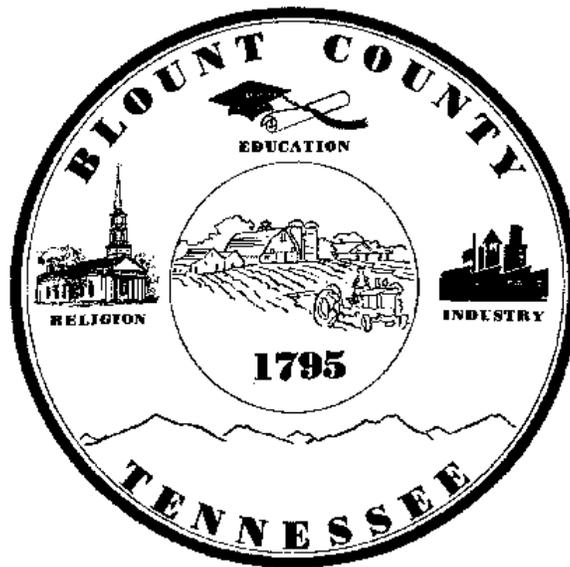


ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

ANDREW WAY, CPA
ANGIE COLLINS, CPA, CFE
DOUG SANDIDGE, CISA, CFE
State Auditors

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

BLOUNT COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Blount County Officials

June 30, 2015

Officials

Ed Mitchell, County Mayor
Bill Dunlap, Highway Superintendent
Rob Britt, Director of Schools
Scott Graves, Trustee
Tim Helton, Assessor of Property
Roy Crawford, Jr., County Clerk
Thomas Hatcher, Circuit and General Sessions Courts Clerk
Stephen Ogle, Clerk and Master
Phyllis Crisp, Register of Deeds
James Berrong, Sheriff
Randy Vineyard, Director of Accounts and Budgets
Teresa Johnson, Purchasing Agent

Board of County Commissioners

Jerome Moon, Chairman	Mike Akard
Andy Allen	Steve Samples
Richard Carver	Kenneth Melton
Archie Archer	Mike Caylor
Mike Lewis	Brad Bowers
Shawn Carter	Grady Caskey
Gary Farmer	Ron French
Thomas Cole	Dodd Crowe
Jamie Daly	Jeff Headrick
Karen Miller	Tona Monroe
Tom Stinnett	

Board of Education

Trevis Gardner, Chairman	Charles Finley
Jim Compton	Scott Helton
Bill Padgett	Debbie Sudhoff
Fred Goins	

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Blount Memorial Hospital, Inc., which represent 57.8 percent, 57.2 percent, and 68.4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; the Blount County Emergency Communications District, which represent 1.1 percent, one percent, and 0.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; and the Blount County Public Building Authority,

which represent six percent, 0.1 percent, and three percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Blount Memorial Hospital, Inc., the Blount County Emergency Communications District, and the Blount County Public Building Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Blount County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Notes I.D.9 and VII.A.8 to the financial statements, which describe a restatement decreasing the beginning Governmental Activities net position of the primary government by \$2,406,565, decreasing the beginning net position of the discretely presented Blount County School Department by \$15,831,074, and decreasing the beginning net position of the discretely presented Blount County Emergency Communications District by \$376,019. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-21 and the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plan on pages 155-163 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blount County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and

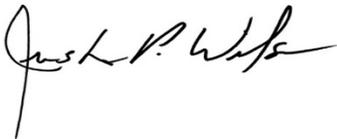
other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of Blount County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blount County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

Nashville, Tennessee

December 8, 2015

JPW/kp

**Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2015**



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, 2015. 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 accompanying notes 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.

Discussion of the Basic Financial Statements

In total, net position of the Primary Government decreased by \$.4 million, while net position of the DPCU School Department decreased by \$11.7 million. The decreases in Net Position are due to a one-time recording of a component of the TCRS Agent Plan liability that was required by, and during the transition to, GASB 68 to be posted to the government-wide financial statements. The Primary Government’s portion of this “restatement” was \$2.4 million. The DPCU School Department’s portion was \$15.8 million. General Fund expenditures were \$1.7 million lower than revenue received, and “transfers out” net of “transfers in” was \$1.5 million, which together increased the fund balance by \$0.23 million, or \$234 thousand. DPCU School Department expenditures were \$2.5 million less than revenue received, which increased the fund balance by \$2.5 million for the year ended June 30, 2015.

Total assets of governmental activities in the Primary Government were \$197.7 million as taxes receivable ended at \$46.8 million, cash ended at \$33.1 million, and capital assets, net of accumulated depreciation, ended at \$108.1 million. Total assets in the DPCU School Department were \$168.3 million as taxes receivable ended at \$24.1 million, cash ended at \$12.6 million, and capital assets, net of accumulated depreciation, ended at \$126.8 million.

Revenues for the Primary Government totaled \$77.7 million. General revenues of the Primary Government accounted for \$44.9 million or 58 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$32.8 million or 42 percent of total revenues.

Revenues of the DPCU School Department totaled \$95.8 million. General revenues of the DPCU School Department were \$83.4 million or 87 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$12.4 million or 13 percent of total revenues.

The county had \$73.2 million in expenses with \$32.8 million of these expenses offset by program specific revenues. Expenses and the change in the fair value of derivatives were less than general revenues (primarily property taxes of \$35.6 million) by \$1.9 million.

The DPCU School Department had \$91.6 million in expenses with \$12.4 million of these expenses offset by program specific revenues. Revenues (primarily property taxes and sales taxes of \$21.8 and \$11.7 million, respectively, in addition to the BEP contribution of \$44.8 million) were more than adequate to provide current funding for these programs.

Government-Wide Financial Analysis

Table 1 provides a summary of the county's and the DPCU School Department's Net Position for 2015 and a comparison to the prior year. An additional portion of the county's Net Position, \$9.8 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$2.7 million of Net Position is subject to external restriction. Tables 2A and 2B show changes in Net Position for fiscal year 2015 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year.

Table 1A
Blount County Government and DPCU School Department Net Position

	Blount County Primary Government Governmental Activities	
	2015	2014
Assets:		
Current and Other Assets	\$ 89,655,763	\$ 77,054,701
Capital Assets	108,061,233	111,784,956
Total Assets	\$ 197,716,996	\$ 188,839,657
Total Deferred Outflows of Resources	\$ 3,792,605	\$ 1,378,106
Liabilities:		
Long-term Liabilities Outstanding	\$ 215,989,486	\$ 215,622,329
Other Liabilities	16,882,536	21,893,829
Total Liabilities	\$ 232,872,022	\$ 237,516,158
Total Deferred Inflows of Resources	\$ 51,216,115	\$ 34,910,317
Net Position:		
Net Investment in Capital Assets	\$ 77,486,212	\$ 79,368,934
Restricted	9,823,968	9,259,390
Unrestricted	(169,888,716)	(170,837,036)
Total Net Position	\$ (82,578,536)	\$ (82,208,712)

Table 1B
Blount County Government and DPCU School Department Net Position

	DPCU School Department Governmental Activities	
	2015	2014
Assets:		
Current and Other Assets	\$ 41,548,513	\$ 34,598,849
Capital Assets	126,762,213	130,543,750
Total Assets	\$ 168,310,726	\$ 165,142,599
Total Deferred Outflows of Resources	\$ 5,099,370	\$ 0
Liabilities:		
	\$ 24,945	\$ 85,017
Long-term Liabilities Outstanding	8,077,411	7,835,513
Other Liabilities	\$ 8,102,356	\$ 7,920,530
Total Liabilities	\$ 40,954,118	\$ 21,181,988
Total Deferred Inflows of Resources		
Net Position:		
Net Investment in Capital Assets	\$ 126,762,213	\$ 130,543,750
Restricted	2,678,074	1,936,219
Unrestricted	(5,086,665)	3,560,112
Total Net Position	\$ 124,353,622	\$ 136,040,081

Table 2A
Blount County Changes in Net Position

	Blount County Primary Government Governmental Activities	
	2015	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 26,672,302	\$ 25,773,555
Operating Grants and Contributions	5,465,566	5,178,257
Capital Grants and Contributions	662,863	821,256
General Revenues:		
Property Taxes	35,646,034	35,060,988
Sales Taxes	3,162,199	2,735,925
Hotel/Motel Taxes	642,121	592,652
Business Taxes	905,732	717,280
Other Taxes	1,081,692	1,039,221
Grants and Contributions Not Restricted to Specific Programs	3,057,892	2,761,845
Unrestricted Investment Income	193,159	143,178
Investment Income (Loss) - Derivatives	(2,439,619)	(545,694)
Miscellaneous	53,974	12,019
Pension Income	164,660	0
Total Revenues	\$ 75,268,575	\$ 74,290,482
Expenses:		
General Government	\$ 7,845,847	\$ 8,708,763
Finance	3,702,449	3,962,472
Administration of Justice	4,930,893	5,462,105
Public Safety	18,868,757	20,343,031
Public Health and Welfare	1,961,437	1,849,262
Social, Cultural, and Recreational	2,833,571	2,962,836
Agriculture and Natural Resources	262,709	279,009
Highway	9,876,073	10,515,384
Education	14,458,056	14,673,396
Interest on General Long-term Debt	8,492,042	8,939,072
Total Expenses	\$ 73,231,834	\$ 77,695,330
Increase (Decrease) in Net Position	\$ 2,036,741	\$ (3,404,848)
Restatement	(2,406,565)	0
Net Position, July 1, 2014	(82,208,712)	(78,803,864)
Net Position, June 30, 2015	\$ (82,578,536)	\$ (82,208,712)

Table 2B
Blount County School Department - Change in Net Position

	Blount County School Department	
	2015	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,109,409	\$ 3,071,586
Operating Grants and Contributions	9,255,469	10,161,297
Capital Grants and Contributions	0	20,525
General Revenues:		
Property Taxes	21,772,503	21,608,805
Sales Taxes	11,694,122	10,756,631
Business Taxes	541,387	443,027
Other Taxes	129,622	78,310
Grants and Contributions Not Restricted to Specific Programs	49,037,536	49,024,177
Unrestricted Investment Income	21,491	19,122
Miscellaneous	5,964	25,547
Pension Income	222,041	0
Total Revenues	\$ 95,789,544	\$ 95,209,027
Expenses:		
Instruction	\$ 53,241,006	\$ 56,305,701
Support Services	31,074,419	32,398,171
Operation of Non-instructional Services	7,329,504	7,688,818
Total Expenses	\$ 91,644,929	\$ 96,392,690
Increase (Decrease) in Net Position	\$ 4,144,615	\$ (1,183,663)
Restatement	(15,831,074)	0
Net Position, July 1, 2014	136,040,081	137,223,744
Net Position, June 30, 2015	\$ 124,353,622	\$ 136,040,081

Analysis of Overall Financial Position and Results of Operations

The most significant change in total governmental operations is due to coming in below budget on expenditures, across the board, in almost all departments across the county.

Public Safety expenditures of \$18.9 million accounted for approximately 26 percent of the \$73.2 million total expenses for governmental activities, while Highways and Education (related to internal service funds activities) expenses accounted for 13 percent and 20 percent, respectively. Of the \$73.2 million in governmental expenses, \$26.7 million was covered by direct charges to users of the services and \$6.1 million by other grants and contributions. A significant portion of those charges is for constitutional officer's fees and commission and for premiums charged for health insurance. Public Safety charges for service include items such as fees for the prisoner board in the county jail.

Financial Analysis of the Government's Funds

In 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 purpose for which amounts in these funds can be spent. These classifications consist of the following: nonspendable, restricted, committed, assigned, or unassigned.

- **Nonspendable Fund Balance** – The nonspendable fund balance for the General Fund remained at zero for prepaid items and endowments.
- **Restricted Fund Balance** – The restricted fund balance for the General Fund remained steady at approximately \$1.4 million, split between General Government, Finance, Administration of Justice, and Public Safety and Public Health and Welfare. The restricted fund balance for the General Debt Service Fund decreased by \$1.7 million to \$2.5 million. The restricted fund balance for the General Purpose School Fund decreased to \$.4 million, restricted for other purposes.
- **Committed Fund Balance** – The committed fund balance for the General Fund decreased to \$.6 million. The committed fund balance for the General Debt Service Fund increased by \$2.8 million to \$8.6 million, committed for debt service.
- **Assigned Fund Balance** – The assigned fund balance for the General Fund increased by \$.3 million to \$.9 million, split between General Government, Finance, Administration of Justice, Public Safety, Public Health and Welfare, Highways/Public Works, and Capital Outlay. The assigned fund balance for the General Purpose School Fund increased by \$.6 million to \$.7 million.
- **Unassigned Fund Balance** – The unassigned fund balance for the General Fund increased by \$.4 million to \$7.9 million. The unassigned fund balance for the General Purpose School Fund increased by \$2.7 million to \$6.8 million.

Budgetary Highlights

General Fund revenue was almost on target for the year, with only a one percent variance from that which was budgeted. Overall expenditures were down over eight percent from that which was budgeted.

Capital Assets and Debt Administration

Capital Assets

Blount County's investment in capital assets, net of accumulated depreciation, as of June 30, 2015, totaled \$108.1 million. This investment in capital assets includes land, construction in progress, buildings and improvements, roads, streets, and bridges, and other capital assets.

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-15
Land	\$ 7,518,566	\$ 0	\$ 7,518,566
Construction in Progress	926,598	0	926,598
Buildings and Improvements	53,160,368	(18,757,194)	34,403,174
Roads, Streets, and Bridges	136,459,178	(76,116,331)	60,342,847
Other Capital Assets	15,575,562	(10,705,514)	4,870,048
Total	\$ 213,640,272	\$ (105,579,039)	\$ 108,061,233

Blount County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2015, totaled \$126.8 million. This investment in capital assets includes land, buildings and improvements, and other capital assets.

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-15
Land	\$ 9,951,059	\$ 0	\$ 9,951,059
Buildings and Improvements	172,730,094	(57,450,867)	115,279,227
Other Capital Assets	5,592,161	(4,060,234)	1,531,927
Total	\$ 188,273,314	\$ (61,511,101)	\$ 126,762,213

Long-term Debt

No additional debt was issued to finance any capital needs during the year. However, the E-3-B series was refinanced during the year. The result was the county refinanced the previously synthetically fixed series and associated swap. This swap was paid off via a taxable rate series, 2015 A, and the overall series was refinanced via a non-taxable series, 2015 B. Both series were bid through a competitive process that resulted in each being placed with U.S. Bank at a fixed rate that moves the county more in line with its debt management policy.

Economic Factors and Next Year's Budgets and Rates

In June 2015, the Blount County Commission adopted a budget for the fiscal year ending June 30, 2016. The property tax rate for tax year 2016 was adopted at a rate of \$2.47, thirty-two (32) cents higher than the 2015 tax year. The increase in tax rate accomplishes three initiatives: 1) the twenty-two (22) cent increase in General County establishes an operating revenue-base sufficient to cover operating expenses, eliminating the need for use of fund balance for operations, 2) the four (4) cents in Education Capital Projects represents the initial funding of the Board of Education's capital plan, and 3) the six (6) cent increase in Debt Service is for the refinancing costs of E-3 bonds. The distribution of the 2016 property tax rate is shown below:

Fund	2016	2015
General County	\$0.88	\$0.66
Educ. Capital Project	\$0.04	-
Debt Service	\$0.48	\$0.42
Gen. Purpose School	\$1.07	\$1.07
Total	\$2.47	\$2.15

In May 2014, voters approved a sales tax referendum increasing the local option sales tax from 2.25 percent to 2.75 percent. Under state law, municipalities that enact the increase first, are protected for one year. Therefore, Blount County will receive its full portion of the sales tax increase in FY16. The revenue from this increase is being split between the General Debt Service and General Purpose Schools funds.

Request for Information

This report is designed to provide a general overview of the county’s finances for all those with an interest in the government’s finances. If you have any questions concerning the information provided in this report, please address them to the Finance Director, Blount County Government, 341 Court Street, Maryville, TN 37804.

BASIC FINANCIAL STATEMENTS

Exhibit A

Blount County, Tennessee
Statement of Net Position
June 30, 2015

	Primary	Component Units			
	Government				
	Total		Blount	Emergency	Public
Governmental	School	Memorial	Communica-	Building	
Activities	Department	Hospital	tions	Authority	
			District		
<u>ASSETS</u>					
Cash	\$ 111,957	\$ 0	\$ 4,808,547	\$ 1,614,525	\$ 157,795
Equity in Pooled Cash and Investments	32,967,457	12,635,017	0	0	0
Inventories	0	0	3,793,814	0	0
Accounts Receivable	246,723	101,554	23,574,849	0	2,860,000
Due from Other Governments	3,149,147	3,019,643	0	0	0
Due from Primary Government	0	8,208	0	0	0
Due from Component Units	2,225,003	0	0	0	0
Property Taxes Receivable	47,640,191	24,555,999	0	0	0
Allowance for Uncollectible Property Taxes	(873,922)	(421,367)	0	0	0
Net Pension Asset - Agent Plan (Excluding Library)	2,060,815	1,325,899	0	0	0
Net Pension Asset - Agent Plan - Library	814,455	0	0	0	0
Net Pension Asset - Cost Sharing Plan	0	172,949	0	0	0
Prepaid Items	24,563	150,611	2,150,085	0	0
Other Current Assets	0	0	8,103,779	0	0
Restricted Assets:					
Restricted for Foundation	0	0	1,539,715	0	0
Other Restricted Assets	0	0	105,673,093	0	0
Notes Receivable	1,289,374	0	0	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	25,470,000
Capital Assets:					
Assets Not Depreciated:					
Land	7,518,566	9,951,059	12,061,379	21,038	0
Construction in Progress	926,598	0	1,472,599	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	34,403,174	115,279,227	78,467,433	2,653,342	0
Other Capital Assets	4,870,048	1,531,927	34,778,385	714,304	0
Infrastructure	60,342,847	0	0	0	0
Total Assets	\$ 197,716,996	\$ 168,310,726	\$ 276,423,678	\$ 5,003,209	\$ 28,487,795

(Continued)

Exhibit A

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

	Primary Government Total Governmental Activities	Component Units			
		School Department	Blount Memorial Hospital	Emergency Communica- tions District	Public Building Authority
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 0	\$ 0	\$ 11,145,815	\$ 0	\$ 0
Deferred Charge on Refunding	1,202,341	0	0	0	0
Pension Changes in Experience	0	419,878	0	0	0
Pension Contributions After Measurement Date	2,590,264	4,679,492	0	109,330	0
Total Deferred Outflows of Resources	<u>\$ 3,792,605</u>	<u>\$ 5,099,370</u>	<u>\$ 11,145,815</u>	<u>\$ 109,330</u>	<u>\$ 0</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 533,679	\$ 396,619	\$ 4,372,977	\$ 25,937	\$ 12,838
Accrued Payroll	156,345	4,366,760	12,077,160	37,563	0
Accrued Interest Payable	772,878	0	174,487	20,235	0
Payroll Deductions Payable	260,308	390,667	0	0	0
Due to Primary Government	0	2,225,003	0	0	0
Due to Component Units	8,208	0	0	0	0
Due to Cities	28,972	0	0	0	0
Other Current Liabilities	3,622,000	698,362	3,296,142	0	0
Customer Deposits Payable	13,669	0	0	0	0
Derivative - Interest Rate Swap	11,486,477	0	11,145,815	0	0
Noncurrent Liabilities:					
Due Within One Year	10,209,808	4,634	4,091,778	110,663	2,860,000
Due in More Than One Year	205,779,678	20,311	81,949,184	1,543,492	25,470,000
Total Liabilities	<u>\$ 232,872,022</u>	<u>\$ 8,102,356</u>	<u>\$ 117,107,543</u>	<u>\$ 1,737,890</u>	<u>\$ 28,342,838</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 46,071,289	\$ 23,426,359	\$ 0	\$ 0	\$ 0
Pension Changes in Experience	1,013,923	446,884	0	44,856	0
Pension Changes in Investment Earnings	4,103,253	16,779,416	0	257,963	0
Pension Other Deferrals	0	301,459	0	0	0
Other Deferred Revenues	27,650	0	0	0	0
Total Deferred Inflows of Resources	<u>\$ 51,216,115</u>	<u>\$ 40,954,118</u>	<u>\$ 0</u>	<u>\$ 302,819</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary	Component Units			
	Government				
	Total	School	Blount	Emergency	Public
Governmental	School	Memorial	Communica-	Building	
Activities	Department	Hospital	tions	Authority	
			District		
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 77,486,212	\$ 126,762,213	\$ 40,738,834	\$ 1,819,572	\$ 0
Restricted for:					
General Government	675,107	0	0	0	0
Finance	63,628	0	0	0	0
Administration of Justice	436,253	0	0	0	0
Public Safety	2,043,153	0	0	0	0
Public Health and Welfare	60,890	0	0	0	0
Social, Cultural, and Recreation	829,748	0	0	0	0
Debt Service	2,226,390	0	0	0	0
Capital Projects	121,363	0	0	0	0
Education	0	2,678,074	0	0	0
Other Purposes	2,875,270	0	0	0	0
Permanent Endowment:					
Expendable	6,763	0	0	0	0
Nonexpendable	485,403	0	1,074,686	0	0
Unrestricted	(169,888,716)	(5,086,665)	128,648,430	1,252,258	144,957
Total Net Position (Deficit)	\$ (82,578,536)	\$ 124,353,622	\$ 170,461,950	\$ 3,071,830	\$ 144,957

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

Exhibit B

Blount County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues				Primary Governmental Activities	Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities		Component Units			
							Blount County School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
Primary Government										
Governmental Activities:										
General Government	\$ 7,845,847	\$ 2,183,018	\$ 24,664	\$ 0	\$ (5,638,165)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	3,702,449	3,578,089	130,331	0	5,971	0	0	0	0	0
Administration of Justice	4,930,893	3,991,116	184,786	0	(754,991)	0	0	0	0	0
Public Safety	18,868,757	4,690,057	504,222	80,643	(13,593,835)	0	0	0	0	0
Public Health and Welfare	1,961,437	211,092	1,003,570	0	(746,775)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,833,571	225,468	914,481	52,100	(1,641,522)	0	0	0	0	0
Agriculture and Natural Resources	262,709	0	0	0	(262,709)	0	0	0	0	0
Highways	9,876,073	177,761	2,703,512	530,120	(6,464,680)	0	0	0	0	0
Education	14,458,056	11,615,701	0	0	(2,842,355)	0	0	0	0	0
Interest on Long-term Debt	8,492,042	0	0	0	(8,492,042)	0	0	0	0	0
Total Primary Government	\$ 73,231,834	\$ 26,672,302	\$ 5,465,566	\$ 662,863	\$ (40,431,103)	\$ 0	\$ 0	\$ 0	\$ 0	0
Component Units										
Blount County School Department										
Department	\$ 91,644,929	\$ 3,109,409	\$ 9,255,469	\$ 0	\$ 0	\$ (79,280,051)	\$ 0	\$ 0	\$ 0	0
Blount Memorial Hospital										
Hospital	233,756,876	191,869,673	41,410,997	0	0	0	(476,206)	0	0	0
Emergency Communications District										
District	1,890,730	334,618	985,607	0	0	0	0	(570,505)	0	0
Public Building Authority										
Authority	10,171,818	10,180,980	0	0	0	0	0	0	0	9,162
Total Component Units	\$ 337,464,353	\$ 205,494,680	\$ 51,652,073	\$ 0	\$ 0	\$ (79,280,051)	\$ (476,206)	\$ (570,505)	\$ 0	9,162

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units			
					Total Governmental Activities	Blount County School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
General Revenues:									
Property Taxes Levied for General Purposes				\$ 21,795,248	\$ 21,772,503	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service				13,850,786	0	0	0	0	0
Local Option Sales Taxes				3,162,199	11,694,122	0	0	0	0
Hotel/Motel Taxes				642,121	0	0	0	0	0
Litigation - General Taxes				659,575	0	0	0	0	0
Business Taxes				905,732	541,387	0	0	0	0
Wholesale Beer Taxes				234,850	0	0	0	0	0
Other Taxes				187,267	129,622	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				3,057,892	49,037,536	482,222	708,170	0	0
Unrestricted Investment Income				193,159	21,491	0	7,371	804	0
Miscellaneous				53,974	5,964	0	4,048	0	0
Pension Income				164,660	222,041	0	0	0	0
Total General Revenues				\$ 44,907,463	\$ 83,424,666	\$ 482,222	\$ 719,589	\$ 804	
Change in Fair Value of Derivatives - Interest Rate Swap				\$ (2,439,619)	0	0	0	0	0
Change in Net Position				\$ 2,036,741	\$ 4,144,615	\$ 6,016	\$ 149,084	\$ 9,966	
Net Position (Deficit), July 1, 2014				(82,208,712)	136,040,081	170,455,934	3,298,765	134,991	
Restatement - See Notes I.D.9. and VII.A.8.				(2,406,565)	(15,831,074)	0	(376,019)	0	
Net Position (Deficit), June 30, 2015				\$ (82,578,536)	\$ 124,353,622	\$ 170,461,950	\$ 3,071,830	\$ 144,957	

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, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 17,192	\$ 17,292
Equity in Pooled Cash and Investments	9,789,908	10,789,831	5,744,716	26,324,455
Accounts Receivable	167,961	4,026	45,557	217,544
Due from Other Governments	1,719,606	198,631	1,230,910	3,149,147
Due from Other Funds	9,002	0	0	9,002
Property Taxes Receivable	30,787,351	16,852,840	0	47,640,191
Allowance for Uncollectible Property Taxes	(551,807)	(322,115)	0	(873,922)
Prepaid Items	0	0	24,563	24,563
Notes Receivable - Long-term	0	1,289,374	0	1,289,374
Total Assets	<u>\$ 41,922,121</u>	<u>\$ 28,812,587</u>	<u>\$ 7,062,938</u>	<u>\$ 77,797,646</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 459,191	\$ 0	\$ 58,747	\$ 517,938
Accrued Payroll	125,701	0	30,644	156,345
Payroll Deductions Payable	225,792	0	34,516	260,308
Due to Other Funds	9,680	0	32,585	42,265
Due to Component Units	8,208	0	0	8,208
Due to Other Taxing Units	22,174	0	6,798	28,972
Total Liabilities	<u>\$ 850,746</u>	<u>\$ 0</u>	<u>\$ 163,290</u>	<u>\$ 1,014,036</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 29,810,834	\$ 16,260,455	\$ 0	\$ 46,071,289
Deferred Delinquent Property Taxes	298,325	189,843	0	488,168

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>				
Other Deferred/Unavailable Revenue	\$ 241,223	\$ 1,289,374	\$ 155,640	\$ 1,686,237
Total Deferred Inflows of Resources	\$ 30,350,382	\$ 17,739,672	\$ 155,640	\$ 48,245,694
<u>FUND BALANCES</u>				
Nonspendable:				
Endowments	\$ 0	\$ 0	\$ 485,403	\$ 485,403
Prepaid Items	0	0	24,563	24,563
Restricted:				
Restricted for General Government	350,996	0	324,111	675,107
Restricted for Finance	63,628	0	0	63,628
Restricted for Administration of Justice	387,328	0	48,925	436,253
Restricted for Public Safety	564,333	0	1,478,820	2,043,153
Restricted for Public Health and Welfare	60,890	0	6,763	67,653
Restricted for Social, Cultural, and Recreational Services	0	0	822,873	822,873
Restricted for Debt Service	0	2,502,286	0	2,502,286
Restricted for Capital Projects	0	0	121,363	121,363
Committed:				
Committed for Administration of Justice	89,333	0	0	89,333
Committed for Public Safety	0	0	190,296	190,296
Committed for Public Health and Welfare	27,982	0	0	27,982
Committed for Highways/Public Works	0	0	3,239,800	3,239,800
Committed for Capital Outlay	463,811	0	1,091	464,902
Committed for Debt Service	0	8,570,629	0	8,570,629
Assigned:				
Assigned for General Government	53,873	0	0	53,873

(Continued)

Exhibit C-1

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>General Debt Service</u>	<u>Other Governmental Funds</u>		
<u>FUND BALANCES (Cont.)</u>					
Assigned (Cont.):					
Assigned for Finance	\$ 41,041	\$ 0	\$ 0	\$ 0	\$ 41,041
Assigned for Administration of Justice	51,374	0	0	0	51,374
Assigned for Public Safety	477,437	0	0	0	477,437
Assigned for Public Health and Welfare	10,837	0	0	0	10,837
Assigned for Highways/Public Works	2,212	0	0	0	2,212
Assigned for Capital Outlay	220,393	0	0	0	220,393
Unassigned	7,855,525	0	0	0	7,855,525
Total Fund Balances	<u>\$ 10,720,993</u>	<u>\$ 11,072,915</u>	<u>\$ 6,744,008</u>	<u>\$ 28,537,916</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,922,121</u>	<u>\$ 28,812,587</u>	<u>\$ 7,062,938</u>	<u>\$ 77,797,646</u>	

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

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	28,537,916
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	7,518,566	
Add: construction in progress		926,598	
Add: infrastructure net of accumulated depreciation		60,342,847	
Add: buildings and improvements net of accumulated depreciation		34,403,174	
Add: other capital assets net of accumulated depreciation		<u>4,870,048</u>	108,061,233
(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 position.			3,899,776
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$	(28,474,207)	
Less: capital leases payable		(3,338,451)	
Less: bonds payable		(173,824,529)	
Add: deferred amount on refunding		1,202,341	
Less: compensated absences payable		(3,308,693)	
Less: other postemployment benefits liability		(2,889,386)	
Less: accrued interest on bonds, notes, and capital leases		(772,878)	
Add: receivable for capital lease to be retired by the School Department		1,396,007	
Add: receivable for accrued interest to be retired by the School Department		50,269	
Less: unamortized premium on debt		(4,154,220)	
Less: fair market value of swap agreements		<u>(11,486,477)</u>	(225,600,224)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	2,590,264	
Less: deferred inflows of resources related to pensions		<u>(5,117,176)</u>	(2,526,912)
(5) Net pension assets of the agent plans are not current financial resources and therefore are not reported in the governmental funds:			
Add: agent plan (excluding library)	\$	2,060,815	
Add: agent plan-library		<u>814,455</u>	2,875,270
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>2,174,405</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(82,578,536)</u></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, 2015

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>General</u>	<u>Funds</u>	
			<u>Other</u>	
		<u>Debt</u>	<u>Govern-</u>	<u>Governmental</u>
		<u>Service</u>	<u>mental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 24,830,284	\$ 14,994,518	\$ 3,017,337	\$ 42,842,139
Licenses and Permits	888,915	0	416,781	1,305,696
Fines, Forfeitures, and Penalties	938,294	0	28,719	967,013
Charges for Current Services	852,418	0	158,044	1,010,462
Other Local Revenues	312,360	211,107	167,645	691,112
Fees Received From County Officials	7,009,683	0	0	7,009,683
State of Tennessee	4,246,509	0	3,186,705	7,433,214
Federal Government	3,118,444	0	23,143	3,141,587
Other Governments and Citizens Groups	360,653	600,974	914,481	1,876,108
Total Revenues	\$ 42,557,560	\$ 15,806,599	\$ 7,912,855	\$ 66,277,014
<u>Expenditures</u>				
Current:				
General Government	\$ 6,253,322	\$ 0	\$ 417,161	\$ 6,670,483
Finance	4,106,820	0	0	4,106,820
Administration of Justice	5,290,671	0	0	5,290,671
Public Safety	19,372,616	0	129,511	19,502,127
Public Health and Welfare	1,772,370	0	0	1,772,370
Social, Cultural, and Recreational Services	653,585	0	1,814,491	2,468,076
Agriculture and Natural Resources	281,656	0	0	281,656
Other Operations	1,135,171	0	8,282	1,143,453
Highways	80,370	0	6,335,638	6,416,008
Debt Service:				
Principal on Debt	0	7,145,455	0	7,145,455
Interest on Debt	0	7,799,987	0	7,799,987
Other Debt Service	0	8,005,567	0	8,005,567

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>				
Capital Projects	\$ 1,873,378	\$ 0	\$ 582,997	\$ 2,456,375
Total Expenditures	\$ 40,819,959	\$ 22,951,009	\$ 9,288,080	\$ 73,059,048
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,737,601	\$ (7,144,410)	\$ (1,375,225)	\$ (6,782,034)
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 7,120,000	\$ 0	\$ 7,120,000
Refunding Debt Issued	0	19,785,000	0	19,785,000
Premiums on Debt Sold	0	686,153	0	686,153
Insurance Recovery	0	0	1,543	1,543
Transfers In	228,369	832,463	899,520	1,960,352
Transfers Out	(1,731,983)	0	(8,481)	(1,740,464)
Payments to Refunded Debt Escrow Agent	0	(20,165,000)	0	(20,165,000)
Total Other Financing Sources (Uses)	\$ (1,503,614)	\$ 8,258,616	\$ 892,582	\$ 7,647,584
Net Change in Fund Balances	\$ 233,987	\$ 1,114,206	\$ (482,643)	\$ 865,550
Fund Balance, July 1, 2014	10,487,006	9,958,709	7,226,651	27,672,366
Fund Balance, June 30, 2015	\$ 10,720,993	\$ 11,072,915	\$ 6,744,008	\$ 28,537,916

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

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2015

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)		\$	865,550
(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	\$	2,596,860	
Less: current-year depreciation expense		<u>(6,310,566)</u>	(3,713,706)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(10,017)
(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, 2015	\$	2,174,405	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(2,602,323)</u>	(427,918)
(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 position. Also, governmental funds report the effect of 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: bond proceeds	\$	(7,120,000)	
Add: principal payments on bonds		3,906,929	
Add: principal payments on other loans		2,740,501	
Add: principal payments on capital leases		498,025	
Less: lease principal payments contributed by School Department		(216,148)	
Less: refunding debt proceeds		(19,785,000)	
Less: change in premium on debt issuances		(221,313)	
Add: payment to refunding agent		20,165,000	
Less: change in deferred amount on refunding debt		(175,765)	
Add: payment to settle swap agreement		<u>7,228,000</u>	7,020,229

(Continued)

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

(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	\$	12,585
	Change in receivable for accrued interest being retired by the School Department		(7,783)
	Change in other postemployment benefits liability		(299,917)
	Change in compensated absences payable		(251,382)
	Change in net pension liability/asset		5,281,835
	Change in deferred outflows related to pensions		2,590,264
	Change in deferred inflows related to pensions		<u>(5,117,176)</u>
		\$	2,208,426
(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.		(1,466,204)
(7)	The interest rate swap agreement is classified as an investment derivative; therefore, the following is reflected on the changes in net position for governmental activities.		
	Change in fair value of derivatives-interest rate swap		<u>(2,439,619)</u>
	Change in net position of governmental activities (Exhibit B)	\$	<u><u>2,036,741</u></u>

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

Exhibit C-5

Blount County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,830,284	\$ 0	\$ 0	\$ 24,830,284	\$ 24,236,376	\$ 24,366,376	\$ 463,908
Licenses and Permits	888,915	0	0	888,915	750,815	750,815	138,100
Fines, Forfeitures, and Penalties	938,294	0	0	938,294	1,094,303	1,178,703	(240,409)
Charges for Current Services	852,418	0	0	852,418	925,499	928,499	(76,081)
Other Local Revenues	312,360	0	0	312,360	643,050	693,955	(381,595)
Fees Received From County Officials	7,009,683	0	0	7,009,683	7,701,528	7,617,528	(607,845)
State of Tennessee	4,246,509	0	0	4,246,509	3,557,092	3,520,298	726,211
Federal Government	3,118,444	0	0	3,118,444	2,218,319	2,786,615	331,829
Other Governments and Citizens Groups	360,653	0	0	360,653	125,076	241,166	119,487
Total Revenues	\$ 42,557,560	\$ 0	\$ 0	\$ 42,557,560	\$ 41,252,058	\$ 42,083,955	\$ 473,605
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 186,787	\$ (845)	\$ 1,511	\$ 187,453	\$ 189,479	\$ 189,479	\$ 2,026
Board of Equalization	1,574	0	0	1,574	2,999	2,999	1,425
Beer Board	200	0	0	200	200	200	0
Budget and Finance Committee	400	0	0	400	400	400	0
County Mayor/Executive	219,861	(1,847)	1,053	219,067	221,132	221,132	2,065
Personnel Office	144,107	0	128	144,235	118,430	156,259	12,024
Election Commission	469,101	(2,552)	4,120	470,669	609,368	609,390	138,721
Register of Deeds	529,250	(986)	1,266	529,530	582,359	582,385	52,855
Development	424,523	(9,961)	13,854	428,416	636,677	636,677	208,261
Planning	214,466	(909)	636	214,193	218,524	218,524	4,331
County Buildings	1,166,390	(7,314)	21,893	1,180,969	1,463,525	1,327,381	146,412
Other General Administration	2,649,932	(2,400)	5,775	2,653,307	3,143,992	3,260,106	606,799
Preservation of Records	105,051	(408)	575	105,218	115,375	115,375	10,157
Risk Management	141,680	(953)	3,062	143,789	225,068	159,299	15,510
<u>Finance</u>							
Accounting and Budgeting	654,428	(471)	1,611	655,568	721,665	721,709	66,141
Purchasing	336,593	0	285	336,878	282,734	368,333	31,455

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 816,102	\$ (1,689)	\$ 7,470	\$ 821,883	\$ 855,036	\$ 855,065	\$ 33,182
Reappraisal Program	318,989	0	16	319,005	244,382	348,682	29,677
County Trustee's Office	458,459	(150)	400	458,709	467,308	467,308	8,599
County Clerk's Office	1,015,712	0	8,901	1,024,613	1,052,434	1,062,433	37,820
Data Processing	506,537	(15,948)	22,358	512,947	579,601	579,601	66,654
<u>Administration of Justice</u>							
Circuit Court Judge	28,997	(1,613)	3,030	30,414	111,205	111,205	80,791
Circuit Court Clerk	1,878,891	(19,547)	17,108	1,876,452	1,984,558	2,018,812	142,360
Criminal Court	211,621	0	2,158	213,779	215,728	215,728	1,949
General Sessions Judge	981,847	(1,016)	1,199	982,030	1,008,164	1,008,164	26,134
Chancery Court	444,095	(2,002)	5,008	447,101	461,264	461,264	14,163
Juvenile Court	449,861	(2,283)	2,696	450,274	458,608	467,639	17,365
Office of Public Defender	54,348	0	0	54,348	55,093	55,093	745
Judicial Commissioners	210,886	0	0	210,886	214,912	220,912	10,026
Other Administration of Justice	440,478	0	0	440,478	488,672	465,672	25,194
Probation Services	533,573	(1,465)	20,175	552,283	606,563	606,563	54,280
Victim Assistance Programs	56,074	0	0	56,074	80,800	80,800	24,726
<u>Public Safety</u>							
Sheriff's Department	10,317,671	(47,699)	184,835	10,454,807	10,568,639	10,618,632	163,825
Administration of the Sexual Offender Registry	5,550	(2,500)	1,000	4,050	6,000	6,000	1,950
Jail	7,375,381	(93,007)	273,209	7,555,583	7,416,928	7,748,928	193,345
Workhouse	12,261	0	0	12,261	12,261	12,261	0
Juvenile Services	1,178,509	(11,630)	16,528	1,183,407	1,450,932	1,308,932	125,525
Commissary	66,292	(1,162)	0	65,130	430,000	430,000	364,870
Fire Prevention and Control	23,250	0	0	23,250	23,250	23,250	0
Civil Defense	91,570	(4,422)	1,865	89,013	292,354	292,332	203,319
Other Emergency Management	302,132	0	0	302,132	302,133	302,133	1
<u>Public Health and Welfare</u>							
Local Health Center	1,291,586	(27,066)	1,706	1,266,226	1,442,340	1,468,547	202,321

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Rabies and Animal Control	\$ 398,882	\$ (6,361)	\$ 9,115	\$ 401,636	\$ 342,931	\$ 442,941	\$ 41,305
Other Local Welfare Services	81,902	0	0	81,902	98,668	98,668	16,766
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	653,585	0	0	653,585	653,585	653,585	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	162,691	0	15	162,706	163,496	163,496	790
Soil Conservation	118,965	(294)	0	118,671	119,418	119,419	748
<u>Other Operations</u>							
Industrial Development	848,021	0	0	848,021	848,021	848,021	0
Veterans' Services	174,910	(1,039)	1	173,872	173,038	173,039	(833)
Contributions to Other Agencies	112,240	0	0	112,240	112,240	112,240	0
<u>Highways</u>							
Litter and Trash Collection	80,370	(1,135)	2,212	81,447	83,192	83,192	1,745
<u>Capital Projects</u>							
General Administration Projects	942,459	0	405,843	1,348,302	37,000	1,458,506	110,204
Public Safety Projects	793,703	(115,661)	153,132	831,174	1,003,273	838,768	7,594
Public Health and Welfare Projects	100,413	(88,421)	0	11,992	0	12,000	8
Social, Cultural, and Recreation Projects	36,803	0	5,336	42,139	0	119,100	76,961
Total Expenditures	\$ 40,819,959	\$ (474,756)	\$ 1,201,085	\$ 41,546,288	\$ 42,995,954	\$ 44,928,579	\$ 3,382,291
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,737,601	\$ 474,756	\$ (1,201,085)	\$ 1,011,272	\$ (1,743,896)	\$ (2,844,624)	\$ 3,855,896
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 228,369	\$ 0	\$ 0	\$ 228,369	\$ 219,889	\$ 219,889	\$ 8,480
Transfers Out	(1,731,983)	0	0	(1,731,983)	(1,567,839)	(1,732,344)	361
Total Other Financing Sources	\$ (1,503,614)	\$ 0	\$ 0	\$ (1,503,614)	\$ (1,347,950)	\$ (1,512,455)	\$ 8,841

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 233,987	\$ 474,756	\$ (1,201,085)	\$ (492,342)	\$ (3,091,846)	\$ (4,357,079)	\$ 3,864,737
Fund Balance, July 1, 2014	10,487,006	(474,756)	0	10,012,250	10,487,006	10,487,006	(474,756)
Fund Balance, June 30, 2015	<u>\$ 10,720,993</u>	<u>\$ 0</u>	<u>\$ (1,201,085)</u>	<u>\$ 9,519,908</u>	<u>\$ 7,395,160</u>	<u>\$ 6,129,927</u>	<u>\$ 3,389,981</u>

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2015

	Governmental Activities Internal Service Fund
	<u>Self Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 94,665
Equity in Pooled Cash and Investments	6,643,002
Accounts Receivable	29,179
Due from Other Funds	33,263
Due from Component Units	778,727
Total Assets	<u>\$ 7,578,836</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 15,741
Other Current Liabilities	3,622,000
Customer Deposits Payable	13,669
Unearned/Unavailable Revenue	27,650
Total Liabilities	<u>\$ 3,679,060</u>
<u>NET POSITION</u>	
Net Position - Unrestricted	<u>\$ 3,899,776</u>
Total Net Position	<u><u>\$ 3,899,776</u></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 Position
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 19,989,890
Total Operating Revenues	<u>\$ 19,989,890</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 685,771
Insurance Premiums	715,638
Building and Contents Insurance	290,342
Other Administrative Expenses	253,677
Contracts with Private Agencies	309,700
Medical Claims	18,349,867
Liability Insurance	225,288
Other Self-Insured Claims	418,324
Total Operating Expenses	<u>\$ 21,248,607</u>
Operating Income (Loss)	<u>\$ (1,258,717)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 12,401
Total Nonoperating Revenues (Expenses)	<u>\$ 12,401</u>
Income (Loss) Before Transfers	\$ (1,246,316)
Transfers Out	(219,888)
Change in Net Position	<u>\$ (1,466,204)</u>
Net Position, July 1, 2014	<u>5,365,980</u>
Net Position, June 30, 2015	<u><u>\$ 3,899,776</u></u>

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

Blount County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 20,053,088
Payments to Fiscal Agents	(679,846)
Payments to Insurers	(1,496,382)
Payments for Claims	(19,203,149)
Payments for Administrative Costs	(253,012)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,579,301)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 12,513
Net Cash Provided By (Used In) Investing Activities	<u>\$ 12,513</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (219,888)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (219,888)</u>
Increase (Decrease) in Cash	\$ (1,786,676)
Cash, July 1, 2014	<u>8,524,343</u>
Cash, June 30, 2015	<u>\$ 6,737,667</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (1,258,717)
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 (excluding interest receivable)	21,876
(Increase) Decrease in Prepaid Items	44,589
Increase (Decrease) in Current Liabilities	<u>(387,049)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,579,301)</u>
<u>Reconciliation of Cash with Statement of Net Position</u>	
Cash Per Net Position	\$ 94,665
Equity in Pooled Cash and Investments Per Net Position	<u>6,643,002</u>
Cash, June 30, 2015	<u>\$ 6,737,667</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,189,653
Equity in Pooled Cash and Investments	2,049,323
Accounts Receivable	187,763
Due from Other Governments	4,306,761
Taxes Receivable	14,744,468
Allowance for Uncollectible Taxes	(299,243)
Prepaid Items	<u>110,490</u>
Total Assets	<u>\$ 24,289,215</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 92,529
Accrued Payroll	108,765
Payroll Deductions Payable	408,064
Due to Other Taxing Units	18,796,744
Due to Litigants, Heirs, and Others	3,398,648
Due to Joint Ventures	<u>1,484,465</u>
Total Liabilities	<u>\$ 24,289,215</u>

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

BLOUNT COUNTY, TENNESSEE

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BLOUNT COUNTY, TENNESSEE
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BLOUNT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, and its budget and property tax levy are subject to the County Commission's approval. 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 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 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, and the Blount County Public Building Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Blount County Emergency Communications District
1431 William Blount Drive
Maryville, Tennessee 37801

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Blount County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other

governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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

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

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

Blount County reports the following major governmental funds:

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

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

Additionally, Blount County reports the following fund types:

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

Capital Projects Funds – 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.

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 an orphans' or children's home owned by the county.

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, Hotel/Motel tax received by the county to be forwarded to the Tourism Development Authority, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, restricted revenues held for the benefit of the Office of District Attorney General, 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.

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.

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

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 position 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

are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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.

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 1.06 percent of the total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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. On the Statement of Net Position for the primary government, a portion of Accounts Payable totaling \$9,151, as well as the entire balance in the account Other Current Liabilities totaling \$3,622,000, represent internal service fund liabilities for self-insured claims.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. Prepaid items include \$24,563 of prepaid insurance premiums for employee health insurance and \$150,611 of prepaid other post-employment benefits for the discretely presented School Department.

4. Capital Assets

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

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the deferred charge on refunding, pension changes in experience, and pension contributions after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/or the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, unearned revenues, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

6. Compensated Absences

The county's and the School Department's policies permit employees to accumulate earned but unused vacation and sick pay benefits. The county's policy provides that employees will be reimbursed for unused sick leave upon retirement or death up to a maximum of 30 days. There is no liability for unpaid accumulated sick leave for the School Department since they do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay and the limited liability for sick leave of the primary government are accrued when incurred in the government-wide statements for the county and the discretely presented School Department. A liability for vacation and sick pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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 funds 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 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.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Restricted for Other Purposes on the Statement of Activities for the primary government and Restricted for Education on the Statement of Activities for the discretely presented School Department include \$2,875,270 and \$1,498,848, respectively resulting from the recognition of net pension assets.

As of June 30, 2015, Blount County had \$167,270,305 in outstanding debt for capital purposes of other entities (schools - \$162,757,801, industrial purposes - \$3,480,000, and a joint communications system lease - \$1,032,504). 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 position with no corresponding increase in the county's capital assets.

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.

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, and shall remain binding unless removed in the same manner.

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 for the primary government and the School Department, respectively. Assigned fund balance in the General Fund and the General Purpose School Fund consists of amounts assigned for encumbrances at June 30, 2015.

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.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Blount County’s beginning net position by \$2,406,565 has been recognized on the Statement of Activities. In addition, a restatement decreasing the discretely presented School Department’s beginning net position by \$15,831,074 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$1,673,951) and the pension cost-sharing plan (\$14,157,123).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension

expense, information about the fiduciary net position of Blount County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Blount County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Blount County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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 Position

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 Position.

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 Position.

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 position 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 change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) and the Endowment Fund (permanent fund), which are not budgeted, and the Other Capital Projects and Education 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.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets

or statements of net position 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, 2015, Blount County had the following investments carried at fair value. 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	Weighted Average Maturities (days)	Fair Value
State Treasurer's Investment Pool	3 to 139	\$ 171,821

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, 2015, 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 (board) for sale to a third party. The county executed an agreement with the board allowing it to dispose of the property upon terms and conditions as the board deems reasonable and to remit all proceeds from the sale of this property to Blount County. However, under the terms of the agreement, the 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. In March 2007, the board sold the property for \$820,000 to Event Management, LLC. The board collected \$125,000 at closing and signed an agreement for the remaining \$695,000 to be paid over the next several years with the potential for a two-year extension. As of December 2014, the board had submitted to the county payments received from Event Management, LLC totaling \$181,071 leaving a balance of \$513,929. During 2014, Event Management, LLC dissolved and defaulted on the final payment due for the remaining balance of \$513,929. In January 2015, the board transferred the property to Fans of the Mountain, LLC at a negotiated price of \$441,353 with an agreement to pay without interest in payments of \$25,000, due on January 10, 2016, and January 10, 2017, with the entire principal balance due and payable on January 10, 2018. The difference (\$72,576) between the balance owed on the defaulted note and the new negotiated price has been expensed on the primary government's Statement of Activities. The entire balance of \$441,353 due on the contract as of June 30, 2015, is reflected as notes receivable on the

balance sheet of the General Debt Service Fund. See prior-year audits for additional details related to the history of this land sale.

During 2010, Blount County entered into an Intergovernmental Agreement with the City of Maryville and the City of Alcoa to share the costs of a communication system. The notes receivable for the City of Maryville and City of Alcoa's portion of the ten-year capital lease purchase is \$466,462 and \$381,559, respectively. These notes receivable are reflected in the General Debt Service Fund. See Note IV.F., for information on the capital lease associated with the purchase of the equipment.

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

C. Derivative Instruments

Primary Government

At June 30, 2015, Blount County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$10M 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 CMS
\$10M 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 CMS
\$14M 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 CMS
\$39M 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 CMS

In addition, Blount County elected to terminate the following derivative instrument during the year.

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$20M Swap	Pay fixed interest rate	Variable to synthetic fixed rate swap	\$ 20,000,000	6-1-06	6-1-31	Pay 4.313% receive 63.45% of 5-year CMS

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows:

Type	Governmental Activities	Changes in Fair Value		Swap Settlement	Fair Value at June 30, 2015		6-30-15 Notional
		Classification	Amount	Payment	Classification	Amount	Amount
\$20M Swap		Interest and Investment Earnings	\$ (1,950,432)	\$ 7,228,000	N/A	\$0	\$0
Investment Derivatives:							
Pay-fixed interest rate swaps:							
\$10M Swap		Interest and Investment Earnings	(307,914)	0	Debt	(2,305,143)	10,000,000
\$10M Swap		Interest and Investment Earnings	(256,767)	0	Debt	(1,570,283)	10,000,000
\$14M Swap		Interest and Investment Earnings	(199,429)	0	Debt	(2,234,644)	14,000,000
\$39M Swap		Interest and Investment Earnings	274,923	0	Debt	(5,376,407)	39,000,000
Totals			<u>\$ (2,439,619)</u>	<u>\$ 7,228,000</u>		<u>\$(11,486,477)</u>	<u>\$ 73,000,000</u>

The \$20M swap was terminated upon payment of \$7,228,000 to the counterparty. This payment was financed by the issuance of general obligation bonds as discussed in Note IV.G.

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The county adopted GASB 53 in Fiscal Year 2010. All derivatives are reported on the statement of net assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in GASB 53. Depending on the test results, the changes in

fair value are either reported on the statement of net assets as a deferral, or in the statement of activities as investment revenue or loss.

The swaps were all amended from receiving a floating rate of a percentage of 1-month USD-LIBOR to receiving a percentage of the 5 Year USD-ISDA Swap rate, also known as the 5 Year Constant Maturity Swap (CMS) rate. This reduces interest expense from the expected benefit resulting from the difference between short- and long-term rates. Longer term interest rates, such as the 5 Year CMS rate, are generally higher than shorter term interest rates, such as a weekly or 1-month LIBOR rate, which the county pays on the variable bonds. Since the long-term index is expected to out-perform the short-term variable rate, the tests under GASB 53 deem such transactions investment instruments.

Interest rate swaps are classified as hedging derivative instruments only if they meet effectiveness criteria established by GASB 53. The swap agreements described below did not meet that criteria, and therefore are classified as investment derivatives.

\$20M Swap (termination):

On February 25, 2015, the county terminated this \$20 million amortizing floating-to-fixed constant maturity swap with Deutsche Bank AG. The swap was associated with the outstanding Local Government Improvement Bonds, Series E-3-B bonds. The swap had a fixed rate of 4.313 percent and received a variable payment computed as 63.45 percent of the 5 Year CMS rate.

\$10M 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 Series A-5-A bonds are no longer outstanding and the interest rate swap was assigned to, and associated with the Series E-1-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-1-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63.2 percent of the 5 Year CMS rate. 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 amount on the associated hedged bonds. The related swap agreement matures on June 1, 2030. As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.900%
Variable payment from counterparty	% 5Y CMS rate	-1.070%
Net interest rate swap payments		<u>2.830%</u>
Variable-rate bond coupon payments		0.548%
On-going costs (other loan fees)		<u>0.000%</u>
Synthetic interest rate on bonds		<u><u>3.378%</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$2,305,143. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2015, 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, 2015, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A by Moody's, Standard and 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 63.20 percent of the 5 Year CMS rate, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.20 percent of the 5 Year CMS rate, 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 county 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 county 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 county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2016	\$ 0	\$ 52,550	\$ 278,778	\$	331,328
2017	0	52,550	278,778		331,328
2018	0	52,550	278,778		331,328
2019	0	52,550	278,778		331,328
2020	0	52,550	278,778		331,328
2021-2025	0	262,751	1,393,890		1,656,641
2026-2030	10,000,000	228,961	1,214,636		11,443,597
Total	\$ 10,000,000	\$ 754,462	\$ 4,002,416	\$	14,756,878

\$10M 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 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 was associated with the Series E-5-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-5-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 3.264 percent and receives a variable payment computed as 59 percent of the 5 Year CMS rate. 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 amount on the associated hedged bonds. The bond and the related swap agreement mature on June 1, 2028. As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.264%
Variable payment from counterparty	% 5Y CMS rate	<u>-0.999%</u>
Net interest rate swap payments		2.265%
Variable-rate bond coupon payments		0.548%
On-going costs (other loan fees)		<u>0.000%</u>
 Synthetic interest rate on bonds		 <u>2.813%</u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$1,570,283. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2015, 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, 2015, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A by Moody's, Standard and 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 the 5 Year CMS rate, 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 the 5 Year CMS rate, 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 county 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 county 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 county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2016	\$ 0	\$ 52,550	\$ 222,569	\$	275,119
2017	0	52,550	222,569		275,119
2018	0	52,550	222,569		275,119
2019	0	52,550	222,569		275,119
2020	0	52,550	222,569		275,119
2021-2025	0	262,751	1,112,845		1,375,596
2026-2030	10,000,000	149,768	634,322		10,784,090
Total	\$ 10,000,000	\$ 675,269	\$ 2,860,012	\$	13,535,281

\$14M 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 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 was associated with the Series E-5-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-5-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 59 percent of the 5 Year CMS rate. 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 amount on the associated hedged bonds. The bonds and the

related swap agreement mature on June 1, 2027. As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.533%
Variable payment from counterparty	% 5Y CMS rate	<u>-0.999%</u>
Net interest rate swap payments		2.534%
Variable-rate bond coupon payments		0.548%
On-going costs (other loan fees)		<u>0.000%</u>
 Synthetic interest rate on bonds		 <u><u>3.082%</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$2,234,644. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2015, 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, 2015, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A by Moody's, Standard and 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 the 5 Year CMS rate, 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 the 5 Year CMS rate, 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 county 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 county 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 county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2016	\$ 0	\$ 73,570	\$ 349,187	\$	422,757
2017	0	73,570	349,187		422,757
2018	0	73,570	349,187		422,757
2019	0	73,570	349,187		422,757
2020	0	73,570	349,187		422,757
2021-2025	4,000,000	346,832	1,646,165		5,992,997
2026-2030	10,000,000	42,040	199,535		10,241,575
Total	\$ 14,000,000	\$ 756,722	\$ 3,591,635	\$	18,348,357

\$39M 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 IV-C-I.

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-I variable-rate bonds. The Series IV-C-I bonds are no longer outstanding and the interest rate swap was assigned and associated with, the Series E-1-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-1-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.45 percent of the 5 Year CMS rate. 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, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.270%
Variable payment from counterparty	% 5Y CMS rate	<u>-1.074%</u>
Net interest rate swap payments		3.196%
Variable-rate bond coupon payments		0.548%
On-going costs (other loan fees)		<u>0.000%</u>
 Synthetic interest rate on bonds		 <u><u>3.744%</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$5,376,407. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2015, 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, 2015, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A by Moody's, Standard and 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 the 5 Year CMS rate, 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 the 5 Year CMS rate, 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 county 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 county 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 county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2015, 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	
2016	\$ 0	\$ 204,946	\$ 1,229,818	\$ 1,434,764
2017	0	204,946	1,229,818	1,434,764
2018	1,515,000	196,985	1,182,044	2,894,029
2019	3,470,000	178,750	1,072,622	4,721,372
2020	3,660,000	159,516	957,208	4,776,724
2021-2024	30,355,000	249,955	1,499,905	32,104,860
Total	\$ 39,000,000	\$ 1,195,098	\$ 7,171,415	\$ 47,366,513

D. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 7,518,566	\$ 0	\$ 0	\$ 7,518,566
Construction in Progress	6,858	919,740	0	926,598
Total Capital Assets Not Depreciated	\$ 7,525,424	\$ 919,740	\$ 0	\$ 8,445,164
Capital Assets Depreciated:				
Buildings and Improvements	\$ 52,748,667	\$ 411,701	\$ 0	\$ 53,160,368
Roads, Streets, and Bridges	136,459,178	0	0	136,459,178
Other Capital Assets	15,025,338	1,265,419	(715,195)	15,575,562
Total Capital Assets Depreciated	\$ 204,233,183	\$ 1,677,120	\$ (715,195)	\$ 205,195,108

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,674,908	\$ 1,082,286	\$ 0	\$ 18,757,194
Roads, Streets, and Bridges	71,900,558	4,215,773	0	76,116,331
Other Capital Assets	10,398,185	1,012,507	(705,178)	10,705,514
Total Accumulated Depreciation	<u>\$ 99,973,651</u>	<u>\$ 6,310,566</u>	<u>\$ (705,178)</u>	<u>\$ 105,579,039</u>
Total Capital Assets Depreciated, Net	<u>\$ 104,259,532</u>	<u>\$ (4,633,446)</u>	<u>\$ (10,017)</u>	<u>\$ 99,616,069</u>
Governmental Activities Capital Assets, Net	<u>\$ 111,784,956</u>	<u>\$ (3,713,706)</u>	<u>\$ (10,017)</u>	<u>\$ 108,061,233</u>

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

Governmental Activities:

General Government	\$ 271,648
Finance	9,576
Administration of Justice	245,559
Public Safety	1,008,319
Public Health and Welfare	147,299
Social, Cultural, and Recreational	313,018
Highways	<u>4,315,147</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,310,566</u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 9,951,059	\$ 0	\$ 0	\$ 9,951,059
Total Capital Assets Not Depreciated	<u>\$ 9,951,059</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,951,059</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 172,730,094	\$ 0	\$ 0	\$ 172,730,094
Other Capital Assets	5,621,284	118,346	(147,469)	5,592,161
Total Capital Assets Depreciated	<u>\$ 178,351,378</u>	<u>\$ 118,346</u>	<u>\$ (147,469)</u>	<u>\$ 178,322,255</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 53,914,786	\$ 3,536,081	\$ 0	\$ 57,450,867
Other Capital Assets	3,843,901	363,802	(147,469)	4,060,234
Total Accumulated Depreciation	<u>\$ 57,758,687</u>	<u>\$ 3,899,883</u>	<u>\$ (147,469)</u>	<u>\$ 61,511,101</u>
Total Capital Assets Depreciated, Net	<u>\$ 120,592,691</u>	<u>\$ (3,781,537)</u>	<u>\$ 0</u>	<u>\$ 116,811,154</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 130,543,750</u></u>	<u><u>\$ (3,781,537)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 126,762,213</u></u>

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

Governmental Activities:

Instruction	\$ 39,832
Support Services	3,663,249
Operation of Non-instructional Services	<u>196,802</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,899,883</u></u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 9,002
Internal Service	General	9,680
"	Nonmajor governmental	23,583
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	82

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.

Due to/from Primary Government and Component Unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government:		
Internal Service	Component Unit: School Department	\$ 778,727
Component Unit:		
School Department	Primary Government: General	8,208

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes \$1,446,276 for principal and accrued interest on debt issued by the primary government, which is being retired by the School Department. Of that amount, \$1,160,608 is not expected to be received within one year.

Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

	Transfers In		
	General Fund	Debt Service Fund	Nonmajor Governmental Funds
Transfers Out			
General Fund	\$ 0	\$ 832,463	\$ 899,520
Nonmajor Governmental Fund	8,481	0	0
Internal Service Fund	219,888	0	0
Total Transfers	<u>\$ 228,369</u>	<u>\$ 832,463</u>	<u>\$ 899,520</u>

Discretely Presented Blount County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 15,853

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

F. Capital Leases

Primary Government

On September 1, 2010, Blount County entered into a ten-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.

On July 6, 2006, Blount County entered into a 13-year lease-purchase agreement for the School Department 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 the School Department at the end of the lease period. The lease payments are made by

the General Debt Service Fund from contributions by the General Purpose School Fund.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	
	<u>Primary Government</u>	<u>School Department</u>
Machinery and Equipment (county portion)	\$ 1,808,935	\$ 0
Less: Accumulated Depreciation	(723,575)	0
Buildings and Improvements	0	2,738,602
Less: Accumulated Depreciation	0	(1,506,230)
 Total Book Value	 <u>\$ 1,085,360</u>	 <u>\$ 1,232,372</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2016	\$ 680,985
2017	688,789
2018	696,826
2019	705,106
2020	713,633
2021	370,183
Total Minimum Lease Payments	<u>\$ 3,855,522</u>
Less: Amount Representing Interest	<u>(517,071)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 3,338,451</u>

G. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Blount County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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, and other loans outstanding were issued for original terms of up to 24 years for bonds and up to 29 years for the other loans. Blount County had no outstanding capital outlay notes at June 30, 2015. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds - Refunding - Fixed Rate	.55 to 5%	6-1-31	\$ 100,620,000	\$ 83,045,000
General Obligation Bonds - Refunding - Variable Rate	Variable	6-1-37	79,800,000	79,555,000
Qualified School Construction Bonds	2.6	9-14-27	14,855,000	11,224,529
Other Loans - Public Building Authority	2.5 to 6.2	6-1-37	42,930,000	28,330,000
Other Loans - State School Bond Authority	0	11-24-20	727,865	144,207
Capital Lease	3.97 to 5.4	9-1-20	5,745,602	3,338,451

Included in long-term debt is \$79,555,000 in general obligation bonds, series 2013B, which were directly purchased by U.S. Bank National Association (the bank). Proceeds of the bonds were used to refund obligations under variable rate loan agreements with the Public Building Authority of Blount County. The bonds have a final maturity of June 1, 2037, and are held by the bank pursuant to a "Continuing Covenant Agreement." The agreement provides for an "Initial Index Period Mandatory Purchase Date" of December 30, 2016. During the initial index period, interest on the bonds is paid at a rate determined monthly based on 71.2 percent of the one-month LIBOR plus a bank spread of 41.5 basis points. At June 30, 2015, the county's rate amounted to .548 percent. The county may enter into subsequent index period agreements with the bank or with other purchasers. If the county is unable to enter into an agreement for a subsequent index period prior to December 30, 2016, the agreement calls for the bonds to become payable on an accelerated (no more than three years) amortization and at a separately determined interest rate. The minimum interest rate on the accelerated amortization would be eight percent for the first 30 days and nine percent thereafter. In addition to payments required under the "Continuing Covenant Agreement," Blount County is also responsible for payments under interest rate swap agreements associated with the debt as discussed in Note IV.C., Derivative Instruments.

Blount County has entered into various loan agreements with the Public Building Authority of Blount County (PBA) to finance various capital projects

for the county and the discretely presented Blount County School Department. Under the loan agreements, the PBA issued its revenue bonds and made the proceeds available for loan to Blount County. The following table summarizes all PBA and other loan agreements outstanding at June 30, 2015:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rates
<u>Blount County Public Building Authority</u>				
Industrial Park (Series B-10-A)	\$ 2,000,000	\$ 1,050,000	Fixed	5.55 to 6.2%
Various Purpose (Series B-16-A)	33,550,000	21,950,000	Fixed	3 to 5
Industrial Park (Series B-17-A)	3,000,000	2,430,000	Fixed	3.25 to 4.5
Various Purpose (Series B-18-A)	4,380,000	2,900,000	Fixed	2.5 to 5
<u>TN State School Bond Authority</u>				
Qualified Zone Academy Bonds	727,865	<u>144,207</u>	N/A	0
		<u>\$ 28,474,207</u>		

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2015, including interest payments, are presented in the following tables. Interest payments included in the table for the variable rate bond issue, is computed based on the rate in effect at June 30, 2015.

Year Ending June 30	Bonds			
	Principal	Interest	Swap Payments (1)	Total
2016	\$ 5,291,929	\$ 4,319,063	\$ 2,117,509	\$ 11,728,501
2017	6,106,929	4,184,346	2,117,509	12,408,784
2018	7,046,929	4,017,916	2,062,266	13,127,111
2019	7,506,929	3,832,881	1,951,365	13,291,175
2020	8,686,929	3,622,289	1,834,406	14,143,624
2021-2025	43,964,645	13,221,355	5,740,086	62,926,086
2026-2030	47,650,239	6,470,460	2,081,276	56,201,975
2031-2035	30,870,000	1,079,186	0	31,949,186
2036-2037	16,700,000	137,054	0	16,837,054
Total	\$ 173,824,529	\$ 40,884,550	\$ 17,904,417	\$ 232,613,496

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 2,900,501	\$ 1,284,978	\$ 245	\$ 4,185,724
2017	2,020,501	1,179,603	245	3,200,349
2018	1,235,501	1,099,693	245	2,335,439
2019	1,232,704	1,048,153	245	2,281,102
2020	325,000	995,468	0	1,320,468
2021-2025	7,885,000	4,631,414	0	12,516,414
2026-2030	9,875,000	1,504,900	0	11,379,900
2031-2035	2,000,000	570,000	0	2,570,000
2036-2037	1,000,000	71,250	0	1,071,250
Total	\$ 28,474,207	\$ 12,385,459	\$ 980	\$ 40,860,646

(1) See Note IV.C., Derivative Instruments.

There is \$11,072,915 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, and capital leases totaled \$1,672, based on the 2010 federal census.

The county also issued revenue bonds and general obligation bonds on behalf of Blount Memorial Hospital, Inc. The Hospital Revenue Bonds outstanding at June 30, 2015, totaled \$3,490,962. The county is not liable for these bonds in case of default by the hospital. The Series 2013A bonds issued on behalf of the hospital carry the general obligation pledge of the county in addition to being payable from hospital revenues. Series 2013A bonds outstanding at June 30, 2015, totaled \$82,550,000. These are discussed further in Note V.D. These bonds are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-15</u>
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Capital Leases

Contributions from the General Purpose School Fund

School Energy Facility Upgrades	\$ 1,396,007
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Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

	<u>Bonds</u>	<u>Other Loans</u>	<u>Capital Leases</u>
Balance, July 1, 2014	\$ 150,826,458	\$ 51,379,708	\$ 3,836,476
Additions	26,905,000	0	0
Reductions	(3,906,929)	(22,905,501)	(498,025)
Balance, June 30, 2015	<u>\$ 173,824,529</u>	<u>\$ 28,474,207</u>	<u>\$ 3,338,451</u>
Balance Due Within One Year	<u>\$ 5,291,929</u>	<u>\$ 2,900,501</u>	<u>\$ 528,466</u>

	<u>Other Postemployment Benefits</u>	<u>Compensated Absences</u>
Balance, July 1, 2014	\$ 2,589,469	\$ 3,057,311
Additions	631,146	1,891,775
Reductions	(331,229)	(1,640,393)
Balance, June 30, 2015	<u>\$ 2,889,386</u>	<u>\$ 3,308,693</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,488,912</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 211,835,266
Less: Balance Due Within One Year	(10,209,808)
Add: Unamortized Premium on Debt	<u>4,154,220</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 205,779,678</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 March 5, 2015, Blount County refunded its Series E-3-B variable rate Public Building Authority of Blount County loan agreement. The county issued \$19,785,000 of Series 2015B fixed rate general obligation bond to redeem the outstanding principal of the Public Building Authority loan agreement. The objective of the refunding was to allow the county to terminate its existing letter of credit agreement under the Public Building Authority loan, eliminate the need for a remarketing agent, and eliminate the administrative fees associated with the Public Building Authority, thereby eliminating roll over risk, remarketing risk, and liquidity provider risk. As a result, the refunded loan was redeemed, and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price was the same as the carrying amount of the old debt. The amount of change in debt service payments and the economic gain or loss (difference between the present value of the debt service payment of the refunded and refunding debt) could not be determined due to the variable rate debt instruments involved.

In connection with refunding the Series E-3-B loan agreement, Blount County also elected to terminate an interest rate swap agreement that was associated with that variable rate debt. The county issued fixed rate general obligation bonds of \$7,120,000, which mature in 2021 to finance that swap settlement payment. See Note IV.C. for further discussion of the county's derivative instruments.

Discretely Presented Blount County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Blount County School Department for the year ended June 30, 2015, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 85,017	\$ (183,260)
Additions	241,119	1,199,699
Reductions	(301,191)	(1,167,050)
Balance, June 30, 2015	<u>\$ 24,945</u>	<u>\$ (150,611)</u>
Balance Due Within One Year	<u>\$ 4,634</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, (excluding prepaid other postemployment benefits)	\$ 24,945
Less: Balance Due Within One Year	<u>(4,634)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 20,311</u>

Prepaid other postemployment benefits are reflected as an asset on Exhibit A.

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

H. 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, 2015, were \$55,563. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal is to be used for operating an orphan's or children's home owned by Blount County. In prior years, the interest earned was used to operate the Blount County Children's Home; however, during the year ended June 30, 2014, the children's home ceased operations and as of December 2013, the county quit submitting payments to the children's home. During the year ended June 30, 2015, interest earned totaled \$3,690. As of

June 30, 2015, the Endowment Fund has accumulated a balance of \$6,763 of unspent earned interest. As of the date of this report, the county has yet to determine how to spend the earned interest.

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 \$250,000 for each employee in any plan year for health coverage, \$500,000 for each employee and \$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. The county does not carry stop-loss coverage for general liability. Employee dental claims are covered by commercial insurance.

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 position of the internal service fund attributable to health coverage was \$3,652,399 and the portion attributable to general liability, property, casualty, and workers' compensation was \$247,377 at June 30, 2015. Those amounts have been designated by management for future catastrophic losses. 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
2013-2014	\$ 1,477,033	\$ 1,946,433	\$ (786,466)	\$ 2,637,000
2014-2015	2,637,000	930,397	(1,074,812)	2,492,585

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2013-2014	\$ 1,271,173	\$ 17,636,427	\$ (17,478,491)	\$ 1,429,109
2014-2015	1,429,109	17,837,794	(18,128,337)	1,138,566

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Position includes \$9,151 related to self-insured claims, and the balance in the account Other Current Liabilities includes internal service fund liabilities of \$1,130,000 for estimated health insurance claims and \$2,492,000 for other self-insured claims.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On July 13, 2015, Teresa Johnson was replaced by Katie Branham as Purchasing Agent for Blount County.

D. Contingent Liabilities

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital, Inc. Outstanding Series 2013A Bonds reflected in long-term debt for the hospital (see Note VI.H.) 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 for the bonds as of June 30, 2015, totaled \$82,550,000.

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. Joint Ventures

The Industrial Development Board of Blount County and the cities of Alcoa and Maryville were 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 \$848,021 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 \$12,468,266, 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 \$653,585 to the operations of the commission during the year ended June 30, 2015.

The Smoky Mountain Tourism Development Authority is a nonprofit entity chartered in June 2012 to promote tourism in the county. The authority was

established jointly by the county, the City of Maryville, and the City of Alcoa. The authority is governed by a ten-member board, which includes one representative of the county. The authority's primary funding source is proceeds of a hotel-motel tax, which is levied by the County Commission pursuant to a private act. The authority is entitled to 70 percent of the hotel-motel tax. The tax is currently set at a rate of five percent, which is the maximum allowed.

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

Smoky Mountain Tourism Development Authority
201 South Washington Street
Maryville, TN 37804

F. Jointly Governed Organization

Blount County, Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control. Per the agreement, the board of control consists of the director of schools of each participating government, one representative appointed by the County Commission or City Council of each participating government, and one

member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the various school systems. The systems, may, but are not required to contract for these services.

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 were 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 share excess sales proceeds and property tax revenues equally.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Blount County and non-certified employees of the discretely presented Blount County School Department are provided defined benefit pension plans through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 60.85 percent and the non-certified employees of the discretely present School Department comprise 39.15 percent of one plan based on census data. Employees of the Blount County Library System comprise the entire membership of the second agent multi-employer plan which is also administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Blount County Public Library System

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	8
Active Employees	20
Total	38

Primary Government Employees (excluding Library System) and Non-Certified Employees of the School Department.

Inactive Employees or Beneficiaries Currently Receiving Benefits	478
Inactive Employees Entitled to But Not Yet Receiving Benefits	641
Active Employees	848
Total	<u><u>1,967</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Blount County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Blount County were \$3,560,164 based on a rate of 14.86 percent of pensionable payroll for public safety officers, 0.3 percent of pensionable payroll for library employees, and 11.36 percent of pensionable payroll for all other employees. By law, employer contributions are required to be paid. The TCRS may intercept Blount County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Blount County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
		100
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Blount County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

Blount County Public Library System

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2013	\$ 2,237,574	\$ 2,367,688	\$ (130,114)
Changes for the year:			
Service Cost	\$ 63,181	\$ 0	\$ 63,181
Interest	170,615	0	170,615
Differences Between Expected and Actual Experience	(425,788)	0	(425,788)
Contributions-Employer	0	65,106	(65,106)
Contributions-Employees	0	34,123	(34,123)
Net Investment Income	0	393,967	(393,967)
Benefit Payments, Including Refunds of Employee Contributions	(51,799)	(51,799)	0
Administrative Expense	0	(847)	847
Net Changes	\$ (243,791)	\$ 440,550	\$ (684,341)
Balance, June 30, 2014	\$ 1,993,783	\$ 2,808,238	\$ (814,455)

Primary Government (excluding Library System) and Non-Certified Employees of the School Department

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 95,883,964	\$ 87,964,929	\$ 7,919,035
Changes for the year:			
Service Cost	\$ 2,750,764	\$ 0	\$ 2,750,764
Interest	7,259,306	0	7,259,306
Differences Between Expected and Actual Experience	(1,426,832)	0	(1,426,832)
Contributions-Employer	0	3,643,299	(3,643,299)
Contributions-Employees	0	1,552,627	(1,552,627)
Net Investment Income	0	14,728,866	(14,728,866)
Benefit Payments, Including Refunds of Employee Contributions	(3,687,953)	(3,687,953)	0
Administrative Expense	0	(35,805)	35,805
Net Changes	\$ 4,895,285	\$ 16,201,034	\$ (11,305,749)
Balance, June 30, 2014	\$ 100,779,249	\$ 104,165,963	\$ (3,386,714)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)				
<u>Primary Government (excluding Library System) and Non-Certified Employees of the School Department</u>				
		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	60.85%	\$ 61,324,173	\$ 63,384,988	\$ (2,060,815)
School Department	39.15%	39,455,076	40,780,975	(1,325,899)
Total		\$ 100,779,249	\$ 104,165,963	\$ (3,386,714)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Blount County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Blount County Public Library System

	1% Decrease	Current Discount Rate	1% Increase
<u>Blount County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>

Net Pension Liability \$ (567,880) \$ (814,455) \$ (1,024,249)

Primary Government (excluding Library System) and Non-Certified
Employees of the School Department

	1% Decrease	Current Discount Rate	1% Increase
<u>Blount County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>

Net Pension Liability \$ 10,151,252 \$ (3,386,714) \$ (14,653,575)

**Pension Expense (Income) and Deferred Outflows of Resources
and Deferred Inflows of Resources to Pensions**

Pension Income. For the year ended June 30, 2015, the plan comprised of employees of the Blount County Library System recognized pension income of \$128,179. The plan comprised of other employees of the primary government and non-certified employees of the School Department recognized pension income of \$59,952.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Blount County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Blount County Public Library System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 319,341
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	171,715
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	4,069	N/A
Total	<u>\$ 4,069</u>	<u>\$ 491,056</u>

Primary Government (excluding Library System) and Non-Certified Employees of the School Department

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 1,141,466
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,461,032
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	3,556,095	N/A
Total	<u>\$ 3,556,095</u>	<u>\$ 7,602,498</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

Primary Government Employees (excluding Library System) and
Non-Certified Employees of the School Department

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 2,586,195	\$ 4,626,120
School Department	<u>969,900</u>	<u>2,976,378</u>
Total	<u>\$ 3,556,095</u>	<u>\$ 7,602,498</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Blount County Public Library System:

Year Ending June 30	Amount
2016	\$ (149,376)
2017	(149,376)
2018	(149,376)
2019	(42,929)
2020	0
Thereafter	0

Primary Government (excluding Library System) and Non-Certified Employees of the School Department:

Year Ending June 30	Amount
2016	\$ (1,900,624)
2017	(1,900,624)
2018	(1,900,624)
2019	(1,900,624)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, Blount County reported a payable of \$330,800 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Discretely Presented Blount County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Blount County and non-certified employees of the discretely presented Blount County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 60.85 percent and the non-certified employees of the discretely present School Department comprise 39.15 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Blount County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers

with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS

Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$38,451, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Blount County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Blount County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 38,451	N/A

The Blount County School Department’s employer contributions of \$38,451 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Payable to the Pension Plan

At June 30, 2015, Blount County Schools reported a payable of \$2,789 for the outstanding amount of contributions to the pension plan required at the year ending June 30, 2015.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Blount County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefits plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost-of-living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Blount County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$3,671,141, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Blount County School Department reported an asset of \$172,949 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Blount County School Department's proportion of the net pension asset was based on the Blount County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Blount County School Department's proportion was 1.064334 percent. The proportion measured as of June 30, 2013, was 1.085706 percent.

Pension Income. For the year ended June 30, 2015, the Blount County School Department recognized a pension income of \$198,569.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Blount County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 419,878	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	14,249,922
Changes in Proportion of Net Pension Liability (Asset)	0	301,459
LEA's Contributions Subsequent to the Measurement Date of June 30, 2014	<u>3,671,141</u>	<u>N/A</u>
Total	<u>\$ 4,091,019</u>	<u>\$ 14,551,381</u>

The Blount County School Department's employer contributions of \$3,671,141 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (3,542,744)
2017	(3,542,744)
2018	(3,542,744)
2019	(3,542,744)
2020	19,737
Thereafter	19,737

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
			100	%
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Blount County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Blount County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 29,169,855 \$ (172,949) \$ (24,465,610)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2015, Blount County Schools reported a payable of \$305,655 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

2. Deferred Compensation

Blount County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of the plan participants. The Section 457 and Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 457 and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the discretely presented School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participating, contribution, and withdrawal provisions for the plans. During the year, the School Department contributed \$49,107 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

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	\$ 654,870	\$ 1,198,099	\$ 1,852,969
Interest on the NOPEBO	103,206	(6,958)	96,248
Adjustment to the ARC	(126,930)	8,558	(118,372)
Annual OPEB cost	\$ 631,146	\$ 1,199,699	\$ 1,830,845
Amount of contribution	(331,229)	(1,167,050)	(1,498,279)
Increase/decrease in NOPEBO	\$ 299,917	\$ 32,649	\$ 332,566
Net OPEB obligation, 7-1-14	2,589,469	(183,260)	2,406,209
Net OPEB obligation, 6-30-15	\$ 2,889,386	\$ (150,611)	\$ 2,738,775

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Self-insured	\$ 1,716,207	83.4 %	\$ 2,104,053
6-30-14	"	1,771,081	82.9	2,406,209
6-30-15	"	1,830,845	81.8	2,738,775

Funded Status and Funding Progress

The funded status of the plan as of the latest actuarial valuation was as follows:

	Primary Government	School Department	Total
Actuarial valuation date	7-1-14	7-1-14	
Actuarial accrued liability (AAL)	\$ 6,751,934	\$ 13,309,919	\$ 20,061,853
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,751,934	\$ 13,309,919	\$ 20,061,853
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 20,588,847	\$ 47,408,362	\$ 67,997,209
UAAL as a % of covered payroll	33%	28%	30%

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, 2014, 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 eight 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. Office of Central Accounting, Budgeting, and Purchasing

Blount County operates under provisions of the Fiscal Control Acts of 1957 and the Local Option Budgeting Law of 1993. These acts provide for a central system of accounting and budgeting covering all funds of the county. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

K. Purchasing Laws

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

VI. OTHER NOTES – DISCRETELY PRESENTED BLOUNT 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 is organized as a private act hospital authority. 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 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, which coordinates and secures resources to enable the hospital to maintain, improve, and advance care. The hospital and the foundation have common boards of directors and the financial activity of the foundation is included (blended) in the hospital's financial statements. Separate financial statements of the foundation are maintained by the 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.

Blount Memorial Physician Group, Inc. (BMPG), is owned 100 percent by the hospital and governed by the hospital's Board of Director's. The financial activity of BMPG is also included (blended) in the hospital's financial statements. BMPG provides physician and outpatient services in Blount County and includes over 80 physicians in a multi-specialty practice. Separate financial statements are maintained by hospital management.

The hospital has non-controlling ownership interest in partnership which operates a medical facility in Blount County consistent with the hospital's mission of providing healthcare services. This ownership investment is included in other assets at June 30, 2015.

All significant intercompany accounts and transactions with blended component units have been eliminated.

Basis of Presentation

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

Net investment in capital assets – This component of net position consists of property and equipment, net of accumulated depreciation, 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 of resources attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. 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. The restricted component is separated into nonexpendable and expendable. Net position subject to externally imposed stipulations that the hospital maintain them permanently are nonexpendable. Net position on which use by the hospital is subject to externally imposed stipulations that can be fulfilled by the action of the hospital pursuant

to those stipulations or that expire by the passage of time are expendable.

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 of net investment in capital assets or restricted components of net position.

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.

Patient Accounts Receivable

Accounts receivable from patients and third-party payors are recorded on the accrual basis in the period in which services are rendered. The hospital does not require collateral on accounts receivable. In evaluating the collectability of accounts receivable, the hospital analyzes historical collection rates and write-offs and identifies trends for payors to estimate appropriate allowance amounts. Accounts are charged to bad debt expenses as they are determined to be uncollectible based on a review of aging and collections.

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 non-operating revenues when earned.

The hospital is organized as a private act hospital authority, which provides the hospital additional rights and powers, including the manner in which funds are invested. The hospital diversifies its investments into a broad range of asset classes to reduce concentration 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, 2015, the hospital's fixed income investments all have quality ratings of A or better (by both Standard and Poor's and Moody's Investors Service).

To limit its exposure to fair value losses arising from changing interest rates, the hospital's investment policy restricts the type and maturities of fixed income investments in order to increase the overall investment horizon. The current duration of the hospital's fixed income investments ranges 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. A portion of the investment at June 30, 2015, totaling \$1,074,686 is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust.

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>Assets</u>	<u>Years</u>
Land Improvements	8 - 25
Buildings, Improvements, and Fixed Equipment	10 - 30
Equipment	3 - 15

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. Non-operating revenues consist primarily of investment income (loss) and general contributions to the hospital. Unrestricted resources will be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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. BMPG is a corporation and subject to income taxes. BMPG has net operating loss carryforwards, resulting in deferred tax assets, which have been fully offset by a valuation allowance.

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.

BMPG's cash balances at financial institutions are covered by Federal Deposit Insurance Corporation (FDIC) insurance (risk category insured), subject to

certain limits. At June 30, 2015, BMPG balances exceeded the limits by approximately \$240,000 (uninsured credit risk category).

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 6-30-15	Percent
Money Market Funds (cash equivalents)	\$ 336,997	0
U.S. Government Agency Securities	7,614,185	7
Municipal Bonds	3,371,794	3
Corporate Bonds	7,607,157	7
Common Stock	1,288,083	1
Bond Mutual Funds	37,332,002	36
Equity Mutual Funds	48,122,875	46
Total	<u>\$ 105,673,093</u>	<u>100</u>

Net investment income (loss) on assets limited as to use includes:

	Balance 6-30-15
Interest and Dividends	\$ 1,185,844
Net Realized and Unrealized Investment Gain	<u>(2,253,886)</u>
Total	<u>\$ (1,068,042)</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 6-30-15
Cash	\$ 22,923
Money Market Funds (cash equivalents)	308,709
Bond Mutual Funds	492,573
Equity Mutual Funds	<u>715,510</u>
Total	<u>\$ 1,539,715</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:

	<u>2015</u>
Gross Patient Service Charges	\$ 809,173,131
Contractual Adjustments and Discounts	(564,165,442)
Charity Care Charges Foregone	(38,331,218)
Provision for Bad Debts	<u>(14,806,798)</u>
Net Patient Service Revenue	<u>\$ 191,869,673</u>

The Health Information Technology for Economic and Clinical Health Act (HITECH) was enacted as part of the American Recovery and Reinvestment Act of 2009. Under HITECH, the hospital must implement a certified electronic health record in an effort to promote the adoption and meaningful use of health information technology. It is the hospital's policy to recognize such revenue when there is reasonable assurance the condition specified for compliance within the applicable statutes will be met and the grant will be received. During 2015, the hospital has recorded approximately \$2,247,000 of incentive payments under Medicare and TennCare programs related to meeting meaningful use objectives mandated by HITECH. These incentive payments are included as a component of net patient service revenue.

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. As a result, there is at least a reasonable possibility that recorded estimates related to third-party payor agreements could change in the near term. 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 31 percent in 2015.

The hospital has 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. Acquisition of Maryville Surgical Center, LLC

Effective January 15, 2015, the hospital acquired substantially all assets of Maryville Surgical Center, LLC (MSC). The acquisition was accounted for as a purchase transaction where the hospital recorded all assets acquired at their fair values on the date of acquisition. The following table presents the allocation of the purchase price to assets acquired based on their estimated fair values.

Medical and Other Equipment	\$ 527,475
Inventory, Surgical Instruments and Other	293,529
Accounts Receivable	193,806
Other Assets	<u>211,091</u>
Total Cash Consideration	<u>\$ 1,225,901</u>

F. Property and Equipment

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

	Balance 7-1-14	Additions	Retirements and Transfers	Balance 6-30-15
Cost:				
Land	\$ 12,018,917	\$ 42,462	\$ 0	\$ 12,061,379
Land Improvements	2,382,783	0	0	2,382,783
Buildings, Improvements, and Fixed Equipment	164,780,787	5,285,831	(851,779)	169,214,839
Equipment	122,964,891	12,691,118	(832,894)	134,823,115
Construction in Progress	1,068,926	1,472,599	(1,068,926)	1,472,599
Total Cost	<u>\$ 303,216,304</u>	<u>\$ 19,492,010</u>	<u>\$ (2,753,599)</u>	<u>\$ 319,954,715</u>
Allowances for				
Depreciation:				
Land Improvements	\$ (2,302,911)	\$ (8,598)	\$ 0	\$ (2,311,509)
Buildings, Improvements, and Fixed Equipment	(85,319,916)	(6,265,364)	766,600	(90,818,680)
Equipment	(90,888,984)	(9,988,640)	832,894	(100,044,730)
Total Allowances for Depreciation	<u>\$ (178,511,811)</u>	<u>\$ (16,262,602)</u>	<u>\$ 1,599,494</u>	<u>\$ (193,174,919)</u>
Net Property and Equipment	<u>\$ 124,704,493</u>	<u>\$ 3,229,408</u>	<u>\$ (1,154,105)</u>	<u>\$ 126,779,796</u>

Construction in progress at June 30, 2015, includes costs related to the renovation and upgrades to the building with total estimated costs to complete of approximately \$1,325,000.

G. Other Assets

Other assets include a \$2,040,000 investment in a partnership and the following net intangible assets:

	<u>6-30-15</u>
Goodwill	\$ 2,378,063
Trade Name	1,450,568
Non-compete Agreements	157,153
Medical Records	494,963
Workforce	973,668
Other	<u>609,364</u>
Total	<u>\$ 6,063,779</u>

Goodwill and trade name are being amortized over a period of 40 years. Medical records and workforce are amortized over a period of ten to 20 years. The non-compete agreements are being amortized over a period of three years. Amortization expense for intangibles was \$962,796 at June 30, 2015. Amortization expense for the next three years is estimated to approximate \$419,000, \$237,000, and \$212,000.

H. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-14	Principal Payments	Balance 6-30-15
Series 2013A Bonds	\$ 85,925,000	\$ 3,375,000	\$ 82,550,000
Series 2014 Bonds	4,288,400	797,438	3,490,962
Total Outstanding	\$ 90,213,400	<u>\$ 4,172,438</u>	\$ 86,040,962
Less Current Portion	<u>(4,172,438)</u>		<u>(4,091,778)</u>
Long-term Portion	<u>\$ 86,040,962</u>		<u>\$ 81,949,184</u>

Blount County issued, on behalf of the hospital, Hospital Revenue Improvement Bonds Series 1998B, in December 1998. The Series 1998B Bonds were 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 county exercised its redemption option in January 2014.

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 were subject to redemption at the option of the county, in whole or in part, at the redemption price of par plus accrued interest to the redemption date. The county exercised its redemption option in December 2013.

To refund the Series E-5-A Bonds, in December 2013 Blount County issued, on behalf of the hospital, \$89,125,000 of General Obligation Refunding Bonds, Series 2013A. The Series 2013A Bonds bear interest at a variable rate based on the product of the one month Libor rate (.184 percent at June 30, 2015) and a factor (67 percent at June 30, 2015) plus the applicable spread based on the investment rating of the bonds (.43 percent at June 30, 2015). The Series 2013A Bonds mature in increasing annual amounts ranging from \$3,525,000 in 2016 to \$8,425,000 in 2029 and are subject to redemption at the option of the county, in whole or in part, at the redemption price of par plus accrued interest to the redemption date. There was no difference between the reacquisition price and the net carrying amount of the old debt. The hospital completed the refunding to reduce its total debt service payments over the following 16 years by approximately \$210,000, which resulted in an economic gain (difference between the present value of the old and new debt service payments) of approximately \$160,000.

In January 2014, Blount County issued on behalf of the hospital, \$4,288,400 of Hospital Revenue Refunding Bonds, Series 2014. The Series 2014 Bonds were used to refund the Series 1998B bonds. The Series 2014 Bonds mature in varying annual amounts ranging from \$566,778 to a final payment of

approximately \$842,000 on July 1, 2019, at an interest rate of 1.68 percent. The Series 2014 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. There was no difference between the reacquisition price and the net carrying amount of the old debt. The hospital completed the refunding to reduce its total debt service payments over the following 6 years by approximately \$810,000, which resulted in an economic gain (difference between the present value of the old and new debt service payments) of approximately \$650,000.

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 maturing in June 2026 establishes interest at an effective rate of 4.9 percent on \$25,000,000. The second interest rate swap 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. The fair value liability of the interest rate swaps increased by \$740,765 in 2015.

As of June 30, 2015, 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, 2015, the counterparty to the swaps, Deutsche Bank, was rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

The hospital is exposed to variable rates if the counterparties to the swap defaults, if the variable rate received from the counterparty 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, 2015, are summarized as follows:

Year Ending June 30	Series 2013A	Series 2014	Total
2016	\$ 3,525,000	\$ 566,778	\$ 4,091,778
2017	3,700,000	626,295	4,326,295
2018	3,875,000	692,100	4,567,100
2019	4,075,000	763,889	4,838,889
2020	4,275,000	841,900	5,116,900
2021-2025	31,700,000	0	31,700,000
2026-2029	31,400,000	0	31,400,000
Total	<u>\$ 82,550,000</u>	<u>\$ 3,490,962</u>	<u>\$ 86,040,962</u>

Future interest payments related to the bonds are as follows (interest for variable rate portion of the Series 2013A Bonds is determined using the rate in effect at June 30, 2015, which was .55 percent):

Year Ending June 30	Series 2013A	Series 2014	Total
2016	\$ 2,702,238	\$ 53,848	\$ 2,756,086
2017	2,682,654	43,822	2,726,476
2018	2,662,102	32,743	2,694,845
2019	2,640,570	20,508	2,661,078
2020	2,617,932	7,014	2,624,946
2021-2025	10,941,112	0	10,941,112
2026-2029	3,395,439	0	3,395,439
Total	<u>\$ 27,642,047</u>	<u>\$ 157,935</u>	<u>\$ 27,799,982</u>

The revenues of the hospital are pledged as collateral for the Series 2014 Bonds. The bond agreements require the hospital to maintain certain financial and other covenants.

I. 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 is self-insured for professional malpractice liability coverage. Claims and expenses of \$105,475 were paid during 2015. At June 30, 2015, 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 \$1,059,607 at June 30, 2015. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$12,009,000 for 2015.

J. Fair Value

The hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Mutual funds and common stocks are valued using prices quoted in active markets for those securities, while the debt securities are valued based on the securities' relationship to benchmark quoted prices. Derivative instruments are valued using a market approach that considers benchmark interest rates.

As of and for the year ended June 30, 2015, the hospital has adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides for enhanced disclosures of fair value measurements.

The following table sets forth by level, within the fair value hierarchy, the fair value of the Hospital's investments (assets limited as to use) as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt securities:				
U.S. Government Agency				
Securities	\$ 0	\$ 7,614,185	\$ 0	\$ 7,614,185
Corporate bonds	0	7,607,157	0	7,607,157
Municipal bonds	0	3,371,794	0	3,371,794
Total debt securities	0	18,593,136	0	18,593,136
Mutual funds:				
Money market funds	645,706	0	0	645,706
Bond funds	37,824,575	0	0	37,824,575
Equity funds	48,838,385	0	0	48,838,385
Total mutual funds	87,308,666	0	0	87,308,666
Common stock	1,288,083	0	0	1,288,083
Total investments by fair value level	\$ 88,596,749	\$ 18,593,136	\$ 0	\$ 107,189,885
Derivative instruments:				
Interest rate swaps	\$ 0	\$ 11,145,815	\$ 0	\$ 11,145,815

Retirement Plan

The Blount Memorial Hospital Retirement Plan includes two defined contribution plans available to all employees who are age 18 or older. New participants who have completed 1,000 hours of service vest 20 percent each year from two years of service to six years of service. The plan provides for the hospital to contribute an amount equal to three percent of each eligible employee's compensation plus a matching contribution (limited to three percent of compensation) based upon voluntary employee contributions to the plan. Plan contributions are made biweekly. Hospital contributions to the plan, net of forfeitures used of approximately \$130,000 in 2015, totaled \$3,733,159 in 2015. Employee contributions were \$3,500,592 in 2015.

VII. 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. 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 district 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 a life, a reduction in the destruction of property, quicker apprehension of criminals, and ultimately the saving of money.

2. Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position, 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 objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, liabilities (whether current or noncurrent), deferred outflows of resources, and deferred inflows of resources associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 Position, cash includes all demand accounts, savings accounts, and certificates of deposits of the district. For the purpose of the proprietary fund Statement of Cash Flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

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 Position. 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, 2015, 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 position and displayed in two components:

- a. Net investment in capital assets – 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 position – All other assets, liabilities, deferred outflows of resources and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets,” are classified as unrestricted.

Deferred inflows and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of capital assets are also included as a component of net investment in capital assets.

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 and another rate for business exchange access service within the base rate area governed by the boundaries of the district. Prior to January 1, 2015, revenue was collected by telephone service providers and remitted monthly to the district. Rates were \$1.50 for one-party residence lines and \$3 for business exchange access service. After that date, collections were remitted to the State of Tennessee. The State of Tennessee provided operating funding on a bi-monthly basis. Wireless fees are collected and remitted bi-monthly to the district through the State of Tennessee.

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

Nonoperating Revenues/Expenses

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

6. Stewardship, Compliance, and Accountability

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

Fund Accounting Requirements

The district complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* issued by the State of Tennessee, Comptroller of the Treasury, Division of Local Government 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. Budgetary comparison schedules are presented in the supplemental section. As required by the *Accounting and Reporting Manual for Tennessee Emergency Communications Districts*, the legal level of budgetary control is at the line-item level.

7. Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the district's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the district's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

8. Implementation of New Accounting Pronouncement

In June 2012 the Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the fiscal year beginning July 1, 2014. This statement revises existing standards for measuring and reporting pension liabilities for pensions provided by the district to its employees. This statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The district implemented this standard effective July 1, 2014. The district's

beginning net position as of that date was restated to reflect the effects of this pronouncement as follows:

Net Position, July 1, 2014	\$ 3,298,765
Recognition of pension liability	<u>(376,019)</u>
Restated Net Position, July 1, 2014	<u><u>\$ 2,922,746</u></u>

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.

B. Capital Assets and Depreciation

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

Description	Balance 7-1-14	Additions	Retirements
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 0
Total Nondepreciable	\$ 21,038	\$ 0	\$ 0
Depreciable:			
Building	\$ 3,027,613	\$ 0	\$ 0
Building Improvements	21,856	3,313	0
Communication Equipment	948,196	6,614	0
Communication Equipment Under Capital Lease	699,000	0	0
Office Equipment and Furniture	204,304	2,499	0
Vehicle	16,486	0	0
Total Depreciable	\$ 4,917,455	\$ 12,426	\$ 0
Total	\$ 4,938,493	\$ 12,426	\$ 0

Description (Cont.)	Balance 6-30-15	Accumulated Depreciation	Net Value 6-30-15
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 21,038
Total Nondepreciable	\$ 21,038	\$ 0	\$ 21,038
Depreciable:			
Building	\$ 3,027,613	\$ 397,275	\$ 2,630,338
Building Improvements	25,169	2,165	23,004
Communication Equipment	954,810	778,162	176,648
Communication Equipment Under Capital Lease	699,000	209,700	489,300
Office Equipment and Furniture	206,803	158,447	48,356
Vehicle	16,486	16,486	0
Total Depreciable	\$ 4,929,881	\$ 1,562,235	\$ 3,367,646
Total	\$ 4,950,919	\$ 1,562,235	\$ 3,388,684

Depreciation expense for the fiscal year ended June 30, 2015, totaled \$224,363.

C. Long-term Obligations

Long-term obligations consist of the following:

	June 30, 2015		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Note Payable	\$ 51,220	\$ 975,408	\$ 1,026,628
Capital Lease Obligation	59,443	483,041	542,484
Total	<u>\$ 110,663</u>	<u>\$ 1,458,449</u>	<u>\$ 1,569,112</u>

Notes Payable

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. The note matured July 15, 2014.

On July 15, 2014, the note was modified. The modification reduced the interest rate to 3.95 percent and extended the maturity date to July 15, 2017. The modification calls for interest only payment of \$3,819 on July 15, 2014, and for monthly payments of \$7,570 beginning August 15, 2014. Debt maturities detailed below are based on the modified loan.

Changes in Notes Payable are as follows:

	Year Ended 6-30-15
Beginning Balance	\$ 1,071,564
Note Proceeds	0
Note Repayments	<u>(44,936)</u>
Ending Balance	<u>\$ 1,026,628</u>

Debt maturities are as follows:

Year Ending	Total Note Requirements	Principal	Interest
2016	\$ 90,840	\$ 51,220	\$ 39,620
2017	90,840	53,280	37,560
2018	925,163	922,128	3,035
Total	<u>\$ 1,106,843</u>	<u>\$ 1,026,628</u>	<u>\$ 80,215</u>

Total interest incurred during the year ended June 30, 2014, was \$42,259.

D. Capital Lease

During the year ended June 30, 2011, Blount County acquired certain emergency communication equipment to be utilized by the county and the

Cities of Maryville and Alcoa. Rather than “patching” the district’s emergency communications equipment to interface with the county’s equipment, it was determined that the district would acquire new equipment that was compatible with that used by the county and the cities.

On April 1, 2012, the district entered into a lease agreement to acquire communication equipment. The district paid \$50,000 down and financed the remaining balance of \$649,000 through a capital lease.

Changes in Capital lease are as follows:

	Year Ended 6-30-15
Beginning Balance	\$ 599,790
Lease payments	<u>(57,306)</u>
Ending Balance	<u>\$ 542,484</u>

The lease calls for ten equal payments of \$79,678 beginning July 1, 2013. These total minimum lease payments are payable as follows:

Year Ending	Total Note Requirements	Principal	Interest
2016	\$ 79,678	\$ 59,443	\$ 20,235
2017	79,678	61,661	18,017
2018	79,678	63,961	15,717
2019	79,678	66,346	13,332
2020	79,678	68,821	10,857
2021-2023	<u>239,034</u>	<u>222,252</u>	<u>16,782</u>
Total	<u>\$ 637,424</u>	<u>\$ 542,484</u>	<u>\$ 94,940</u>

Interest is accrued monthly on the obligation. Interest expense for the year ended June 30, 2015, was \$20,235.

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 \$7,044 per month.

F. Employees' Retirement Plan

Plan Description

Employees of the district are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

TCA Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	<u>0</u>
Active employees	<u>25</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The district makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the district were \$109,330 based on a rate of 11.26 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the district's state share revenue if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The district's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a lending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from the district will be made at the actuarially determined contribution rate

pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2013	\$ 4,034,605	\$ 3,548,068	\$ 486,537
Changes for the year:			
Service cost	89,039	0	89,039
Interest	303,386	0	303,386
Differences between expected and actual experience	(53,827)	0	0
Contributions - employer	0	119,905	(119,905)
Contributions - employees	0	51,952	(51,952)
Net investment income	0	589,007	(589,007)
Benefit payments, including refunds of employee contributions	(156,934)	(156,934)	0
Administrative expense	0	(1,072)	1,072
Net Changes	181,664	602,858	(421,194)
Balance at June 30, 2014	\$ 4,216,269	\$ 4,150,926	\$ 65,343

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The district's net pension liability (asset)	\$ 668,384	\$ 65,343	\$ (434,155)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense

For the year ended June 30, 2015, the district recognized pension expense of \$1,466.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 44,856
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	257,963
Contributions Subsequent to the Measurement Date of June 30, 2014	109,330	0
Total	<u>\$ 109,330</u>	<u>\$ 302,819</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (73,448)
2017	(73,448)
2018	(73,448)
2019	(73,448)
2020	(9,027)
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, the district reported a payable of \$12,286 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

G. Postemployment Benefits Other Than Pensions

Plan Description

During the fiscal year ended June 30, 2014, the district adopted a plan whereby certain health benefits are provided to the retiree and their dependents. The plan provides health and prescription drug coverage to those employees who retire with thirty (30) or more years of service or if the employee is at least sixty (60) years old with ten (10) years of service. The plan provides coverage for up to five (5) years and terminates when the employee is eligible for Medicare benefits. The plan is established under the authority of the Board of Directors of the Emergency Communications District and may be amended at any time. The plan does not issue a stand-alone financial report.

Funding Policy

The plan is funded both by the retiree and the district. The retiree has a required annual contribution rate 50% of the active COBRA premium rate. The rate for eligible dependent coverage is 100%. The remaining costs are incurred by the district and are on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

Annual Required Contribution	\$ 6,600
Amortization of Actuarial Accrued Liability	7,100
Interest of Net OPEB Obligation	<u>300</u>
Annual OPEB Costs	\$ 14,000
Annual Employer Contribution	<u>8,300</u>
Increase in Net OPEB Obligations	\$ 5,700
Net OPEB Obligation, July 1, 2014	<u>14,000</u>
 Net OPEB Obligation, June 30, 2015	 <u><u>\$ 19,700</u></u>

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	\$ 14,000	0 %	\$ 19,700

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial valuation date	7-1-14
Actuarial accrued liability (AAL)	\$ 120,700
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 120,700
Actuarial value of assets as a % of the AAL	0%
Covered payroll	\$ 1,060,006
UAAL as a % of covered payroll	11.4%

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 revisions 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, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent discount rate and an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of five percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized on a 30-year level dollar amortization.

H. 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.

VIII. 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 Position 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 non-exchange revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. 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 categories. A fund is considered major if it is the primary operating fund of the PBA or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.
- c. Any fund that government officials believe is important. The PBA considers all funds as major funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund:

The General Fund is the primary operating fund of the PBA and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The PBA accounts for loans made and bonds issued in the loan and bond funds, respectively.

Major Funds

The major funds are further classified as follows:

General – It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds:

Bond Fund – It is funded by proceeds of specific revenue sources that are restricted to expenditures for certain purposes.

Loan Fund – It is funded by proceeds for repaying loans made to other entities and restricted to expenditures for certain purposes.

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 Position 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 Position 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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when “measureable and available.” Measureable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.

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

Cash and Investments

For the purpose of the Statement of Net Position, 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 amounts due at year-end and not yet received.

In the fund financial statements, receivables in governmental funds include intergovernmental revenues since they are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual but not deferred in the government-wide financial statements in accordance with the accrual basis. There were no non-exchange transactions as of June 30, 2015. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Equity Classifications

Government-wide Statements:

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

Fund Statements:

Governmental fund equity is classified as fund balance.

5. **Revenues, Expenditures, Expenses, and Fund Balances**

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, 2014, the PBA implemented Governmental Accounting Standards Board (GASB) Statement No. 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 applies 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are

limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

7. **Budgetary Accounting**

Budgets and resolutions are approved when bond and loan documents are approved. The bond and loans are pass-through 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.

9. **Risk Management**

The PBA is exposed to various risks of losses related to torts, theft of assets, errors and omissions, and natural disasters. The PBA carries commercial insurance for all such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. **Changes in Accounting Principles**

For fiscal year 2013, the PBA implemented Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65. Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively. Further, Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

Statement No. 65, *Items Previously Reported as Assets and Liabilities* reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources

- Deferred inflows of resources
- Inflows of resources

Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

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, 2015.

C. Cash and Investments

Cash – All deposits with financial institutions must be secured. Financial institutions can 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. At June 30, 2015, all cash of the PBA was fully insured through the State of Tennessee Bank Collateral Pool.

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, 2015, cash and cash equivalents totaled \$144,957 in the General Fund and \$12,838 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, 2015, 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, 2014, through June 30, 2015, was as follows:

	<u>Public Facility Bonds</u>
Debt Payable - July 1, 2014	\$ 51,195,000
Debt Retired in Current Year	<u>(22,865,000)</u>
Debt Payable - June 30, 2015	<u>\$ 28,330,000</u>

Bonds payable at June 30, 2015, are comprised of the following issues:

Public Facility Bonds	Amount Outstanding
\$3,000,000 - 2008 Local Government Improvement Bonds (Series B-17-A) due in installments of \$85,000 to \$225,000 payable June 2010 through June 2030; average interest of 4.4% (Jointly with Maryville/Alcoa).	\$ 2,430,000
\$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 6.10% (Jointly with Maryville/Alcoa).	1,050,000
\$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 4.66%.	21,950,000
\$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 4.33%.	<u>2,900,000</u>
Total Bonds Outstanding	<u>\$ 28,330,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2015, including interest payments, are \$40,755,453 as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 2,860,000	\$ 1,299,478	\$ 4,159,478
2017	1,980,000	1,191,602	3,171,602
2018	1,195,000	1,108,692	2,303,692
2019	1,210,000	1,052,652	2,262,652
2020	325,000	995,467	1,320,467
2021-2025	7,885,000	4,631,411	12,516,411
2026-2030	9,875,000	1,504,901	11,379,901
2031-2035	2,000,000	570,000	2,570,000
2036-2037	1,000,000	71,250	1,071,250
Total	<u>\$ 28,330,000</u>	<u>\$ 12,425,453</u>	<u>\$ 40,755,453</u>

All of the Public Facility Bond issues were loaned to Blount County, Tennessee, and/or component units in separate loan agreements dated from 1997 through 2009. The proceeds are to be used to finance (1) construction and equipping of school buildings and facilities in and for Blount County and construction of improvements to and equipping of existing school buildings and facilities, including the acquisition of land and interests in land, and the payment of funds to the City of Maryville and the City of Alcoa to be used for capital improvements to educational facilities of the Maryville school system and the Alcoa school system, respectively, (2) acquisition of land and interests in land for and the construction and equipping of library buildings and facilities in and for Blount County, (3) reimbursement to Blount County for funds spent for said projects from available funds of Blount County, and (4) the payment of legal, fiscal, administrative, and engineering costs incident thereto and incident to the issuance of the bonds. Thus, Blount County is obligated for the above annual principal and interest payments for the Public Facility Bonds.

E. 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, 2015, were as follows:

Bond Issue Amount	Loaned to Blount County	Outstanding 6-30-15
\$ 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	2,430,000
2,000,000	2,000,000	1,050,000
15,000,000	15,000,000	0
50,500,000	50,500,000	0
20,165,000	20,165,000	0
30,830,000	30,830,000	0
95,045,000	95,045,000	0
50,925,000	50,925,000	2,900,000
32,145,000	32,145,000	21,950,000
2,006,115	2,006,115	0
<u>\$ 456,466,115</u>	<u>\$ 456,466,115</u>	<u>\$ 28,330,000</u>

General Fund:

Expenditures were as follows during the fiscal year ended June 30, 2015:

Professional Fees	\$ 7,000
Insurance	5,236
Blount County Trustee Fees	146
Bank Service Charge	20
Total	<u>\$ 12,402</u>

F. Litigation

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

G. Local Government Public Improvement Bonds

The PBA approved resolutions authorizing the issuance and sale of Local Government Improvement Bonds of the PBA. 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:

Borrower	Original Bond Amount	Outstanding Bond Balance June 30, 2015
City of Alcoa	\$ 154,185,000	\$ 73,910,000
Blount County	514,415,000	28,330,000
Alcoa/Maryville	10,000,000	5,630,000
Bradley County	63,560,000	34,540,000
Cleveland	68,480,000	0
Campbell County	20,550,000	5,500,000
Cumberland County	52,415,000	15,240,000
Coffee County	2,775,000	0
Cocke County	3,500,000	0
Claiborne County	6,225,000	0
Etowah	14,805,000	1,900,000
Erwin	1,500,000	0
Fayetteville	9,080,000	0
Greeneville	18,160,000	0
Greene County	10,000,000	1,645,000
Hendersonville	4,040,000	0
Hawkins County	40,820,000	23,295,000
Hamblen County	40,200,000	10,100,000
Hiwassee	12,000,000	10,765,000
Jefferson County	28,305,000	9,200,000
Johnson City	102,385,000	0
Johnson County	5,700,000	0
Knoxville	59,970,000	59,970,000
Knox County	193,550,000	154,170,000
Lexington	5,400,000	0
Loudon County	14,835,000	10,255,000
Maryville	78,800,000	13,205,000
Morgan County	10,000,000	0
Morristown	47,355,000	0
Morristown/Hamblen	5,775,000	0
Monroe County	34,290,000	30,440,000
Mt. Juliet	2,700,000	0
Oak Ridge	38,895,000	18,975,000
Red Bank	3,850,000	0
Roane County	21,650,000	475,000
Sevierville	8,000,000	0
Tri-County	7,500,000	6,950,000
Washington County	130,360,000	128,365,000
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>\$ 642,860,000</u>

H. 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, 2015. 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, 2015, is \$642,860,000.

I. Capital Assets

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

J. 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 Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Blount County Public Library System
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 63,181
Interest	170,615
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(425,788)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(51,799)
Net Change in Total Pension Liability (Asset)	\$ (243,791)
Total Pension Liability (Asset), Beginning	<u>2,237,574</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 1,993,783</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 65,106
Contributions - Employee	34,123
Net Investment Income	393,967
Benefit Payments, Including Refunds of Employee Contributions	(51,799)
Administrative Expense	(847)
Net Change in Plan Fiduciary Net Position	\$ 440,550
Plan Fiduciary Net Position, Beginning	<u>2,367,688</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 2,808,238</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (814,455)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 140.85%
Covered Employee Payroll	\$ 682,458
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	119.34%

Note: ten years of data will be presented when available.

Exhibit F-2

Blount County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government (Excluding Library System) and Non-certified Employees
of the Discretely Presented School Department
For the Fiscal Year Ended June 30

(Dollar amounts in thousands)

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 2,750,764
Interest	7,259,306
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(1,426,832)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(3,687,953)
Net Change in Total Pension Liability (Asset)	<u>\$ 4,895,285</u>
Total Pension Liability (Asset), Beginning	<u>95,883,964</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 100,779,249</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 3,643,299
Contributions - Employee	1,552,627
Net Investment Income	14,728,866
Benefit Payments, Including Refunds of Employee Contributions	(3,687,953)
Administrative Expense	(35,805)
Net Change in Plan Fiduciary Net Position	<u>\$ 16,201,034</u>
Plan Fiduciary Net Position, Beginning	<u>87,964,929</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 104,165,963</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (3,386,714)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.36%
Covered Employee Payroll	\$ 29,979,870
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	11.30%

Note: ten years of data will be presented when available.

Note: data presented includes the primary government and non-certified employees of the discretely presented School Department.

Exhibit F-3

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - Blount County Public Library System
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 65,106	\$ 4,069
Less Contributions in Relation to the Actuarially Determined Contribution	(65,106)	(4,069)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 682,458	\$ 711,454
Contributions as a Percentage of Covered Employee Payroll	9.54%	0.57%

Note: ten years of data will be presented when available.

Exhibit F-4

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government (Excluding Library System) and Non-certified Employees
of the Discretely Presented School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,643,299	\$ 3,556,095
Less Contributions in Relation to the Actuarially Determined Contribution	(3,643,299)	(3,556,095)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 29,979,870	\$ 29,962,347
Contributions as a Percentage of Covered Employee Payroll	12.15%	11.87%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-5

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 24,032
Less Contributions in Relation to the Actuarially Determined Contribution	(38,451)
Contribution Deficiency (Excess)	<u>\$ (14,419)</u>
 Covered Employee Payroll	 \$ 961,260
 Contributions as a Percentage of Covered Employee Payroll	 4.00%

Note: ten years of data will be presented when available.

Exhibit F-6

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,709,621	\$ 3,671,141
Less Contributions in Relation to the Actuarially Determined Contribution	(3,709,621)	(3,671,141)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 41,775,093	\$ 40,611,516
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-7

Blount County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	1.064334%
School Department's Proportionate Share of the Net Pension Asset	\$ 172,949
Covered Employee Payroll	\$ 41,775,093
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-8

Blount County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2015

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (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	7-1-11	\$ 0	\$ 23,877	\$ 23,877	0	\$ 70,280	33.97
"	7-1-12	0	19,157	19,157	0	66,082	28.99
"	7-1-14	0	20,062	20,062	0	67,997	29.50

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	1 Year - Blount County Public Library System; 3 Years - Primary Government (Excluding Library System) and non-certified employees of the School Department
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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.

Other Special Revenue Fund – The Other Special Revenue Fund was used to account for revenues received for the operation of the county's Drug Court. The fund was closed and the Drug Court is operated out of the General Fund.

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 of deeds, and sheriff.

Highway/Public Works Fund – The Highway/Public Works Fund accounts for operations of the county Highway Department.

Capital Projects Funds

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.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for capital expenditures of the Highway Department.

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 an orphans' or children's home owned by the county.

Exhibit G-1

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Constitu - tional Officers - Fees
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 8,342	\$ 0	\$ 8,850
Equity in Pooled Cash and Investments	333,047	48,925	847,648	1,647,931	0
Accounts Receivable	0	0	2,542	8,907	152
Due from Other Governments	0	0	0	12,309	0
Prepaid Items	0	0	6,875	0	0
Total Assets	<u>\$ 333,047</u>	<u>\$ 48,925</u>	<u>\$ 865,407</u>	<u>\$ 1,669,147</u>	<u>\$ 9,002</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 8,936	\$ 0	\$ 24,445	\$ 31	\$ 0
Accrued Payroll	0	0	9,519	0	0
Payroll Deductions Payable	0	0	694	0	0
Due to Other Funds	0	0	1,001	0	9,002
Due to Other Taxing Units	0	0	0	0	0
Total Liabilities	<u>\$ 8,936</u>	<u>\$ 0</u>	<u>\$ 35,659</u>	<u>\$ 31</u>	<u>\$ 9,002</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit G-1

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

FUND BALANCES	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Constitu - tional Officers - Fees
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	0
Prepaid Items	0	0	6,875	0	0
Restricted:					
Restricted for General Government	324,111	0	0	0	0
Restricted for Administration of Justice	0	48,925	0	0	0
Restricted for Public Safety	0	0	0	1,478,820	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	0	822,873	0	0
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Safety	0	0	0	190,296	0
Committed for Highways/Public Works	0	0	0	0	0
Committed for Capital Outlay	0	0	0	0	0
Total Fund Balances	\$ 324,111	\$ 48,925	\$ 829,748	\$ 1,669,116	\$ 0
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 333,047	\$ 48,925	\$ 865,407	\$ 1,669,147	\$ 9,002

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>		
	<u>Highway / Public Works</u>	<u>Total</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 17,192	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,252,858	5,130,409	1,091	121,363	122,454
Accounts Receivable	33,643	45,244	0	0	0
Due from Other Governments	1,218,601	1,230,910	0	0	0
Prepaid Items	17,688	24,563	0	0	0
Total Assets	\$ 3,522,790	\$ 6,448,318	\$ 1,091	\$ 121,363	\$ 122,454
<u>LIABILITIES</u>					
Accounts Payable	\$ 25,335	\$ 58,747	\$ 0	\$ 0	\$ 0
Accrued Payroll	21,125	30,644	0	0	0
Payroll Deductions Payable	33,822	34,516	0	0	0
Due to Other Funds	22,582	32,585	0	0	0
Due to Other Taxing Units	6,798	6,798	0	0	0
Total Liabilities	\$ 109,662	\$ 163,290	\$ 0	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 155,640	\$ 155,640	\$ 0	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 155,640	\$ 155,640	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>		
	<u>Highway / Public Works</u>	<u>Total</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	0
Prepaid Items	17,688	24,563	0	0	0
Restricted:					
Restricted for General Government	0	324,111	0	0	0
Restricted for Administration of Justice	0	48,925	0	0	0
Restricted for Public Safety	0	1,478,820	0	0	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	822,873	0	0	0
Restricted for Capital Projects	0	0	0	121,363	121,363
Committed:					
Committed for Public Safety	0	190,296	0	0	0
Committed for Highways/Public Works	3,239,800	3,239,800	0	0	0
Committed for Capital Outlay	0	0	1,091	0	1,091
Total Fund Balances	\$ 3,257,488	\$ 6,129,388	\$ 1,091	\$ 121,363	\$ 122,454
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,522,790	\$ 6,448,318	\$ 1,091	\$ 121,363	\$ 122,454

(Continued)

Exhibit G-1

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

	<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	Endowment	
<u>ASSETS</u>		
Cash	\$ 0	\$ 17,192
Equity in Pooled Cash and Investments	491,853	5,744,716
Accounts Receivable	313	45,557
Due from Other Governments	0	1,230,910
Prepaid Items	0	24,563
	<u>0</u>	<u>24,563</u>
Total Assets	<u>\$ 492,166</u>	<u>\$ 7,062,938</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 58,747
Accrued Payroll	0	30,644
Payroll Deductions Payable	0	34,516
Due to Other Funds	0	32,585
Due to Other Taxing Units	0	6,798
	<u>0</u>	<u>6,798</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 163,290</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Other Deferred/Unavailable Revenue	\$ 0	\$ 155,640
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 155,640</u>

(Continued)

Exhibit G-1

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

<u>FUND BALANCES</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Endowment</u>	
Nonspendable:		
Endowments	\$ 485,403	\$ 485,403
Prepaid Items	0	24,563
Restricted:		
Restricted for General Government	0	324,111
Restricted for Administration of Justice	0	48,925
Restricted for Public Safety	0	1,478,820
Restricted for Public Health and Welfare	6,763	6,763
Restricted for Social, Cultural, and Recreational Services	0	822,873
Restricted for Capital Projects	0	121,363
Committed:		
Committed for Public Safety	0	190,296
Committed for Highways/Public Works	0	3,239,800
Committed for Capital Outlay	0	1,091
Total Fund Balances	<u>\$ 492,166</u>	<u>\$ 6,744,008</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 492,166</u>	<u>\$ 7,062,938</u>

Exhibit G-2

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue
<u>Revenues</u>					
Local Taxes	\$ 174,333	\$ 8,701	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	28,719	0
Charges for Current Services	0	0	84,374	73,643	0
Other Local Revenues	0	0	97,526	2,996	0
State of Tennessee	0	0	9,500	0	0
Federal Government	0	0	0	23,143	0
Other Governments and Citizens Groups	0	0	914,481	0	0
Total Revenues	\$ 174,333	\$ 8,701	\$ 1,105,881	\$ 128,501	\$ 0
<u>Expenditures</u>					
Current:					
General Government	\$ 250,498	\$ 0	\$ 166,663	\$ 0	\$ 0
Public Safety	0	0	0	129,511	0
Social, Cultural, and Recreational Services	0	0	1,814,491	0	0
Other Operations	0	8,282	0	0	0
Highways	0	0	0	0	0
Capital Projects	0	0	405,952	0	0
Total Expenditures	\$ 250,498	\$ 8,282	\$ 2,387,106	\$ 129,511	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (76,165)	\$ 419	\$ (1,281,225)	\$ (1,010)	\$ 0

(Continued)

Exhibit G-2

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	0
Transfers In	0	0	899,520	0	0
Transfers Out	0	0	0	0	(8,481)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 899,520</u>	<u>\$ 0</u>	<u>\$(8,481)</u>
Net Change in Fund Balances	\$ (76,165)	\$ 419	\$ (381,705)	\$ (1,010)	\$ (8,481)
Fund Balance, July 1, 2014	400,276	48,506	1,211,453	1,670,126	8,481
Fund Balance, June 30, 2015	<u>\$ 324,111</u>	<u>\$ 48,925</u>	<u>\$ 829,748</u>	<u>\$ 1,669,116</u>	<u>0</u>

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>		
	<u>Highway / Public Works</u>	<u>Total</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>Revenues</u>					
Local Taxes	\$ 2,834,303	\$ 3,017,337	\$ 0	\$ 0	\$ 0
Licenses and Permits	176,781	176,781	240,000	0	240,000
Fines, Forfeitures, and Penalties	0	28,719	0	0	0
Charges for Current Services	27	158,044	0	0	0
Other Local Revenues	63,433	163,955	0	0	0
State of Tennessee	3,177,205	3,186,705	0	0	0
Federal Government	0	23,143	0	0	0
Other Governments and Citizens Groups	0	914,481	0	0	0
Total Revenues	<u>\$ 6,251,749</u>	<u>\$ 7,669,165</u>	<u>\$ 240,000</u>	<u>\$ 0</u>	<u>\$ 240,000</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 417,161	\$ 0	\$ 0	\$ 0
Public Safety	0	129,511	0	0	0
Social, Cultural, and Recreational Services	0	1,814,491	0	0	0
Other Operations	0	8,282	0	0	0
Highways	6,095,638	6,095,638	240,000	0	240,000
Capital Projects	0	405,952	0	177,045	177,045
Total Expenditures	<u>\$ 6,095,638</u>	<u>\$ 8,871,035</u>	<u>\$ 240,000</u>	<u>\$ 177,045</u>	<u>\$ 417,045</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 156,111	\$ (1,201,870)	\$ 0	\$ (177,045)	\$ (177,045)

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>		
	<u>Highway / Public Works</u>	<u>Total</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 1,543	\$ 1,543	\$ 0	\$ 0	\$ 0
Transfers In	0	899,520	0	0	0
Transfers Out	0	(8,481)	0	0	0
Total Other Financing Sources (Uses)	\$ 1,543	\$ 892,582	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 157,654	\$ (309,288)	\$ 0	\$ (177,045)	\$ (177,045)
Fund Balance, July 1, 2014	3,099,834	6,438,676	1,091	298,408	299,499
Fund Balance, June 30, 2015	\$ 3,257,488	\$ 6,129,388	\$ 1,091	\$ 121,363	\$ 122,454

(Continued)

Exhibit G-2

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

	<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	Endowment	
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 3,017,337
Licenses and Permits	0	416,781
Fines, Forfeitures, and Penalties	0	28,719
Charges for Current Services	0	158,044
Other Local Revenues	3,690	167,645
State of Tennessee	0	3,186,705
Federal Government	0	23,143
Other Governments and Citizens Groups	0	914,481
Total Revenues	<u>\$ 3,690</u>	<u>\$ 7,912,855</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 417,161
Public Safety	0	129,511
Social, Cultural, and Recreational Services	0	1,814,491
Other Operations	0	8,282
Highways	0	6,335,638
Capital Projects	0	582,997
Total Expenditures	<u>\$ 0</u>	<u>\$ 9,288,080</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,690</u>	<u>\$ (1,375,225)</u>

(Continued)

Exhibit G-2

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

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	Endowment	
<u>Other Financing Sources (Uses)</u>		
Insurance Recovery	\$ 0	\$ 1,543
Transfers In	0	899,520
Transfers Out	0	(8,481)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 892,582</u>
Net Change in Fund Balances	\$ 3,690	\$ (482,643)
Fund Balance, July 1, 2014	<u>488,476</u>	<u>7,226,651</u>
Fund Balance, June 30, 2015	<u>\$ 492,166</u>	<u>\$ 6,744,008</u>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 174,333	\$ 0	\$ 0	\$ 174,333	\$ 178,960	\$ 178,960	\$ (4,627)
Total Revenues	\$ 174,333	\$ 0	\$ 0	\$ 174,333	\$ 178,960	\$ 178,960	\$ (4,627)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 250,498	\$ (170,527)	\$ 95,046	\$ 175,017	\$ 185,300	\$ 185,300	\$ 10,283
Total Expenditures	\$ 250,498	\$ (170,527)	\$ 95,046	\$ 175,017	\$ 185,300	\$ 185,300	\$ 10,283
Excess (Deficiency) of Revenues Over Expenditures	\$ (76,165)	\$ 170,527	\$ (95,046)	\$ (684)	\$ (6,340)	\$ (6,340)	\$ 5,656
Net Change in Fund Balance	\$ (76,165)	\$ 170,527	\$ (95,046)	\$ (684)	\$ (6,340)	\$ (6,340)	\$ 5,656
Fund Balance, July 1, 2014	400,276	(170,527)	0	229,749	400,276	400,276	(170,527)
Fund Balance, June 30, 2015	\$ 324,111	\$ 0	\$ (95,046)	\$ 229,065	\$ 393,936	\$ 393,936	\$ (164,871)

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,701	\$ 0	\$ 0	\$ 8,701	\$ 9,813	\$ 9,813	\$ (1,112)
Total Revenues	\$ 8,701	\$ 0	\$ 0	\$ 8,701	\$ 9,813	\$ 9,813	\$ (1,112)
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 8,282	\$ (1,922)	\$ 684	\$ 7,044	\$ 8,438	\$ 8,438	\$ 1,394
Total Expenditures	\$ 8,282	\$ (1,922)	\$ 684	\$ 7,044	\$ 8,438	\$ 8,438	\$ 1,394
Excess (Deficiency) of Revenues Over Expenditures	\$ 419	\$ 1,922	\$ (684)	\$ 1,657	\$ 1,375	\$ 1,375	\$ 282
Net Change in Fund Balance	\$ 419	\$ 1,922	\$ (684)	\$ 1,657	\$ 1,375	\$ 1,375	\$ 282
Fund Balance, July 1, 2014	48,506	(1,922)	0	46,584	48,506	48,506	(1,922)
Fund Balance, June 30, 2015	\$ 48,925	\$ 0	\$ (684)	\$ 48,241	\$ 49,881	\$ 49,881	\$ (1,640)

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 84,374	\$ 0	\$ 0	\$ 84,374	\$ 103,067	\$ 103,067	\$ (18,693)
Other Local Revenues	97,526	0	0	97,526	120,831	120,831	(23,305)
State of Tennessee	9,500	0	0	9,500	3,000	3,000	6,500
Other Governments and Citizens Groups	914,481	0	0	914,481	909,521	909,521	4,960
Total Revenues	\$ 1,105,881	\$ 0	\$ 0	\$ 1,105,881	\$ 1,136,419	\$ 1,136,419	\$ (30,538)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 166,663	\$ (5,327)	\$ 3,509	\$ 164,845	\$ 209,314	\$ 197,583	\$ 32,738
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,702,546	(5,759)	4,949	1,701,736	1,774,543	1,782,549	80,813
Other Social, Cultural, and Recreational	111,945	(1,300)	2,782	113,427	118,613	122,337	8,910
<u>Capital Projects</u>							
General Administration Projects	405,952	0	0	405,952	33,500	433,500	27,548
Total Expenditures	\$ 2,387,106	\$ (12,386)	\$ 11,240	\$ 2,385,960	\$ 2,135,970	\$ 2,535,969	\$ 150,009
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,281,225)	\$ 12,386	\$ (11,240)	\$ (1,280,079)	\$ (999,551)	\$ (1,399,550)	\$ 119,471
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Total Other Financing Sources	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Net Change in Fund Balance	\$ (381,705)	\$ 12,386	\$ (11,240)	\$ (380,559)	\$ (100,031)	\$ (500,030)	\$ 119,471
Fund Balance, July 1, 2014	1,211,453	(12,386)	0	1,199,067	1,211,453	1,211,453	(12,386)
Fund Balance, June 30, 2015	\$ 829,748	\$ 0	\$ (11,240)	\$ 818,508	\$ 1,111,422	\$ 711,423	\$ 107,085

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 28,719	\$ 0	\$ 0	\$ 28,719	\$ 15,625	\$ 40,625	\$ (11,906)
Charges for Current Services	73,643	0	0	73,643	53,000	53,000	20,643
Other Local Revenues	2,996	0	0	2,996	1,200	1,200	1,796
Federal Government	23,143	0	0	23,143	75,000	75,000	(51,857)
Total Revenues	\$ 128,501	\$ 0	\$ 0	\$ 128,501	\$ 144,825	\$ 169,825	\$ (41,324)
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 82,105	\$ (670)	\$ 5,585	\$ 87,020	\$ 101,500	\$ 101,500	\$ 14,480
Drug Enforcement	47,406	(2,680)	0	44,726	102,000	102,000	57,274
Total Expenditures	\$ 129,511	\$ (3,350)	\$ 5,585	\$ 131,746	\$ 203,500	\$ 203,500	\$ 71,754
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,010)	\$ 3,350	\$ (5,585)	\$ (3,245)	\$ (58,675)	\$ (33,675)	\$ 30,430
Net Change in Fund Balance	\$ (1,010)	\$ 3,350	\$ (5,585)	\$ (3,245)	\$ (58,675)	\$ (33,675)	\$ 30,430
Fund Balance, July 1, 2014	1,670,126	(3,350)	0	1,666,776	1,670,126	1,670,126	(3,350)
Fund Balance, June 30, 2015	\$ 1,669,116	\$ 0	\$ (5,585)	\$ 1,663,531	\$ 1,611,451	\$ 1,636,451	\$ 27,080

Exhibit G-7

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (8,481)	\$ 0	\$ (8,481)	\$ 0
Total Other Financing Sources	\$ (8,481)	\$ 0	\$ (8,481)	\$ 0
Net Change in Fund Balance	\$ (8,481)	\$ 0	\$ (8,481)	\$ 0
Fund Balance, July 1, 2014	8,481	8,481	8,481	0
Fund Balance, June 30, 2015	\$ 0	\$ 8,481	\$ 0	\$ 0

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,834,303	\$ 0	\$ 0	\$ 2,834,303	\$ 2,768,800	\$ 2,898,800	\$ (64,497)
Licenses and Permits	176,781	0	0	176,781	200,000	200,000	(23,219)
Charges for Current Services	27	0	0	27	0	27	0
Other Local Revenues	63,433	0	0	63,433	13,600	13,820	49,613
State of Tennessee	3,177,205	0	0	3,177,205	2,936,000	3,026,585	150,620
Federal Government	0	0	0	0	9,000	0	0
Total Revenues	\$ 6,251,749	\$ 0	\$ 0	\$ 6,251,749	\$ 5,927,400	\$ 6,139,232	\$ 112,517
Expenditures							
Highways							
Administration	\$ 688,864	\$ (526)	\$ 2,776	\$ 691,114	\$ 706,000	\$ 727,835	\$ 36,721
Highway and Bridge Maintenance	4,119,596	(5,952)	316,200	4,429,844	3,837,400	5,387,400	957,556
Operation and Maintenance of Equipment	928,244	(8,592)	25,860	945,512	1,000,000	1,000,000	54,488
Other Charges	338,362	(1,265)	32,446	369,543	384,000	384,000	14,457
Capital Outlay	20,572	(20,572)	0	0	0	0	0
Total Expenditures	\$ 6,095,638	\$ (36,907)	\$ 377,282	\$ 6,436,013	\$ 5,927,400	\$ 7,499,235	\$ 1,063,222
Excess (Deficiency) of Revenues Over Expenditures	\$ 156,111	\$ 36,907	\$ (377,282)	\$ (184,264)	\$ 0	\$ (1,360,003)	\$ 1,175,739
Other Financing Sources (Uses)							
Insurance Recovery	\$ 1,543	\$ 0	\$ 0	\$ 1,543	\$ 0	\$ 1,543	\$ 0
Total Other Financing Sources	\$ 1,543	\$ 0	\$ 0	\$ 1,543	\$ 0	\$ 1,543	\$ 0
Net Change in Fund Balance	\$ 157,654	\$ 36,907	\$ (377,282)	\$ (182,721)	\$ 0	\$ (1,358,460)	\$ 1,175,739
Fund Balance, July 1, 2014	3,099,834	(36,907)	0	3,062,927	3,099,834	3,099,834	(36,907)
Fund Balance, June 30, 2015	\$ 3,257,488	\$ 0	\$ (377,282)	\$ 2,880,206	\$ 3,099,834	\$ 1,741,374	\$ 1,138,832

Exhibit G-9

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Licenses and Permits	\$ 240,000	\$ 240,000	\$ 240,000	\$ 0
Total Revenues	\$ 240,000	\$ 240,000	\$ 240,000	\$ 0
<u>Expenditures</u>				
<u>Highways</u>				
Capital Outlay	\$ 240,000	\$ 240,000	\$ 240,000	\$ 0
Total Expenditures	\$ 240,000	\$ 240,000	\$ 240,000	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2014	1,091	1,091	1,091	0
Fund Balance, June 30, 2015	\$ 1,091	\$ 1,091	\$ 1,091	\$ 0

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, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 14,994,518	\$ 0	\$ 14,994,518	\$ 14,492,600	\$ 14,492,600	\$ 501,918
Other Local Revenues	211,107	0	211,107	118,000	118,000	93,107
Other Governments and Citizens Groups	600,974	0	600,974	716,559	552,054	48,920
Total Revenues	<u>\$ 15,806,599</u>	<u>\$ 0</u>	<u>\$ 15,806,599</u>	<u>\$ 15,327,159</u>	<u>\$ 15,162,654</u>	<u>\$ 643,945</u>
<u>Expenditures</u>						
<u>Principal on Debt</u>						
General Government	\$ 6,929,307	\$ 0	\$ 6,929,307	\$ 6,840,832	\$ 6,929,707	\$ 400
Education	216,148	0	216,148	216,148	216,148	0
<u>Interest on Debt</u>						
General Government	7,712,908	0	7,712,908	7,887,499	9,388,683	1,675,775
Education	87,079	0	87,079	87,079	87,079	0
<u>Other Debt Service</u>						
General Government	8,005,567	13,766	8,019,333	890,100	8,052,642	33,309
Total Expenditures	<u>\$ 22,951,009</u>	<u>\$ 13,766</u>	<u>\$ 22,964,775</u>	<u>\$ 15,921,658</u>	<u>\$ 24,674,259</u>	<u>\$ 1,709,484</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (7,144,410)</u>	<u>\$ (13,766)</u>	<u>\$ (7,158,176)</u>	<u>\$ (594,499)</u>	<u>\$ (9,511,605)</u>	<u>\$ 2,353,429</u>
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 7,120,000	\$ 0	\$ 7,120,000	\$ 0	\$ 7,120,000	\$ 0
Refunding Debt Issued	19,785,000	0	19,785,000	0	19,785,000	0
Premiums on Debt Sold	686,153	0	686,153	0	686,153	0
Transfers In	832,463	0	832,463	668,318	832,823	(360)
Payments to Refunded Debt Escrow Agent	(20,165,000)	0	(20,165,000)	0	(20,233,052)	68,052
Total Other Financing Sources	<u>\$ 8,258,616</u>	<u>\$ 0</u>	<u>\$ 8,258,616</u>	<u>\$ 668,318</u>	<u>\$ 8,190,924</u>	<u>\$ 67,692</u>

(Continued)

Exhibit H

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 1,114,206	\$ (13,766)	\$ 1,100,440	\$ 73,819	\$ (1,320,681)	\$ 2,421,121
Fund Balance, July 1, 2014	9,958,709	0	9,958,709	9,958,709	9,958,709	0
Fund Balance, June 30, 2015	\$ 11,072,915	\$ (13,766)	\$ 11,059,149	\$ 10,032,528	\$ 8,638,028	\$ 2,421,121

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.

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 of deeds, 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.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for grants and other restricted revenues for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Other Agency Fund #2 – The Other Agency Fund #2 is used to account for 70 percent of Hotel/Motel tax revenues collected by the county. These revenues are received by the county and forwarded to the Tourism Board as required by the private act authorizing the tax.

Exhibit I-1

Blount County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds								Total
	Cities - Sales Tax	City School ADA - Alcoa	City School ADA - Maryville	Constitu- tional Officers - Agency	Other Agency	Judicial District Drug	District Attorney General	Other Agency #2	
<u>ASSETS</u>									
Cash	\$ 0	\$ 0	\$ 0	\$ 3,189,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,189,653
Equity in Pooled Cash and Investments	0	3,649	9,992	0	495,618	1,246,097	143,626	150,341	2,049,323
Accounts Receivable	0	8,943	22,174	725	0	0	0	155,921	187,763
Due from Other Governments	2,878,734	382,247	1,045,780	0	0	0	0	0	4,306,761
Taxes Receivable	0	3,946,725	10,797,743	0	0	0	0	0	14,744,468
Allowance for Uncollectible Taxes	0	(80,100)	(219,143)	0	0	0	0	0	(299,243)
Prepaid Items	0	0	0	0	110,490	0	0	0	110,490
Total Assets	<u>\$ 2,878,734</u>	<u>\$ 4,261,464</u>	<u>\$ 11,656,546</u>	<u>\$ 3,190,378</u>	<u>\$ 606,108</u>	<u>\$ 1,246,097</u>	<u>\$ 143,626</u>	<u>\$ 306,262</u>	<u>\$ 24,289,215</u>
<u>LIABILITIES</u>									
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,279	\$ 3,250	\$ 0	\$ 0	\$ 92,529
Accrued Payroll	0	0	0	0	108,765	0	0	0	108,765
Payroll Deductions Payable	0	0	0	0	408,064	0	0	0	408,064
Due to Other Taxing Units	2,878,734	4,261,464	11,656,546	0	0	0	0	0	18,796,744
Due to Litigants, Heirs, and Others	0	0	0	3,190,378	0	64,644	143,626	0	3,398,648
Due to Joint Ventures	0	0	0	0	0	1,178,203	0	306,262	1,484,465
Total Liabilities	<u>\$ 2,878,734</u>	<u>\$ 4,261,464</u>	<u>\$ 11,656,546</u>	<u>\$ 3,190,378</u>	<u>\$ 606,108</u>	<u>\$ 1,246,097</u>	<u>\$ 143,626</u>	<u>\$ 306,262</u>	<u>\$ 24,289,215</u>

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 15,820,621	\$ 15,820,621	\$ 0
Due from Other Governments	2,635,906	2,878,734	2,635,906	2,878,734
Total Assets	\$ 2,635,906	\$ 18,699,355	\$ 18,456,527	\$ 2,878,734
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,635,906	\$ 18,699,355	\$ 18,456,527	\$ 2,878,734
Total Liabilities	\$ 2,635,906	\$ 18,699,355	\$ 18,456,527	\$ 2,878,734
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,412	\$ 5,926,217	\$ 5,925,980	\$ 3,649
Accounts Receivable	0	8,943	0	8,943
Due from Other Governments	353,746	382,247	353,746	382,247
Taxes Receivable	3,685,194	3,946,725	3,685,194	3,946,725
Allowance for Uncollectible Taxes	(75,046)	75,046	80,100	(80,100)
Total Assets	\$ 3,967,306	\$ 10,339,178	\$ 10,045,020	\$ 4,261,464
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,967,306	\$ 10,339,178	\$ 10,045,020	\$ 4,261,464
Total Liabilities	\$ 3,967,306	\$ 10,339,178	\$ 10,045,020	\$ 4,261,464
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,581	\$ 15,961,789	\$ 15,961,378	\$ 9,992
Accounts Receivable	0	22,174	0	22,174
Due from Other Governments	993,172	1,045,780	993,172	1,045,780
Taxes Receivable	10,358,533	10,797,743	10,358,533	10,797,743
Allowance for Uncollectible Taxes	(210,944)	210,944	219,143	(219,143)
Total Assets	\$ 11,150,342	\$ 28,038,430	\$ 27,532,226	\$ 11,656,546
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 11,150,342	\$ 28,038,430	\$ 27,532,226	\$ 11,656,546
Total Liabilities	\$ 11,150,342	\$ 28,038,430	\$ 27,532,226	\$ 11,656,546

(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>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,464,105	\$ 20,952,790	\$ 21,227,242	\$ 3,189,653
Accounts Receivable	450	725	450	725
Total Assets	\$ 3,464,555	\$ 20,953,515	\$ 21,227,692	\$ 3,190,378
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,464,555	\$ 20,953,515	\$ 21,227,692	\$ 3,190,378
Total Liabilities	\$ 3,464,555	\$ 20,953,515	\$ 21,227,692	\$ 3,190,378
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 25,127	\$ 79,714,909	\$ 79,244,418	\$ 495,618
Due from Other Funds	183,800	0	183,800	0
Prepaid Items	0	110,490	0	110,490
Total Assets	\$ 208,927	79,825,399	79,428,218	606,108
<u>Liabilities</u>				
Accounts Payable	\$ 79,167	\$ 89,279	\$ 79,167	\$ 89,279
Accrued Payroll	0	79,328,056	79,219,291	108,765
Payroll Deductions Payable	129,760	408,064	129,760	408,064
Total Liabilities	\$ 208,927	\$ 79,825,399	\$ 79,428,218	\$ 606,108
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,210,428	\$ 240,287	\$ 204,618	\$ 1,246,097
Accounts Receivable	1,623	0	1,623	0
Total Assets	\$ 1,212,051	\$ 240,287	\$ 206,241	\$ 1,246,097
<u>Liabilities</u>				
Accounts Payable	\$ 75	\$ 3,250	\$ 75	\$ 3,250
Due to Litigants, Heirs, and Others	31,662	64,644	31,662	64,644
Due to Joint Venture	1,180,314	172,393	174,504	1,178,203
Total Liabilities	\$ 1,212,051	\$ 240,287	\$ 206,241	\$ 1,246,097

(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>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 171,041	\$ 22,809	\$ 50,224	\$ 143,626
Total Assets	\$ 171,041	\$ 22,809	\$ 50,224	\$ 143,626
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 171,041	\$ 22,809	\$ 50,224	\$ 143,626
Total Liabilities	\$ 171,041	\$ 22,809	\$ 50,224	\$ 143,626
<u>Other Agency Fund #2</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 138,316	\$ 1,492,031	\$ 1,480,006	\$ 150,341
Accounts Receivable	153,068	155,921	153,068	155,921
Total Assets	\$ 291,384	\$ 1,647,952	\$ 1,633,074	\$ 306,262
<u>Liabilities</u>				
Due to Joint Ventures	\$ 291,384	\$ 1,647,952	\$ 1,633,074	\$ 306,262
Total Liabilities	\$ 291,384	\$ 1,647,952	\$ 1,633,074	\$ 306,262
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,464,105	\$ 20,952,790	\$ 21,227,242	\$ 3,189,653
Equity in Pooled Cash and Investments	1,557,905	119,178,663	118,687,245	2,049,323
Accounts Receivable	155,141	187,763	155,141	187,763
Due from Other Governments	3,982,824	4,306,761	3,982,824	4,306,761
Due from Other Funds	183,800	0	183,800	0
Taxes Receivable	14,043,727	14,744,468	14,043,727	14,744,468
Allowance for Uncollectible Taxes	(285,990)	285,990	299,243	(299,243)
Prepaid Items	0	110,490	0	110,490
Total Assets	\$ 23,101,512	\$ 159,766,925	\$ 158,579,222	\$ 24,289,215
<u>Liabilities</u>				
Accounts Payable	\$ 79,242	\$ 92,529	\$ 79,242	\$ 92,529
Accrued Payroll	0	79,328,056	79,219,291	108,765
Payroll Deductions Payable	129,760	408,064	129,760	408,064
Due to Other Taxing Units	17,753,554	57,076,963	56,033,773	18,796,744
Due to Litigants, Heirs, and Others	3,667,258	21,040,968	21,309,578	3,398,648
Due to Joint Ventures	1,471,698	1,820,345	1,807,578	1,484,465
Total Liabilities	\$ 23,101,512	\$ 159,766,925	\$ 158,579,222	\$ 24,289,215

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 building construction and renovations of the School Department.

Exhibit J-1

Blount County, Tennessee
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 53,241,006	\$ 42,500	\$ 5,341,085	\$ (47,857,421)
Support Services	31,074,419	3,066,909	103,094	(27,904,416)
Operation of Non-instructional Services	7,329,504	0	3,811,290	(3,518,214)
Total Governmental Activities	\$ 91,644,929	\$ 3,109,409	\$ 9,255,469	\$ (79,280,051)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 21,772,503
Local Option Sales Taxes				11,694,122
Business Taxes				541,387
Other Local Taxes				129,622
Grants and Contributions Not Restricted for Specific Programs				49,037,536
Unrestricted Investment Income				21,491
Miscellaneous				5,964
Pension Income				222,041
Total General Revenues				\$ 83,424,666
Change in Net Position				\$ 4,144,615
Net Position, July 1, 2014				136,040,081
Restatement - See Note I.D.9.				(15,831,074)
Net Position, June 30, 2015				\$ 124,353,622

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 11,196,132	\$ 1,438,885	\$ 12,635,017
Accounts Receivable	76,927	24,627	101,554
Due from Other Governments	2,505,189	514,454	3,019,643
Due from Other Funds	82	0	82
Due from Primary Government	8,208	0	8,208
Property Taxes Receivable	23,186,444	1,369,555	24,555,999
Allowance for Uncollectible Property Taxes	(406,850)	(14,517)	(421,367)
Total Assets	<u>\$ 36,566,132</u>	<u>\$ 3,333,004</u>	<u>\$ 39,899,136</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 368,098	\$ 28,521	\$ 396,619
Accrued Payroll	3,884,992	481,768	4,366,760
Payroll Deductions Payable	353,378	37,288	390,666
Due to Other Funds	0	82	82
Due to Primary Government	693,282	85,445	778,727
Other Current Liabilities	631,438	66,924	698,362
Total Liabilities	<u>\$ 5,931,188</u>	<u>\$ 700,028</u>	<u>\$ 6,631,216</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 22,071,321	\$ 1,355,038	\$ 23,426,359
Deferred Delinquent Property Taxes	599,673	0	599,673
Total Deferred Inflows of Resources	<u>\$ 22,670,994</u>	<u>\$ 1,355,038</u>	<u>\$ 24,026,032</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 418,132	\$ 761,094	\$ 1,179,226
Committed:			
Committed for Education	0	516,844	516,844
Assigned:			
Assigned for Education	710,044	0	710,044
Unassigned	6,835,774	0	6,835,774
Total Fund Balances	<u>\$ 7,963,950</u>	<u>\$ 1,277,938</u>	<u>\$ 9,241,888</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,566,132</u>	<u>\$ 3,333,004</u>	<u>\$ 39,899,136</u>

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Blount County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 9,241,888
(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: buildings and improvements net of accumulated depreciation	115,279,227	
Add: other capital assets net of accumulated depreciation	<u>1,531,927</u>	126,762,213
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: capital lease payable on primary government debt	\$ (1,396,007)	
Less: accrued interest on capital lease payable on primary government debt	(50,270)	
Add: other postemployment benefits (prepaid)	150,611	
Less: compensated absences payable	<u>(24,945)</u>	(1,320,611)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 5,099,370	
Less: deferred inflows of resources related to pensions	<u>(17,527,759)</u>	(12,428,389)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,325,899
(5) Net pension assets of the cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.		172,949
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>599,673</u>
Net position of governmental activities (Exhibit A)		<u>\$ 124,353,622</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 34,179,595	\$ 0	\$ 34,179,595
Licenses and Permits	5,709	0	5,709
Charges for Current Services	42,500	3,053,509	3,096,009
Other Local Revenues	344,677	4,868	349,545
State of Tennessee	47,602,842	174,515	47,777,357
Federal Government	421,037	9,569,247	9,990,284
Total Revenues	<u>\$ 82,596,360</u>	<u>\$ 12,802,139</u>	<u>\$ 95,398,499</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 51,997,954	\$ 4,544,666	\$ 56,542,620
Support Services	26,769,720	1,442,246	28,211,966
Operation of Non-Instructional Services	651,823	6,739,803	7,391,626
Capital Outlay	344,749	0	344,749
Debt Service:			
Other Debt Service	303,277	0	303,277
Total Expenditures	<u>\$ 80,067,523</u>	<u>\$ 12,726,715</u>	<u>\$ 92,794,238</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,528,837</u>	<u>\$ 75,424</u>	<u>\$ 2,604,261</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 15,853	\$ 0	\$ 15,853
Transfers Out	0	(15,853)	(15,853)
Total Other Financing Sources (Uses)	<u>\$ 15,853</u>	<u>\$ (15,853)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,544,690	\$ 59,571	\$ 2,604,261
Fund Balance, July 1, 2014	5,419,260	1,218,367	6,637,627
Fund Balance, June 30, 2015	<u>\$ 7,963,950</u>	<u>\$ 1,277,938</u>	<u>\$ 9,241,888</u>

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2015

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)		\$ 2,604,261
(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	\$ 118,346	
Less: current-year depreciation expense	<u>(3,899,883)</u>	(3,781,537)
(2) 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, 2015	\$ 599,673	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(430,669)</u>	169,004
(3) 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 position.		
Add: principal payments on capital leases for primary government		216,148
(4) 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 for primary government debt	\$ 7,783	
Change in other postemployment benefits liability (prepaid)	(32,649)	
Change in compensated absences payable	60,072	
Change in net pension liability/asset	17,329,922	
Change in deferred outflows related to pensions	5,099,370	
Change in deferred inflows related to pensions	<u>(17,527,759)</u>	<u>4,936,739</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,144,615</u>

Exhibit J-6

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2015

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>	
	<u>School</u>	<u>Central</u>	<u>Extended</u>	<u>Total</u>	<u>Projects</u>		
	<u>Federal</u>	<u>Cafeteria</u>	<u>School</u>		<u>Education</u>	<u>Nonmajor</u>	
	<u>Projects</u>		<u>Program</u>		<u>Capital</u>	<u>Governmental</u>	
					<u>Projects</u>	<u>Funds</u>	
<u>ASSETS</u>							
Equity in Pooled Cash and Investments	\$ 258,917	\$ 871,785	\$ 308,183	\$ 1,438,885	\$ 0	\$ 1,438,885	
Accounts Receivable	0	142	24,485	24,627	0	24,627	
Due from Other Governments	492,583	0	21,871	514,454	0	514,454	
Property Taxes Receivable	0	0	0	0	1,369,555	1,369,555	
Allowance for Uncollectible Property Taxes	0	0	0	0	(14,517)	(14,517)	
Total Assets	\$ 751,500	\$ 871,927	\$ 354,539	\$ 1,977,966	\$ 1,355,038	\$ 3,333,004	
<u>LIABILITIES</u>							
Accounts Payable	\$ 9,259	\$ 5,518	\$ 13,744	\$ 28,521	\$ 0	\$ 28,521	
Accrued Payroll	357,977	67,007	56,784	481,768	0	481,768	
Payroll Deductions Payable	22,952	8,928	5,408	37,288	0	37,288	
Due to Other Funds	82	0	0	82	0	82	
Due to Primary Government	63,589	16,896	4,960	85,445	0	85,445	
Other Current Liabilities	47,641	12,484	6,799	66,924	0	66,924	
Total Liabilities	\$ 501,500	\$ 110,833	\$ 87,695	\$ 700,028	\$ 0	\$ 700,028	
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355,038	\$ 1,355,038	
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355,038	\$ 1,355,038	

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Extended</u>	<u>Total</u>	<u>Projects Fund</u>	
<u>FUND BALANCES</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>School</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>		<u>Program</u>		<u>Capital</u>	<u>Governmental</u>
					<u>Projects</u>	<u>Funds</u>
Restricted:						
Restricted for Education	\$ 0	\$ 761,094	\$ 0	\$ 761,094	\$ 0	\$ 761,094
Committed:						
Committed for Education	250,000	0	266,844	516,844	0	516,844
Total Fund Balances	\$ 250,000	\$ 761,094	\$ 266,844	\$ 1,277,938	\$ 0	\$ 1,277,938
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 751,500	\$ 871,927	\$ 354,539	\$ 1,977,966	\$ 1,355,038	\$ 3,333,004

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, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 1,763,078	\$ 1,290,431	\$ 3,053,509
Other Local Revenues	0	882	3,986	4,868
State of Tennessee	0	50,088	124,427	174,515
Federal Government	5,997,478	3,571,769	0	9,569,247
Total Revenues	<u>\$ 5,997,478</u>	<u>\$ 5,385,817</u>	<u>\$ 1,418,844</u>	<u>\$ 12,802,139</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,544,666	\$ 0	\$ 0	\$ 4,544,666
Support Services	1,442,246	0	0	1,442,246
Operation of Non-Instructional Services	0	5,340,481	1,399,322	6,739,803
Total Expenditures	<u>\$ 5,986,912</u>	<u>\$ 5,340,481</u>	<u>\$ 1,399,322</u>	<u>\$ 12,726,715</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,566</u>	<u>\$ 45,336</u>	<u>\$ 19,522</u>	<u>\$ 75,424</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,853)	\$ 0	\$ 0	\$ (15,853)
Total Other Financing Sources (Uses)	<u>\$ (15,853)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,853)</u>
Net Change in Fund Balances	\$ (5,287)	\$ 45,336	\$ 19,522	\$ 59,571
Fund Balance, July 1, 2014	<u>255,287</u>	<u>715,758</u>	<u>247,322</u>	<u>1,218,367</u>
Fund Balance, June 30, 2015	<u>\$ 250,000</u>	<u>\$ 761,094</u>	<u>\$ 266,844</u>	<u>\$ 1,277,938</u>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 34,179,595	\$ 0	\$ 0	\$ 34,179,595	\$ 32,864,000	\$ 32,864,000	\$ 1,315,595
Licenses and Permits	5,709	0	0	5,709	5,000	5,000	709
Charges for Current Services	42,500	0	0	42,500	42,500	42,500	0
Other Local Revenues	344,677	0	0	344,677	301,000	363,000	(18,323)
State of Tennessee	47,602,842	0	0	47,602,842	47,528,500	47,631,594	(28,752)
Federal Government	421,037	0	0	421,037	574,000	574,000	(152,963)
Total Revenues	\$ 82,596,360	\$ 0	\$ 0	\$ 82,596,360	\$ 81,315,000	\$ 81,480,094	\$ 1,116,266
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 39,469,481	\$ (4,964)	\$ 0	\$ 39,464,517	\$ 40,485,000	\$ 40,227,900	\$ 763,383
Special Education Program	7,764,511	(1,978)	9	7,762,542	7,796,000	7,895,000	132,458
Vocational Education Program	3,359,258	(73)	4,471	3,363,656	3,403,400	3,425,400	61,744
Adult Education Program	217,454	(495)	0	216,959	225,300	227,300	10,341
Other	1,187,250	0	0	1,187,250	1,280,000	1,280,000	92,750
<u>Support Services</u>							
Attendance	120,014	0	0	120,014	120,700	121,400	1,386
Health Services	815,373	(485)	385	815,273	830,940	830,939	15,666
Other Student Support	1,843,392	(6,523)	2,007	1,838,876	1,836,700	1,885,200	46,324
Regular Instruction Program	1,837,832	(1,417)	0	1,836,415	1,854,300	1,877,600	41,185
Special Education Program	467,120	0	0	467,120	482,000	488,000	20,880
Vocational Education Program	86,614	0	0	86,614	87,400	87,400	786
Adult Programs	121,130	0	0	121,130	121,300	122,600	1,470
Other Programs	103,350	0	2,900	106,250	54,400	109,963	3,713
Board of Education	1,729,929	(2,293)	2,412	1,730,048	1,787,200	2,046,248	316,200
Director of Schools	567,554	(1,766)	4,880	570,668	574,000	578,800	8,132
Office of the Principal	5,663,724	(3,175)	24,482	5,685,031	5,722,100	5,763,600	78,569
Fiscal Services	184,453	0	0	184,453	208,400	208,400	23,947
Operation of Plant	7,136,274	(31,367)	61,566	7,166,473	7,485,000	7,485,000	318,527

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,597,800	\$ (29,013)	\$ 78,970	\$ 1,647,757	\$ 1,710,960	\$ 1,710,960	\$ 63,203
Transportation	3,730,686	0	2,825	3,733,511	3,863,300	3,864,100	130,589
Central and Other	764,475	(9,946)	5,940	760,469	786,900	786,900	26,431
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	651,823	(779)	0	651,044	655,400	662,600	11,556
<u>Capital Outlay</u>							
Regular Capital Outlay	344,749	(85)	519,197	863,861	190,000	966,371	102,510
<u>Other Debt Service</u>							
Education	303,277	0	0	303,277	303,300	303,300	23
Total Expenditures	\$ 80,067,523	\$ (94,359)	\$ 710,044	\$ 80,683,208	\$ 81,864,000	\$ 82,954,981	\$ 2,271,773
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,528,837	\$ 94,359	\$ (710,044)	\$ 1,913,152	\$ (549,000)	\$ (1,474,887)	\$ 3,388,039
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 15,853	\$ 0	\$ 0	\$ 15,853	\$ 30,000	\$ 30,000	\$ (14,147)
Total Other Financing Sources	\$ 15,853	\$ 0	\$ 0	\$ 15,853	\$ 30,000	\$ 30,000	\$ (14,147)
Net Change in Fund Balance	\$ 2,544,690	\$ 94,359	\$ (710,044)	\$ 1,929,005	\$ (519,000)	\$ (1,444,887)	\$ 3,373,892
Fund Balance, July 1, 2014	5,419,260	(94,359)	0	5,324,901	5,419,260	5,419,260	(94,359)
Fund Balance, June 30, 2015	\$ 7,963,950	\$ 0	\$ (710,044)	\$ 7,253,906	\$ 4,900,260	\$ 3,974,373	\$ 3,279,533

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 5,997,478	\$ 0	\$ 5,997,478	\$ 6,303,317	\$ 6,546,676	\$ (549,198)
Total Revenues	\$ 5,997,478	\$ 0	\$ 5,997,478	\$ 6,303,317	\$ 6,546,676	\$ (549,198)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,321,318	\$ 0	\$ 2,321,318	\$ 2,459,708	\$ 2,390,482	\$ 69,164
Special Education Program	2,033,857	(4,135)	2,029,722	2,228,550	2,376,289	346,567
Vocational Education Program	189,491	(257)	189,234	225,020	227,066	37,832
<u>Support Services</u>						
Other Student Support	65,072	0	65,072	50,647	78,321	13,249
Regular Instruction Program	732,488	0	732,488	726,111	793,222	60,734
Special Education Program	441,912	(511)	441,401	388,950	459,786	18,385
Vocational Education Program	2,000	0	2,000	1,600	2,000	0
Transportation	200,774	0	200,774	203,500	203,500	2,726
Total Expenditures	\$ 5,986,912	\$ (4,903)	\$ 5,982,009	\$ 6,284,086	\$ 6,530,666	\$ 548,657
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,566	\$ 4,903	\$ 15,469	\$ 19,231	\$ 16,010	\$ (541)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (15,853)	\$ 0	\$ (15,853)	\$ (203,356)	\$ (16,009)	\$ 156
Total Other Financing Sources	\$ (15,853)	\$ 0	\$ (15,853)	\$ (203,356)	\$ (16,009)	\$ 156
Net Change in Fund Balance	\$ (5,287)	\$ 4,903	\$ (384)	\$ (184,125)	\$ 1	\$ (385)
Fund Balance, July 1, 2014	255,287	(4,903)	250,384	255,287	255,287	(4,903)
Fund Balance, June 30, 2015	\$ 250,000	\$ 0	\$ 250,000	\$ 71,162	\$ 255,288	\$ (5,288)

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,763,078	\$ 0	\$ 0	\$ 1,763,078	\$ 1,996,000	\$ 1,996,000	\$ (232,922)
Other Local Revenues	882	0	0	882	3,000	3,000	(2,118)
State of Tennessee	50,088	0	0	50,088	52,000	52,000	(1,912)
Federal Government	3,571,769	0	0	3,571,769	3,536,000	3,556,000	15,769
Total Revenues	<u>\$ 5,385,817</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,385,817</u>	<u>\$ 5,587,000</u>	<u>\$ 5,607,000</u>	<u>\$ (221,183)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,340,481	\$ (201,266)	\$ 101,809	\$ 5,241,024	\$ 5,793,000	\$ 5,813,000	\$ 571,976
Total Expenditures	<u>\$ 5,340,481</u>	<u>\$ (201,266)</u>	<u>\$ 101,809</u>	<u>\$ 5,241,024</u>	<u>\$ 5,793,000</u>	<u>\$ 5,813,000</u>	<u>\$ 571,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 45,336</u>	<u>\$ 201,266</u>	<u>\$ (101,809)</u>	<u>\$ 144,793</u>	<u>\$ (206,000)</u>	<u>\$ (206,000)</u>	<u>\$ 350,793</u>
Net Change in Fund Balance	\$ 45,336	\$ 201,266	\$ (101,809)	\$ 144,793	\$ (206,000)	\$ (206,000)	\$ 350,793
Fund Balance, July 1, 2014	<u>715,758</u>	<u>(201,266)</u>	<u>0</u>	<u>514,492</u>	<u>715,758</u>	<u>715,758</u>	<u>(201,266)</u>
Fund Balance, June 30, 2015	<u>\$ 761,094</u>	<u>\$ 0</u>	<u>\$ (101,809)</u>	<u>\$ 659,285</u>	<u>\$ 509,758</u>	<u>\$ 509,758</u>	<u>\$ 149,527</u>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Charges for Current Services	\$ 1,290,431	\$ 0	\$ 0	\$ 1,290,431	\$ 1,328,000	\$ 1,328,000	\$ (37,569)
Other Local Revenues	3,986	0	0	3,986	5,000	5,000	(1,014)
State of Tennessee	124,427	0	0	124,427	163,000	163,000	(38,573)
Total Revenues	\$ 1,418,844	\$ 0	\$ 0	\$ 1,418,844	\$ 1,496,000	\$ 1,496,000	\$ (77,156)
Expenditures							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,399,322	\$ (17,942)	\$ 18,947	\$ 1,400,327	\$ 1,628,000	\$ 1,628,000	\$ 227,673
Total Expenditures	\$ 1,399,322	\$ (17,942)	\$ 18,947	\$ 1,400,327	\$ 1,628,000	\$ 1,628,000	\$ 227,673
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,522	\$ 17,942	\$ (18,947)	\$ 18,517	\$ (132,000)	\$ (132,000)	\$ 150,517
Net Change in Fund Balance	\$ 19,522	\$ 17,942	\$ (18,947)	\$ 18,517	\$ (132,000)	\$ (132,000)	\$ 150,517
Fund Balance, July 1, 2014	247,322	(17,942)	0	229,380	247,322	247,322	(17,942)
Fund Balance, June 30, 2015	\$ 266,844	\$ 0	\$ (18,947)	\$ 247,897	\$ 115,322	\$ 115,322	\$ 132,575

MISCELLANEOUS SCHEDULES

Exhibit K-1

Blount County, Tennessee
Schedule of Changes in Other Loans, Capital Leases and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
<u>Public Building Authority Loan Agreements</u>									
Industrial Park (Series B-10-A)	\$ 2,000,000	5.55 to 6.2%	6-29-06	6-1-21	\$ 1,195,000	\$ 0	\$ 145,000	\$ 0	\$ 1,050,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	23,900,000	0	1,950,000	0	21,950,000
Industrial Park (Series B-17-A)	3,000,000	3.25 to 4.5	6-20-08	6-1-30	2,535,000	0	105,000	0	2,430,000
Refunding (Series E-3-B)	20,165,000	Variable (2)	7-31-08	6-1-30	20,165,000	0	0	20,165,000	0
Various Purposes (Series B-18-A)	4,380,000	2.5 to 5	3-2-09	6-1-19	3,400,000	0	500,000	0	2,900,000
<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	184,708	0	40,501	0	144,207
Total Other Loans Payable					\$ 51,379,708	\$ 0	\$ 2,740,501	\$ 20,165,000	\$ 28,474,207
CAPITAL LEASES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Motorola Radio System	3,007,000	3.97	9-1-10	9-1-20	\$ 2,224,321	\$ 0	\$ 281,877	\$ 0	\$ 1,942,444
Total Payable through General Debt Service Fund					\$ 2,224,321	\$ 0	\$ 281,877	\$ 0	\$ 1,942,444
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>									
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	\$ 1,612,155	\$ 0	\$ 216,148	\$ 0	\$ 1,396,007
Total Contributions Due by School Department					\$ 1,612,155	\$ 0	\$ 216,148	\$ 0	\$ 1,396,007
Total Capital Leases Payable					\$ 3,836,476	\$ 0	\$ 498,025	\$ 0	\$ 3,338,451
BONDS PAYABLE									
<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	\$ 3,395,000	\$ 0	\$ 625,000	\$ 0	\$ 2,770,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	2,645,000	0	490,000	0	2,155,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	7,475,000	0	1,360,000	0	6,115,000
Qualified School Construction Bond, Series 2010	14,855,000	2.6	10-7-10	9-14-27	12,151,458	0	926,929	0	11,224,529
General Obligation Refunding, Series 2011	46,390,000	4.5	5-5-11	6-1-30	45,485,000	0	385,000	0	45,100,000
General Obligation Refunding, Series 2013 B	79,800,000	Variable (1)	12-9-13	6-1-37	79,675,000	0	120,000	0	79,555,000
General Obligation Refunding, Series 2015 A	7,120,000	.55 to 2.15	3-5-15	6-1-21	0	7,120,000	0	0	7,120,000
General Obligation Refunding, Series 2015 B	19,785,000	2 to 4	3-5-15	6-1-31	0	19,785,000	0	0	19,785,000
Total Bonds Payable					\$ 150,826,458	\$ 26,905,000	\$ 3,906,929	\$ 0	\$ 173,824,529

- (1) This bond issue has interest rate swap agreements associated with it. The swap agreements were originally associated with other debt instruments that have been refunded.
- (2) The interest rate swap agreement associated with this loan was terminated during the year. A fee of \$7,228,000 was paid to the counterparty to terminate the agreement.

Exhibit K-2

Blount County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 2,900,501	\$ 1,284,978	\$ 245	\$ 4,185,724
2017	2,020,501	1,179,603	245	3,200,349
2018	1,235,501	1,099,693	245	2,335,439
2019	1,232,704	1,048,153	245	2,281,102
2020	325,000	995,468	0	1,320,468
2021	345,000	977,950	0	1,322,950
2022	150,000	959,388	0	1,109,388
2023	160,000	953,013	0	1,113,013
2024	3,455,000	946,213	0	4,401,213
2025	3,775,000	794,850	0	4,569,850
2026	4,105,000	606,975	0	4,711,975
2027	4,935,000	402,650	0	5,337,650
2028	400,000	180,575	0	580,575
2029	210,000	162,075	0	372,075
2030	225,000	152,625	0	377,625
2031	0	142,500	0	142,500
2032	500,000	142,500	0	642,500
2033	500,000	118,750	0	618,750
2034	500,000	95,000	0	595,000
2035	500,000	71,250	0	571,250
2036	500,000	47,500	0	547,500
2037	500,000	23,750	0	523,750
Total	\$ 28,474,207	\$ 12,385,459	\$ 980	\$ 40,860,646

(Continued)

Exhibit K-2

Blount County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds			
	Principal	Interest	Swap Payments	Total
2016	\$ 5,291,929	\$ 4,319,063	\$ 2,117,509	\$ 11,728,501
2017	6,106,929	4,184,346	2,117,509	12,408,784
2018	7,046,929	4,017,916	2,062,266	13,127,111
2019	7,506,929	3,832,881	1,951,365	13,291,175
2020	8,686,929	3,622,289	1,834,406	14,143,624
2021	8,966,929	3,342,289	1,611,005	13,920,223
2022	9,586,929	2,985,079	1,375,300	13,947,308
2023	9,966,929	2,599,629	1,126,621	13,693,179
2024	7,686,929	2,196,079	864,260	10,747,268
2025	7,756,929	2,098,279	762,900	10,618,108
2026	7,856,929	1,997,679	661,540	10,516,148
2027	7,458,310	1,910,565	560,180	9,929,055
2028	12,930,000	1,112,436	475,525	14,517,961
2029	13,295,000	930,556	283,000	14,508,556
2030	6,110,000	519,224	101,031	6,730,255
2031	2,070,000	310,782	0	2,380,782
2032	6,600,000	248,682	0	6,848,682
2033	7,050,000	212,514	0	7,262,514
2034	7,400,000	173,880	0	7,573,880
2035	7,750,000	133,328	0	7,883,328
2036	8,150,000	90,858	0	8,240,858
2037	8,550,000	46,196	0	8,596,196
Total	\$ 173,824,529	\$ 40,884,550	\$ 17,904,417	\$ 232,613,496

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2016	\$ 528,466	\$ 152,519	\$ 680,985
2017	560,620	128,169	688,789
2018	594,577	102,249	696,826
2019	630,437	74,669	705,106
2020	668,303	45,330	713,633
2021	356,048	14,135	370,183
Total	\$ 3,338,451	\$ 517,071	\$ 3,855,522

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2015

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-15
<u>General Debt Service Fund</u>						
Sale of Land	The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	\$ 441,353	1-13-15	1-10-18	(1) 0%	\$ 441,353
Motorola Radio System	The City of Maryville, Tennessee	918,996	9-1-10	9-1-20	0	466,462
"	The City of Alcoa, Tennessee	751,735	9-1-10	9-1-20	0	<u>381,559</u>
Total Notes Receivable						<u>\$ 1,289,374</u>

(1) Prior note was defaulted on; land was transferred to new owner and a new note was negotiated for \$72,576 less than balance on prior note.

Exhibit K-4

Blount County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2015

<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 Debt Service	Debt service	832,463
Other Special Revenue	General	Close Fund	8,481
Self-Insurance	General	Payroll	<u>219,888</u>
Total Transfers Primary Government			<u>\$ 1,960,352</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 15,853</u>
Total Transfers Discretely Presented Blount County School Department			<u>\$ 15,853</u>

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 123,727	\$ 100,000	Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	98,196	100,000	"
Director of Schools	Board of Education	120,574 (1)	50,000	"
Trustee	Section 8-24-102, <i>TCA</i>	81,153	4,221,668	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	81,153	50,000	"
Director of Accounts and Budgets	County Commission	90,511 (2)	25,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	81,153	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	89,269	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	81,153	105,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	81,153	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	118,436 (3)	100,000	"
Purchasing Agent	County Commission	65,156	100,000	"
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 \$9,358 for serving as assistant county mayor.
(3) Includes \$9,820 for serving as director of the Juvenile Detention Center, \$9,820 for serving as superintendent of the workhouse, and a law enforcement training supplement of \$600.

Exhibit K-6

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 21,020,759	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(313,260)	0	0	0	0	0
Trustee's Collections - Prior Year	691,041	0	0	0	0	0
Trustee's Collections - Bankruptcy	162,584	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	246,271	0	0	0	0	0
Interest and Penalty	106,251	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	190,090
Payments in-Lieu-of Taxes - Other	776,624	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	2,587,254
Hotel/Motel Tax	640,665	0	0	0	0	0
Litigation Tax - General	343,942	0	0	0	0	0
Litigation Tax - Special Purpose	0	1,347	8,701	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	172,986	0	0	0	0
Litigation Tax - Courthouse Security	132,599	0	0	0	0	0
Business Tax	555,374	0	0	0	0	0
Mixed Drink Tax	122,257	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	56,959
<u>Statutory Local Taxes</u>						
Bank Excise Tax	102,276	0	0	0	0	0
Wholesale Beer Tax	234,850	0	0	0	0	0
Interstate Telecommunications Tax	8,051	0	0	0	0	0
Total Local Taxes	\$ 24,830,284	\$ 174,333	\$ 8,701	\$ 0	\$ 0	\$ 2,834,303

(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	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 580,505	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>						
Building Permits	307,430	0	0	0	0	0
Other Permits	980	0	0	0	0	176,781
Total Licenses and Permits	<u>\$ 888,915</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>176,781</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 6,371	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	1,111	0
Drug Court Fees	21,147	0	0	0	0	0
DUI Treatment Fines	2,072	0	0	0	0	0
Data Entry Fee - Circuit Court	84,206	0	0	0	0	0
<u>Criminal Court</u>						
Fines	9,455	0	0	0	0	0
Officers Costs	43,183	0	0	0	0	0
Victims Assistance Assessments	7,985	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	75,071	0	0	0	0	0
Officers Costs	494,734	0	0	0	0	0
Game and Fish Fines	1,105	0	0	0	0	0
Drug Control Fines	0	0	0	0	11,632	0
Jail Fees	37,453	0	0	0	0	0
District Attorney General Fees	48,650	0	0	0	0	0
DUI Treatment Fines	13,654	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	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 29,065	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	48,089	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	9,101	0	0	0	0	0
Drug Court Fees	1,588	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	5,265	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	15,976	0
Other Fines, Forfeitures, and Penalties	100	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	<u>\$ 938,294</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,719</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other General Service Charges	\$ 122,923	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Copy Fees	3,878	0	0	21,524	0	27
Library Fees	0	0	0	62,850	0	0
Telephone Commissions	73,643	0	0	0	73,643	0
Data Processing Fee - Register	39,822	0	0	0	0	0
Probation Fees	578,670	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	17,550	0	0	0	0	0
Data Processing Fee - County Clerk	13,841	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	2,091	0	0	0	0	0
Total Charges for Current Services	<u>\$ 852,418</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 84,374</u>	<u>\$ 73,643</u>	<u>\$ 27</u>

(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	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 20,239	\$ 0	\$ 0	\$ 1,519	\$ 2,996	\$ 4,207
Lease/Rentals	2,726	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	1,456
Commissary Sales	75,495	0	0	0	0	0
Sale of Maps	376	0	0	0	0	0
Sale of Recycled Materials	6,298	0	0	0	0	16,762
Miscellaneous Refunds	16,221	0	0	0	0	10,070
<u>Nonrecurring Items</u>						
Sale of Equipment	2,068	0	0	0	0	30,788
Sale of Property	22,469	0	0	0	0	0
Damages Recovered from Individuals	440	0	0	0	0	150
Contributions and Gifts	194	0	0	1,724	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	165,834	0	0	94,283	0	0
Total Other Local Revenues	\$ 312,360	\$ 0	\$ 0	\$ 97,526	\$ 2,996	\$ 63,433
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 1,408,523	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	457,607	0	0	0	0	0
General Sessions Court Clerk	1,898,289	0	0	0	0	0
Clerk and Master	462,274	0	0	0	0	0
Register	607,376	0	0	0	0	0
Sheriff	81,616	0	0	0	0	0
Trustee	2,093,998	0	0	0	0	0
Total Fees Received From County Officials	\$ 7,009,683	\$ 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	Highway / Public Works
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	0	0	0	9,500	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	898,003	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	427,055
Litter Program	56,427	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	472,748	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	21,529	0	0	0	0	0
Alcoholic Beverage Tax	172,822	0	0	0	0	0
Contracted Prisoner Boarding	2,308,911	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,558,328
Petroleum Special Tax	0	0	0	0	0	88,757
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	151,902	0	0	0	0	0
Other State Revenues	117,448	0	0	0	0	103,065
Total State of Tennessee	\$ 4,246,509	\$ 0	\$ 0	\$ 9,500	\$ 0	\$ 3,177,205
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	\$ 249,050	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	23,143	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	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Tax Credit Bond Rebate	\$ 667,958	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Direct Federal Revenue	2,201,436	0	0	0	0	0
Total Federal Government	\$ 3,118,444	\$ 0	\$ 0	\$ 0	\$ 23,143	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 6,480	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	130,331	0	0	0	0	0
Contracted Services	118,275	0	0	904,211	0	0
<u>Citizens Groups</u>						
Donations	105,567	0	0	10,270	0	0
Total Other Governments and Citizens Groups	\$ 360,653	\$ 0	\$ 0	\$ 914,481	\$ 0	\$ 0
Total	\$ 42,557,560	\$ 174,333	\$ 8,701	\$ 1,105,881	\$ 128,501	\$ 6,251,749

(Continued)

Exhibit K-6

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Permanent</u> <u>Fund</u>	
	General Debt Service	Highway Capital Projects	Endowment	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 13,370,481	\$ 0	\$ 0	\$ 34,391,240
Discount on Property Taxes	(199,402)	0	0	(512,662)
Trustee's Collections - Prior Year	441,905	0	0	1,132,946
Trustee's Collections - Bankruptcy	101,473	0	0	264,057
Circuit Clerk/Clerk and Master Collections - Prior Years	156,718	0	0	402,989
Interest and Penalty	69,753	0	0	176,004
Payments in-Lieu-of Taxes - Local Utilities	120,966	0	0	311,056
Payments in-Lieu-of Taxes - Other	7,321	0	0	783,945
<u>County Local Option Taxes</u>				
Local Option Sales Tax	574,945	0	0	3,162,199
Hotel/Motel Tax	0	0	0	640,665
Litigation Tax - General	0	0	0	343,942
Litigation Tax - Special Purpose	0	0	0	10,048
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	172,986
Litigation Tax - Courthouse Security	0	0	0	132,599
Business Tax	350,358	0	0	905,732
Mixed Drink Tax	0	0	0	122,257
Mineral Severance Tax	0	0	0	56,959
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	102,276
Wholesale Beer Tax	0	0	0	234,850
Interstate Telecommunications Tax	0	0	0	8,051
Total Local Taxes	<u>\$ 14,994,518</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,842,139</u>

(Continued)

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Permanent</u> <u>Fund</u>	
	General Debt Service	Highway Capital Projects	Endowment	Total
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 0	\$ 240,000	\$ 0	\$ 820,505
<u>Permits</u>				
Building Permits	0	0	0	307,430
Other Permits	0	0	0	177,761
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 240,000</u>	<u>\$ 0</u>	<u>\$ 1,305,696</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 6,371
Drug Control Fines	0	0	0	1,111
Drug Court Fees	0	0	0	21,147
DUI Treatment Fines	0	0	0	2,072
Data Entry Fee - Circuit Court	0	0	0	84,206
<u>Criminal Court</u>				
Fines	0	0	0	9,455
Officers Costs	0	0	0	43,183
Victims Assistance Assessments	0	0	0	7,985
<u>General Sessions Court</u>				
Fines	0	0	0	75,071
Officers Costs	0	0	0	494,734
Game and Fish Fines	0	0	0	1,105
Drug Control Fines	0	0	0	11,632
Jail Fees	0	0	0	37,453
District Attorney General Fees	0	0	0	48,650
DUI Treatment Fines	0	0	0	13,654

(Continued)

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Permanent</u> <u>Fund</u>	
	General Debt Service	Highway Capital Projects	Endowment	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 29,065
Victims Assistance Assessments	0	0	0	48,089
<u>Juvenile Court</u>				
Fines	0	0	0	9,101
Drug Court Fees	0	0	0	1,588
<u>Chancery Court</u>				
Officers Costs	0	0	0	5,265
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	15,976
Other Fines, Forfeitures, and Penalties	0	0	0	100
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 967,013</u>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other General Service Charges	\$ 0	\$ 0	\$ 0	122,923
<u>Fees</u>				
Copy Fees	0	0	0	25,429
Library Fees	0	0	0	62,850
Telephone Commissions	0	0	0	147,286
Data Processing Fee - Register	0	0	0	39,822
Probation Fees	0	0	0	578,670
Sexual Offender Registration Fee - Sheriff	0	0	0	17,550
Data Processing Fee - County Clerk	0	0	0	13,841
<u>Education Charges</u>				
Other Charges for Services	0	0	0	2,091
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,010,462</u>

(Continued)

Exhibit K-6

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Permanent</u> <u>Fund</u>	
	General Debt Service	Highway Capital Projects	Endowment	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 148,107	\$ 0	\$ 3,690	\$ 180,758
Lease/Rentals	38,000	0	0	40,726
Sale of Materials and Supplies	0	0	0	1,456
Commissary Sales	0	0	0	75,495
Sale of Maps	0	0	0	376
Sale of Recycled Materials	0	0	0	23,060
Miscellaneous Refunds	0	0	0	26,291
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	0	32,856
Sale of Property	25,000	0	0	47,469
Damages Recovered from Individuals	0	0	0	590
Contributions and Gifts	0	0	0	1,918
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	0	260,117
Total Other Local Revenues	<u>\$ 211,107</u>	<u>\$ 0</u>	<u>\$ 3,690</u>	<u>\$ 691,112</u>
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 1,408,523
Circuit Court Clerk	0	0	0	457,607
General Sessions Court Clerk	0	0	0	1,898,289
Clerk and Master	0	0	0	462,274
Register	0	0	0	607,376
Sheriff	0	0	0	81,616
Trustee	0	0	0	2,093,998
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,009,683</u>

(Continued)

Exhibit K-6

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Permanent</u> <u>Fund</u>	
	General Debt Service	Highway Capital Projects	Endowment	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 13,500
Other General Government Grants	0	0	0	9,500
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	898,003
<u>Public Works Grants</u>				
State Aid Program	0	0	0	427,055
Litter Program	0	0	0	56,427
<u>Other State Revenues</u>				
Income Tax	0	0	0	472,748
Beer Tax	0	0	0	18,055
Vehicle Certificate of Title Fees	0	0	0	21,529
Alcoholic Beverage Tax	0	0	0	172,822
Contracted Prisoner Boarding	0	0	0	2,308,911
Gasoline and Motor Fuel Tax	0	0	0	2,558,328
Petroleum Special Tax	0	0	0	88,757
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	151,902
Other State Revenues	0	0	0	220,513
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,433,214</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Other Federal through State	\$ 0	\$ 0	\$ 0	\$ 249,050
<u>Direct Federal Revenue</u>				
Asset Forfeiture Funds	0	0	0	23,143

(Continued)

Exhibit K-6

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

	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Permanent</u> <u>Fund</u>	
	General Debt Service	Highway Capital Projects	Endowment	Total
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue (Cont.)</u>				
Tax Credit Bond Rebate	\$ 0	\$ 0	\$ 0	\$ 667,958
Other Direct Federal Revenue	0	0	0	2,201,436
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,141,587</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 6,480
Contributions	352,832	0	0	483,163
Contracted Services	248,142	0	0	1,270,628
<u>Citizens Groups</u>				
Donations	0	0	0	115,837
Total Other Governments and Citizens Groups	<u>\$ 600,974</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,876,108</u>
Total	<u>\$ 15,806,599</u>	<u>\$ 240,000</u>	<u>\$ 3,690</u>	<u>\$ 66,277,014</u>

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2015

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 20,721,971	\$ 0	\$ 0	\$ 0	\$ 20,721,971
Discount on Property Taxes	(311,440)	0	0	0	(311,440)
Trustee's Collections - Prior Year	690,731	0	0	0	690,731
Trustee's Collections - Bankruptcy	153,185	0	0	0	153,185
Circuit Clerk/Clerk and Master Collections - Prior Years	242,977	0	0	0	242,977
Interest and Penalty	106,075	0	0	0	106,075
Payments in-Lieu-of Taxes - T.V.A.	13,279	0	0	0	13,279
Payments in-Lieu-of Taxes - Local Utilities	186,472	0	0	0	186,472
Payments in-Lieu-of Taxes - Other	11,214	0	0	0	11,214
<u>County Local Option Taxes</u>					
Local Option Sales Tax	11,694,122	0	0	0	11,694,122
Business Tax	541,387	0	0	0	541,387
Mixed Drink Tax	122,257	0	0	0	122,257
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	7,365	0	0	0	7,365
Total Local Taxes	\$ 34,179,595	\$ 0	\$ 0	\$ 0	\$ 34,179,595
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,709	\$ 0	\$ 0	\$ 0	\$ 5,709
Total Licenses and Permits	\$ 5,709	\$ 0	\$ 0	\$ 0	\$ 5,709

(Continued)

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Contract for Instructional Services with Other LEA's	\$ 42,500	\$ 0	\$ 0	\$ 0	\$ 42,500
Receipts from Individual Schools	0	0	1,763,078	0	1,763,078
Community Service Fees - Children	0	0	0	1,290,431	1,290,431
Total Charges for Current Services	\$ 42,500	\$ 0	\$ 1,763,078	\$ 1,290,431	\$ 3,096,009
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 20,223	\$ 0	\$ 882	\$ 386	\$ 21,491
Lease/Rentals	13,400	0	0	0	13,400
E-Rate Funding	67,144	0	0	0	67,144
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	5,964	0	0	0	5,964
Contributions and Gifts	156,869	0	0	0	156,869
<u>Other Local Revenues</u>					
Other Local Revenues	81,077	0	0	3,600	84,677
Total Other Local Revenues	\$ 344,677	\$ 0	\$ 882	\$ 3,986	\$ 349,545
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 55,563	\$ 0	\$ 0	\$ 0	\$ 55,563
<u>State Education Funds</u>					
Basic Education Program	44,787,000	0	0	0	44,787,000
Early Childhood Education	596,558	0	0	0	596,558
School Food Service	0	0	50,088	0	50,088

(Continued)

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

	<u>Special Revenue Funds</u>					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program		
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
Energy Efficient School Initiative	\$ 47,531	\$ 0	\$ 0	\$ 0	\$ 47,531	
Other State Education Funds	203,918	0	0	124,427	328,345	
Career Ladder Program	293,588	0	0	0	293,588	
Career Ladder - Extended Contract	78,295	0	0	0	78,295	
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	1,467,505	0	0	0	1,467,505	
Other State Grants	72,884	0	0	0	72,884	
Total State of Tennessee	<u>\$ 47,602,842</u>	<u>\$ 0</u>	<u>\$ 50,088</u>	<u>\$ 124,427</u>	<u>\$ 47,777,357</u>	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,398,258	\$ 0	\$ 2,398,258	
USDA - Commodities	0	0	223,394	0	223,394	
Breakfast	0	0	940,317	0	940,317	
USDA - Other	0	0	9,800	0	9,800	
Adult Education State Grant Program	189,433	0	0	0	189,433	
Vocational Education - Basic Grants to States	0	172,402	0	0	172,402	
Title I Grants to Local Education Agencies	0	2,409,488	0	0	2,409,488	
Special Education - Grants to States	126,314	2,671,514	0	0	2,797,828	
English Language Acquisition Grants	0	11,292	0	0	11,292	
Eisenhower Professional Development State Grants	0	410,512	0	0	410,512	
Race to the Top - ARRA	0	261,502	0	0	261,502	
Other Federal through State	0	60,768	0	0	60,768	

(Continued)

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	\$ 105,290	\$ 0	\$ 0	\$ 0	\$ 105,290
Total Federal Government	<u>\$ 421,037</u>	<u>\$ 5,997,478</u>	<u>\$ 3,571,769</u>	<u>\$ 0</u>	<u>\$ 9,990,284</u>
 Total	 <u>\$ 82,596,360</u>	 <u>\$ 5,997,478</u>	 <u>\$ 5,385,817</u>	 <u>\$ 1,418,844</u>	 <u>\$ 95,398,499</u>

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Secretary to Board	\$	42,330	
Temporary Personnel		2,521	
Board and Committee Members Fees		102,060	
Social Security		8,787	
State Retirement		4,809	
Employee and Dependent Insurance		6,600	
Life Insurance		114	
Medical Insurance		5,100	
Dental Insurance		282	
Unemployment Compensation		92	
Employer Medicare		2,104	
Dues and Memberships		2,200	
Operating Lease Payments		1,183	
Legal Notices, Recording, and Court Costs		3,338	
Printing, Stationery, and Forms		312	
Travel		2,632	
Tuition		1,100	
Data Processing Supplies		4	
Duplicating Supplies		220	
Office Supplies		372	
Other Supplies and Materials		83	
Workers' Compensation Insurance		544	
Total County Commission			\$ 186,787

Board of Equalization

Board and Committee Members Fees	\$	1,470	
Social Security		73	
Employer Medicare		21	
Workers' Compensation Insurance		10	
Total Board of Equalization			1,574

Beer Board

Legal Notices, Recording, and Court Costs	\$	200	
Total Beer Board			200

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	400	
Total Budget and Finance Committee			400

County Mayor/Executive

County Official/Administrative Officer	\$	123,727	
Assistant(s)		9,358	
Secretary(ies)		44,600	
Social Security		10,571	
State Retirement		6,128	
Employee and Dependent Insurance		9,900	
Life Insurance		245	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Medical Insurance	\$	7,650	
Dental Insurance		564	
Unemployment Compensation		68	
Employer Medicare		2,472	
Dues and Memberships		150	
Travel		131	
Tuition		100	
Gasoline		624	
Office Supplies		1,663	
Periodicals		101	
Other Supplies and Materials		50	
Workers' Compensation Insurance		659	
Other Charges		1,100	
Total County Mayor/Executive			\$ 219,861

Personnel Office

Supervisor/Director	\$	51,468	
Clerical Personnel		48,683	
Part-time Personnel		3,610	
Social Security		6,017	
State Retirement		8,122	
Employee and Dependent Insurance		11,857	
Life Insurance		240	
Medical Insurance		9,162	
Dental Insurance		519	
Unemployment Compensation		245	
Employer Medicare		1,407	
Dues and Memberships		232	
Operating Lease Payments		1,142	
Travel		36	
Tuition		398	
Office Supplies		566	
Workers' Compensation Insurance		403	
Total Personnel Office			144,107

Election Commission

County Official/Administrative Officer	\$	66,460
Clerical Personnel		69,084
Custodial Personnel		975
Temporary Personnel		36,427
Other Salaries and Wages		16,000
Election Commission		25,150
Election Workers		121,658
In-service Training		13,775
Social Security		14,630
State Retirement		12,244
Employee and Dependent Insurance		7,975

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Life Insurance	\$	279	
Medical Insurance		14,662	
Dental Insurance		823	
Unemployment Compensation		811	
Employer Medicare		3,498	
Dues and Memberships		250	
Operating Lease Payments		1,286	
Legal Notices, Recording, and Court Costs		18,319	
Printing, Stationery, and Forms		3,167	
Rentals		1,000	
Travel		5,249	
Tuition		2,250	
Other Contracted Services		28,123	
Office Supplies		2,756	
Workers' Compensation Insurance		1,593	
Furniture and Fixtures		657	
Total Election Commission			\$ 469,101

Register of Deeds

County Official/Administrative Officer	\$	81,153	
Clerical Personnel		279,225	
Part-time Personnel		960	
Social Security		21,625	
State Retirement		39,998	
Employee and Dependent Insurance		13,750	
Life Insurance		873	
Medical Insurance		42,712	
Dental Insurance		2,375	
Unemployment Compensation		545	
Employer Medicare		5,075	
Dues and Memberships		945	
Operating Lease Payments		2,432	
Maintenance and Repair Services - Office Equipment		500	
Travel		1,742	
Tuition		275	
Other Contracted Services		31,147	
Data Processing Supplies		250	
Office Supplies		1,951	
Other Supplies and Materials		320	
Workers' Compensation Insurance		1,397	
Total Register of Deeds			529,250

Development

Supervisor/Director	\$	68,000	
Secretary(ies)		31,754	
Other Salaries and Wages		183,949	
Social Security		16,992	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

State Retirement	\$	30,561	
Employee and Dependent Insurance		22,875	
Life Insurance		654	
Medical Insurance		22,776	
Dental Insurance		1,272	
Unemployment Compensation		477	
Employer Medicare		3,974	
Advertising		400	
Communication		1,849	
Dues and Memberships		4,460	
Operating Lease Payments		1,277	
Legal Notices, Recording, and Court Costs		1,355	
Maintenance and Repair Services - Vehicles		3,079	
Printing, Stationery, and Forms		957	
Travel		2,489	
Tuition		626	
Other Contracted Services		9,547	
Gasoline		7,841	
Instructional Supplies and Materials		1,644	
Office Supplies		2,553	
Uniforms		80	
Other Supplies and Materials		101	
Workers' Compensation Insurance		1,272	
Other Charges		1,709	
Total Development			\$ 424,523

Planning

Assistant(s)	\$	50,108	
Supervisor/Director		70,086	
Secretary(ies)		35,479	
Social Security		9,312	
State Retirement		17,685	
Employee and Dependent Insurance		6,600	
Life Insurance		335	
Medical Insurance		14,388	
Dental Insurance		796	
Unemployment Compensation		203	
Employer Medicare		2,178	
Dues and Memberships		2,288	
Operating Lease Payments		1,536	
Legal Notices, Recording, and Court Costs		1,056	
Maintenance and Repair Services - Vehicles		97	
Travel		864	
Gasoline		388	
Office Supplies		490	
Workers' Compensation Insurance		577	
Total Planning			214,466

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	26,458	
Custodial Personnel		113,158	
Maintenance Personnel		77,617	
Part-time Personnel		7,783	
Overtime Pay		1,880	
Social Security		13,581	
State Retirement		19,152	
Employee and Dependent Insurance		13,398	
Life Insurance		536	
Medical Insurance		33,516	
Dental Insurance		1,679	
Unemployment Compensation		736	
Employer Medicare		3,176	
Communication		679	
Engineering Services		3,000	
Maintenance Agreements		36,092	
Maintenance and Repair Services - Buildings		32,020	
Maintenance and Repair Services - Equipment		41,792	
Maintenance and Repair Services - Vehicles		356	
Pest Control		1,350	
Permits		1,105	
Custodial Supplies		26,145	
Gasoline		3,079	
Natural Gas		83,603	
Office Supplies		51	
Uniforms		1,428	
Utilities		621,242	
Workers' Compensation Insurance		1,048	
Data Processing Equipment		730	
Total County Buildings			\$ 1,166,390

Other General Administration

Local Retirement	\$	196,397	
Audit Services		36,903	
Communication		141,316	
Contributions		68,752	
Legal Services		65,355	
Legal Notices, Recording, and Court Costs		669,594	
Pauper Burials		3,250	
Postal Charges		189,355	
Other Contracted Services		250,102	
Office Supplies		301	
Liability Insurance		510,000	
Trustee's Commission		508,705	
Other Charges		9,902	
Total Other General Administration			2,649,932

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Supervisor/Director	\$	41,624	
Other Salaries and Wages		23,400	
Social Security		3,874	
State Retirement		6,833	
Employee and Dependent Insurance		6,600	
Life Insurance		174	
Medical Insurance		10,200	
Dental Insurance		564	
Unemployment Compensation		167	
Employer Medicare		906	
Communication		1,656	
Dues and Memberships		20	
Operating Lease Payments		745	
Travel		494	
Tuition		100	
Other Contracted Services		600	
Gasoline		87	
Office Supplies		433	
Utilities		6,000	
Other Supplies and Materials		326	
Workers' Compensation Insurance		248	
Total Preservation of Records			\$ 105,051

Risk Management

Supervisor/Director	\$	47,769	
Other Salaries and Wages		45,264	
Social Security		5,443	
State Retirement		10,719	
Employee and Dependent Insurance		7,465	
Life Insurance		248	
Medical Insurance		10,868	
Dental Insurance		611	
Unemployment Compensation		145	
Employer Medicare		1,273	
Communication		300	
Dues and Memberships		190	
Operating Lease Payments		1,515	
Maintenance and Repair Services - Vehicles		2,572	
Printing, Stationery, and Forms		163	
Travel		1,334	
Tuition		599	
Other Contracted Services		99	
Gasoline		2,532	
Office Supplies		893	
Periodicals		95	
Workers' Compensation Insurance		352	
Furniture and Fixtures		1,231	
Total Risk Management			141,680

(Continued)

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	81,153	
Accountants/Bookkeepers		336,850	
Clerical Personnel		57,663	
Part-time Personnel		8,567	
Social Security		28,789	
State Retirement		48,567	
Employee and Dependent Insurance		26,675	
Life Insurance		1,075	
Medical Insurance		40,588	
Dental Insurance		2,139	
Unemployment Compensation		867	
Employer Medicare		6,786	
Dues and Memberships		1,519	
Operating Lease Payments		3,403	
Printing, Stationery, and Forms		1,202	
Travel		3,021	
Tuition		1,743	
Gasoline		90	
Office Supplies		417	
Workers' Compensation Insurance		1,823	
Other Charges		1,491	
Total Accounting and Budgeting			\$ 654,428

Purchasing

Supervisor/Director	\$	65,156	
Purchasing Personnel		158,924	
Social Security		12,744	
State Retirement		25,409	
Employee and Dependent Insurance		31,279	
Life Insurance		546	
Medical Insurance		28,420	
Dental Insurance		1,573	
Unemployment Compensation		432	
Employer Medicare		2,981	
Dues and Memberships		460	
Operating Lease Payments		1,249	
Legal Notices, Recording, and Court Costs		3,372	
Maintenance and Repair Services - Office Equipment		263	
Travel		1,360	
Tuition		965	
Office Supplies		552	
Workers' Compensation Insurance		908	
Total Purchasing			336,593

Property Assessor's Office

County Official/Administrative Officer	\$	81,153	
Assistant(s)		347,812	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Clerical Personnel	\$	103,456	
Social Security		31,489	
State Retirement		57,908	
Employee and Dependent Insurance		37,950	
Life Insurance		1,289	
Medical Insurance		55,038	
Dental Insurance		3,080	
Unemployment Compensation		954	
Employer Medicare		7,364	
Data Processing Services		35,683	
Dues and Memberships		3,125	
Operating Lease Payments		2,537	
Maintenance and Repair Services - Vehicles		961	
Printing, Stationery, and Forms		537	
Travel		491	
Tuition		630	
Data Processing Supplies		1,732	
Duplicating Supplies		1,189	
Gasoline		1,855	
Office Supplies		953	
Other Supplies and Materials		856	
Workers' Compensation Insurance		1,982	
Other Charges		32,753	
Data Processing Equipment		3,325	
Total Property Assessor's Office			\$ 816,102

Reappraisal Program

Assistant(s)	\$	140,677	
Clerical Personnel		58,912	
Social Security		11,394	
State Retirement		20,992	
Employee and Dependent Insurance		35,507	
Life Insurance		524	
Medical Insurance		27,437	
Dental Insurance		1,507	
Unemployment Compensation		497	
Employer Medicare		2,665	
Data Processing Services		16,100	
Travel		331	
Office Supplies		292	
Other Supplies and Materials		1,335	
Workers' Compensation Insurance		819	
Total Reappraisal Program			318,989

County Trustee's Office

County Official/Administrative Officer	\$	81,153	
Clerical Personnel		223,540	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Temporary Personnel	\$	2,689	
Social Security		18,235	
State Retirement		34,613	
Employee and Dependent Insurance		25,850	
Life Insurance		714	
Medical Insurance		35,912	
Dental Insurance		1,681	
Unemployment Compensation		450	
Employer Medicare		4,264	
Dues and Memberships		1,125	
Operating Lease Payments		1,300	
Legal Services		2,100	
Legal Notices, Recording, and Court Costs		158	
Maintenance Agreements		9,100	
Printing, Stationery, and Forms		975	
Travel		947	
Tuition		897	
Other Contracted Services		8,899	
Duplicating Supplies		682	
Office Supplies		1,624	
Other Supplies and Materials		377	
Workers' Compensation Insurance		1,174	
Total County Trustee's Office			\$ 458,459

County Clerk's Office

County Official/Administrative Officer	\$	81,153
Clerical Personnel		572,620
Part-time Personnel		33,819
Social Security		39,901
State Retirement		73,913
Employee and Dependent Insurance		70,918
Life Insurance		1,642
Medical Insurance		85,613
Dental Insurance		4,746
Unemployment Compensation		1,659
Employer Medicare		9,332
Dues and Memberships		985
Operating Lease Payments		3,601
Maintenance Agreements		13,901
Maintenance and Repair Services - Vehicles		532
Printing, Stationery, and Forms		914
Travel		42
Tuition		150
Other Contracted Services		100
Gasoline		1,064
Office Supplies		10,636
Periodicals		600

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	62	
Workers' Compensation Insurance		2,556	
Building Improvements		1,700	
Data Processing Equipment		3,553	
Total County Clerk's Office			\$ 1,015,712

Data Processing

Supervisor/Director	\$	87,308	
Data Processing Personnel		256,652	
Social Security		20,394	
State Retirement		36,295	
Employee and Dependent Insurance		13,200	
Life Insurance		740	
Medical Insurance		30,600	
Dental Insurance		1,693	
Unemployment Compensation		556	
Employer Medicare		4,883	
Data Processing Services		2,997	
Maintenance and Repair Services - Equipment		14,967	
Printing, Stationery, and Forms		6,677	
Travel		464	
Other Contracted Services		1,425	
Data Processing Supplies		4,826	
Equipment Parts - Light		14,178	
Office Supplies		207	
Workers' Compensation Insurance		1,395	
Data Processing Equipment		7,080	
Total Data Processing			506,537

Administration of Justice

Circuit Court Judge

Jury and Witness Expense	\$	17,704	
Operating Lease Payments		872	
Printing, Stationery, and Forms		3,228	
Other Contracted Services		3,123	
Library Books/Media		119	
Office Supplies		150	
Other Supplies and Materials		3,024	
Workers' Compensation Insurance		82	
Office Equipment		695	
Total Circuit Court Judge			28,997

Circuit Court Clerk

County Official/Administrative Officer	\$	89,269	
Clerical Personnel		1,167,458	
Overtime Pay		9,098	
Social Security		75,144	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

State Retirement	\$	129,948	
Employee and Dependent Insurance		66,825	
Life Insurance		3,089	
Medical Insurance		193,800	
Dental Insurance		9,898	
Unemployment Compensation		3,311	
Employer Medicare		17,615	
Bank Charges		84	
Communication		174	
Data Processing Services		3,048	
Dues and Memberships		1,784	
Operating Lease Payments		5,942	
Maintenance Agreements		22,144	
Maintenance and Repair Services - Office Equipment		70	
Maintenance and Repair Services - Vehicles		700	
Printing, Stationery, and Forms		16,152	
Travel		6,799	
Tuition		4,403	
Other Contracted Services		3,232	
Data Processing Supplies		3,089	
Duplicating Supplies		3,098	
Gasoline		1,685	
Library Books/Media		1,439	
Office Supplies		1,992	
Other Supplies and Materials		16,883	
Workers' Compensation Insurance		4,911	
Building Improvements		3,635	
Data Processing Equipment		9,555	
Furniture and Fixtures		1,627	
Office Equipment		990	
Total Circuit Court Clerk			\$ 1,878,891

Criminal Court

Supervisor/Director	\$	43,465
Probation Officer(s)		69,300
Secretary(ies)		25,625
Social Security		8,407
State Retirement		15,721
Employee and Dependent Insurance		6,600
Life Insurance		372
Medical Insurance		15,300
Dental Insurance		846
Unemployment Compensation		288
Employer Medicare		1,966
Communication		1,605
Dues and Memberships		200
Operating Lease Payments		448

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Criminal Court (Cont.)

Travel	\$	1,472	
Tuition		244	
Instructional Supplies and Materials		2,127	
Office Supplies		802	
Other Supplies and Materials		16,566	
Trustee's Commission		60	
Workers' Compensation Insurance		207	
Total Criminal Court			\$ 211,621

General Sessions Judge

Judge(s)	\$	635,183	
Secretary(ies)		114,797	
Other Salaries and Wages		12,300	
Social Security		38,481	
State Retirement		85,197	
Employee and Dependent Insurance		24,750	
Life Insurance		824	
Medical Insurance		35,275	
Dental Insurance		1,669	
Unemployment Compensation		216	
Employer Medicare		10,763	
Dues and Memberships		2,914	
Operating Lease Payments		834	
Printing, Stationery, and Forms		791	
Travel		5,908	
Tuition		860	
Other Contracted Services		448	
Library Books/Media		1,938	
Office Supplies		1,537	
Other Supplies and Materials		1,863	
Workers' Compensation Insurance		2,814	
Other Charges		505	
Furniture and Fixtures		1,980	
Total General Sessions Judge			981,847

Chancery Court

County Official/Administrative Officer	\$	81,153	
Clerical Personnel		231,681	
Social Security		18,402	
State Retirement		32,331	
Employee and Dependent Insurance		13,750	
Life Insurance		709	
Medical Insurance		39,525	
Dental Insurance		2,210	
Unemployment Compensation		504	
Employer Medicare		4,360	
Dues and Memberships		944	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Operating Lease Payments	\$	3,306	
Printing, Stationery, and Forms		5,796	
Travel		416	
Duplicating Supplies		697	
Office Supplies		6,888	
Other Supplies and Materials		266	
Workers' Compensation Insurance		1,157	
Total Chancery Court			\$ 444,095

Juvenile Court

Youth Service Officer(s)	\$	208,939	
Secretary(ies)		26,286	
Temporary Personnel		1,800	
Other Salaries and Wages		67,900	
Social Security		18,134	
State Retirement		34,435	
Employee and Dependent Insurance		19,800	
Life Insurance		723	
Medical Insurance		35,700	
Dental Insurance		1,975	
Unemployment Compensation		507	
Employer Medicare		4,267	
Dues and Memberships		775	
Evaluation and Testing		935	
Operating Lease Payments		3,851	
Medical and Dental Services		2,925	
Printing, Stationery, and Forms		5,663	
Travel		5,292	
Tuition		2,105	
Other Contracted Services		1,196	
Library Books/Media		528	
Office Supplies		1,121	
Other Supplies and Materials		1,803	
Workers' Compensation Insurance		1,126	
Other Charges		2,075	
Total Juvenile Court			449,861

Office of Public Defender

Clerical Personnel	\$	28,800	
Social Security		1,786	
Unemployment Compensation		178	
Employer Medicare		400	
Operating Lease Payments		16,600	
Other Contracted Services		6,477	
Workers' Compensation Insurance		107	
Total Office of Public Defender			54,348

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

Clerical Personnel	\$	156,648	
Social Security		8,657	
State Retirement		13,409	
Employee and Dependent Insurance		6,600	
Life Insurance		341	
Medical Insurance		20,825	
Dental Insurance		1,223	
Unemployment Compensation		427	
Employer Medicare		2,196	
Workers' Compensation Insurance		560	
Total Judicial Commissioners			\$ 210,886

Other Administration of Justice

Captain(s)	\$	32,021	
Lieutenant(s)		35,962	
Attendants		232,509	
Longevity Pay		2,444	
Social Security		17,948	
State Retirement		42,418	
Employee and Dependent Insurance		22,559	
Life Insurance		763	
Medical Insurance		37,267	
Dental Insurance		2,080	
Unemployment Compensation		550	
Employer Medicare		4,197	
Other Contracted Services		750	
Workers' Compensation Insurance		9,010	
Total Other Administration of Justice			440,478

Probation Services

Supervisor/Director	\$	58,833	
Probation Officer(s)		235,570	
Accountants/Bookkeepers		32,600	
Secretary(ies)		23,958	
Overtime Pay		799	
Other Salaries and Wages		4,500	
Social Security		21,280	
State Retirement		36,016	
Employee and Dependent Insurance		15,125	
Life Insurance		897	
Medical Insurance		44,838	
Dental Insurance		2,527	
Unemployment Compensation		906	
Employer Medicare		4,994	
Communication		4,868	
Dues and Memberships		835	
Operating Lease Payments		1,011	

(Continued)

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	\$	2,030	
Travel		1,517	
Tuition		1,604	
Other Contracted Services		26,893	
Drugs and Medical Supplies		2,127	
Office Supplies		3,273	
Other Supplies and Materials		5,134	
Workers' Compensation Insurance		1,438	
Total Probation Services			\$ 533,573

Victim Assistance Programs

Contributions	\$	56,074	
Total Victim Assistance Programs			56,074

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	98,196	
Assistant(s)		116,464	
Supervisor/Director		272,611	
Deputy(ies)		3,535,783	
Detective(s)		305,147	
Investigator(s)		26,460	
Captain(s)		206,750	
Lieutenant(s)		255,694	
Sergeant(s)		382,954	
Mechanic(s)		38,035	
Clerical Personnel		175,386	
Attendants		179,298	
Longevity Pay		45,071	
Overtime Pay		595,066	
Other Salaries and Wages		10,920	
In-service Training		93,600	
Social Security		375,767	
State Retirement		876,792	
Employee and Dependent Insurance		552,649	
Life Insurance		14,289	
Medical Insurance		742,215	
Dental Insurance		40,299	
Unemployment Compensation		11,530	
Employer Medicare		88,090	
Communication		22,955	
Contracts with Government Agencies		1,000	
Dues and Memberships		2,874	
Evaluation and Testing		12,430	
Operating Lease Payments		19,666	
Legal Services		1,159	
Licenses		6,068	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance Agreements	\$	66,809	
Maintenance and Repair Services - Equipment		36,841	
Maintenance and Repair Services - Vehicles		36,300	
Matching Share		23,750	
Printing, Stationery, and Forms		12,503	
Travel		56,049	
Tuition		30,255	
Other Contracted Services		18,872	
Basic Skills Materials		19,227	
Data Processing Supplies		22,220	
Duplicating Supplies		2,000	
Electricity		9,843	
Equipment and Machinery Parts		2,305	
Garage Supplies		1,751	
Gasoline		435,844	
Law Enforcement Supplies		30,682	
Lubricants		4,300	
Office Supplies		15,127	
Small Tools		81	
Tires and Tubes		34,925	
Uniforms		139,343	
Vehicle Parts		40,068	
Workers' Compensation Insurance		170,252	
Data Processing Equipment		1,436	
Law Enforcement Equipment		1,100	
Other Equipment		570	
Total Sheriff's Department			\$ 10,317,671

Administration of the Sexual Offender Registry

Other Charges	\$	5,550	
Total Administration of the Sexual Offender Registry			5,550

Jail

Assistant(s)	\$	43,819	
Supervisor/Director		34,929	
Captain(s)		60,571	
Lieutenant(s)		130,871	
Sergeant(s)		107,908	
Computer Programmer(s)		227,739	
Guards		129,045	
Clerical Personnel		182,776	
Attendants		2,400,916	
Cafeteria Personnel		64,980	
Part-time Personnel		132,653	
Longevity Pay		15,285	
Overtime Pay		165,593	
In-service Training		31,800	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$	218,403	
State Retirement		413,232	
Employee and Dependent Insurance		338,175	
Life Insurance		8,900	
Medical Insurance		518,246	
Dental Insurance		27,876	
Unemployment Compensation		9,348	
Employer Medicare		51,442	
Contracts with Private Agencies		27,180	
Dues and Memberships		260	
Evaluation and Testing		891	
Maintenance Agreements		14,000	
Maintenance and Repair Services - Buildings		204	
Maintenance and Repair Services - Equipment		9,951	
Medical and Dental Services		1,035,272	
Printing, Stationery, and Forms		9,834	
Travel		12,775	
Tuition		5,425	
Other Contracted Services		2,657	
Custodial Supplies		74,239	
Data Processing Supplies		8,963	
Food Preparation Supplies		25,048	
Food Supplies		608,588	
Prisoners Clothing		11,102	
Uniforms		22,553	
Other Supplies and Materials		53,247	
Workers' Compensation Insurance		107,196	
Food Service Equipment		2,490	
Law Enforcement Equipment		24,198	
Other Equipment		4,801	
Total Jail			\$ 7,375,381

Workhouse

County Official/Administrative Officer	\$	9,820	
Social Security		609	
State Retirement		1,428	
Employer Medicare		142	
Workers' Compensation Insurance		262	
Total Workhouse			12,261

Juvenile Services

Lieutenant(s)	\$	39,851	
Sergeant(s)		97,612	
Medical Personnel		2,737	
Guards		74,467	
Attendants		514,024	
Part-time Personnel		1,000	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Overtime Pay	\$	11,310	
Other Salaries and Wages		32,455	
Social Security		45,827	
State Retirement		89,453	
Employee and Dependent Insurance		63,562	
Life Insurance		1,901	
Medical Insurance		116,635	
Dental Insurance		5,799	
Unemployment Compensation		1,780	
Employer Medicare		10,718	
Maintenance Agreements		9,955	
Medical and Dental Services		2,500	
Travel		2,602	
Tuition		1,745	
Other Contracted Services		2,552	
Instructional Supplies and Materials		3,439	
Office Supplies		1,280	
Prisoners Clothing		3,176	
Uniforms		8,914	
Other Supplies and Materials		8,046	
Workers' Compensation Insurance		25,169	
Total Juvenile Services			\$ 1,178,509

Commissary

Other Supplies and Materials	\$	66,292	
Total Commissary			66,292

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	59,372	
Clerical Personnel		212	
Part-time Personnel		3,296	
Social Security		3,945	
State Retirement		6,248	
Life Insurance		138	
Medical Insurance		5,312	
Dental Insurance		306	
Unemployment Compensation		145	
Employer Medicare		923	
Other Contracted Services		5,892	
Gasoline		437	
Office Supplies		22	
Workers' Compensation Insurance		412	
Law Enforcement Equipment		4,910	
Total Civil Defense			91,570

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Contracts with Government Agencies	\$ 302,132	
Total Other Emergency Management		\$ 302,132

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 519,863	
Clerical Personnel	81,827	
Custodial Personnel	42,085	
Part-time Personnel	109,711	
Social Security	43,313	
State Retirement	68,276	
Employee and Dependent Insurance	81,950	
Life Insurance	1,571	
Medical Insurance	102,425	
Dental Insurance	5,078	
Unemployment Compensation	2,201	
Employer Medicare	10,276	
Communication	30,563	
Contracts with Government Agencies	96,810	
Maintenance and Repair Services - Buildings	3,981	
Maintenance and Repair Services - Equipment	495	
Pest Control	372	
Travel	6,262	
Tuition	105	
Other Contracted Services	2,931	
Custodial Supplies	2,086	
Office Supplies	1,048	
Utilities	47,693	
Other Supplies and Materials	654	
Workers' Compensation Insurance	2,863	
Other Charges	27,147	
Total Local Health Center		1,291,586

Rabies and Animal Control

Supervisor/Director	\$ 52,500	
Medical Personnel	33,674	
Part-time Personnel	6,428	
Overtime Pay	13,981	
Other Salaries and Wages	117,832	
Social Security	13,305	
State Retirement	17,815	
Employee and Dependent Insurance	20,075	
Life Insurance	455	
Medical Insurance	26,988	
Dental Insurance	1,669	
Unemployment Compensation	573	
Employer Medicare	3,112	

(Continued)

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.)

Dues and Memberships	\$	200	
Maintenance and Repair Services - Buildings		766	
Maintenance and Repair Services - Vehicles		3,215	
Travel		3,828	
Tuition		725	
Other Contracted Services		11,215	
Animal Food and Supplies		4,106	
Drugs and Medical Supplies		35,918	
Gasoline		10,730	
Office Supplies		148	
Uniforms		779	
Utilities		4,406	
Other Supplies and Materials		12,194	
Workers' Compensation Insurance		707	
Other Charges		500	
Other Equipment		1,038	
Total Rabies and Animal Control	\$		398,882

Other Local Welfare Services

Contracts with Private Agencies	\$	81,902	
Total Other Local Welfare Services			81,902

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	653,585	
Total Parks and Fair Boards			653,585

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,650	
Contracts with Government Agencies		138,505	
Operating Lease Payments		1,346	
Office Equipment		19,190	
Total Agricultural Extension Service			162,691

Soil Conservation

Supervisor/Director	\$	48,402	
Clerical Personnel		40,166	
Social Security		5,445	
State Retirement		10,061	
Life Insurance		236	
Medical Insurance		10,200	
Dental Insurance		564	
Unemployment Compensation		144	
Employer Medicare		1,273	
Communication		594	
Postal Charges		300	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Travel	\$	158	
Office Supplies		1,093	
Workers' Compensation Insurance		329	
Total Soil Conservation			\$ 118,965

Other Operations

Industrial Development

Contracts for Development Costs	\$	848,021	
Total Industrial Development			848,021

Veterans' Services

Supervisor/Director	\$	50,000	
Clerical Personnel		64,474	
Social Security		6,604	
State Retirement		13,039	
Employee and Dependent Insurance		13,150	
Life Insurance		303	
Medical Insurance		15,262	
Dental Insurance		844	
Unemployment Compensation		215	
Employer Medicare		1,544	
Dues and Memberships		62	
Operating Lease Payments		1,167	
Legal Notices, Recording, and Court Costs		82	
Maintenance Agreements		1,197	
Printing, Stationery, and Forms		605	
Travel		705	
Tuition		100	
Duplicating Supplies		1,373	
Gasoline		1,036	
Office Supplies		974	
Premiums on Corporate Surety Bonds		50	
Workers' Compensation Insurance		424	
Office Equipment		1,700	
Total Veterans' Services			174,910

Contributions to Other Agencies

Contributions	\$	112,240	
Total Contributions to Other Agencies			112,240

Highways

Litter and Trash Collection

Attendants	\$	33,018	
Longevity Pay		250	
Social Security		1,916	
State Retirement		3,779	
Employee and Dependent Insurance		6,532	

(Continued)

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Life Insurance	\$	88	
Medical Insurance		5,047	
Dental Insurance		276	
Unemployment Compensation		72	
Employer Medicare		448	
Contracts with Government Agencies		3,200	
Licenses		15	
Other Contracted Services		22,388	
Other Supplies and Materials		2,460	
Workers' Compensation Insurance		881	
Total Litter and Trash Collection			\$ 80,370

Capital Projects

General Administration Projects

Data Processing Equipment	\$	1,242	
Other Capital Outlay		941,217	
Total General Administration Projects			942,459

Public Safety Projects

Communication Equipment	\$	140,730	
Motor Vehicles		652,973	
Total Public Safety Projects			793,703

Public Health and Welfare Projects

Architects	\$	3,000	
Building Improvements		85,421	
Other Equipment		11,992	
Total Public Health and Welfare Projects			100,413

Social, Cultural, and Recreation Projects

Building Improvements	\$	36,803	
Total Social, Cultural, and Recreation Projects			36,803

Total General Fund \$ 40,819,959

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Engineering Services	\$	3,700	
Maintenance and Repair Services - Equipment		10,551	
Trustee's Commission		1,757	
Building Improvements		234,490	
Total County Buildings			\$ 250,498

Total Courthouse and Jail Maintenance Fund 250,498

(Continued)

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

Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$	8,194	
Trustee's Commission		88	
Total Other Charges			\$ 8,282

Total Law Library Fund \$ 8,282

Public Library Fund

General Government

County Buildings

Custodial Personnel	\$	48,863	
Maintenance Personnel		47,137	
Part-time Personnel		12,236	
Social Security		6,437	
State Retirement		263	
Employee and Dependent Insurance		6,325	
Life Insurance		246	
Medical Insurance		14,662	
Dental Insurance		846	
Unemployment Compensation		298	
Employer Medicare		1,506	
Maintenance and Repair Services - Buildings		20,089	
Maintenance and Repair Services - Equipment		5,952	
Other Supplies and Materials		1,609	
Workers' Compensation Insurance		194	
Total County Buildings			\$ 166,663

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	76,289	
Supervisor/Director		310,616	
Part-time Personnel		286,388	
Other Salaries and Wages		230,001	
Social Security		54,236	
State Retirement		1,166	
Employee and Dependent Insurance		40,700	
Life Insurance		1,526	
Medical Insurance		88,400	
Dental Insurance		5,102	
Unemployment Compensation		3,336	
Local Retirement		9,006	
Employer Medicare		12,801	
Bank Charges		3,655	
Communication		4,227	
Data Processing Services		25,352	
Debt Collection Services		1,584	
Dues and Memberships		1,210	
Operating Lease Payments		8,454	

(Continued)

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Licenses	\$	24,543	
Maintenance Agreements		12,669	
Pest Control		720	
Postal Charges		1,362	
Travel		1,060	
Tuition		1,089	
Other Contracted Services		5,718	
Custodial Supplies		15,000	
Data Processing Supplies		3,683	
Library Books/Media		173,039	
Office Supplies		10,665	
Periodicals		28,770	
Utilities		215,887	
Other Supplies and Materials		3,464	
Liability Insurance		27,000	
Trustee's Commission		853	
Workers' Compensation Insurance		1,347	
Data Processing Equipment		11,628	
Total Libraries			\$ 1,702,546

Other Social, Cultural, and Recreational

Supervisor/Director	\$	25,092	
Part-time Personnel		32,498	
Social Security		3,192	
State Retirement		78	
Employee and Dependent Insurance		6,325	
Life Insurance		58	
Medical Insurance		4,888	
Dental Insurance		282	
Unemployment Compensation		318	
Employer Medicare		747	
Food Preparation Supplies		580	
Food Supplies		32,557	
Other Supplies and Materials		6	
Workers' Compensation Insurance		83	
Food Service Equipment		5,241	
Total Other Social, Cultural, and Recreational			111,945

Capital Projects

General Administration Projects

Maintenance Equipment	\$	3,553	
Building Purchases		402,399	
Total General Administration Projects			405,952

Total Public Library Fund \$ 2,387,106

(Continued)

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

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	9,080	
Animal Food and Supplies		8,785	
Other Supplies and Materials		24,807	
Trustee's Commission		1,110	
Other Charges		3,000	
Law Enforcement Equipment		35,323	
Total Sheriff's Department			\$ 82,105

Drug Enforcement

Other Contracted Services	\$	13,085	
Animal Food and Supplies		1,052	
Law Enforcement Equipment		33,269	
Total Drug Enforcement			47,406

Total Drug Control Fund \$ 129,511

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	98,196
Assistant(s)		73,260
Supervisor/Director		70,076
Accountants/Bookkeepers		98,615
Salary Supplements		150
Social Security		20,364
State Retirement		34,443
Employee and Dependent Insurance		16,801
Life Insurance		574
Medical Insurance		19,601
Dental Insurance		1,340
Unemployment Compensation		148
Employer Medicare		4,763
Communication		7,282
Contributions		21,835
Dues and Memberships		4,980
Maintenance Agreements		8,463
Postal Charges		47
Travel		1,054
Tuition		4,030
Custodial Supplies		327
Drugs and Medical Supplies		196
Electricity		4,201
Office Supplies		6,411
Liability Insurance		106,000
Trustee's Commission		59,539
Workers' Compensation Insurance		11,400
Liability Claims		632

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Building Improvements	\$	2,512	
Office Equipment		714	
Other Capital Outlay		10,910	
Total Administration			\$ 688,864

Highway and Bridge Maintenance

Salary Supplements	\$	20,406	
Foremen		167,762	
Equipment Operators		145,059	
Equipment Operators - Heavy		138,660	
Equipment Operators - Light		174,276	
Truck Drivers		403,002	
Overtime Pay		23,627	
Other Salaries and Wages		272,086	
Social Security		80,193	
State Retirement		145,561	
Employee and Dependent Insurance		113,052	
Life Insurance		3,357	
Medical Insurance		167,268	
Dental Insurance		9,521	
Unemployment Compensation		1,056	
Local Retirement		80,894	
Employer Medicare		18,831	
Engineering Services		28,850	
Other Contracted Services		63,399	
Asphalt - Hot Mix		699,385	
Asphalt - Liquid		51,595	
Concrete		8,700	
Crushed Stone		84,272	
General Construction Materials		6,180	
Other Road Materials		1,130	
Pipe - Metal		119,031	
Salt		74,317	
Structural Steel		7,443	
Uniforms		9,183	
Drainage Materials		3,000	
Chemicals		4,524	
Workers' Compensation Insurance		48,472	
Highway Equipment		478,928	
State Aid Projects		466,576	
Total Highway and Bridge Maintenance			4,119,596

Operation and Maintenance of Equipment

Salary Supplements	\$	6,250	
Foremen		40,818	
Mechanic(s)		301,811	
Social Security		20,819	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

State Retirement	\$	36,934	
Employee and Dependent Insurance		28,863	
Life Insurance		827	
Medical Insurance		34,188	
Dental Insurance		2,069	
Unemployment Compensation		216	
Local Retirement		43,688	
Employer Medicare		4,869	
Diesel Fuel		92,269	
Equipment and Machinery Parts		103,212	
Gasoline		46,603	
Lubricants		6,000	
Pipe - Metal		3,955	
Propane Gas		2,675	
Small Tools		2,933	
Tires and Tubes		26,558	
Uniforms		9,593	
Workers' Compensation Insurance		12,168	
Building Improvements		22,060	
Maintenance Equipment		78,866	
Total Operation and Maintenance of Equipment			\$ 928,244

Other Charges

Supervisor/Director	\$	66,271	
Salary Supplements		600	
Foremen		5,208	
Overtime Pay		1,087	
Other Salaries and Wages		119,819	
Social Security		11,437	
State Retirement		21,941	
Employee and Dependent Insurance		18,109	
Life Insurance		523	
Medical Insurance		23,743	
Dental Insurance		1,387	
Unemployment Compensation		117	
Employer Medicare		2,675	
Custodial Supplies		65	
General Construction Materials		827	
Road Signs		54,136	
Small Tools		1,918	
Workers' Compensation Insurance		8,200	
Other Equipment		299	
Total Other Charges			338,362

Capital Outlay

Other Capital Outlay	\$	20,572	
Total Capital Outlay			20,572

Total Highway/Public Works Fund \$ 6,095,638

(Continued)

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 3,906,929	
Principal on Capital Leases	281,877	
Principal on Other Loans	2,740,501	
Total General Government		\$ 6,929,307

Education

Principal on Capital Leases	\$ 216,148	
Total Education		216,148

Interest on Debt

General Government

Interest on Bonds	\$ 3,752,332	
Interest on Capital Leases	88,306	
Interest on Other Loans	1,451,297	
Other Debt Service	2,420,973	
Total General Government		7,712,908

Education

Interest on Capital Leases	\$ 87,079	
Total Education		87,079

Other Debt Service

General Government

Financial Advisory Services	\$ 5,000	
Trustee's Commission	290,883	
Other Charges	13,244	
Underwriter's Discount	225,953	
Other Debt Issuance Charges	131,555	
Swap Termination Fees	7,228,000	
Other Debt Service	110,932	
Total General Government		8,005,567

Total General Debt Service Fund \$ 22,951,009

Highway Capital Projects Fund

Highways

Capital Outlay

Trustee's Commission	\$ 2,536	
Other Capital Outlay	237,464	
Total Capital Outlay		\$ 240,000

Total Highway Capital Projects Fund 240,000

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Other Capital Outlay	\$ 177,045	
Total Education Capital Projects		\$ 177,045

Total Other Capital Projects Fund 177,045

Total Governmental Funds - Primary Government \$ 73,059,048

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 26,248,049	
Career Ladder Program	210,178	
Career Ladder Extended Contracts	63,600	
Salary Supplements	444,969	
Educational Assistants	1,381,857	
Overtime Pay	7,020	
Other Salaries and Wages	16,000	
Certified Substitute Teachers	306,180	
Non-certified Substitute Teachers	227,284	
Social Security	1,703,887	
State Retirement	2,451,364	
Employee and Dependent Insurance	2,122,684	
Life Insurance	66,557	
Medical Insurance	2,734,462	
Dental Insurance	148,638	
Employer Medicare	401,952	
Printing, Stationery, and Forms	6,532	
Instructional Supplies and Materials	326,506	
Textbooks	601,762	
Total Regular Instruction Program		\$ 39,469,481

Special Education Program

Teachers	\$ 4,538,878	
Career Ladder Program	27,500	
Educational Assistants	925,410	
Social Security	322,662	
State Retirement	467,990	
Employee and Dependent Insurance	421,573	
Life Insurance	12,035	
Medical Insurance	575,007	
Dental Insurance	30,342	
Employer Medicare	76,187	
Contracts with Private Agencies	3,828	
Other Contracted Services	244,411	
Instructional Supplies and Materials	89,341	
Other Supplies and Materials	980	
In Service/Staff Development	7,989	
Special Education Equipment	20,378	
Total Special Education Program		7,764,511

Vocational Education Program

Teachers	\$ 2,452,703	
Career Ladder Program	14,965	
Social Security	145,977	
State Retirement	221,327	
Employee and Dependent Insurance	181,913	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Life Insurance	\$	6,016	
Medical Insurance		238,513	
Dental Insurance		13,066	
Employer Medicare		34,139	
Maintenance and Repair Services - Equipment		2,791	
Instructional Supplies and Materials		42,339	
Other Supplies and Materials		3,359	
Liability Insurance		600	
Vocational Instruction Equipment		1,550	
Total Vocational Education Program			\$ 3,359,258

Adult Education Program

Teachers	\$	131,678	
Paraprofessionals		3,992	
Instructional Computer Personnel		35,300	
Social Security		9,296	
State Retirement		8,790	
Employee and Dependent Insurance		6,600	
Life Insurance		232	
Medical Insurance		10,200	
Dental Insurance		564	
Employer Medicare		2,423	
Instructional Supplies and Materials		8,379	
Total Adult Education Program			217,454

Other

Local Retirement	\$	1,187,250	
Total Other			1,187,250

Support Services

Attendance

Supervisor/Director	\$	39,382	
Clerical Personnel		45,826	
Social Security		4,994	
State Retirement		8,767	
Employee and Dependent Insurance		6,600	
Life Insurance		196	
Medical Insurance		12,429	
Dental Insurance		652	
Employer Medicare		1,168	
Total Attendance			120,014

Health Services

Medical Personnel	\$	532,367	
Secretary(ies)		15,523	
Other Salaries and Wages		61,030	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	36,314	
State Retirement		41,728	
Employee and Dependent Insurance		25,300	
Life Insurance		901	
Medical Insurance		35,700	
Dental Insurance		2,257	
Employer Medicare		8,492	
Dues and Memberships		276	
Printing, Stationery, and Forms		174	
Travel		2,428	
Other Contracted Services		2,370	
Drugs and Medical Supplies		20,112	
Instructional Supplies and Materials		25,550	
Other Supplies and Materials		1,828	
In Service/Staff Development		715	
Data Processing Equipment		770	
Health Equipment		1,538	
Total Health Services			\$ 815,373

Other Student Support

Guidance Personnel	\$	1,193,278	
Social Workers		39,228	
Secretary(ies)		51,442	
Social Security		76,572	
State Retirement		115,943	
Employee and Dependent Insurance		85,163	
Life Insurance		3,004	
Medical Insurance		111,363	
Dental Insurance		6,322	
Employer Medicare		17,908	
Evaluation and Testing		37,167	
Other Contracted Services		100,996	
Instructional Supplies and Materials		31	
Other Supplies and Materials		4,375	
In Service/Staff Development		600	
Total Other Student Support			1,843,392

Regular Instruction Program

Supervisor/Director	\$	177,907	
Librarians		1,098,323	
Secretary(ies)		87,280	
Social Security		79,466	
State Retirement		121,483	
Employee and Dependent Insurance		64,738	
Life Insurance		2,993	
Medical Insurance		124,596	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Dental Insurance	\$	6,922	
Employer Medicare		19,130	
Contracts with Government Agencies		26,938	
Travel		9,496	
Other Supplies and Materials		348	
In Service/Staff Development		18,212	
Total Regular Instruction Program			\$ 1,837,832

Special Education Program

Psychological Personnel	\$	330,757	
Social Security		16,884	
State Retirement		29,071	
Employee and Dependent Insurance		25,581	
Life Insurance		823	
Medical Insurance		29,968	
Dental Insurance		1,388	
Employer Medicare		4,497	
Travel		9,803	
Other Contracted Services		827	
In Service/Staff Development		17,521	
Total Special Education Program			467,120

Vocational Education Program

Supervisor/Director	\$	7,852	
Secretary(ies)		55,315	
Social Security		3,794	
State Retirement		6,994	
Employee and Dependent Insurance		550	
Life Insurance		161	
Medical Insurance		10,488	
Dental Insurance		573	
Employer Medicare		887	
Total Vocational Education Program			86,614

Adult Programs

Supervisor/Director	\$	54,108	
Clerical Personnel		26,699	
Social Security		4,771	
State Retirement		5,816	
Employee and Dependent Insurance		6,589	
Life Insurance		172	
Medical Insurance		9,342	
Dental Insurance		376	
Employer Medicare		1,116	
Other Contracted Services		1,251	
In Service/Staff Development		10,890	
Total Adult Programs			121,130

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$	55,563	
Other Contracted Services		36,640	
Other Equipment		11,147	
Total Other Programs			\$ 103,350

Board of Education

Other Salaries and Wages	\$	77,719	
Board and Committee Members Fees		33,250	
Social Security		5,743	
State Retirement		6,508	
Employee and Dependent Insurance		4,936	
Life Insurance		11	
Medical Insurance		8,058	
Dental Insurance		638	
Unemployment Compensation		15,927	
Employer Medicare		1,551	
Audit Services		32,000	
Dues and Memberships		8,565	
Legal Services		48,459	
Printing, Stationery, and Forms		344	
Travel		1,453	
Other Contracted Services		13,021	
Other Supplies and Materials		380	
Liability Insurance		408,000	
Trustee's Commission		680,018	
Workers' Compensation Insurance		377,000	
In Service/Staff Development		592	
Other Charges		5,756	
Total Board of Education			1,729,929

Director of Schools

County Official/Administrative Officer	\$	119,574	
Assistant(s)		97,924	
Supervisor/Director		97,202	
Career Ladder Program		1,000	
Secretary(ies)		69,204	
Other Salaries and Wages		25,750	
Social Security		24,641	
State Retirement		39,025	
Employee and Dependent Insurance		24,468	
Life Insurance		1,721	
Medical Insurance		25,480	
Dental Insurance		1,270	
Disability Insurance		1,410	
Employer Medicare		5,787	
Dues and Memberships		5,507	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	4,212	
Printing, Stationery, and Forms		1,413	
Travel		861	
Other Contracted Services		9,726	
Office Supplies		8,745	
Other Supplies and Materials		409	
In Service/Staff Development		1,553	
Other Charges		672	
Total Director of Schools			\$ 567,554

Office of the Principal

Principals	\$	1,624,730	
Accountants/Bookkeepers		62,196	
Assistant Principals		1,183,018	
Secretary(ies)		1,130,137	
Social Security		237,041	
State Retirement		384,464	
Employee and Dependent Insurance		288,574	
Life Insurance		8,065	
Medical Insurance		379,558	
Dental Insurance		21,162	
Employer Medicare		55,436	
Communication		272,116	
Dues and Memberships		1,528	
Other Contracted Services		815	
Other Supplies and Materials		806	
Other Charges		14,078	
Total Office of the Principal			5,663,724

Fiscal Services

Accountants/Bookkeepers	\$	140,985	
Social Security		6,839	
State Retirement		13,384	
Employee and Dependent Insurance		6,600	
Life Insurance		302	
Medical Insurance		13,600	
Dental Insurance		752	
Employer Medicare		1,917	
Travel		74	
Total Fiscal Services			184,453

Operation of Plant

Custodial Personnel	\$	2,259,452	
Social Security		130,835	
State Retirement		232,730	
Employee and Dependent Insurance		245,286	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Life Insurance	\$	5,677	
Medical Insurance		371,212	
Dental Insurance		20,540	
Employer Medicare		30,869	
Evaluation and Testing		880	
Other Contracted Services		199,985	
Custodial Supplies		217,985	
Electricity		2,898,532	
Fuel Oil		28,062	
Natural Gas		200,851	
Water and Sewer		285,493	
Plant Operation Equipment		7,885	
Total Operation of Plant			\$ 7,136,274

Maintenance of Plant

Supervisor/Director	\$	66,783	
Secretary(ies)		36,901	
Maintenance Personnel		486,341	
Social Security		35,038	
State Retirement		61,428	
Employee and Dependent Insurance		42,020	
Life Insurance		1,511	
Medical Insurance		73,058	
Dental Insurance		4,040	
Employer Medicare		8,195	
Maintenance and Repair Services - Buildings		31,786	
Maintenance and Repair Services - Equipment		21,096	
Maintenance and Repair Services - Vehicles		14,643	
Other Contracted Services		314,456	
Equipment and Machinery Parts		76,410	
Gasoline		47,384	
Other Supplies and Materials		121,150	
Other Charges		24,585	
Building Improvements		26,435	
Heating and Air Conditioning Equipment		94,198	
Maintenance Equipment		700	
Plant Operation Equipment		9,642	
Total Maintenance of Plant			1,597,800

Transportation

Supervisor/Director	\$	39,382	
Clerical Personnel		41,560	
Social Security		4,941	
State Retirement		8,308	
Life Insurance		177	
Medical Insurance		7,225	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Dental Insurance	\$	423	
Employer Medicare		1,015	
Contracts with Parents		484	
Contracts with Vehicle Owners		3,021,829	
Maintenance and Repair Services - Vehicles		1,568	
Medical and Dental Services		334	
Other Contracted Services		603,440	
Total Transportation			\$ 3,730,686

Central and Other

Computer Programmer(s)	\$	140,905	
Clerical Personnel		41,560	
Other Salaries and Wages		42,226	
Social Security		13,393	
State Retirement		25,525	
Employee and Dependent Insurance		14,533	
Life Insurance		583	
Medical Insurance		25,467	
Dental Insurance		1,407	
Employer Medicare		3,132	
Other Contracted Services		132,799	
Data Processing Supplies		125,658	
Data Processing Equipment		197,287	
Total Central and Other			764,475

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	7,608	
Teachers		338,220	
Educational Assistants		79,332	
Social Security		24,481	
State Retirement		38,662	
Employee and Dependent Insurance		58,247	
Life Insurance		1,063	
Medical Insurance		60,096	
Dental Insurance		3,360	
Employer Medicare		5,726	
Other Contracted Services		27,978	
Instructional Supplies and Materials		2,976	
In Service/Staff Development		3,295	
Furniture and Fixtures		779	
Total Early Childhood Education			651,823

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	47,531	
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(Continued)

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Other Supplies and Materials	\$	6,762	
Building Improvements		222,381	
Data Processing Equipment		50,303	
Heating and Air Conditioning Equipment		17,772	
Total Regular Capital Outlay			\$ 344,749

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	303,277	
Total Education			<u>303,277</u>

Total General Purpose School Fund \$ 80,067,523

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,016,167	
Educational Assistants		808,585	
Social Security		92,684	
State Retirement		108,276	
Employee and Dependent Insurance		81,675	
Life Insurance		2,877	
Medical Insurance		137,870	
Dental Insurance		7,720	
Employer Medicare		25,826	
Instructional Supplies and Materials		19,972	
Workers' Compensation Insurance		12,874	
Regular Instruction Equipment		6,792	
Total Regular Instruction Program			\$ 2,321,318

Special Education Program

Teachers	\$	108,124	
Clerical Personnel		76,501	
Educational Assistants		1,030,229	
Speech Pathologist		38,650	
Social Security		73,686	
State Retirement		83,404	
Employee and Dependent Insurance		126,225	
Life Insurance		2,600	
Medical Insurance		244,800	
Dental Insurance		14,294	
Employer Medicare		17,233	
Instructional Supplies and Materials		32,304	
Workers' Compensation Insurance		6,000	
Special Education Equipment		179,807	
Total Special Education Program			2,033,857

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Secretary(ies)	\$	3,614	
Other Salaries and Wages		31,716	
Social Security		4,037	
State Retirement		4,873	
Life Insurance		189	
Medical Insurance		14,089	
Dental Insurance		823	
Employer Medicare		944	
Instructional Supplies and Materials		37,970	
Workers' Compensation Insurance		483	
Vocational Instruction Equipment		90,753	
Total Vocational Education Program			\$ 189,491

Support Services

Other Student Support

Travel	\$	38,760	
In Service/Staff Development		3,176	
Other Charges		23,136	
Total Other Student Support			65,072

Regular Instruction Program

Supervisor/Director	\$	86,367	
Secretary(ies)		37,816	
Other Salaries and Wages		346,042	
Social Security		28,311	
State Retirement		42,486	
Employee and Dependent Insurance		18,700	
Life Insurance		870	
Medical Insurance		34,850	
Dental Insurance		1,928	
Employer Medicare		6,621	
Travel		6,764	
Other Contracted Services		1,650	
Instructional Supplies and Materials		48,937	
Workers' Compensation Insurance		2,333	
In Service/Staff Development		50,373	
Other Charges		371	
Data Processing Equipment		15,193	
Other Equipment		2,876	
Total Regular Instruction Program			732,488

Special Education Program

Supervisor/Director	\$	82,987	
Psychological Personnel		123,851	
Secretary(ies)		42,560	
Clerical Personnel		70,206	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	19,331	
State Retirement		29,273	
Employee and Dependent Insurance		13,200	
Life Insurance		708	
Medical Insurance		25,712	
Dental Insurance		1,458	
Employer Medicare		4,521	
Other Contracted Services		433	
Workers' Compensation Insurance		1,000	
In Service/Staff Development		26,672	
Total Special Education Program			\$ 441,912

Vocational Education Program

Travel	\$	1,900	
In Service/Staff Development		100	
Total Vocational Education Program			2,000

Transportation

Contracts with Parents	\$	274	
Other Contracted Services		200,500	
Total Transportation			200,774

Total School Federal Projects Fund \$ 5,986,912

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,212
Accountants/Bookkeepers		37,358
Cafeteria Personnel		1,776,211
Social Security		110,208
State Retirement		124,711
Employee and Dependent Insurance		180,950
Life Insurance		3,478
Medical Insurance		252,025
Dental Insurance		14,059
Unemployment Compensation		3,002
Local Retirement		22,230
Employer Medicare		25,910
Dues and Memberships		4,976
Maintenance and Repair Services - Equipment		143,274
Printing, Stationery, and Forms		1,471
Transportation - Other than Students		5,701
Travel		2,630
Other Contracted Services		82,504
Custodial Supplies		42,770

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$ 1,988,073	
Office Supplies	3,088	
Tires and Tubes	223,394	
Uniforms	322	
Other Supplies and Materials	100,110	
Workers' Compensation Insurance	85,500	
In Service/Staff Development	5,881	
Other Charges	1,680	
Data Processing Equipment	1,589	
Food Service Equipment	46,164	
Total Food Service		<u>\$ 5,340,481</u>

Total Central Cafeteria Fund \$ 5,340,481

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$ 72,595	
Clerical Personnel	20,780	
Part-time Personnel	873,774	
Social Security	57,520	
State Retirement	63,002	
Employee and Dependent Insurance	57,909	
Life Insurance	1,190	
Medical Insurance	71,834	
Dental Insurance	4,323	
Employer Medicare	13,536	
Contracts with Vehicle Owners	20,986	
Travel	909	
Other Contracted Services	34,793	
Food Supplies	66,937	
Instructional Supplies and Materials	7,045	
Other Supplies and Materials	6,745	
Trustee's Commission	12,976	
Workers' Compensation Insurance	8,000	
In Service/Staff Development	100	
Other Charges	1,320	
Data Processing Equipment	1,796	
Other Equipment	1,252	
Total Community Services		<u>\$ 1,399,322</u>

Total Extended School Program Fund 1,399,322

Total Governmental Funds - Blount County School Department \$ 92,794,238

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,528,317	\$ 9,652,688	\$ 13,181,005
Trustee's Collections - Prior Years	0	126,875	347,178	474,053
Circuit/Clerk and Master Collections - Prior Years	0	41,898	114,383	156,281
Interest and Penalty	0	18,228	49,885	68,113
Payments in-Lieu-of Taxes - Local Utilities	0	47,413	129,716	177,129
Payments in-Lieu-of Taxes - Other	0	1,678	4,710	6,388
Local Option Sales Taxes	15,820,621	1,977,736	5,410,823	23,209,180
Business Taxes	0	87,743	240,052	327,795
Marriage Licenses	0	1,078	2,966	4,044
Other Local Revenue	0	88	191	279
Mixed Drink Taxes	0	2,102	5,902	8,004
Interstate Telecommunications Tax	0	1,178	3,295	4,473
Other State Revenues	0	91,883	0	91,883
Total Cash Receipts	\$ 15,820,621	\$ 5,926,217	\$ 15,961,789	\$ 37,708,627
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 15,662,415	\$ 5,828,828	\$ 15,698,029	\$ 37,189,272
Trustee's Commission	158,206	97,152	263,349	518,707
Total Cash Disbursements	\$ 15,820,621	\$ 5,925,980	\$ 15,961,378	\$ 37,707,979
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 237	\$ 411	\$ 648
Cash Balance, July 1, 2014	0	3,412	9,581	12,993
Cash Balance, June 30, 2015	\$ 0	\$ 3,649	\$ 9,992	\$ 13,641

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2015, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements, and have issued our report thereon dated December 8, 2015. Our report includes a reference to other auditors who audited the financial statements of Blount Memorial Hospital, Inc., the Blount County Emergency Communications District, and the Blount County Public Building Authority, as described in our report on Blount County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blount County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

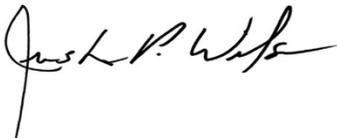
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blount County's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blount County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

Nashville, Tennessee

December 8, 2015

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Blount County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Blount County's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Blount County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Blount County's compliance.

Opinion on Each Major Federal Program

In our opinion, Blount County complied, in all material respects, with the types of compliance 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, 2015.

Report on Internal Control Over Compliance

Management of Blount County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Blount County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

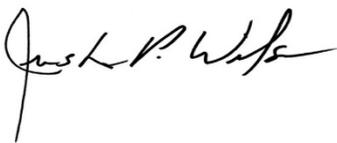
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements. We issued our report thereon dated December 8, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

Nashville, Tennessee

December 8, 2015

JPW/kp

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 940,317
National School Lunch Program	10.555	N/A	2,408,058 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	223,394 (3)
Total U.S. Department of Agriculture			<u>\$ 3,571,769</u>
U.S. Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 228,220
Total U.S. Department of the Interior			<u>\$ 228,220</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 24,328
Equitable Sharing Program	16.922	N/A	46,355
Total U.S. Department of Justice			<u>\$ 70,683</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(4)	\$ 110,237
Alcohol Open Container Requirements	20.607	(5)	72,301
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	(2)	6,500
Total U.S. Department of Transportation			<u>\$ 189,038</u>
U.S. National Endowment for the Humanities:			
Direct Program:			
Promotion of the Humanities - Division of Preservation and Access	45.149	N/A	\$ 36,723
Total U.S. National Endowment for the Humanities			<u>\$ 36,723</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,409,488
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,688,577
Special Education - Preschool Grants	84.173	N/A	114,281
Career and Technical Education - Basic Grants to States	84.048	N/A	233,427
English Language Acquisition Grants	84.365	(2)	11,292
Improving Teacher Quality State Grants	84.367	N/A	410,512
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	261,502
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	189,433
Total U.S. Department of Education			<u>\$ 6,318,512</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 Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 57,500
Homeland Security Grant Program	97.067	(2)	<u>1,500</u>
Total U.S. Department of Homeland Security			<u>\$ 59,000</u>
Total Expenditures of Federal Awards			<u>\$ 10,473,945</u>

<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 13,500
Litter Program - State Department of Transportation	N/A	(2)	56,427
Health Department Program - State Department of Health	N/A	(2)	898,003
Adult Basic Education - State Department of Education	N/A	(2)	46,091
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	70,000
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	596,558
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	<u>81,902</u>
Total State Grants			<u>\$ 1,762,481</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$2,631,452.
- (4) Z-14-GHS033: \$7,246; Z-14-GHS034: \$77,515; Z-15-GHS034: \$20,828; Z-15-GHS035: \$4,648.
- (5) Z-14-GHS032: \$43,999; Z-15-GHS033: \$28,302.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Annual Financial Report for Blount County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unmodified.
2. The audit of the financial statements of Blount County reported no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Blount County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified 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 Title I Grants to Local Educational Agencies (CFDA No. 84.010) and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$314,218 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

There were no findings relating to the financial statements of Blount County, Tennessee, as a result of our examination for the year ended June 30, 2015.

**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, 2015**

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