health Services			746,376

Other Student Support

Guidance Personnel	\$	1,158,722	
Social Workers		37,045	
Secretary(ies)		50,755	
Social Security		74,833	
State Retirement		112,517	
Employee and Dependent Insurance		91,546	
Life Insurance		5,796	
Medical Insurance		140,215	
Dental Insurance		8,673	
Employer Medicare		17,561	

(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.)

Evaluation and Testing	\$	34,932	
Other Supplies and Materials		4,400	
Total Other Student Support			\$ 1,736,995

Regular Instruction Program

Supervisor/Director	\$	95,454	
Librarians		1,051,421	
Secretary(ies)		63,593	
Educational Assistants		210,120	
Social Security		85,091	
State Retirement		120,444	
Employee and Dependent Insurance		91,428	
Life Insurance		6,014	
Medical Insurance		140,012	
Dental Insurance		8,238	
Employer Medicare		19,900	
Travel		9,204	
Total Regular Instruction Program			1,900,919

Special Education Program

Psychological Personnel	\$	266,832	
Social Security		14,028	
State Retirement		20,957	
Employee and Dependent Insurance		9,601	
Life Insurance		889	
Medical Insurance		19,550	
Dental Insurance		1,146	
Employer Medicare		3,556	
Travel		12,250	
Other Contracted Services		2,928	
In Service/Staff Development		25	
Total Special Education Program			351,762

Vocational Education Program

Secretary(ies)	\$	50,034	
Social Security		3,071	
State Retirement		5,799	
Life Insurance		252	
Medical Insurance		9,960	

(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.)

Vocational Education Program (Cont.)

Dental Insurance	\$	586	
Employer Medicare		718	
Total Vocational Education Program			\$ 70,420

Adult Programs

Supervisor/Director	\$	53,696	
Clerical Personnel		22,968	
Social Security		4,555	
State Retirement		7,522	
Employee and Dependent Insurance		6,589	
Life Insurance		368	
Medical Insurance		10,200	
Dental Insurance		600	
Employer Medicare		1,065	
Other Contracted Services		1,860	
In Service/Staff Development		8,767	
Total Adult Programs			118,190

Other Programs

Social Workers	\$	21,569	
Educational Assistants		12,317	
Social Security		2,095	
State Retirement		3,927	
Life Insurance		153	
Medical Insurance		5,100	
Dental Insurance		300	
Employer Medicare		490	
On-Behalf Payments to OPEB		51,759	
Other Equipment		1,600	
Total Other Programs			99,310

Board of Education

Other Salaries and Wages	\$	55,594	
Board and Committee Members Fees		37,800	
Social Security		5,578	
State Retirement		4,857	
Employee and Dependent Insurance		3,832	
Medical Insurance		2,000	
Dental Insurance		451	

(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.)

Board of Education (Cont.)

Unemployment Compensation	\$	29,483	
Employer Medicare		1,328	
Audit Services		31,000	
Dues and Memberships		8,288	
Legal Services		17,929	
Printing, Stationery, and Forms		2,301	
Travel		3,882	
Tuition		1,090	
Other Contracted Services		14,568	
Other Supplies and Materials		150	
Liability Insurance		514,597	
Trustee's Commission		623,348	
Workers' Compensation Insurance		160,000	
Other Charges		101	
Total Board of Education			\$ 1,518,177

Director of Schools

County Official/Administrative Officer	\$	107,750	
Supervisor/Director		89,943	
Career Ladder Program		1,000	
Secretary(ies)		44,347	
Clerical Personnel		16,496	
Social Security		15,770	
State Retirement		25,555	
Employee and Dependent Insurance		13,200	
Life Insurance		1,626	
Medical Insurance		15,300	
Dental Insurance		900	
Disability Insurance		306	
Employer Medicare		3,715	
Dues and Memberships		3,582	
Postal Charges		7,519	
Printing, Stationery, and Forms		2,000	
Travel		847	
Other Contracted Services		10,212	
Office Supplies		13,490	
Other Supplies and Materials		506	
Other Charges		2,416	
Total Director of Schools			376,480

(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.)

Office of the Principal

Principals	\$ 1,479,188	
Accountants/Bookkeepers	57,743	
Assistant Principals	1,057,210	
Secretary(ies)	1,017,791	
Social Security	216,281	
State Retirement	343,932	
Employee and Dependent Insurance	257,539	
Life Insurance	14,151	
Medical Insurance	378,250	
Dental Insurance	22,507	
Employer Medicare	50,656	
Communication	174,448	
Dues and Memberships	1,250	
Travel	618	
Other Contracted Services	44,785	
Total Office of the Principal		\$ 5,116,349

Fiscal Services

Accountants/Bookkeepers	\$ 122,836	
Social Security	6,869	
State Retirement	14,237	
Employee and Dependent Insurance	13,200	
Life Insurance	615	
Medical Insurance	15,300	
Dental Insurance	900	
Employer Medicare	1,606	
Total Fiscal Services		175,563

Operation of Plant

Custodial Personnel	\$ 2,239,182
Social Security	134,687
State Retirement	243,656
Employee and Dependent Insurance	277,848
Life Insurance	11,009
Medical Insurance	422,396
Dental Insurance	24,626
Employer Medicare	31,499
Evaluation and Testing	1,385
Other Contracted Services	121,249

(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.)

Operation of Plant (Cont.)

Custodial Supplies	\$	199,414	
Electricity		2,834,370	
Fuel Oil		28,585	
Natural Gas		201,161	
Water and Sewer		404,266	
Building and Contents Insurance		91,000	
Other Equipment		14,937	
Total Operation of Plant			\$ 7,281,270

Maintenance of Plant

Supervisor/Director	\$	44,627	
Secretary(ies)		32,304	
Maintenance Personnel		606,259	
Social Security		40,943	
State Retirement		78,061	
Employee and Dependent Insurance		59,400	
Life Insurance		3,331	
Medical Insurance		57,566	
Dental Insurance		4,800	
Employer Medicare		9,576	
Maintenance and Repair Services - Buildings		35,442	
Maintenance and Repair Services - Equipment		65,858	
Maintenance and Repair Services - Vehicles		16,948	
Other Contracted Services		280,719	
Equipment and Machinery Parts		110,409	
Gasoline		60,862	
Other Supplies and Materials		172,289	
Other Charges		23,400	
Building Construction		7,930	
Building Improvements		4,890	
Heating and Air Conditioning Equipment		2,440	
Total Maintenance of Plant			1,718,054

Transportation

Supervisor/Director	\$	70,812
Clerical Personnel		37,712
Social Security		6,651
State Retirement		10,789
Life Insurance		447

(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.)

Transportation (Cont.)

Medical Insurance	\$	10,138	
Dental Insurance		596	
Employer Medicare		1,556	
Contracts with Parents		407	
Contracts with Vehicle Owners		2,805,568	
Maintenance and Repair Services - Vehicles		5,804	
Medical and Dental Services		183	
Other Contracted Services		289,774	
Tires and Tubes		370	
Vehicle and Equipment Insurance		180,048	
Total Transportation			\$ 3,420,855

Central and Other

Supervisor/Director	\$	44,627	
Teachers		69,754	
Computer Programmer(s)		131,045	
Clerical Personnel		71,346	
Social Security		18,589	
State Retirement		33,809	
Employee and Dependent Insurance		42,900	
Life Insurance		1,386	
Medical Insurance		33,150	
Dental Insurance		1,950	
Employer Medicare		4,348	
Other Contracted Services		33,361	
Data Processing Supplies		15,598	
Other Charges		56,683	
Data Processing Equipment		58,103	
Regular Instruction Equipment		3,916	
Total Central and Other			620,565

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	6,000
Teachers		302,589
Educational Assistants		70,226
Social Security		22,639
State Retirement		36,304
Employee and Dependent Insurance		20,230

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Life Insurance	\$	1,886	
Medical Insurance		61,446	
Dental Insurance		3,571	
Employer Medicare		5,295	
Other Contracted Services		39,096	
Instructional Supplies and Materials		4,120	
In Service/Staff Development		2,918	
Total Early Childhood Education			\$ 576,320

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	95,961	
Total Regular Capital Outlay			95,961

Principal on Debt

Education

Principal on Capital Leases	\$	144,040	
Total Education			144,040

Interest on Debt

Education

Interest on Capital Leases	\$	124,273	
Total Education			124,273

Total General Purpose School Fund \$ 76,207,448

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,033,020	
Educational Assistants		844,709	
Social Security		100,981	
State Retirement		111,938	
Employee and Dependent Insurance		91,575	
Life Insurance		5,757	
Medical Insurance		146,200	
Dental Insurance		8,600	
Employer Medicare		26,658	
Instructional Supplies and Materials		86,330	

(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.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	467	
Workers' Compensation Insurance		6,068	
Other Charges		600	
Regular Instruction Equipment		30,999	
Total Regular Instruction Program			\$ 2,493,902

Special Education Program

Teachers	\$	233,278	
Clerical Personnel		95,383	
Educational Assistants		1,088,822	
Speech Pathologist		35,325	
Social Security		86,302	
State Retirement		118,942	
Employee and Dependent Insurance		127,875	
Life Insurance		5,507	
Medical Insurance		289,217	
Dental Insurance		18,075	
Employer Medicare		20,357	
Other Contracted Services		261,383	
Instructional Supplies and Materials		98,231	
Workers' Compensation Insurance		3,733	
Special Education Equipment		79,913	
Other Equipment		101,751	
Total Special Education Program			2,664,094

Vocational Education Program

Teachers	\$	1,714	
Secretary(ies)		4,587	
Social Security		390	
State Retirement		2,282	
Life Insurance		91	
Medical Insurance		2,898	
Dental Insurance		300	
Employer Medicare		290	
Printing, Stationery, and Forms		496	
Instructional Supplies and Materials		73,014	
In Service/Staff Development		2,844	
Vocational Instruction Equipment		118,157	
Total Vocational Education Program			207,063

(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

Other Student Support

Travel	\$	16,645	
Other Contracted Services		2,475	
Other Supplies and Materials		27,943	
In Service/Staff Development		17,710	
Other Charges		10,871	
Total Other Student Support			\$ 75,644

Regular Instruction Program

Supervisor/Director	\$	81,204	
Secretary(ies)		52,941	
Other Salaries and Wages		322,478	
Social Security		26,324	
State Retirement		39,764	
Employee and Dependent Insurance		23,738	
Life Insurance		1,518	
Medical Insurance		27,693	
Dental Insurance		1,629	
Employer Medicare		6,376	
Travel		41,216	
Other Supplies and Materials		2,478	
Workers' Compensation Insurance		1,045	
In Service/Staff Development		50,718	
Other Charges		4,425	
Other Equipment		297,036	
Total Regular Instruction Program			980,583

Alternative Instruction Program

Travel	\$	6,652	
Total Alternative Instruction Program			6,652

Special Education Program

Supervisor/Director	\$	69,158
Psychological Personnel		141,134
Secretary(ies)		37,254
Clerical Personnel		77,213
Other Salaries and Wages		35,160
Social Security		17,229
State Retirement		29,892
Employee and Dependent Insurance		25,300

(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.)

Special Education Program (Cont.)

Life Insurance	\$	1,295	
Medical Insurance		32,725	
Dental Insurance		1,975	
Employer Medicare		5,273	
Workers' Compensation Insurance		1,200	
In Service/Staff Development		61,260	
Other Equipment		3,277	
Total Special Education Program			\$ 539,345

Vocational Education Program

Travel	\$	1,397	
Total Vocational Education Program			1,397

Transportation

Other Contracted Services	\$	389,143	
Total Transportation			389,143

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	44,858	
Social Security		671	
Employer Medicare		157	
Travel		531	
Food Supplies		27,485	
Other Supplies and Materials		1,061	
Total Food Service			74,763

Total School Federal Projects Fund \$ 7,432,586

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	24,123
Accountants/Bookkeepers		59,656
Cafeteria Personnel		1,871,058
Social Security		118,423
State Retirement		133,519
Employee and Dependent Insurance		200,486
Life Insurance		6,167

(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.)

Medical Insurance	\$	285,175	
Dental Insurance		16,075	
Unemployment Compensation		3,562	
Local Retirement		27,192	
Employer Medicare		27,884	
Dues and Memberships		3,584	
Maintenance and Repair Services - Equipment		75,364	
Printing, Stationery, and Forms		2,848	
Transportation - Other than Students		36,659	
Travel		8,203	
Other Contracted Services		81,791	
Custodial Supplies		34,242	
Food Supplies		1,831,356	
Office Supplies		3,608	
USDA - Commodities		297,517	
Other Supplies and Materials		96,660	
Workers' Compensation Insurance		41,000	
In Service/Staff Development		21,899	
Other Charges		1,600	
Data Processing Equipment		9,971	
Food Service Equipment		8,860	
Total Food Service			\$ 5,328,482

Total Central Cafeteria Fund \$ 5,328,482

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	66,958
Clerical Personnel		38,606
Custodial Personnel		20,000
Part-time Personnel		857,771
Social Security		56,358
State Retirement		57,737
Employee and Dependent Insurance		58,702
Life Insurance		870
Medical Insurance		59,500
Dental Insurance		4,039
Employer Medicare		13,403

(Continued)

Exhibit K-9

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

Extended School Program Fund (Cont.)
Operation of Non-Instructional Services (Cont.)
Community Services (Cont.)

Contracts with Vehicle Owners	\$	18,985	
Travel		1,169	
Other Contracted Services		34,719	
Food Supplies		61,679	
Instructional Supplies and Materials		7,712	
Other Supplies and Materials		6,972	
Trustee's Commission		13,895	
Workers' Compensation Insurance		3,526	
Other Equipment		4,348	
Total Community Services			<u>\$ 1,386,949</u>

Total Extended School Program Fund \$ 1,386,949

Education Capital Projects Fund

Capital Projects

<u>Education Capital Projects</u>			
Building Construction	\$	7,133,325	
Heating and Air Conditioning Equipment		46,029	
Plant Operation Equipment		19,455	
Total Education Capital Projects			<u>\$ 7,198,809</u>

Total Education Capital Projects Fund 7,198,809

Total Governmental Funds - Blount County School Department \$ 97,554,274

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, 2011

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 2,763,856	\$ 8,130,491	\$ 10,894,347
Trustee's Collections - Prior Years	0	124,852	366,407	491,259
Circuit/Clerk and Master Collections - Prior Years	0	38,685	113,553	152,238
Interest and Penalty	0	25,694	78,543	104,237
Pick-up Taxes	0	49,563	160,410	209,973
Payments in-Lieu-of Taxes - Local Utilities	0	21,356	62,526	83,882
Payments in-Lieu-of Taxes - Other	0	1,524	2,030	3,554
Local Option Sales Taxes	13,354,952	1,479,018	4,348,935	19,182,905
Business Taxes	0	65,988	194,147	260,135
Other County Local Option Taxes	0	807	2,352	3,159
Marriage Licenses	0	827	2,458	3,285
Other Local Revenue	0	76	224	300
Mixed Drink Taxes	0	7,029	20,668	27,697
Total Cash Receipts	\$ 13,354,952	\$ 4,579,275	\$ 13,482,744	\$ 31,416,971
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 13,221,402	\$ 4,502,296	\$ 13,258,363	\$ 30,982,061
Trustee's Commission	133,550	75,459	220,116	429,125
Total Cash Disbursements	\$ 13,354,952	\$ 4,577,755	\$ 13,478,479	\$ 31,411,186
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 1,520	\$ 4,265	\$ 5,785
Cash Balance, July 1, 2010	0	1,733	5,302	7,035
Cash Balance, June 30, 2011	\$ 0	\$ 3,253	\$ 9,567	\$ 12,820

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

December 9, 2011

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, 2011, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated December 9, 2011. 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: 11.01. 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.

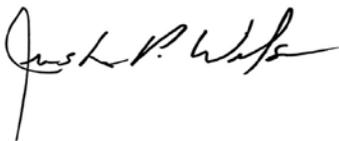
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, 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
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 9, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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.

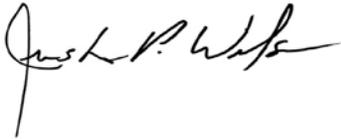
Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated December 9, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 Blount County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at 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, 2011

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	\$ 773,887
National School Lunch Program	10.555	N/A	2,140,242 (3)
Summer Food Service Program for Children	10.559	N/A	74,763
Fresh Fruit and Vegetable Program	10.582	N/A	19,231
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	297,517 (3)
Total U.S. Department of Agriculture			<u>\$ 3,305,640</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Economic Development Initiative - Special Project, Neighborhood Initiative, and Miscellaneous Grants	14.251	(2)	\$ 147,000
Total U.S. Department of Housing and Urban Development			<u>\$ 147,000</u>
Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 236,095
Total Department of the Interior			<u>\$ 236,095</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	\$ 31,644
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(2)	40,023
Direct Program:			
Public Safety Partnership and Community Policing Grants - Recovery Act	16.710	(2)	187,000
Total U.S. Department of Justice			<u>\$ 258,667</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 19,682 (4)
ARRA - Highway Planning and Construction	20.205	040133	494,884 (4)
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(5)	89,203
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-11-GHS275	19,392
Alcohol Open Container Requirements	20.607	(6)	39,022
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	(2)	4,485
Total U.S. Department of Transportation			<u>\$ 666,668</u>
Institute of Museum and Library Services			
Passed through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,520
Total Institute of Museum and Library Services			<u>\$ 1,520</u>
U.S. Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002403	\$ 334,990
Total U.S. Department of Energy			<u>\$ 334,990</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
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	\$ 1,986,377
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	516,402
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,769,807
Special Education - Grants to States, Recovery Act	84.391	N/A	926,290
Special Education - Preschool Grants	84.173	N/A	46,886
Special Education - Preschool Grants, Recovery Act	84.392	N/A	71,565
Career and Technical Education - Basic Grants to States	84.048	N/A	236,536
Education Technology State Grants	84.318	(2)	7,390
English Language Acquisition Grants	84.365	(2)	22,516
Improving Teacher Quality State Grants	84.367	N/A	530,962
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	4,226,451
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	347,847
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	497,522
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	167,510
Total U.S. Department of Education			\$ 12,354,061
U.S. Department of Health and Human Services:			
Passed through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	\$ 77,736
Total U.S. Department of Health and Human Services			\$ 77,736
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(7)	\$ 104,639
Homeland Security Grant Program	97.067	(8)	213,232
Total U.S. Department of Homeland Security			\$ 317,871
Total Expenditures of Federal Awards			\$ 17,700,248
 <u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	47,063
Law Enforcement Training - State Department of Safety	N/A	(2)	85,200
Health Department Program - State Department of Health	N/A	(7)	769,062
Child Care Assistance Program - State Department of Human Services	N/A	(2)	159,842
Adult Basic Education - State Department of Education	N/A	(2)	65,144
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	50,000
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	576,312
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	98,840
Total State Grants			\$ 1,860,463

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
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CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$2,437,759.
- (4) Total for CFDA No. 20.205 is \$514,566.
- (5) Z-10-219944-00: \$43,872; Z-10-219945-00: \$6,495; Z-11-GHS253: \$1,739; Z-11-GHS275: \$19,392; Z-11-GHS249: \$17,705.
- (6) Z-10-219944-00: \$21,936; Z-10-219945-00: \$6,495; Z-11-GHS253: \$1,739; Z-11-GHS249: \$8,852.
- (7) GG-08-26004-00: \$9,825; 34101-3876: \$18,964; 34101: \$53,500; 34101-570: \$22,350.
- (8) 34101-482: \$16,988; 34101-2520: \$196,244.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unqualified.
2. The audit of the financial statements of Blount County disclosed one significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Blount County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The 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 \$531,007 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF CLERK AND MASTER

FINDING 11.01 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets. The official has now assigned separate cash drawers for each employee receiving cash.

BEST PRACTICE

BLOUNT COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Blount County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

**BLOUNT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

There were no audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs.

Office of County Mayor and Purchasing Department – Schedule of Prior-Year's Findings

FINDINGS 10.01 and 10.04 – Final Disposition Summary
(Prepared by County Mayor and Purchasing Agent)

During the fiscal year 2009-10 audit of Blount County Government, the following finding was made: Tennessee Department of Transportation (TDOT) has questioned the \$45,492 related to a construction contract funded by the Federal Highway Planning and Construction Grant program. This contract was administered by Blount County on behalf of the Little River Railroad Museum, several years ago (2005-06). The Blount County Mayor's Office ultimately agreed that a technical violation of the federal purchasing guidelines was made by the Blount County Purchasing Department by altering the scope of work with the winning contractor without rebidding the contract. Although the alteration lowered the cost of the construction, which effectively lowered the cost to the taxpayer, TDOT refused to let go of this issue.

After much debate, the County Legislative Body reluctantly approved a budget amendment at the regular session in January 2011, to reimburse the federal government \$36,278.10 through TDOT, as a penalty for committing this technical violation. The matter was closed upon receipt of this payment.

Office of Director of Schools and Purchasing Department - Schedule of Prior-Year's Findings

FINDINGS 10.02 and 10.05

Blount County schools have implemented an internal process whereby all school nutrition bids are reviewed by the fiscal administrator and the school nutrition coordinator prior to award to ensure compliance with procurement policy and procedures.