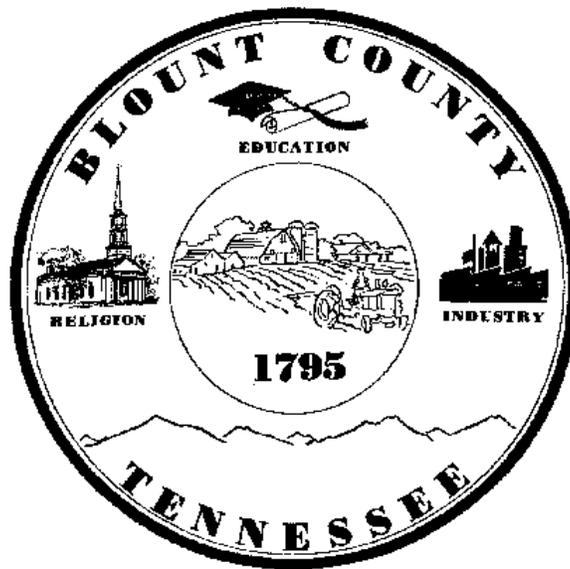

ANNUAL FINANCIAL REPORT BLOUNT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

AMY MOORE, CGFM
ANGIE COLLINS, CPA, CFE
MARK FAWVER
DOUG SANDIDGE, CISA, CFE
State Auditors

RANDY VINEYARD
Director of Accounts and Budgets
Blount County, Tennessee

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

BLOUNT COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2012.

Results

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

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

Findings and Best Practice

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The billing software used by the school extended care program did not have adequate application controls.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ The accounting software did not identify the user who processed transactions.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor did not maintain an adequate program of sales verification.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

Blount County Officials

June 30, 2012

Officials

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

Board of County Commissioners

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

Board of Education

| | |
|--------------------|----------------|
| Rob Webb, Chairman | Trevis Gardner |
| Charles Finley | Brad Long |
| Don McNelly | Mike Treadway |
| Chris Cantrell | |

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

November 30, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Blount County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blount County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Blount County Children's Home (which represent .04 percent and .03 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc., (which represent 43.16 percent and 65.94 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .69 percent and .71 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 31.98 percent and .01 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Blount County Children's Home, Blount Memorial Hospital, Inc., Blount County Emergency Communications District, and Blount County Public Building Authority, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the

United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

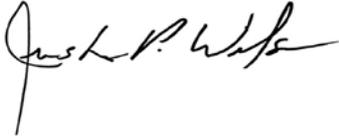
In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, on our consideration of Blount County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 20 and the budgetary comparison, pension, and other postemployment benefits information on pages 130 through 136 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. 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 assets of the Primary Government decreased by \$9.2 million, while net assets of the DPCU School Department decreased by \$1.2 million. The decrease in Primary Government Net Assets is due to the decreased fair value of the county's investment derivatives of \$14 million. It should be noted that the school buildings constructed with county debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the Primary Government. General Fund expenditures were \$3.5 million less than revenue received, which increased the fund balance by \$2.2 million. DPCU School Department expenditures were \$1.7 million less than revenue received, which increased the fund balance by \$1.7 million for the year ending June 30, 2012.

Total assets of governmental activities in the Primary Government were \$203 million as taxes receivable ended at \$37.3 million, cash ended at \$34.4 million, and capital assets, net of accumulated depreciation, ended at \$122.6 million. Total assets in the DPCU School Department were \$172 million as taxes receivable ended at \$19.8 million, cash ended at \$11.6 million, and capital assets, net of accumulated depreciation, ended at \$137.2 million.

General revenues of the Primary Government accounted for \$45.2 million or 56 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$35.2 million or 44 percent of total revenues. Program specific and general revenues totaled \$80.3 million, which were effectively reduced by reporting the loss of investment income on derivatives.

General revenues of the DPCU School Department were \$78.1 million or 83.4 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$15.6 million or 16.6 percent of total revenues.

The county had \$75.6 million in expenses with \$35.2 million of these expenses offset by program specific revenues. General revenues (primarily property taxes of \$36 million) were inadequate by \$9 million to provide for current funding of these programs.

The DPCU School Department had \$94.9 million in expenses with \$15.6 million of these expenses offset by program specific revenues. General revenues (primarily property taxes and sales taxes of \$19.2 and \$10.4 million, respectively, in addition to the BEP contribution of \$48 million) were less than expenditures by \$1.16 million.

Condensed Comparative Data

Table 1 provides a summary of the county's and the DPCU School Department's Net Assets for 2012 and a comparison to the prior year. An additional portion of the county's Net Assets, \$14.1 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$1.35 million of Net Assets is subject to external restriction. Tables 2A and 2B show changes in Net Assets for fiscal year 2012 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year.

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

| | <u>Blount County Government</u> | |
|--|---------------------------------|------------------------|
| | <u>2012</u> | <u>2011</u> |
| Assets: | | |
| Current and Other Assets | \$ 80,580,043 | \$ 75,994,491 |
| Capital Assets | 122,612,281 | 126,963,123 |
| Total Assets | <u>\$ 203,192,324</u> | <u>\$ 202,957,614</u> |
| Liabilities: | | |
| Long-term Liabilities Outstanding | \$ 224,998,529 | \$ 230,982,193 |
| Other Liabilities | 67,480,604 | 52,086,833 |
| Total Liabilities | <u>\$ 292,479,133</u> | <u>\$ 283,069,026</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | \$ 83,654,364 | \$ 86,269,660 |
| Restricted | 14,098,219 | 16,621,217 |
| Unrestricted | <u>(187,039,392)</u> | <u>(183,002,289)</u> |
| Total Net Assets (Deficit) | <u>\$ (89,286,809)</u> | <u>\$ (80,111,412)</u> |

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

| | DPCU School Department | |
|--|------------------------|-----------------------|
| | 2012 | 2011 |
| Assets: | | |
| Current and Other Assets | \$ 34,774,403 | \$ 35,464,040 |
| Capital Assets | 137,205,221 | 138,613,309 |
| Total Assets | \$ 171,979,624 | \$ 174,077,349 |
| Liabilities: | | |
| Long-term Liabilities Outstanding | \$ 1,908,778 | \$ 2,268,412 |
| Other Liabilities | 25,798,223 | 26,378,148 |
| Total Liabilities | \$ 27,707,001 | \$ 28,646,560 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | \$ 135,213,806 | \$ 136,456,589 |
| Restricted | 1,353,502 | 3,224,304 |
| Unrestricted | 7,705,315 | 5,749,896 |
| Total Net Assets | \$ 144,272,623 | \$ 145,430,789 |

Table 2A
Blount County - Changes in Net Assets

| | Governmental Activities | |
|---|----------------------------|---------------|
| | 2012 | 2011 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 27,434,043 | \$ 26,015,765 |
| Operating Grants and Contributions | 5,063,124 | 5,009,479 |
| Capital Grants and Contributions | 2,672,259 | 6,927,389 |
| General Revenues: | | |
| Property Taxes | 36,193,647 | 33,041,596 |
| Sales Taxes | 2,575,375 | 2,353,926 |
| Hotel/Motel Taxes | 1,750,040 | 1,719,211 |
| Business Taxes | 827,519 | 670,553 |
| Other Taxes | 911,047 | 729,111 |
| Grants and Contributions Not Restricted to Specific Programs | 2,554,887 | 2,030,589 |
| Unrestricted Investment Income | 343,825 | 344,686 |
| Investment Income (Loss) - Derivatives | (13,915,743) | 4,565,754 |

Table 2A
Blount County - Changes in Net Assets (Cont.)

| | Governmental Activities | |
|------------------------------------|------------------------------------|------------------------|
| | 2012 | 2011 |
| Revenues (Cont.): | | |
| General Revenues (Cont.): | | |
| Miscellaneous | \$ 6,991 | \$ 122,068 |
| Total Revenues | \$ 66,417,014 | \$ 83,530,127 |
| Expenses: | | |
| General Government | \$ 10,060,222 | \$ 10,369,841 |
| Finance | 3,763,246 | 3,972,192 |
| Administration of Justice | 4,587,185 | 4,691,159 |
| Public Safety | 19,634,906 | 20,893,906 |
| Public Health and Welfare | 1,548,430 | 1,556,469 |
| Social, Cultural, and Recreational | 2,608,381 | 2,880,912 |
| Agriculture and Natural Resources | 252,859 | 287,750 |
| Highway | 9,777,423 | 9,460,374 |
| Education | 13,165,038 | 23,429,609 |
| Interest on General Long-term Debt | 8,774,133 | 9,358,473 |
| Other Debt Service | 1,420,588 | 1,191,568 |
| Total Liabilities | \$ 75,592,411 | \$ 88,092,253 |
| Increase (Decrease) in Net Assets | \$ (9,175,397) | \$ (4,562,126) |
| Prior-period Adjustment | 0 | (575,028) |
| Net Assets, Beginning | (80,111,412) | (74,974,258) |
| Net Assets, Ending | \$ (89,286,809) | \$ (80,111,412) |

Table 2B
Blount County School Department -
Changes in Net Assets

| | Governmental Activities | |
|------------------------------------|------------------------------------|--------------|
| | 2012 | 2011 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 3,553,284 | \$ 3,383,810 |
| Operating Grants and Contributions | 12,078,960 | 10,600,641 |
| Capital Grants and Contributions | 0 | 12,542,064 |

Table 2B
Blount County School Department -
Changes in Net Assets (Cont.)

| | Governmental Activities | |
|---|------------------------------------|-----------------------|
| | 2012 | 2011 |
| Revenues (Cont.): | | |
| General Revenues: | | |
| Property Taxes | 19,200,639 | 19,886,316 |
| Sales Taxes | 10,445,301 | 9,921,960 |
| Business Taxes | 438,759 | 412,569 |
| Other Taxes | 4,487 | 5,101 |
| Grants and Contributions Not Restricted to Specific Programs | 47,937,238 | 48,001,021 |
| Unrestricted Investment Income | 90,624 | 121,567 |
| Miscellaneous | 23,517 | 11,853 |
| Total Revenues | \$ 93,772,809 | \$ 104,886,902 |
| Expenses: | | |
| Instruction | \$ 56,226,908 | \$ 55,078,517 |
| Support Services | 31,149,690 | 31,405,663 |
| Operation of Non-Instructional Services | 7,554,377 | 7,537,221 |
| Total Expenses | \$ 94,930,975 | \$ 94,021,401 |
| Increase (Decrease) in Net Assets | \$ (1,158,166) | \$ 10,865,501 |
| Prior-period Adjustment | 0 | 2,765,910 |
| Net Assets, Beginning | 145,430,789 | 131,799,378 |
| Net Assets, Ending | \$ 144,272,623 | \$ 145,430,789 |

Analysis of Overall Financial Position and Results of Operations

The most significant change in Primary Government operations is due to the investment loss as previously discussed.

Public Safety expenditures of \$19.6 million accounted for approximately 25 percent of the \$75.6 million total expenses for governmental activities, while Highways and Education expenses accounted for 13 percent and 18 percent, respectively. Of the \$75.6 million in governmental expenses, \$27.4 million was covered by direct charges to users of the services and \$7.7 million by other grants and contributions. A significant portion of those charges is for constitutional officer's fees and commission and for premiums charged to the DPCU School Department for health insurance. Public Safety charges for service include items such as fees for the prisoner board in the county jail.

The Primary Government and the DPCU School Department unassigned fund balances were as follows:

- The Unassigned Fund Balance for the General Fund increased by **\$3.1 million to \$8.5 million**; this increase is due to an increase in local taxes of \$1.9 million and a **decrease** in expenses of \$1.67 million.
- The Fund Balance restricted for Debt Service decreased by **\$.8 million to \$11.4 million**; this decrease is due to a decrease in the property tax rate for debt service.
- The Unassigned Fund Balance for the General Purpose School Fund increased by **\$1.5 million to \$6.1 million**.

Analysis of the Balances and Transactions of Individual Funds

The improvements in fund balance are attributed to spending less money than appropriated. Total assigned fund balances were reduced by \$.9 million for the Primary Government and \$.2 million for the DPCU School Department, and unassigned fund balances were increased by those amounts respectively.

Analysis of Budgetary Variations

General Fund revenue decreased due to Cable Franchise Fees that were reallocated to the Highway/Public Works Fund. This was to provide more funding for capital improvements. In the “other governments and citizens groups” revenue category, there were a number of local fees that came in under budget. Over all, fee office revenues were down. Appropriations decreased largely due to salary and benefit changes.

The Highway Fund revenue exceeded budget because the Cable Franchise Fees were transferred from the General Fund. There were also nine employees that retired from the Highway Department during this fiscal year, and they received an early retirement incentive. Given these two factors, the result of operations for the year had revenues greater than expenses.

General Debt Service Fund revenues exceeded budget because the revenue estimates were budgeted conservatively.

Description of Capital Asset and Long-term Debt Activity

No additional debt was issued to finance any capital needs during the year. The county was notified by Standard and Poor’s (S&P) that it would perform a surveillance review of its AA- rating with a negative outlook. S&P notified the county that its analysis resulted in removal of the negative outlook, and the county maintained the AA- rating.

Discussion of Currently Known Facts, Decisions, or Conditions of Future Significance

During the year, community leaders of Blount County pursued state legislation to create the Smoky Mountain Tourism Development Authority (SMTDA). The Tennessee General Assembly passed the enabling legislation to permit such an entity. At June 30, the cities of Maryville and Alcoa and Blount County were in various stages of adopting the resolutions establishing the SMTDA (see notes to the financial statements). However, all three legislative bodies approved resolutions creating the SMTDA as of the date of the audit.

The City of Alcoa approved an ordinance calling for an increase to the local option sales tax rate by one-half of one percent. City of Alcoa residents passed this referendum in August. Under state law the county placed the matter on a county-wide referendum during the November general election. If it had passed, it would have resulted in increased funding for the county school system. This is important since the school system seeks to replace approximately \$2.3 million in non-recurring federal stimulus grant funding and fund other operational needs. However, the November county-wide sales tax referendum was not approved by the voters.

BASIC FINANCIAL STATEMENTS

Exhibit A

Blount County, Tennessee
 Statement of Net Assets
 June 30, 2012

| | Primary Government | Component Units | | | | | | |
|--|-------------------------------|-------------------|-------------------------------|--------------------------|-----------------------------------|---------------------------|--|--|
| | Total Governmental Activities | School Department | Blount County Children's Home | Blount Memorial Hospital | Emergency Communications District | Public Building Authority | | |
| Cash | \$ 208,007 | \$ 412,759 | \$ 57,718 | \$ 4,480,033 | \$ 774,166 | \$ 180,856 | | |
| Equity in Pooled Cash and Investments | 34,191,721 | 11,223,078 | 0 | 0 | 0 | 0 | | |
| Inventories | 0 | 0 | 0 | 2,859,139 | 0 | 0 | | |
| Deferred Outflow - Interest Rate Swap | 0 | 0 | 0 | 15,845,194 | 0 | 0 | | |
| Accounts Receivable | 202,952 | 162,677 | 21,762 | 15,739,211 | 121,129 | 4,140,000 | | |
| Due from Other Governments | 3,808,413 | 3,184,179 | 0 | 0 | 0 | 0 | | |
| Due from Primary Government | 0 | 12,719 | 0 | 0 | 0 | 0 | | |
| Due from Component Units | 769,209 | 0 | 0 | 0 | 0 | 0 | | |
| Property Taxes Receivable | 38,133,412 | 20,232,836 | 0 | 0 | 0 | 0 | | |
| Allowance for Uncollectible Property Taxes | (855,374) | (453,845) | 0 | 0 | 0 | 0 | | |
| Prepaid Items | 0 | 0 | 0 | 2,473,137 | 0 | 0 | | |
| Other Current Assets | 0 | 0 | 0 | 5,104,480 | 10,511 | 0 | | |
| Restricted Assets: | | | | | | | | |
| Restricted for Foundation | 0 | 0 | 0 | 1,298,394 | 0 | 0 | | |
| Other Restricted Assets | 0 | 0 | 0 | 158,324,849 | 0 | 0 | | |
| Notes Receivable | 2,053,983 | 0 | 0 | 0 | 0 | 0 | | |
| Unamortized Debt Issuance Cost | 2,067,720 | 0 | 0 | 723,166 | 0 | 942,129 | | |
| Loan Agreements Receivable - Noncurrent | 0 | 0 | 0 | 0 | 0 | 222,690,000 | | |
| Capital Assets: | | | | | | | | |
| Assets Not Depreciated: | | | | | | | | |
| Land | 8,581,561 | 9,951,059 | 0 | 9,594,425 | 21,038 | 0 | | |
| Construction in Progress | 0 | 0 | 0 | 13,428,356 | 0 | 0 | | |
| Assets Net of Accumulated Depreciation: | | | | | | | | |
| Buildings and Improvements | 37,226,742 | 125,303,199 | 211,887 | 63,058,905 | 2,864,950 | 0 | | |
| Other Capital Assets | 4,550,975 | 1,950,963 | 14,845 | 14,776,448 | 1,160,629 | 0 | | |
| Infrastructure | 72,253,003 | 0 | 0 | 0 | 0 | 0 | | |
| Total Assets | \$ 203,192,324 | \$ 171,979,624 | \$ 306,212 | \$ 307,705,737 | \$ 4,952,423 | \$ 227,952,985 | | |

(Continued)

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

Exhibit A

| Primary Government | Component Units | | | | | |
|--------------------|-------------------|-------------------------------|--------------------------|-----------------------------------|---------------------------|--|
| | School Department | Blount County Children's Home | Blount Memorial Hospital | Emergency Communications District | Public Building Authority | |
| \$ 1,580,884 | \$ 723,533 | \$ 34,900 | \$ 3,470,321 | \$ 9,243 | \$ 77,163 | |
| 218,588 | 3,909,816 | 0 | 9,435,623 | 40,093 | 0 | |
| 860,603 | 71,709 | 0 | 438,871 | 6,094 | 0 | |
| 244,831 | 390,911 | 0 | 0 | 0 | 0 | |
| 0 | 792,496 | 0 | 0 | 0 | 0 | |
| 12,619 | 0 | 0 | 0 | 0 | 0 | |
| 103,707 | 1,646 | 0 | 0 | 0 | 0 | |
| 8,087 | 0 | 0 | 0 | 0 | 0 | |
| 2,958,061 | 642,045 | 0 | 4,270,877 | 0 | 0 | |
| 25,181,908 | 0 | 0 | 15,845,194 | 0 | 0 | |
| 36,311,316 | 19,266,067 | 0 | 0 | 0 | 0 | |
| 7,207,973 | 189,683 | 0 | 3,965,000 | 44,586 | 4,140,000 | |
| 217,790,556 | 1,719,095 | 0 | 95,701,725 | 1,766,861 | 222,690,000 | |
| \$ 292,479,133 | \$ 27,707,001 | \$ 34,900 | \$ 133,127,611 | \$ 1,866,877 | \$ 226,907,163 | |

LIABILITIES

| | |
|---|--|
| Accounts Payable | |
| Accrued Payroll | |
| Accrued Interest Payable | |
| Payroll Deductions Payable | |
| Due to Primary Government | |
| Due to Component Units | |
| Due to State of Tennessee | |
| Due to Cities | |
| Other Current Liabilities | |
| Derivative - Interest Rate Swap | |
| Unearned Revenue - Current Property Taxes | |
| Noncurrent Liabilities: | |
| Due Within One Year | |
| Due in More Than One Year | |
| Total Liabilities | |

NET ASSETS

| | |
|-----------------------------|--|
| Invested in Capital Assets, | |
| Net of Related Debt | |
| Invested in Capital Assets | |
| Restricted for: | |
| General Government | |
| Finance | |
| Administration of Justice | |

(Continued)

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

Exhibit A

| | Primary Government Total | Component Units | | | | | |
|----------------------------|--------------------------|-------------------|-------------------------------|--------------------------|-----------------------------------|---------------------------|---|
| | | School Department | Blount County Children's Home | Blount Memorial Hospital | Emergency Communications District | Public Building Authority | |
| \$ | 2,215,337 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| | 894,252 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 8,868,190 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 671,591 | 411,204 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 942,298 | 0 | 0 | 0 | 0 | 0 |
| | 485,403 | 0 | 0 | 859,773 | 0 | 0 | 0 |
| | (187,039,392) | 7,705,315 | 44,580 | 167,198,874 | 850,153 | 1,045,822 | |
| Total Net Assets (Deficit) | \$ (89,286,809) | \$ 144,272,623 | \$ 271,312 | \$ 174,578,126 | \$ 3,085,546 | \$ 1,045,822 | |

NET ASSETS (CONT.)

Restricted for: (Cont.)

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

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

Exhibit B

Blount County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | | | | | |
|---|---|----------------------|------------------------------------|----------------------------------|--|---------------------------------|-------------------------------|--------------------------|-----------------------------------|---------------------------|
| | Primary | | | | | Component Units | | | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Government Total Governmental Activities | Blount County School Department | Blount County Children's Home | Blount Memorial Hospital | Emergency Communications District | Public Building Authority |
| Primary Government | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 10,060,222 | \$ 2,424,849 | \$ 131,032 | \$ 181,452 | \$ (7,322,889) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Finance Administration of Justice | 3,763,246 | 3,536,481 | 79,283 | 0 | (147,482) | 0 | 0 | 0 | 0 | 0 |
| Public Safety | 4,587,185 | 4,161,109 | 274,128 | 0 | (151,948) | 0 | 0 | 0 | 0 | 0 |
| Public Health and Welfare | 19,634,906 | 4,626,151 | 173,997 | 588,514 | (14,246,244) | 0 | 0 | 0 | 0 | 0 |
| Social, Cultural, and Recreational Services | 1,548,430 | 197,156 | 810,429 | 25,259 | (515,586) | 0 | 0 | 0 | 0 | 0 |
| Agriculture and Natural Resources | 2,608,381 | 264,284 | 952,863 | 0 | (1,391,234) | 0 | 0 | 0 | 0 | 0 |
| Highways | 252,859 | 0 | 0 | 0 | (252,859) | 0 | 0 | 0 | 0 | 0 |
| Education | 9,777,423 | 198,063 | 2,641,392 | 1,877,034 | (5,060,934) | 0 | 0 | 0 | 0 | 0 |
| Interest on Long-term Debt | 13,165,088 | 12,025,950 | 0 | 0 | (1,139,088) | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 8,774,133 | 0 | 0 | 0 | (8,774,133) | 0 | 0 | 0 | 0 | 0 |
| Total Primary Government | 1,420,588 | 0 | 0 | 0 | (1,420,588) | 0 | 0 | 0 | 0 | 0 |
| | \$ 75,592,411 | \$ 27,434,043 | \$ 5,063,124 | \$ 2,672,259 | \$ (40,422,985) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Component Units | | | | | | | | | | |
| Blount County School Department | \$ 94,930,975 | \$ 3,553,284 | \$ 12,078,960 | \$ 0 | \$ 0 | \$ (79,298,731) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Blount County Children's Home | 162,012 | 0 | 97,477 | 0 | 0 | 0 | (64,535) | 0 | 0 | 0 |
| Blount Memorial Hospital | 188,028,797 | 167,085,932 | 15,583,759 | 0 | 0 | 0 | 0 | (5,359,106) | 0 | 0 |
| Emergency Communications District | 1,991,627 | 688,425 | 631,440 | 0 | 0 | 0 | 0 | 0 | (671,762) | 0 |
| Public Building Authority | 66,559 | 33,808 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (32,751) |
| Total Component Units | \$ 285,179,970 | \$ 171,361,449 | \$ 28,391,636 | \$ 0 | \$ 0 | \$ (79,298,731) | \$ (64,535) | \$ (5,359,106) | \$ (671,762) | \$ (32,751) |

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | | | | | | |
|--|---|------------------------------------|----------------------------------|---------------------------------|-------------------------------|---------------------------------|-----------------------------------|---------------------------|--------------------------|-------------------------|--------------|
| | Program Revenues | | | Component Units | | | | | | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Blount County School Department | Blount County Children's Home | Blount County Memorial Hospital | Emergency Communications District | Public Building Authority | Primary Government Total | Governmental Activities | |
| General Revenues: | | | | | | | | | | | |
| Property Taxes Levied for General Purposes | \$ | 22,779,368 | | \$ | 19,200,639 | \$ | 0 | \$ | 0 | \$ | 0 |
| Property Taxes Levied for Debt Service | | 13,414,279 | | | 0 | | 0 | | 0 | | 0 |
| Local Option Sales Taxes | | 2,575,375 | | | 10,445,301 | | 0 | | 0 | | 0 |
| Hotel/Motel Taxes | | 1,750,040 | | | 0 | | 0 | | 0 | | 0 |
| Litigation - General Taxes | | 562,367 | | | 0 | | 0 | | 0 | | 0 |
| Business Taxes | | 827,519 | | | 438,759 | | 0 | | 0 | | 0 |
| Wholesale Beer Taxes | | 301,978 | | | 0 | | 0 | | 0 | | 0 |
| Other Taxes | | 46,702 | | | 4,487 | | 0 | | 0 | | 0 |
| Grants and Contributions Not Restricted to Specific Programs | | 2,554,887 | | | 47,937,238 | | 0 | | 1,036,897 | | 670,201 |
| Unrestricted Investment Income | | 343,825 | | | 90,624 | | 242 | | 1,986,978 | | 5,004 |
| Miscellaneous | | 6,991 | | | 23,517 | | 0 | | 0 | | 4,508 |
| Total General Revenues | | \$ 45,163,331 | | | \$ 78,140,565 | | \$ 242 | | \$ 3,023,875 | | \$ 679,713 |
| Change in Fair Value of Derivatives - Interest Rate Swap | | \$ (13,915,743) | | | 0 | | 0 | | 0 | | 0 |
| Change in Net Assets | | \$ (9,175,397) | | | \$ (1,158,166) | | \$ (64,293) | | \$ (2,335,231) | | \$ 7,951 |
| Net Assets (Deficit), July 1, 2011 | | (80,111,412) | | | 145,430,789 | | 335,605 | | 176,913,357 | | 3,077,595 |
| Net Assets (Deficit), June 30, 2012 | | \$ (89,286,809) | | | \$ 144,272,623 | | \$ 271,312 | | \$ 174,578,126 | | \$ 3,085,546 |

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, 2012

| | Major Funds | | Nonmajor Funds | Total |
|--|----------------------|----------------------|-------------------------------------|----------------------------|
| | General | Debt Service | Other Govern- mental Funds | Govern- mental Funds |
| <u>ASSETS</u> | | | | |
| Cash | \$ 100 | \$ 0 | \$ 12,858 | \$ 12,958 |
| Equity in Pooled Cash and Investments | 9,223,867 | 11,190,921 | 5,749,664 | 26,164,452 |
| Accounts Receivable | 153,360 | 15,658 | 45,698 | 214,716 |
| Due from Other Governments | 2,688,770 | 142,689 | 976,954 | 3,808,413 |
| Due from Other Funds | 331,508 | 37,649 | 14,116 | 383,273 |
| Property Taxes Receivable | 23,997,751 | 14,135,661 | 0 | 38,133,412 |
| Allowance for Uncollectible Property Taxes | (538,296) | (317,078) | 0 | (855,374) |
| Notes Receivable - Long-term | 0 | 2,053,983 | 0 | 2,053,983 |
| Total Assets | \$ 35,857,060 | \$ 27,259,483 | \$ 6,799,290 | \$ 69,915,833 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 728,301 | \$ 10,040 | \$ 93,083 | \$ 831,424 |
| Accrued Payroll | 92,497 | 0 | 126,091 | 218,588 |
| Payroll Deductions Payable | 200,209 | 0 | 44,622 | 244,831 |
| Due to Other Funds | 94,714 | 0 | 125,311 | 220,025 |
| Due to State of Tennessee | 102,531 | 0 | 1,176 | 103,707 |
| Due to Cities | 8,087 | 0 | 0 | 8,087 |
| Other Current Liabilities | 165 | 0 | 8,087 | 8,252 |
| Deferred Revenue - Current Property Taxes | 22,851,087 | 13,460,229 | 0 | 36,311,316 |
| Deferred Revenue - Delinquent Property Taxes | 545,219 | 321,186 | 0 | 866,405 |
| Other Deferred Revenues | 1,144,766 | 2,053,983 | 0 | 3,198,749 |
| Total Liabilities | \$ 25,767,576 | \$ 15,845,438 | \$ 398,370 | \$ 42,011,384 |
| <u>Fund Balances</u> | | | | |
| Nonspendable: | | | | |
| Endowments | \$ 0 | \$ 0 | \$ 485,403 | \$ 485,403 |
| Restricted: | | | | |
| Restricted for General Government | 233,665 | 0 | 102,805 | 336,470 |
| Restricted for Finance | 42,559 | 0 | 0 | 42,559 |
| Restricted for Administration of Justice | 292,265 | 0 | 292,152 | 584,417 |
| Restricted for Public Safety | 411,570 | 0 | 1,803,767 | 2,215,337 |
| Restricted for Social, Cultural, and Recreational Services | 0 | 0 | 934,728 | 934,728 |
| Restricted for Capital Outlay | 0 | 0 | 671,591 | 671,591 |
| Restricted for Debt Service | 0 | 8,818,678 | 0 | 8,818,678 |
| Committed: | | | | |
| Committed for Administration of Justice | 78,116 | 0 | 2,568 | 80,684 |
| Committed for Public Safety | 0 | 0 | 16,223 | 16,223 |
| Committed for Highways/Public Works | 0 | 0 | 1,879,396 | 1,879,396 |
| Committed for Capital Outlay | 0 | 0 | 212,287 | 212,287 |
| Committed for Debt Service | 0 | 2,595,367 | 0 | 2,595,367 |
| Assigned: | | | | |
| Assigned for General Government | 146,381 | 0 | 0 | 146,381 |

(Continued)

Exhibit C-1

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

| | <u>Major Funds</u> | | <u>Nonmajor Funds</u> | <u>Total Govern- mental Funds</u> |
|--|----------------------|-------------------------|---|---|
| | <u>General</u> | <u>Debt Service</u> | <u>Other Govern- mental Funds</u> | |
| LIABILITIES AND FUND BALANCES (Cont.) | | | | |
| Fund Balances (Cont.) | | | | |
| Assigned (Cont.): | | | | |
| Assigned for Finance | \$ 46,059 | \$ 0 | \$ 0 | \$ 46,059 |
| Assigned for Administration of Justice | 40,245 | 0 | 0 | 40,245 |
| Assigned for Public Safety | 270,613 | 0 | 0 | 270,613 |
| Assigned for Public Health and Welfare | 31,258 | 0 | 0 | 31,258 |
| Assigned for Highways/Public Works | 581 | 0 | 0 | 581 |
| Unassigned | 8,496,172 | 0 | 0 | 8,496,172 |
| Total Fund Balances | \$ 10,089,484 | \$ 11,414,045 | \$ 6,400,920 | \$ 27,904,449 |
| Total Liabilities and Fund Balances | \$ 35,857,060 | \$ 27,259,483 | \$ 6,799,290 | \$ 69,915,833 |

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2012

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

| | | |
|--|---------------------|------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1) | | \$ 27,904,449 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 8,581,561 | |
| Add: infrastructure net of accumulated depreciation | 72,253,003 | |
| Add: buildings and improvements net of accumulated depreciation | 37,226,742 | |
| Add: other capital assets net of accumulated depreciation | <u>4,550,975</u> | 122,612,281 |
| (2) An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. | | 5,104,627 |
| (3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Less: notes payable | \$ (921,260) | |
| Less: other loans payable | (136,390,755) | |
| Less: capital leases payable | (2,961,193) | |
| Less: bonds payable | (78,299,300) | |
| Add: deferred amount on refunding | 1,778,410 | |
| Add: deferred charges - debt issuance costs | 2,067,720 | |
| Less: compensated absences payable | (1,420,460) | |
| Less: other postemployment benefits liability | (1,946,796) | |
| Less: accrued interest on bonds, notes, and capital leases | (860,603) | |
| Less: other deferred revenue - premium on debt | (4,837,175) | |
| Less: fair market value of swap agreements | <u>(25,181,908)</u> | (248,973,320) |
| (4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>4,065,154</u> |
| Net assets (deficit) of governmental activities (Exhibit A) | | <u>\$ (89,286,809)</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, 2012

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|-----------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | General Debt Service | Other Govern- mental Funds | |
| Revenues | | | | |
| Local Taxes | \$ 26,391,018 | \$ 14,166,380 | \$ 2,773,456 | \$ 43,330,854 |
| Licenses and Permits | 249,312 | 0 | 792,304 | 1,041,616 |
| Fines, Forfeitures, and Penalties | 1,000,283 | 0 | 76,839 | 1,077,122 |
| Charges for Current Services | 867,872 | 0 | 202,935 | 1,070,807 |
| Other Local Revenues | 744,257 | 207,526 | 177,818 | 1,129,601 |
| Fees Received from County Officials | 7,516,251 | 0 | 0 | 7,516,251 |
| State of Tennessee | 3,526,162 | 0 | 2,898,442 | 6,424,604 |
| Federal Government | 2,296,860 | 0 | 610,611 | 2,907,471 |
| Other Governments and Citizens Groups | 201,834 | 455,391 | 939,426 | 1,596,651 |
| Total Revenues | \$ 42,793,849 | \$ 14,829,297 | \$ 8,471,831 | \$ 66,094,977 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | \$ 7,099,355 | \$ 0 | \$ 147,933 | \$ 7,247,288 |
| Finance | 3,905,112 | 0 | 0 | 3,905,112 |
| Administration of Justice | 4,608,589 | 0 | 213,086 | 4,821,675 |
| Public Safety | 19,009,797 | 0 | 78,420 | 19,088,217 |
| Public Health and Welfare | 1,506,264 | 0 | 0 | 1,506,264 |
| Social, Cultural, and Recreational Services | 569,924 | 0 | 1,743,026 | 2,312,950 |
| Agriculture and Natural Resources | 256,619 | 0 | 0 | 256,619 |
| Other Operations | 2,118,310 | 0 | 129,017 | 2,247,327 |
| Highways | 81,345 | 0 | 5,462,253 | 5,543,598 |
| Capital Outlay | 0 | 0 | 56,265 | 56,265 |
| Debt Service: | | | | |
| Principal on Debt | 0 | 6,301,478 | 0 | 6,301,478 |
| Interest on Debt | 0 | 8,585,922 | 0 | 8,585,922 |
| Other Debt Service | 0 | 1,502,700 | 0 | 1,502,700 |
| Capital Projects | 164,333 | 0 | 171,675 | 336,008 |
| Total Expenditures | \$ 39,319,648 | \$ 16,390,100 | \$ 8,001,675 | \$ 63,711,423 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 3,474,201 | \$ (1,560,803) | \$ 470,156 | \$ 2,383,554 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 317,172 | \$ 720,170 | \$ 899,520 | \$ 1,936,862 |
| Transfers Out | (1,619,690) | 0 | (107,595) | (1,727,285) |
| Total Other Financing Sources (Uses) | \$ (1,302,518) | \$ 720,170 | \$ 791,925 | \$ 209,577 |
| Net Change in Fund Balances | \$ 2,171,683 | \$ (840,633) | \$ 1,262,081 | \$ 2,593,131 |
| Fund Balance, July 1, 2011 | 7,917,801 | 12,254,678 | 5,138,839 | 25,311,318 |
| Fund Balance, June 30, 2012 | \$ 10,089,484 | \$ 11,414,045 | \$ 6,400,920 | \$ 27,904,449 |

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

Exhibit C-4

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012

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) | | \$ 2,593,131 |
| | | |
| (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 | \$ 657,548 | |
| Less: current-year depreciation expense | <u>(6,569,714)</u> | (5,912,166) |
| | | |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets. | | |
| Add: assets donated and capitalized | \$ 1,581,137 | |
| Less: book value of capital assets disposed | <u>(19,813)</u> | 1,561,324 |
| | | |
| (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, 2012 | \$ 4,065,154 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2011 | <u>(3,500,705)</u> | 564,449 |
| | | |
| (4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items: | | |
| Add: change in premium on debt issuances | \$ 452,135 | |
| Less: change in deferred debt issuance costs | (148,660) | |
| Add: principal payments on bonds | 3,370,700 | |
| Add: principal payments on notes | 145,000 | |
| Add: principal payments on other loans | 2,510,501 | |
| Add: principal payments on capital leases | 275,277 | |
| Less: change in deferred amount on refunding debt | <u>(221,362)</u> | 6,383,591 |
| | | |
| (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 | \$ (188,211) | |
| Change in compensated absences payable | (49,409) | |
| Change in other postemployment benefits liability | <u>(499,178)</u> | (736,798) |

(Continued)

Exhibit C-4

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

| | | |
|-----|--|-----------------------|
| (6) | An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities. | \$ 286,815 |
| (7) | The interest rate swap agreement is classified as an investment derivative; therefore, the following is reflected on the changes in net assets for governmental activities. Change in fair value of derivatives-interest rate swap | <u>(13,915,743)</u> |
| | Change in net assets of governmental activities (Exhibit B) | <u>\$ (9,175,397)</u> |

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

| | Governmental Activities - Internal Service Fund <u>Self</u> Insurance <u>Fund</u> |
|---------------------------------------|---|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 195,049 |
| Equity in Pooled Cash and Investments | 8,027,269 |
| Accounts Receivable | 10,240 |
| Due from Other Funds | 56,965 |
| Due from Component Units | 769,209 |
| Total Assets | <u>\$ 9,058,732</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Accounts Payable | \$ 763,534 |
| Due to Other Funds | 228,143 |
| Due to Component Units | 12,619 |
| Other Current Liabilities | 2,949,809 |
| Total Liabilities | <u>\$ 3,954,105</u> |
| <u>NET ASSETS</u> | |
| Unrestricted | <u>\$ 5,104,627</u> |
| Total Net Assets | <u>\$ 5,104,627</u> |

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

Blount County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

| | Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u> |
|--|--|
| <u>Operating Revenues</u> | |
| Self-Insurance Premiums | \$ 19,897,099 |
| Total Operating Revenues | <u>\$ 19,897,099</u> |
| <u>Operating Expenses</u> | |
| Fiscal Agent Charges | \$ 711,681 |
| Insurance Premiums | 782,072 |
| Building and Contents Insurance | 161,905 |
| Other Administrative Expenses | 71,608 |
| Medical Claims | 16,940,870 |
| Liability Insurance | 20,068 |
| Other Self-Insured Claims | 492,065 |
| Medical Clinic Other Contracted Services | 297,279 |
| Total Operating Expenses | <u>\$ 19,477,548</u> |
| Operating Income (Loss) | <u>\$ 419,551</u> |
| <u>Nonoperating Revenues (Expenses)</u> | |
| Investment Income | \$ 76,841 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 76,841</u> |
| Income (Loss) Before Transfers | \$ 496,392 |
| Transfers Out | <u>(209,577)</u> |
| Change in Net Assets | \$ 286,815 |
| Net Assets, July 1, 2011 | <u>4,817,812</u> |
| Net Assets, June 30, 2012 | <u><u>\$ 5,104,627</u></u> |

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

Exhibit D-3

Blount County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

| | Governmental Activities - Internal Service Fund Self Insurance Fund |
|---|---|
| <u>Cash Flows from Operating Activities</u> | |
| Receipts for Self-insurance Premiums | \$ 19,998,807 |
| Payments to Fiscal Agents | (711,681) |
| Payments to Insurers | (964,045) |
| Payments for Claims | (16,347,956) |
| Payments for Administrative Costs | (71,608) |
| Payments for Medical Clinic Contracted Services | (297,279) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ 1,606,238</u> |
| <u>Cash Flows from Investing Activities</u> | |
| Interest on Investments | \$ 74,434 |
| Net Cash Provided By (Used In) Investing Activities | <u>\$ 74,434</u> |
| Increase (Decrease) in Cash | \$ 1,680,672 |
| Cash, July 1, 2011 | <u>6,541,646</u> |
| Cash, June 30, 2012 | <u>\$ 8,222,318</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | |
| <u>Provided By (Used In) Operating Activities</u> | |
| Operating Income (Loss) | \$ 419,551 |
| 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) | 427,151 |
| Increase (Decrease) in Current Liabilities (excluding liability for transfer out) | <u>759,536</u> |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ 1,606,238</u> |
| <u>Reconciliation of Cash with Statement of Net Assets</u> | |
| Cash per Net Assets | \$ 195,049 |
| Equity in Pooled Cash and Investments per Net Assets | <u>8,027,269</u> |
| Cash, June 30, 2012 | <u>\$ 8,222,318</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, 2012

| | <u>Agency Funds</u> |
|---------------------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 3,901,861 |
| Equity in Pooled Cash and Investments | 1,595,838 |
| Accounts Receivable | 5,881 |
| Due from Other Governments | 3,164,432 |
| Due from Other Funds | 22,004 |
| Due from Component Units | 23,287 |
| Taxes Receivable | 12,312,060 |
| Allowance for Uncollectible Taxes | <u>(276,173)</u> |
| Total Assets | <u>\$ 20,749,190</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | \$ 1,782 |
| Payroll Deductions Payable | 340,769 |
| Due to Other Funds | 14,074 |
| Due to Component Units | 100 |
| Due to State of Tennessee | 1,498 |
| Due to Other Taxing Units | 15,219,144 |
| Due to Litigants, Heirs, and Others | 3,902,307 |
| Due to Joint Ventures | 1,145,059 |
| Other Current Liabilities | <u>124,457</u> |
| Total Liabilities | <u>\$ 20,749,190</u> |

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

BLOUNT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blount County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Blount County:

A. Reporting Entity

Blount County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Blount County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Blount County School Department operates the public school system in the county, and the voters of Blount County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. Also, the School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

Blount Memorial Hospital, Inc., is a nonprofit acute care and general health care provider. The primary mission of the Blount Memorial Hospital is to provide health care services to the citizens of Blount County and the surrounding community. Blount Memorial Hospital, Inc., is governed by a nine-member board of directors, four of whom are appointed by the Blount County Commission, two each by the cities of Maryville and Alcoa, and one by Maryville College. The county is responsible for issuing all debt of the hospital.

The Blount County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Blount County. The Blount County Emergency Communications District is governed by a nine-member board of directors, four of whom are appointed by the Blount County Commission, two

each by the cities of Maryville and Alcoa, and one elected by the other eight members. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Blount County Children's Home is chartered as a Tennessee nonprofit corporation. The county approves all board members and has financial accountability for the home. The county maintains an endowment fund (permanent fund of the primary government) for which interest earnings are earmarked for the Children's Home. As discussed in Note VI.E., there is substantial doubt about the Blount County Children's Home's ability to continue as a going concern. The effect on the aggregate discretely presented component units financial statements opinion unit is not considered to be material.

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 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 a legally separate entity 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 county hotel-motel tax. The tax is currently set at a rate of five percent, which is the maximum allowed. The authority is fiscally dependent on the county since the rate of the tax is set annually by the County Commission. Prior to the establishment of the authority, tourism development expenditures were channeled through the county's General Fund. Beginning with the 2012-13 year, the authority's financial activity (including immaterial activity occurring during June 2012) will be reported as a discretely presented component unit of the county.

The Blount County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Blount County School Department are included in this report as listed in the table of contents. Complete financial statements of the Blount Memorial Hospital, Inc., Blount County Emergency Communications District, Blount County Children's Home, Blount County Public Building Authority, and Smoky Mountain Tourism Development Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Blount County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Blount County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues.

Blount County issues all debt for the discretely presented Blount County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Blount County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Blount County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers

revenues other than grants to be available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Blount County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Blount County reports the following major governmental funds:

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

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

Additionally, Blount County reports the following fund types:

Special Revenue Funds – These funds 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 Other Capital Projects Fund is used to account for capital expenditures of the county and School Department.

Permanent Fund – The Endowment Fund is used to account for an endowment received by the county for which the principal must

remain intact while interest earned on the principal is to be expended to benefit the Blount County Children's Home.

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Blount County, the city school systems' shares of educational revenues, assets held in a custodial capacity for the judicial district drug task force, and amounts held in a payroll clearing account. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Blount County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Blount County School Department reports the following fund types:

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for general liability, property, casualty, employee health, and workers' compensation programs. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are self-insurance premiums. Operating expenses for the internal service fund include medical and other self-insured claims and fiscal agent charges.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows of the internal service fund, cash includes demand deposits and cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Blount County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General, General Debt Service, and General Purpose School funds. Blount County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the

state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections, as well as activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.17 percent of the total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 60 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. The balance in the Accounts Payable account on the Statement of Net Assets includes \$763,534 related to self insured health claims. The balance in the account Other Current Liabilities on the Statement of Net Assets includes \$2,949,809 of internal service fund liabilities for other self-insured claims.

3. Capital Assets

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

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

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

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

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

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

4. **Compensated Absences**

The county's and the School Department's policies permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Blount County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of general long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

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

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2012, Blount County had \$180,123,266 in outstanding debt for capital purposes of other entities (schools - \$174,468,212, industrial purposes - \$4,190,000, and a joint communications system lease - \$1,465,054). In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (the cities of Maryville and Alcoa school systems) based on an average daily attendance proration. This debt is a liability of Blount County, but the capital assets acquired are reported in the financial statements of the other entities. Therefore, Blount County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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. Assigned fund balance in the General and the General Purpose School funds consists of amounts assigned for encumbrances at June 30, 2012.

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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Blount County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

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

Discretely Presented Blount County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets 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 District Attorney General Fund (special revenue fund), the Constitutional Officers - Fees Fund (special revenue fund), and the Endowment Principal Fund (permanent fund), which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Blount County and the Blount County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized

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

Investment Balances. As of June 30, 2012, Blount County had the following investments carried at cost. Separate disclosures concerning pooled investments cannot be made for Blount County and the discretely presented Blount County School Department since both pool their deposits and investments through the county trustee.

| <u>Investment</u> | <u>Weighted Average Maturities (days)</u> | <u>Cost</u> |
|-----------------------------------|---|--------------|
| State Treasurer's Investment Pool | 6 to 164 | \$ 2,143,791 |

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, 2012, Blount County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Notes Receivable

During the fiscal year ended June 30, 2006, Blount County purchased property intended for use as a county fairground. The purchase price was \$785,000. In January 2007, this property was transferred to the Industrial Development Board for sale to a third party. The county executed an agreement with the Industrial Development Board to remit all proceeds from the sale of this property to Blount County. However, under the terms of the agreement, the

Industrial Development Board is not responsible for any proceeds not received. Therefore, the county bears the risk of loss in the event of default by the purchaser. The Industrial Development Board sold the property for \$820,000. The terms of the sale provided for the purchaser to pay \$125,000 at closing, with a note for the remaining \$695,000 to be paid over the next several years with a final payment due June 30, 2012, with the potential for a two-year extension. The down payment on the purchase, net of some related costs, was received by the Industrial Development Board and remitted to Blount County during the fiscal year ended June 30, 2007. The Industrial Development Board remitted the first payment (\$56,071) under the contract to Blount County in July 2008. However, when the second and third payments came due in June 2009 and June 2010, the purchaser was unable to make the payments and requested extensions. On June 14, 2010, the Industrial Development Board executed a formal agreement with the purchaser to extend and modify the terms of the original note. The new agreement provided for payments of \$45,638 to be paid on September 1, 2010, 2011, and 2012 with the entire balance being due in full on September 1, 2013, with the potential for a one-year extension. However, the purchaser was unable to make the September 1, 2010, payment and requested another extension. On December 8, 2010, the Industrial Development Board executed another formal agreement with the purchaser to extend and modify the terms of the June 14, 2010, agreement. This agreement provided for payments of \$25,000 to be paid on December 31, 2010, September 1, 2011, and 2012, with the entire balance being due in full on September 1, 2013, with the potential for a one-year extension. The purchaser made the scheduled payment of \$25,000 in December 2010 and September 2011. The entire balance of \$588,929, due on the contract as of June 30, 2012, is reflected as notes receivable on the balance sheet of the General Debt Service Fund. The amount of this receivable not expected to be received within one year is \$563,929.

On August 19, 2010, Blount County entered into an Intergovernmental Agreement with the City of Maryville and the City of Alcoa to share the costs of a new communication system. The notes receivable for the City of Maryville and City of Alcoa's portion of the 10-year capital lease purchase is \$805,863 and \$659,191 respectively. These notes receivable are reflected in the General Debt Service Fund. See Note IV.G. for information on the capital lease associated with the purchase of the equipment.

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

C. Derivative Instruments

Primary Government

At June 30, 2012, Blount County had the following derivative instruments outstanding:

| Instrument | Type | Objective | Original Notional Amount | Effective Date | Maturity Date | Terms |
|-------------|------------------------------|---------------------------------------|--------------------------|----------------|---------------|--|
| \$20 M Swap | Pay fixed interest rate swap | Variable to synthetic fixed rate swap | \$ 20,000,000 | 6-1-06 | 6-1-31 | Pay 4.31% receive 63.45% of 5 year LIBOR |
| \$10 M Swap | Pay fixed interest rate swap | Variable to synthetic fixed rate swap | 10,000,000 | 6-1-06 | 6-1-30 | Pay 3.9% receive 63.2% of 5 year LIBOR |
| \$10 M Swap | Pay fixed interest rate swap | Variable to synthetic fixed rate swap | 10,000,000 | 6-1-06 | 6-1-28 | Pay 3.264% receive 59% of 5 year LIBOR |
| \$14 M Swap | Pay fixed interest rate swap | Variable to synthetic fixed rate swap | 14,000,000 | 6-1-06 | 6-1-27 | Pay 3.533% receive 59% of 5 year LIBOR |
| \$39 M Swap | Pay fixed interest rate swap | Variable to synthetic fixed rate swap | 39,000,000 | 6-1-06 | 6-1-23 | Pay 4.27% receive 63.45% of 5 year LIBOR |

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 financial statements are as follows:

| Type | Classification | Changes in Fair Value | | Classification | Fair Value at June 30, 2012 | | 6-30-12 |
|--------------------------------|----------------------------------|------------------------|--------|----------------|-----------------------------|----------------------|---------|
| | | Amount | Amount | | Amount | Notional Amount | |
| Governmental Activities | | | | | | | |
| Investment Derivatives: | | | | | | | |
| Pay-fixed interest rate swaps: | | | | | | | |
| \$20 M Swap | Interest and Investment Earnings | \$ (4,238,230) | | Debt | \$ (7,726,548) | \$ 20,000,000 | |
| \$10 M Swap | Interest and Investment Earnings | (1,941,496) | | Debt | (3,086,446) | 10,000,000 | |
| \$10 M Swap | Interest and Investment Earnings | (1,647,482) | | Debt | (2,195,993) | 10,000,000 | |
| \$14 M Swap | Interest and Investment Earnings | (2,021,157) | | Debt | (3,220,193) | 14,000,000 | |
| \$39 M Swap | Interest and Investment Earnings | (4,067,378) | | Debt | (8,952,728) | 39,000,000 | |
| Totals | | <u>\$ (13,915,743)</u> | | | <u>\$ (25,181,908)</u> | <u>\$ 93,000,000</u> | |

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

Derivative Swap Agreement Detail

\$20 M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series A-1-A.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$20 million Series A-1-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series A-1-A bonds have since been refunded with a portion of the proceeds of the Series E-3-B bonds and the interest rate swap is now associated with the Series E-3-B bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.313 percent and receives a variable payment computed as 63.45 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$20 million and the associated variable-rate bond has a \$20 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-B bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2031. As of June 30, 2012, rates were as follows:

| | <u>Terms</u> | <u>Rates</u> |
|------------------------------------|--------------|---------------|
| Interest Rate Swap: | | |
| Fixed payment to counterparty | Fixed | 4.313% |
| Variable payment from counterparty | % LIBOR | -0.615% |
| Net interest rate swap payments | | 3.698% |
| Variable-rate bond coupon payments | | 0.190% |
| On-going costs (other loan fees) | | 0.926% |
| | | <u>4.814%</u> |
| Synthetic interest rate on bonds | | <u>4.814%</u> |

Fair value. As of June 30, 2012, the swap had a negative fair value of \$7,726,548. The negative fair value of the swap may be countered by

reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, 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, 2012, the swap counterparty, Deutsche Bank, was rated A2/A+/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 LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.45 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, 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 | |
| 2013 | \$ 0 | \$ 38,000 | \$ 739,507 | \$ 777,507 |
| 2014 | 0 | 38,000 | 739,507 | 777,507 |
| 2015 | 0 | 38,000 | 739,507 | 777,507 |
| 2016 | 0 | 38,000 | 739,507 | 777,507 |
| 2017 | 0 | 38,000 | 739,507 | 777,507 |

| Year Ending June 30 (Cont.) | Variable Rate Bonds | | Net Interest | Total |
|--------------------------------|---------------------|------------|----------------------|---------------|
| | Principal | Interest | Rate Swap Payment | |
| 2018-2022 | \$ 0 | \$ 190,000 | \$ 3,697,535 | \$ 3,887,535 |
| 2023-2027 | 0 | 190,000 | 3,697,535 | 3,887,535 |
| 2028-2031 | 20,000,000 | 137,912 | 2,683,856 | 22,821,768 |
| Total | \$ 20,000,000 | \$ 707,912 | \$ 13,776,461 | \$ 34,484,373 |

\$10 M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series A-5-A.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed-rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series A-5-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series A-5-A bonds are no longer outstanding and the interest rate swap has since been assigned to, and is now associated with, the Series E-1-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2030. As of June 30, 2012, rates were as follows:

| | Terms | Rates |
|------------------------------------|---------|---------|
| Interest Rate Swap: | | |
| Fixed payment to counterparty | Fixed | 3.900% |
| Variable payment from counterparty | % LIBOR | -0.613% |
| Net interest rate swap payments | | 3.287% |
| Variable-rate bond coupon payments | | 0.190% |
| On-going costs (other loan fees) | | 1.050% |
| Synthetic interest rate on bonds | | 4.527% |

Fair value. As of June 30, 2012, the swap had a negative fair value of \$3,086,446. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, 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, 2012, the swap counterparty, Deutsche Bank, was rated A2/A+/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 63.2 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.2 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for the term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

| Year Ending June 30 | Variable Rate Bonds | | Net Interest | |
|------------------------|---------------------|------------|----------------------|---------------|
| | Principal | Interest | Rate Swap Payment | Total |
| 2013 | \$ 0 | \$ 19,000 | \$ 328,696 | \$ 347,696 |
| 2014 | 0 | 19,000 | 328,696 | 347,696 |
| 2015 | 0 | 19,000 | 328,696 | 347,696 |
| 2016 | 0 | 19,000 | 328,696 | 347,696 |
| 2017 | 0 | 19,000 | 328,696 | 347,696 |
| 2018-2022 | 0 | 95,000 | 1,643,480 | 1,738,480 |
| 2023-2027 | 0 | 95,000 | 1,643,480 | 1,738,480 |
| 2028-2030 | 10,000,000 | 44,783 | 774,736 | 10,819,519 |
| Total | \$ 10,000,000 | \$ 329,783 | \$ 5,705,176 | \$ 16,034,959 |

\$10 M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series B-4-A.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series B-4-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series B-4-A bonds have since been refunded with a portion of the proceeds of the Series E-5-A bonds and the interest rate swap is now associated with the Series E-5-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.264 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-5-A bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2028. As of June 30, 2012, rates were as follows:

| | <u>Terms</u> | <u>Rates</u> |
|--------------------------------------|--------------|--------------------------|
| Interest Rate Swap: | | |
| Fixed payment to counterparty | Fixed | 3.264% |
| Variable payment from counterparty | % LIBOR | <u>-0.572%</u> |
| Net interest rate swap payments | | 2.692% |
| Variable-rate bond coupon payments | | 0.190% |
| On-going costs (other loan fees) | | <u>1.231%</u> |
| Synthetic interest rate on bonds | | <u><u>4.113%</u></u> |

Fair value. As of June 30, 2012, the swap had a negative fair value of \$2,195,993. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2012, the swap counterparty, Deutsche Bank, was rated A2/A+/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 increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, 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 | |
| 2013 | \$ 0 | \$ 19,000 | \$ 269,170 | \$ 288,170 |
| 2014 | 0 | 19,000 | 269,170 | 288,170 |
| 2015 | 0 | 19,000 | 269,170 | 288,170 |
| 2016 | 0 | 19,000 | 269,170 | 288,170 |
| 2017 | 0 | 19,000 | 269,170 | 288,170 |
| 2018-2022 | 0 | 95,000 | 1,345,850 | 1,440,850 |
| 2023-2027 | 1,500,000 | 95,000 | 1,345,850 | 2,940,850 |
| 2028 | 8,500,000 | 16,150 | 228,795 | 8,744,945 |
| Total | \$ 10,000,000 | \$ 301,150 | \$ 4,266,345 | \$ 14,567,495 |

\$14 M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series D-1-B.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$14 million Series D-1-B variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate. The Series D-1-B bonds have since been refunded with a portion of the proceeds of the Series E-5-A bonds and the interest rate swap is now associated with the Series E-5-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.533 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$14 million and the associated variable-rate bond has a \$14 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-5-A bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2012, rates were as follows:

| | <u>Terms</u> | <u>Rates</u> |
|--------------------------------------|--------------|--------------------------|
| Interest Rate Swap: | | |
| Fixed payment to counterparty | Fixed | 3.533% |
| Variable payment from counterparty | % LIBOR | <u>-0.572%</u> |
| Net interest rate swap payments | | 2.961% |
| Variable-rate bond coupon payments | | 0.190% |
| On-going costs (other loan fees) | | <u>1.231%</u> |
| Synthetic interest rate on bonds | | <u><u>4.382%</u></u> |

Fair value. As of June 30, 2012, the swap had a negative fair value of \$3,220,193. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2012, the swap counterparty, Deutsche Bank, was rated A2/A+/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 LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As

rates vary, variable-rate bond interest payments and net swap payments will vary.

| Fiscal Year Ending June 30 | Variable Rate Bonds | | Net Interest | Total |
|-------------------------------|---------------------|------------|----------------------|---------------|
| | Principal | Interest | Rate Swap Payment | |
| 2013 | \$ 0 | \$ 26,600 | \$ 414,428 | \$ 441,028 |
| 2014 | 0 | 26,600 | 414,428 | 441,028 |
| 2015 | 0 | 26,600 | 414,428 | 441,028 |
| 2016 | 0 | 26,600 | 414,428 | 441,028 |
| 2017 | 0 | 26,600 | 414,428 | 441,028 |
| 2018-2022 | 0 | 106,400 | 1,657,712 | 1,764,112 |
| 2023-2027 | 14,000,000 | 87,400 | 1,361,692 | 15,449,092 |
| Total | \$ 14,000,000 | \$ 326,800 | \$ 5,091,544 | \$ 19,418,344 |

\$39 M Swap:

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-C-1.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$39 million Series IV-C-1 variable-rate bonds. The intention of the swap was to effectively change the county’s variable interest rate on the bonds to a synthetic fixed rate. The Series IV-C-1 bonds are no longer outstanding and the interest rate swap has since been assigned to, and is now associated with, the Series E-1-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.45 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$39 million. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2023. As of June 30, 2012, rates were as follows:

| | <u>Terms</u> | <u>Rates</u> |
|--------------------------------------|--------------|--------------------------|
| Interest Rate Swap: | | |
| Fixed payment to counterparty | Fixed | 4.270% |
| Variable payment from counterparty | % LIBOR | <u>-0.615%</u> |
| Net interest rate swap payments | | 3.655% |
| Variable-rate bond coupon payments | | 0.190% |
| On-going costs (other loan fees) | | <u>1.050%</u> |
| Synthetic interest rate on bonds | | <u><u>4.895%</u></u> |

Fair value. As of June 30, 2012, the swap had a negative fair value of \$8,952,728. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2012, 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, 2012, the swap counterparty, Deutsche Bank, was rated A2/A+/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 LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.45 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for the term were as follows. As

rates vary, variable rate bond interest payments and net swap payments will vary.

| Year Ending June 30 | Variable Rate Bonds | | Net Interest Rate Swap | |
|------------------------|---------------------|------------|---------------------------|---------------|
| | Principal | Interest | Payment | Total |
| 2013 | \$ 0 | \$ 74,100 | \$ 1,425,269 | \$ 1,499,369 |
| 2014 | 0 | 74,100 | 1,425,269 | 1,499,369 |
| 2015 | 0 | 74,100 | 1,425,269 | 1,499,369 |
| 2016 | 0 | 74,100 | 1,425,269 | 1,499,369 |
| 2017 | 1,515,000 | 74,100 | 1,425,269 | 3,014,369 |
| 2018-2022 | 29,275,000 | 268,299 | 5,160,569 | 34,703,868 |
| 2023 | 8,210,000 | 15,599 | 300,037 | 8,525,636 |
| Total | \$ 39,000,000 | \$ 654,398 | \$ 12,586,951 | \$ 52,241,349 |

D. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-11 | | Increases | | Decreases | | Balance 6-30-12 | |
|---|-------------------|-------------|-----------|-----------|-----------|-------------|--------------------|-------------|
| Capital Assets Not Depreciated: | | | | | | | | |
| Land | \$ | 8,581,561 | \$ | 0 | \$ | 0 | \$ | 8,581,561 |
| Construction in Progress | | 866,462 | | 336,482 | | (1,202,944) | | 0 |
| Total Capital Assets Not Depreciated | \$ | 9,448,023 | \$ | 336,482 | \$ | (1,202,944) | \$ | 8,581,561 |
| Capital Assets Depreciated: | | | | | | | | |
| Buildings and Improvements | \$ | 51,621,663 | \$ | 1,202,944 | \$ | 0 | \$ | 52,824,607 |
| Roads, Streets, and Bridges | | 135,410,169 | | 1,581,137 | | (51,231) | | 136,940,075 |
| Other Capital Assets | | 13,902,713 | | 321,066 | | (363,253) | | 13,860,526 |
| Total Capital Assets Depreciated | \$ | 200,934,545 | \$ | 3,105,147 | \$ | (414,484) | \$ | 203,625,208 |

Governmental Activities (Cont.):

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 14,522,487 | \$ 1,075,378 | \$ 0 | \$ 15,597,865 |
| Roads, Streets, and Bridges | 60,368,218 | 4,356,992 | (38,138) | 64,687,072 |
| Other Capital Assets | 8,528,740 | 1,137,344 | (356,533) | 9,309,551 |
| Total Accumulated Depreciation | <u>\$ 83,419,445</u> | <u>\$ 6,569,714</u> | <u>\$ (394,671)</u> | <u>\$ 89,594,488</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 117,515,100</u> | <u>\$ (3,464,567)</u> | <u>\$ (19,813)</u> | <u>\$ 114,030,720</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 126,963,123</u> | <u>\$ (3,128,085)</u> | <u>\$ (1,222,757)</u> | <u>\$ 122,612,281</u> |

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

Governmental Activities:

| | |
|---|----------------------------|
| General Government | \$ 199,957 |
| Finance | 12,605 |
| Administration of Justice | 257,764 |
| Public Safety | 1,188,633 |
| Public Health and Welfare | 137,578 |
| Social, Cultural, and Recreational | 304,857 |
| Highways | <u>4,468,320</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 6,569,714</u></u> |

Discretely Presented Blount County School Department**Governmental Activities:**

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|---|----------------------|---------------------|------------------------|---------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 9,951,059 | \$ 0 | \$ 0 | \$ 9,951,059 |
| Construction in Progress | 12,523,027 | 2,019,636 | (14,542,663) | 0 |
| Total Capital Assets Not Depreciated | <u>\$ 22,474,086</u> | <u>\$ 2,019,636</u> | <u>\$ (14,542,663)</u> | <u>\$ 9,951,059</u> |

Governmental Activities (Cont.):

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|--------------------------------|-------------------|---------------|-----------------|--------------------|
| Capital Assets | | | | |
| Depreciated: | | | | |
| Buildings and | | | | |
| Improvements | \$ 157,470,077 | \$ 14,542,663 | \$ 0 | \$ 172,012,740 |
| Other Capital Assets | 5,110,115 | 298,572 | (70,921) | 5,337,766 |
| Total Capital Assets | | | | |
| Depreciated | \$ 162,580,192 | \$ 14,841,235 | \$ (70,921) | \$ 177,350,506 |
| Less Accumulated | | | | |
| Depreciation For: | | | | |
| Buildings and | | | | |
| Improvements | \$ 43,305,056 | \$ 3,404,485 | \$ 0 | \$ 46,709,541 |
| Other Capital Assets | 3,135,913 | 321,811 | (70,921) | 3,386,803 |
| Total Accumulated | | | | |
| Depreciation | \$ 46,440,969 | \$ 3,726,296 | \$ (70,921) | \$ 50,096,344 |
| Total Capital Assets | | | | |
| Depreciated, Net | \$ 116,139,223 | \$ 11,114,939 | \$ 0 | \$ 127,254,162 |
| Governmental Activities | | | | |
| Capital Assets, Net | \$ 138,613,309 | \$ 13,134,575 | \$ (14,542,663) | \$ 137,205,221 |

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

Governmental Activities:

| | |
|---|---------------------|
| Instruction | \$ 35,629 |
| Support Services | 3,476,457 |
| Operation of Non-Instructional Services | <u>214,210</u> |
| Total Depreciation Expense - | |
| Governmental Activities | <u>\$ 3,726,296</u> |

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|------------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 120,557 |
| " | Internal Service | 210,127 |
| " | Agency | 824 |
| General Debt Service | General | 37,649 |
| Nonmajor governmental | Internal Service | 866 |
| " | Agency | 13,250 |
| Internal Service | General | 56,965 |
| Agency | " | 100 |
| " | Nonmajor governmental | 4,754 |
| " | Internal Service | 17,150 |
| Discretely Presented School Department: | | |
| General Purpose School | Nonmajor governmental | 30,000 |
| Nonmajor governmental | General Purpose School | 23,481 |

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: | |
| Agency | School Department | \$ 769,209 |
| | " | 23,287 |
| Component Unit: | | |
| School Department | Primary Government: | |
| " | Internal Service | 12,619 |
| | Nonmajor governmental | 100 |

Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

| | Transfers In | | |
|----------------------------|-------------------|----------------------|-----------------------------------|
| | General Fund | Debt Service Fund | Nonmajor Governmental Funds |
| Transfers Out | | | |
| General Fund | \$ 0 | \$ 720,170 | \$ 899,520 |
| Nonmajor governmental fund | 107,595 | 0 | 0 |
| Internal Service Fund | 209,577 | 0 | 0 |
| Total Transfers | <u>\$ 317,172</u> | <u>\$ 720,170</u> | <u>\$ 899,520</u> |

Discretely Presented Blount County School Department

| | Transfer In |
|-----------------------------|--------------------------------------|
| Transfer Out | General Purpose School Fund |
| Nonmajor governmental funds | \$ 23,771 |

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

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

Debt Service Fund. See Note IV.B. regarding notes receivable from the City of Maryville and City of Alcoa related to the lease.

Discretely Presented Blount County School Department

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

The assets acquired through capital leases are as follows:

| | <u>Governmental Activities</u> | |
|--|--------------------------------|------------------------------|
| | <u>Primary Government</u> | <u>School Department</u> |
| Machinery and Equipment (county portion) | \$ 1,808,935 | \$ 0 |
| Less: Accumulated Depreciation | (180,894) | 0 |
| Buildings and Improvements | 350,000 | 2,738,602 |
| Less: Accumulated Depreciation | (49,000) | (821,580) |
| Total Book Value | <u>\$ 1,929,041</u> | <u>\$ 1,917,022</u> |

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

| Year Ending June 30 | <u>Governmental Funds</u> | |
|--|-------------------------------|------------------------------|
| | <u>Primary Government</u> | <u>School Department</u> |
| 2013 | \$ 404,982 | \$ 288,730 |
| 2014 | 404,982 | 295,872 |
| 2015 | 404,982 | 303,227 |
| 2016 | 404,982 | 310,803 |
| 2017 | 404,981 | 318,607 |
| 2018-2021 | 1,549,114 | 1,005,017 |
| Total Minimum Lease Payments | \$ 3,574,023 | \$ 2,522,256 |
| Less: Amount Representing Interest | (612,831) | (530,841) |
| Present Value of Minimum Lease Payments | <u>\$ 2,961,192</u> | <u>\$ 1,991,415</u> |

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds and other loans have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 19 years for bonds, nine years for notes, and up to 29 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2012, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-12 |
|--|---------------|----------------|--------------------------|-----------------|
| General Obligation Bonds - Refunding | 2 to 5% | 6-1-30 | \$ 73,715,000 | \$ 64,285,000 |
| Qualified School Construction Bonds | 2.6 | 9-14-27 | 14,855,000 | 14,014,300 |
| Capital Outlay Notes | 4.11 | 6-1-18 | 1,346,260 | 921,260 |
| Other Loans - Fixed Rate | 2.5 to 6.2 | 6-1-37 | 42,930,000 | 35,765,000 |
| Other Loans - Variable Rate - Refunding | Variable | 6-1-37 | 101,840,000 | 100,360,000 |
| Loan Agreement - State School Bond Authority | 0 | 11-24-20 | 727,865 | 265,755 |
| Capital Lease | 3.97 to 4.5 | 9-1-20 | 3,357,000 | 2,961,193 |

Blount County has entered into various loan agreements with public building authorities (PBAs) to finance various capital projects for the county and the discretely presented Blount County School Department. Under the loan agreements, the PBAs issued their revenue bonds and made the proceeds available for loan to Blount County. The following table summarizes these loan agreements outstanding at June 30, 2012:

| Description | Original Amount of Loan Agreement | Outstanding Principal 6-30-12 | Interest Type | Interest Rates as of 6-30-12 | Other Fees on Variable Rate Debt |
|--|--|-------------------------------------|------------------|---------------------------------------|--|
| <u>Blount County Public Building Authority</u> | | | | | |
| Industrial Park (Series B-10-A) | \$ 2,000,000 | \$ 1,460,000 | Fixed | 5.55 to 6.2% | N/A |
| Various Purpose (Series B-16-A) | 33,550,000 | 27,525,000 | Fixed | 3 to 5 | N/A |
| Refunding (Series E-1-A) | 50,500,000 | 50,500,000 | Variable | .190 (1) | 1.05% |
| Industrial Park (Series B-17-A) | 3,000,000 | 2,730,000 | Fixed | 3.25 to 4.5 | N/A |
| Refunding (Series E-3-B) | 20,165,000 | 20,165,000 | Variable | .190 (1) | .926 |
| Refunding (Series E-5-A) | 31,175,000 | 29,695,000 | Variable | .190 (1) | 1.231 |
| Various Purpose (Series B-18-A) | 4,380,000 | 4,050,000 | Fixed | 2.5 to 5 | N/A |

TN State School Bond Authority

| | | | | | |
|---------------------------------|---------|-----------------------|-----|---|-----|
| Qualified Zone Academy Bonds | 727,865 | <u>265,755</u> | N/A | 0 | N/A |
| | | <u>\$ 136,390,755</u> | | | |

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

The annual requirements to amortize all bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables. Amounts reflected for other loans are based on the outstanding principal totaling \$136,390,755. Estimated interest payments and estimated other fees are included for the variable rate loan agreements. Those agreements carry variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2012.

| Year Ending June 30 | Bonds | | |
|------------------------|---------------|---------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 3,531,929 | \$ 3,506,979 | \$ 7,038,908 |
| 2014 | 3,606,929 | 3,414,004 | 7,020,933 |
| 2015 | 3,786,929 | 3,322,095 | 7,109,024 |
| 2016 | 3,886,929 | 3,201,345 | 7,088,274 |
| 2017 | 4,526,929 | 3,076,528 | 7,603,457 |
| 2018-2022 | 34,019,645 | 12,609,183 | 46,628,828 |
| 2023-2027 | 12,610,889 | 6,751,611 | 19,362,500 |
| 2028-2030 | 12,329,121 | 1,166,834 | 13,495,955 |
| Total | \$ 78,299,300 | \$ 37,048,579 | 115,347,879 |

| Year Ending June 30 | Notes | | |
|------------------------|------------|------------|------------|
| | Principal | Interest | Total |
| 2013 | \$ 150,000 | \$ 37,864 | \$ 187,864 |
| 2014 | 155,000 | 31,699 | 186,699 |
| 2015 | 160,000 | 25,328 | 185,328 |
| 2016 | 165,000 | 18,752 | 183,752 |
| 2017 | 170,000 | 11,971 | 181,971 |
| 2018 | 121,260 | 4,984 | 126,244 |
| Total | \$ 921,260 | \$ 130,598 | 1,051,858 |

| Year Ending June 30 | Other Loans | | | Total |
|------------------------|----------------|---------------|---------------|----------------|
| | Principal | Interest (1) | Other Fees | |
| 2013 | \$ 2,600,501 | \$ 4,934,695 | \$ 1,142,615 | \$ 8,677,811 |
| 2014 | 2,735,501 | 4,856,058 | 1,137,610 | 8,729,169 |
| 2015 | 2,860,501 | 4,766,989 | 1,136,026 | 8,763,516 |
| 2016 | 3,020,501 | 4,666,111 | 1,134,506 | 8,821,118 |
| 2017 | 2,140,501 | 4,558,008 | 1,132,985 | 7,831,494 |
| 2018-2022 | 3,433,250 | 19,958,157 | 5,649,487 | 29,040,894 |
| 2023-2027 | 35,930,000 | 12,939,501 | 5,278,284 | 54,147,785 |
| 2028-2032 | 42,270,000 | 5,075,950 | 3,504,253 | 50,850,203 |
| 2033-2037 | 41,400,000 | 347,604 | 1,295,500 | 43,043,104 |
| Total | \$ 136,390,755 | \$ 62,103,073 | \$ 21,411,266 | \$ 219,905,094 |

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

There is \$11,414,045 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$637, based on the

2010 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,777, based on the 2010 federal census.

The county has also issued bonds and other loans on behalf of Blount Memorial Hospital, Inc. The Hospital Revenue Bonds outstanding at June 30, 2012, totaled \$9,885,000. The county is not liable for these bonds in case of default by the hospital. Other loan agreements issued on behalf of the hospital carry the general obligation pledge of the county in addition to being payable from hospital revenues. Other loan agreements outstanding at June 30, 2012, totaled \$90,705,000. These are discussed further in Note V.C. These bonds and other loans are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

| | Bonds | Notes | Other Loans |
|-----------------------------|----------------------|-------------------|-----------------------|
| Balance, July 1, 2011 | \$ 81,670,000 | \$ 1,066,260 | \$ 138,901,256 |
| Additions | 0 | 0 | 0 |
| Reductions | (3,370,700) | (145,000) | (2,510,501) |
| Balance, June 30, 2012 | <u>\$ 78,299,300</u> | <u>\$ 921,260</u> | <u>\$ 136,390,755</u> |
| Balance Due Within One Year | <u>\$ 3,531,929</u> | <u>\$ 150,000</u> | <u>\$ 2,600,501</u> |

| | Other Postemployment Benefits | Capital Leases | Compensated Absences |
|-----------------------------|-------------------------------------|---------------------|-------------------------|
| Balance, July 1, 2011 | \$ 1,447,618 | \$ 3,236,470 | \$ 1,371,051 |
| Additions | 690,459 | 0 | 1,409,813 |
| Reductions | (191,281) | (275,277) | (1,360,404) |
| Balance, June 30, 2012 | <u>\$ 1,946,796</u> | <u>\$ 2,961,193</u> | <u>\$ 1,420,460</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 286,336</u> | <u>\$ 639,207</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|--------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 221,939,764 |
| Less: Balance Due Within One Year | (7,207,973) |
| Add: Unamortized Premium on Debt | 4,837,175 |
| Less: Deferred Amount on Refunding | <u>(1,778,410)</u> |

| | |
|---|-----------------------|
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 217,790,556</u> |
|---|-----------------------|

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

Discretely Presented Blount County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Blount County School Department for the year ended June 30, 2012, was as follows:

| | <u>Capital Leases</u> | <u>Compensated Absences</u> |
|-----------------------------|---------------------------|---------------------------------|
| Balance, July 1, 2011 | \$ 2,156,720 | \$ 48,343 |
| Additions | 0 | 263,347 |
| Reductions | <u>(165,305)</u> | <u>(265,847)</u> |
| Balance, June 30, 2012 | <u>\$ 1,991,415</u> | <u>\$ 45,843</u> |
| Balance Due Within One Year | <u>\$ 181,166</u> | <u>\$ 8,517</u> |

| | <u>Other Postemployment Benefits</u> |
|-----------------------------|--|
| Balance, July 1, 2011 | \$ 63,349 |
| Additions | 1,465,901 |
| Reductions | <u>(1,657,731)</u> |
| Balance, June 30, 2012 | <u>\$ (128,481)</u> |
| Balance Due Within One Year | <u>\$ 0</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 1,908,778 |
| Less: Balance Due Within One Year | <u>(189,683)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 1,719,095</u> |

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

H. Pledges of Future Revenues

In 2009, the county, with approval of the State Legislature, amended the private act authorizing a hotel/motel tax in Blount County to increase the tax from four percent to five percent. The county pledged the additional hotel/motel tax collections generated by the one percent increase to purchase land adjacent to the Townsend Visitor's Center. A capital outlay note totaling \$1,346,260 was issued to provide financing for this purpose. The principal and interest requirements on the note are to be paid from the increase in the tax, and then from the remaining hotel/motel tax revenues if the additional revenues are insufficient to meet the debt service requirements on the note. The note is a general obligation issue guaranteed by the county in the event that hotel/motel tax revenues are not sufficient. At June 30, 2012, the outstanding principal on the note was \$921,260. For the current year, principal and interest paid and hotel motel tax revenues generated by the increase were \$188,823 and \$338,410, respectively. See Note V.B. regarding retirement of this note subsequent to June 30, 2012.

I. 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, 2012, were \$55,746. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Short-term Debt

Blount County issued revenue anticipation notes in advance of property tax and other revenue collections in the following fund. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2012, was as follows:

| Fund | Balance 7-1-11 | Issued | Paid | Balance 6-30-12 |
|--|-------------------|------------|--------------|--------------------|
| Highway/Public Works Fund Fund (Borrowed from General Fund) | \$ 0 | \$ 350,000 | \$ (350,000) | \$ 0 |

K. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal will be expended to benefit the Blount County Children’s Home. During the year ended June 30, 2012, interest earned totaled \$4,869 and expenditures totaled \$4,869.

V. OTHER INFORMATION

A. Risk Management

Blount County has chosen to establish a self-insurance fund for risks associated with the general liability, property, casualty, employees’ health plan, and risks associated with workers’ compensation claims. The self-insurance fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$150,000 for each employee in any plan year for health coverage, \$400,000 for each employee and approximately \$1,000,000 for all claims in any plan year for workers’ compensation coverage, and \$100,000 for building and personal property coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits, with the exception of general liability, for which the county does not have a stop/loss policy. 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 assets of the internal service fund attributable to health coverage was \$5,610,932 at June 30, 2012, and has been designated by management for future catastrophic losses. The portion of net assets attributable to general liability, property, casualty, and workers’ compensation coverage reflected a temporary deficit of \$(506,305) at June 30, 2012. County officials intend to eliminate the deficit through increased premium charges during the ensuing fiscal years. During the next fiscal year, to better account for the activities of each area of risk, the county will be establishing three individual funds to more closely monitor and manage the operations. 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 |
|-----------|---|---|----------------|----------------------------------|
| 2010-2011 | \$ 1,410,673 | \$ 2,067,770 | \$ (1,866,078) | \$ 1,612,365 |
| 2011-2012 | 1,612,365 | 1,936,238 | (1,448,322) | 2,100,281 |

Health

| | Beginning of Fiscal Year Liability | Current-year Claims and Estimates | Payments | Balance at Fiscal Year-end |
|-----------|---|---|-----------------|----------------------------------|
| 2010-2011 | \$ 786,445 | \$ 12,611,892 | \$ (12,125,836) | \$ 1,272,501 |
| 2011-2012 | 1,272,501 | 15,496,697 | (15,156,231) | 1,612,967 |

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Assets includes \$763,439 related to self-insured health claims, and the balance in the account Other Current Liabilities includes internal service fund liabilities of \$849,528 for estimated health insurance claims and \$2,100,281 for other self-insured claims.

B. Subsequent Events

On July 6, 2012, the Smoky Mountain Tourism Development Authority (SMTDA) purchased land adjacent to the Smoky Mountain Visitors Center in Townsend from the county. The purchase price of the land was determined to be the outstanding balance on the note that the county had issued in June 2009 to finance its purchase of the land. See note IV.I. regarding this note and revenues pledged for its retirement. Upon purchasing the land from the county, SMTDA remitted funds sufficient for the county to retire the note. As of June 30, 2012, the county had also accumulated a reserve for the

retirement of this note from restricted hotel-motel tax revenues (\$426,076). This reserve balance was paid to SMTDA on August 7, 2012.

On August 31, 2012, Mike Morton left the Office of Property Assessor and was succeeded by Tim Helton.

C. Contingent Liabilities

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital, Inc. Outstanding loan agreements Series E-5-A reflected in long-term debt for the hospital (see Note VII.G.) are payable from, but not secured by, revenues of the hospital. This issue also carries the general obligation pledge of the county. Therefore, Blount County would be liable in the event of default by the hospital. Outstanding principal amounts under these loan agreements as of June 30, 2012, totaled \$90,705,000.

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.

D. Change in Administration

On March 23, 2012, Steve Jennings left the Office of Director of Accounts and Budgets and was succeeded by Randy Vineyard.

E. Joint Ventures

The Industrial Development Board of Blount County and the cities of Alcoa and Maryville was organized to promote industrial development and provide additional job opportunities in Blount County, the cities of Alcoa and Maryville, and the surrounding counties in accordance with Title 7, Chapter 53, *Tennessee Code Annotated*. The board is governed by a ten-member board of directors appointed jointly by the Blount County Commission and the governing bodies of Maryville and Alcoa. The board provides incentives toward the location of certain industrial facilities in the county and cities. Upon approval for the Industrial Development Board to provide these incentives, the County Commission also expressed its intent to provide certain funding for these incentives in future years. During the year, Blount County provided \$685,542 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board.

The Fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifth Judicial District, Blount County, and various cities within Blount County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to

promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

The Blount County Solid Waste Authority is a joint venture that is operated by Blount County, the City of Alcoa, and the City of Maryville. The authority comprises 11 members, three of whom are appointed by the Blount County Commission. The cities appoint two members each, and the remaining members are selected from the citizens at large and from private industry. Blount County has control over budgeting and financing the joint venture only to the extent of representation by the three appointed authority members. Blount County, along with the City of Alcoa and the City of Maryville, has entered into two contracts in-lieu-of performance bonds with the Tennessee Department of Environment and Conservation to ensure the proper operation and closure/postclosure care of the Blount County landfill, which is operated by the Blount County Solid Waste Authority. The total of these contracts in-lieu-of performance bonds is \$11,715,468 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 \$569,924 to the operations of the commission during the year ended June 30, 2012.

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

F. 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.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

County Employees

Employees of Blount County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Blount County has authorized mandatory retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Blount County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

County Library Employees

Employees of Blount County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the

member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Blount County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

County Employees

Blount County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 12.39 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Blount County is established and may be amended by the TCRS Board of Trustees.

County Library Employees

Blount County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 11.89 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Blount County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2012, Blount County's annual pension cost of \$3,601,566 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

| <u>Fiscal Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|----------------------------------|--|--|---------------------------------------|
| 6-30-12 | \$3,601,566 | 100% | \$0 |
| 6-30-11 | 3,479,107 | 100 | 0 |
| 6-30-10 | 3,743,625 | 100 | 0 |

County Library Employees

For the year ended June 30, 2012, Blount County's annual pension cost of \$71,950 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth

the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 6-30-12 | \$71,950 | 100% | \$0 |
| 6-30-11 | 82,420 | 100 | 0 |
| 6-30-10 | 78,456 | 100 | 0 |

Funded Status and Funding Progress

County Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.37 percent funded. The actuarial accrued liability for benefits was \$82.17 million, and the actuarial value of assets was \$79.19 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.98 million. The covered payroll (annual payroll of active employees covered by the plan) was \$29.39 million, and the ratio of the UAAL to the covered payroll was 10.14 percent.

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

County Library Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.03 percent funded. The actuarial accrued liability for benefits was \$2.11 million, and the actuarial value of assets was \$2.03 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.08 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.66 million, and the ratio of the UAAL to the covered payroll was 12.66 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan

assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$3,651,060, \$3,617,944, and

\$2,590,532 respectively, equal to the required contributions for each year.

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.

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

| | Primary Government | School Department | Total |
|------------------------|-----------------------|----------------------|--------------|
| ARC | \$ 695,491 | \$ 1,466,071 | \$ 2,161,562 |
| Interest on the NPO | 57,905 | 2,534 | 60,439 |
| Adjustment to the ARC | (62,937) | (2,704) | (65,641) |
| Annual OPEB cost | \$ 690,459 | \$ 1,465,901 | \$ 2,156,360 |
| Amount of contribution | (191,281) | (1,657,731) | (1,849,012) |

Annual OPEB Cost and Net OPEB Obligation (Cont.)

| | Primary Government | School Department | Total |
|------------------------------|-----------------------|----------------------|---------------------|
| Increase/decrease in NPO | \$ 499,178 | \$ (191,830) | \$ 307,348 |
| Net OPEB obligation, 7-1-10 | 1,447,618 | 63,349 | 1,510,967 |
| Net OPEB obligation, 6-30-11 | <u>\$ 1,946,796</u> | <u>\$ (128,481)</u> | <u>\$ 1,818,315</u> |

| Fiscal Year Ended | Plan | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------------|--------------|------------------------|---|---------------------------------------|
| 6-30-10 | Self-insured | \$ 1,866,135 | 70.3 % | \$ 1,207,592 |
| 6-30-11 | " | 2,093,469 | 85.5 | 1,510,967 |
| 6-30-12 | " | 2,156,360 | 85.7 | 1,818,315 |

| | Primary Government | School Department | Total |
|---|-----------------------|----------------------|---------------|
| Actuarial valuation date | 7-1-10 | 7-1-10 | |
| Actuarial accrued liability (AAL) | \$ 6,487,688 | \$ 17,389,501 | \$ 23,877,189 |
| Actuarial value of plan assets | \$ 0 | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 6,487,688 | \$ 17,389,501 | \$ 23,877,189 |
| Actuarial value of assets as a % of the AAL | 0% | 0% | 0% |
| Covered payroll (active plan members) | \$ 21,941,998 | \$ 48,338,167 | \$ 70,280,165 |
| UAAL as a % of covered payroll | 30% | 36% | 34% |

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

Actuarial Methods and Assumptions

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

are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of five percent after four years. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2009.

I. Termination Benefits

The Highway Superintendent offered eligible Highway Department employees a one-time retirement incentive of \$12,000. Of the 14 employees eligible this fiscal year, nine accepted the offer. The total amount paid out of the Highway/Public Works Fund was \$108,000. This offer will be available to eligible employees each year, pending budget approval.

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 COUNTY CHILDREN'S HOME

A. Summary of Significant Accounting Policies

The Blount County Children's Home complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB)

pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of the notes.

1. Financial Reporting Entity

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

2. Basis of Presentation

Government-wide Financial Statements:

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

exchange-like transactions are recognized when the exchange takes place.

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

Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand, savings accounts, and petty cash of the children’s home.

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivable balances for the governmental activities include amounts due from the State of Tennessee.

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, certain assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

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

| <u>Asset</u> | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 25 – 50 |
| Improvements | 10 – 50 |
| Machinery and Equipment | 3 – 20 |

Compensated Absences

Annual Leave

Full-time employees receive annual leave from the first month of employment at 5/6 day per month. Accrued time is lost if the employee resigns or is terminated before the first six-month period of employment is completed. The 5/6 day per month accrual is effective through year five of employment. In years six through 15, annual leave accrues at a rate of 1-1/4 days per month. In years 16 and beyond, the employee earns 1-2/3 days per month.

Sick Leave

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

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

5. Revenues, Expenditures, and Expenses

Revenues and Expenses

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

Expenditures/Expenses

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

6. Budgetary Accounting

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

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Fund Balances

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

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

- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

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

B. Stewardship, Compliance, and Accountability

By its nature as a local governmental component unit, the home is subject to various federal, state, and local laws and contractual regulations. An analysis of the home's compliance with significant laws and regulations and demonstration of its stewardship over the home resources follows.

1. Fund Accounting Requirements

The home complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds used by the home.

2. Deposits and Investments Laws and Regulations

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

3. Fund Equity Restrictions

Deficit Prohibition

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

C. Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

1. Cash and Investments

In accordance with the Board of Directors approval, the home maintains a checking account to handle the day-to-day operations.

The carrying amount of the home's cash deposits and investments at June 30, 2012, is summarized as follows:

| | <u>Interest Rate</u> | <u>Carrying Amount</u> |
|--------------------------------|--------------------------|----------------------------|
| Checking and Savings Accounts: | | |
| Capital Bank Checking | Varies | \$ 12,961 |
| Capital Bank Checking | Varies | 25 |
| Capital Bank Savings | Varies | 44,682 |
| Total Checking Accounts | | <u>\$ 57,668</u> |
| Petty Cash | | <u>\$ 50</u> |
| Total Cash and Investments | | <u><u>\$ 57,718</u></u> |

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

2. Accounts Receivable

The home contracts with the State of Tennessee to provide visitation/counseling care/treatment of children at a specified reimbursement rate. The amount due from the state at June 30, 2012, totaled zero dollars.

3. Capital Assets

Capital assets activities for the year ended June 30, 2012, was as follows:

| | <u>Balance 7-1-11</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 6-30-12</u> |
|--------------------------------|---------------------------|--------------------|------------------|----------------------------|
| Governmental Activities: | | | | |
| Buildings and | | | | |
| Improvements | \$ 773,349 | \$ 0 | \$ 0 | \$ 773,349 |
| Equipment | 132,572 | 860 | 0 | 133,432 |
| Furniture and Fixtures | 43,911 | 4,704 | 0 | 48,615 |
| Total Historical Cost | <u>\$ 949,832</u> | <u>\$ 5,564</u> | <u>\$ 0</u> | <u>\$ 955,396</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and | | | | |
| Improvements | \$ (554,222) | \$ (7,240) | \$ 0 | \$ (561,462) |
| Equipment | (123,678) | (2,489) | 0 | (126,167) |
| Furniture and Fixtures | (39,878) | (1,157) | 0 | (41,035) |
| Total Accumulated Depreciation | <u>\$ (717,778)</u> | <u>\$ (10,886)</u> | <u>\$ 0</u> | <u>\$ (728,664)</u> |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 232,054</u> | <u>\$ (5,322)</u> | <u>\$ 0</u> | <u>\$ 226,732</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|-----------------|------------------|
| Children's Home | <u>\$ 10,886</u> |
|-----------------|------------------|

4. **Accrued Expenses**

Payables in the governmental funds are composed of:

| | |
|------------------|------------------|
| Accounts Payable | <u>\$ 34,900</u> |
|------------------|------------------|

D. **Other Notes**

1. **Retirement Benefits**

The home has established a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). Eligibility is limited to those employees with annual compensation exceeding \$5,000. The employee can elect to reduce their salary by a percentage and contribute that to the plan. Employee contributions cannot exceed \$6,000. For each calendar year the employer will contribute a matching contribution to each employee's account equal to the employee's salary reduction up to a limit of three percent of the employee's compensation. During the year ended June 30, 2012, the home contributed zero dollars to the plan.

2. **Risk Financing Activities**

It is the policy of the home to purchase commercial insurance for the risks of losses to which it is exposed. These risks include property, casualty, workers' compensation, and director's liability. Settled claims, if any, have not exceeded this commercial coverage in any of the past three fiscal years.

3. **Commitments, Contingencies, and Concentrations – State of Tennessee Reimbursements**

In the normal course of operations, the home participates in state reimbursement programs from year to year. The programs are often subject to additional audits by agents of the contracting agency to ensure compliance with the specific conditions of the contract. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

E. Going Concern

There is a substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. During the period July 1, 2009, through June 30, 2012, recurring net losses have yielded a combined decrease of \$164,526. This net decrease is comprised of the following, tabulated by the fiscal year ended June 30, as follows:

| <u>Year Ended June 30,</u> | <u>Losses Incurred</u> |
|----------------------------|------------------------|
| 2010 | \$ (55,922) |
| 2011 | (49,633) |
| 2012 | (58,971) |
| | <u>\$ (164,526)</u> |

If the trend of the last three years continues, working capital will be depleted.

Management's on-going plans to continue as a going concern consist of the following:

- Increase fund raising activities
- Secure funding through State of Tennessee aid and/or grants
- Sell the dump site on property
- Reduce expenses
- One stop shop for social services
- Day care center dependent upon local business sponsorship

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability of assets or the amounts of liabilities that may result from the possible inability of the Home to continue as a going concern.

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

A. Description of Reporting Entity and Significant Accounting Policies

Reporting Entity

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

included as a discretely presented component unit in the financial statements of Blount County.

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

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

Basis of Presentation

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

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

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

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

Affiliate Entities

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

during 2009. The hospital also has ownership interests in other entities, which are involved in activities related to the hospital's mission of providing health care services. The hospital has not included these entities or presented summarized disclosures in its financial statements due to the relative insignificance of the financial activities of these entities.

Cash and Cash Equivalents

The hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market and are valued principally by methods, which approximate the first-in, first-out method.

Investments

Investments are recorded at fair value based on quoted market prices. Interest and dividends on investments, as well as realized and unrealized gains and losses, are included in nonoperating revenues when earned.

The hospital diversifies its investments into a broad range of asset classes to reduce the concentration of credit risk and to maximize return with reasonable and prudent levels of risk. It is also the hospital's policy to limit the maximum position for each type of investment at varying levels within these classifications. As of June 30, 2012, 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 five years, based on timing of interest payments, maturity dates, and expectations of minimal interest rate changes.

Assets Limited as to Use by Board and Foundation

Certain investments have been designated by the Board of Directors for the replacement of property and equipment or for other purposes. Cash and investments held by the foundation in trust accounts are also classified as assets limited as to use.

Property and Equipment

Land, buildings, and equipment are stated on the basis of cost or fair value at the date of donation. Although title to certain land and buildings rests with

the county, these assets have been recorded by the hospital as the county has authorized their use by the hospital. Repairs and maintenance costs are expensed as incurred while significant asset purchases and improvements are capitalized. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are based on guidelines established for the health care industry, which are summarized as follows:

| <u>Asset</u> | <u>Years</u> |
|--|--------------|
| Land improvements | 8 - 25 |
| Buildings, improvements, and fixed equipment | 10 - 30 |
| Equipment | 3 - 15 |

Deferred Debt Expense

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

Accrual for Compensated Absences

The hospital recognizes an expense and accrues a liability for compensated future employee absences in the period in which employees' rights to such compensated absences are earned.

Operating Revenues and Expenses

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

Income Taxes

The hospital is classified as a governmental organization exempt from income tax. The foundation is a not-for-profit organization defined by Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Charity Care

The hospital accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the hospital. Charges at established rates related to charity care are not included in net patient service revenue.

Patient Service Revenue

Patient service revenue is reported in the period in which services are provided, at rates that reflect the amount expected to be collected. Net patient service revenue includes amounts estimated by management to be reimbursable by third-party payors under provisions of reimbursement formulas in effect and is net of the provision for bad debts.

Risk Management

The hospital is self-insured for medical malpractice and employee (including dependent) group health expenses and claims. Commercial insurance is purchased for significant exposure to various other risks typical to the hospital's operating environment and industry such as loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. There were no significant losses in excess of insurance coverage during the last three years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of: assets and liabilities, net position, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Cash, Cash Equivalents, and Assets Limited as to Use

The hospital's cash and cash equivalent balances are on hand with financial institutions participating in the bank collateral pool, which is administered by the collateral pool board and monitored by the Treasury Department of the State of Tennessee.

The assets limited as to use by the board and those held by trustees include U.S. government instruments and other securities held at financial institutions in the hospital's name (uninsured credit risk category) and are categorized by investment type as follows:

| | Balance 6-30-12 | Percent |
|--|-----------------------|------------|
| U.S. Treasury Portfolio (cash equivalents) | \$ 5,725,709 | 4 |
| U.S. Government Agency Securities | 12,934,081 | 8 |
| Municipal Bonds | 6,633,375 | 4 |
| Corporate Bonds | 23,743,796 | 15 |
| Bond Mutual Funds | 72,205,133 | 46 |
| Equity Mutual Funds | 37,082,755 | 23 |
| Total | <u>\$ 158,324,849</u> | <u>100</u> |

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

| | Balance 6-30-12 |
|--|---------------------|
| Cash | \$ 63,515 |
| U.S. Treasury Portfolio (cash equivalents) | 213,041 |
| Bond Mutual Funds | 452,883 |
| Equity Mutual Funds | 568,955 |
| Total | <u>\$ 1,298,394</u> |

C. Net Patient Service Revenue

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the statements of revenues, expenses, and changes in net position is as follows:

| | Balance 6-30-12 |
|---------------------------------------|-----------------------|
| Gross Patient Service Charges | \$ 622,573,918 |
| Contractual Adjustments and Discounts | (412,761,549) |
| Charity Care Charges Foregone | (34,740,234) |
| Provision for Bad Debts | (7,986,203) |
| Net Patient Service Revenue | <u>\$ 167,085,932</u> |

D. Third-party Payor Agreements

The hospital renders services to patients under contractual arrangements with the Medicare and TennCare programs. Laws, regulations, and contracts

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

The Medicare program pays for inpatient services on a prospective basis primarily based upon diagnostic related group assignments as determined by the patient's clinical diagnosis and medical procedures utilized. The hospital receives additional payments from Medicare based on the provision of services to a disproportionate share of low income patients (as defined by the Medicare program). Medicare also pays for outpatient services on a prospective basis based upon ambulatory payment classifications and fee schedules. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. Contractual adjustments for Medicare, TennCare, and other third party discount arrangements are recognized when the related revenues are reported in the financial statements. The percentage of gross patient charges from the Medicare and TennCare programs was approximately 34 percent and 11 percent, respectively, for 2012.

The hospital has also entered into reimbursement agreements with commercial insurance companies, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates, per diems, and discounts from established charges.

E. Malpractice Trust Fund and Employee Group Health Claims

The hospital is covered under the “Tennessee Governmental Tort Liability Act” (*Tennessee Code Annotated*, Section 29-20-101, et seq.). In addition to requiring claims be made in conformance with this act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one-year statute of limitations, and a requirement that the governmental entity purchase insurance or be self-insured with certain limits. This act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the act or the amount of insurance purchased by the governmental entity.

The hospital provides professional liability coverage through a self-insurance malpractice trust fund. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust. The assets of, and contributions to, the trust are reported in the statement of net position; income from the trust assets, claims and administrative costs are reported in the statements of revenues, expenses, and changes in net position.

Claims and expenses of \$173,773 were paid from the fund during the year ended June 30, 2012. As of June 30, 2012, 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 \$1,546,438 at June 30, 2012. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$12,952,000 for 2012.

F. Property and Equipment

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

| | Balance 7-1-11 | Additions | Retirements and Transfers | Balance 6-30-12 |
|---|-------------------------|------------------------|------------------------------|-------------------------|
| Cost: | | | | |
| Land | \$ 9,494,550 | \$ 99,875 | \$ 0 | \$ 9,594,425 |
| Land Improvements | 2,382,783 | 0 | 0 | 2,382,783 |
| Buildings, Improvements, and Fixed Equipment | 134,994,404 | 1,255,465 | 0 | 136,249,869 |
| Equipment | 86,779,744 | 3,593,827 | (27,640) | 90,345,931 |
| Construction in Progress | 9,026,917 | 5,155,825 | (754,386) | 13,428,356 |
| Total Cost | <u>\$ 242,678,398</u> | <u>\$ 10,104,992</u> | <u>\$ (782,026)</u> | <u>\$ 252,001,364</u> |
| Allowances for | | | | |
| Depreciation: | | | | |
| Land Improvements | \$ (2,214,888) | \$ (54,167) | \$ 0 | \$ (2,269,055) |
| Buildings, Improvements, and Fixed Equipment | (68,047,647) | (5,257,045) | 0 | (73,304,692) |
| Equipment | (69,811,279) | (5,785,844) | 27,640 | (75,569,483) |
| Total Allowances for Depreciation | <u>\$ (140,073,814)</u> | <u>\$ (11,097,056)</u> | <u>\$ 27,640</u> | <u>\$ (151,143,230)</u> |
| Net Property and Equipment | <u>\$ 102,604,584</u> | <u>\$ (992,064)</u> | <u>\$ (754,386)</u> | <u>\$ 100,858,134</u> |

Construction in progress at June 30, 2012, consists primarily of costs related to the clinical documentation project with total estimated costs of approximately \$11,500,000.

G. Long-term Debt

Changes in long-term debt are summarized as follows:

| | Balance 7-1-11 | Principal Payments | Balance 6-30-12 |
|--|----------------------|-----------------------|----------------------|
| Series 1998A Bonds | \$ 2,960,000 | \$ 1,445,000 | \$ 1,515,000 |
| Series 1998B Bonds | 9,195,000 | 825,000 | 8,370,000 |
| Series E-5-A Bonds | 92,210,000 | 1,505,000 | 90,705,000 |
| Total Outstanding | \$ 104,365,000 | <u>\$ 3,775,000</u> | \$ 100,590,000 |
| Less Current Portion | (3,775,000) | | (3,965,000) |
| Less Unamortized Loss on Bond Refunding | <u>(1,053,643)</u> | | <u>(923,275)</u> |
| Long-term Portion | <u>\$ 99,536,357</u> | | <u>\$ 95,701,725</u> |

In December 1998, Blount County issued, on behalf of the hospital, \$15,420,000 of Hospital Revenue Refunding Bonds, Series 1998A, and \$16,000,000 of Hospital Revenue Improvement Bonds, Series 1998B. The Series 1998A Bonds provided the funds necessary to refund the previously issued Blount County Hospital Revenue Bonds. The hospital computed a loss on the refunding in 1999 of \$959,455, which has been deferred and is being amortized over the life of the refunded debt (\$71,070 in 2012). The proceeds of the Series 1998B Bonds provided funds for the hospital's facilities and equipment.

The Series 1998A Bonds mature with a final payment of \$1,515,000 in fiscal year 2013 and have an interest rate of 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$870,000 in 2013 to \$1,245,000 in 2020 at interest rates ranging from five percent to 5.15 percent. The Series 1998A and 1998B Bonds are subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The Series 1998B Bonds maturing on July 1, 2019, are subject to mandatory sinking fund redemptions prior to maturity beginning on July 1, 2016.

In August 2008, Blount County issued, on behalf of the hospital, \$96,350,000 of Local Government Public Improvement Bonds, Series E-5-A. The Series E-5-A Bonds provided the funds necessary to refund the previously issued Series A-3-A and C-2-A bonds and to reimburse issuances costs of \$775,000. The hospital computed a loss on the refunding of \$1,155,490, which was deferred and is being amortized over the life of the refunded debt (\$59,289 in 2012).

The Series E-5-A Bonds bear interest at variable rates; however, the interest rate swap agreements described below remain in place to effectively fix the interest rate on the portion of the E-5-A Bonds totaling \$55,700,000. Scheduled principal reductions on the Series E-5-A Bonds increase in annual amounts ranging from \$1,580,000 in 2013 to \$8,425,000 in 2029. The Series E-5-A Bonds are subject to redemption at the option of the hospital, in whole

or in part, at the redemption price of par plus accrued interest to the redemption date.

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.

As of June 30, 2012, 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, 2012, the counterparty to the swaps, Deutsche Bank, was rated A2/A+/A2 by Moody's, Standard and Poor's and Fitch, respectively.

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

Maturities and mandatory sinking fund payments related to the balances outstanding as of June 30, 2012, are summarized as follows:

| Year Ending June 30 | Series E-5-A | Series 1998A and B | Total |
|------------------------|----------------------|-----------------------|-----------------------|
| 2013 | \$ 1,580,000 | \$ 2,385,000 | \$ 3,965,000 |
| 2014 | 3,200,000 | 915,000 | 4,115,000 |
| 2015 | 3,375,000 | 960,000 | 4,335,000 |
| 2016 | 3,525,000 | 1,015,000 | 4,540,000 |
| 2017 | 3,700,000 | 4,610,000 | 8,310,000 |
| 2018-2022 | 24,025,000 | 0 | 24,025,000 |
| 2023-2027 | 34,850,000 | 0 | 34,850,000 |
| 2028-2029 | 16,450,000 | 0 | 16,450,000 |
| Total | <u>\$ 90,705,000</u> | <u>\$ 9,885,000</u> | <u>\$ 100,590,000</u> |

Future interest payments related to the bonds are as follows (interest for variable rate portion of the Series E-5-A Bond is determined using the rate in effect at June 30, 2012, which was .2 percent):

| Year Ending June 30 | Series E-5-A | Series 1998A and B | Total |
|------------------------|----------------------|-----------------------|----------------------|
| 2013 | \$ 2,625,054 | \$ 440,973 | \$ 3,066,027 |
| 2014 | 2,621,624 | 360,828 | 2,982,452 |
| 2015 | 2,615,195 | 313,015 | 2,928,210 |
| 2016 | 2,608,420 | 262,399 | 2,870,819 |
| 2017 | 2,601,341 | 208,972 | 2,810,313 |
| 2018-2022 | 12,739,230 | 278,928 | 13,018,158 |
| 2023-2027 | 8,290,413 | 0 | 8,290,413 |
| 2028-2029 | 1,018,494 | 0 | 1,018,494 |
| Total | <u>\$ 35,119,771</u> | <u>\$ 1,865,115</u> | <u>\$ 36,984,886</u> |

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

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

| | Balance 6-30-12 |
|----------------------------|---------------------|
| Debt Service Reserve Funds | \$ 2,894,203 |
| Bond Funds | <u>2,633,977</u> |
| Total | <u>\$ 5,528,180</u> |

The hospital is required to make periodic payments to the bond funds to pay principal and interest on the bonds. The debt service reserve funds may be used to make principal and interest payments if the hospital is unable to make such payments, and a deficiency exists in the bond funds. Funds held by the trustees are invested primarily in obligations of the United States government or its agencies as allowed by the trust agreements.

H. Retirement Plan

The Blount Memorial Hospital Retirement Plan includes three defined contribution plans available to all employees who are age 18 or older and have completed 1,000 hours of service. Participants are 100 percent vested after five years of service; however, effective April 1, 2012, the plan was amended to change the vesting schedule to 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 four percent of each eligible employee's compensation plus a matching contribution (limited to two percent of compensation) based upon voluntary employee contributions to the plan. Pension contributions are made bi-weekly. Hospital contributions to the plan, net of forfeitures used of \$520,000 totaled \$3,665,159 in 2012. Employee contributions were \$3,578,186 in 2012.

I. Foundation

At June 30, 2012, the foundation's assets and net position total \$1,298,394, and consist of cash and investments. A portion of the investments at June 30, 2012, totaling \$859,773, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. The 2012 Statement of Revenues, Expenses and Changes in Net Position includes foundation contribution revenue of \$430,978, net investment income of \$29,795 and distributions and other expenses of \$471,521. Separate financial statements of the foundation are maintained by foundation and hospital management. Except for certain expenses paid directly by the foundation, the hospital provides administrative services and pays for operating expenses to support the foundation's activities.

J. Subsequent Event

The hospital has reached a tentative agreement to acquire East Tennessee

Medical Group (ETMG) for an estimated \$24,300,000. ETMG, which is located in Alcoa, Tennessee, offers primary care services, as well as more than ten specialty services. The acquisition will expand the hospital's outpatient services.

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

A. Summary of Significant Accounting Policies

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

1. Financial Reporting Entity

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

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

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

quicker apprehension of criminals, and ultimately the saving of money.

2. Basis of Presentation

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

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

place. Allocations of costs such as depreciation are recorded in proprietary funds.

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

Cash and Investments

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

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

Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the district activities include emergency telephone service revenue and rent earned.

Capital Assets and Depreciation

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

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

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

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2012, the district had no liability for compensated absences or accumulated sick leave. Vacation days are required to be used during each fiscal year with no carry-over to future periods.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

5. Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Operating Revenues/Expenses

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

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence (\$1.10), and another rate for business exchange access service (\$2.45) within the base rate area governed by the boundaries of the district. Revenue is collected by telephone service providers and remitted monthly to the district. On May 17, 2012, the Tennessee State Emergency Communications Board approved a rate increase of \$1.50 for residential lines and \$3.00 for business lines. Telephone service providers have 60 days to institute the new rates. Wireless fees are collected and remitted monthly to the district through the State of Tennessee. Operating expenses include salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and nonoperating.

Nonoperating Revenues/Expenses

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

6. Stewardship, Compliance, and Accountability

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

Fund Accounting Requirements

The district complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* issued by the State of Tennessee, Comptroller of the Treasury, Division of 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.

B. Cash

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

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

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

Interest Rate Risk – The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

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

C. Capital Assets and Depreciation

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

| Description | Balance | | |
|--|---------------------|-------------------|-------------|
| | 7-1-11 | Additions | Retirements |
| Nondepreciable: | | | |
| Land | \$ 21,038 | \$ 0 | \$ 0 |
| Construction in progress | 0 | 0 | 0 |
| | <u>\$ 21,038</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Depreciable: | | | |
| Building | \$ 3,027,613 | \$ 0 | \$ 0 |
| Building improvements | 7,990 | 0 | |
| Communication equipment | 919,416 | 22,132 | |
| Communication equipment under capital lease | 0 | 699,000 | 0 |
| Office equipment and furniture | 202,087 | 2,217 | 0 |
| Vehicle | 16,486 | 0 | 0 |
| | <u>\$ 4,173,592</u> | <u>\$ 723,349</u> | <u>\$ 0</u> |
| Total | <u>\$ 4,194,630</u> | <u>\$ 723,349</u> | <u>\$ 0</u> |

(Continued)

| Description (Cont.) | Balance | Accumulated | Net Value |
|--|---------------------|-------------------|---------------------|
| | 6-30-12 | Depreciation | 6-30-12 |
| Nondepreciable: | | | |
| Land | \$ 21,038 | \$ 0 | \$ 21,038 |
| Construction in progress | 0 | 0 | 0 |
| | <u>\$ 21,038</u> | <u>\$ 0</u> | <u>\$ 21,038</u> |
| Depreciable: | | | |
| Building | \$ 3,027,613 | \$ 170,204 | \$ 2,857,409 |
| Building improvements | 7,990 | 449 | 7,541 |
| Communication equipment | 941,548 | 561,424 | 380,124 |
| Communication equipment under capital lease | 699,000 | 0 | 699,000 |
| Office equipment and furniture | 204,304 | 126,920 | 77,384 |
| Vehicle | 16,486 | 12,365 | 4,121 |
| | <u>\$ 4,896,941</u> | <u>\$ 871,362</u> | <u>\$ 4,025,579</u> |
| Total | <u>\$ 4,917,979</u> | <u>\$ 871,362</u> | <u>\$ 4,046,617</u> |

Depreciation expense for the fiscal year ended June 30, 2012, totaled \$169,163.

D. Long-term Obligations

During the fiscal year ended June 30, 2010, the district borrowed funds totaling \$1,250,000 to finance the construction of a new communications facility. Note principal and interest payments were due in monthly installments of \$7,614 beginning May 15, 2010. The note bears interest at four percent and matured July 15, 2011. Subsequent to June 30, 2011, the note was renewed. Monthly principal and interest payments of \$7,569 were due beginning August 15, 2011. The note matures July 15, 2014. Debt maturities detailed below are based on the modified loan.

Changes in Note Payable are as follows:

| | Balance 7-1-11 | Note Proceeds | Note Repayments | Balance 6-30-12 |
|--------------|-------------------|------------------|--------------------|--------------------|
| Note Payable | \$ 1,201,518 | \$ 0 | \$ (39,071) | \$ 1,162,447 |

Debt maturities are as follows:

| Year Ending | Total Note Requirements | Principal | Interest |
|----------------|----------------------------|--------------|-----------|
| 2013 | \$ 90,834 | \$ 44,586 | \$ 46,248 |
| 2014 | 90,834 | 46,426 | 44,408 |
| 2015 | 1,075,050 | 1,071,435 | 3,615 |
| Total | \$ 1,256,718 | \$ 1,162,447 | \$ 94,271 |

Total interest incurred during the year was \$48,296.

E. Capital Lease

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.

The lease calls for ten equal payments of \$79,678 beginning July 1, 2013.

As of June 30, 2012, the equipment was not completely placed into service. Thus, no depreciation was taken on the equipment.

| Present Value of Minimum Lease Payments | Interest | Total Minimum Lease Payments |
|---|------------|---------------------------------|
| \$ 649,000 | \$ 147,780 | \$ 796,780 |

The total minimum lease payments are payable as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|--------------------------------|-------------------|
| 2013 | \$ 0 |
| 2014 | 79,678 |
| 2015 | 79,678 |
| 2016 | 79,678 |
| 2017 | 79,678 |
| 2018-2022 | 398,390 |
| 2023 | <u>79,678</u> |
| Total | <u>\$ 796,780</u> |

F. 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.

G. Employees’ Retirement Plan

Plan Description

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

established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Emergency Communications District of Blount County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012, was 11.67 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the district's annual pension cost of \$122,568 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually; (b) projected 3 percent annual rate of inflation; (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries); (d) projected 3.5 percent annual increase in the Social Security wage base; and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a ten year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis.

The remaining amortization period at July 1, 2009, was 16 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 6-30-12 | \$ 122,568 | 100% | \$ 0 |
| 6-30-11 | 123,812 | 100 | 0 |
| 6-30-10 | 117,183 | 100 | 0 |

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

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.

I. Litigation

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

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

A. Summary of Significant Accounting Policies

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

1. Financial Reporting Entity

The Public Building Authority of Blount County, Tennessee, chartered as a Tennessee non-profit corporation (July 1, 1997), is a component

unit of Blount County, Tennessee. The County Commission approves all Board members and has financial accountability for the PBA.

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

2. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

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

4. Assets, Liabilities, and Equity

Cash and Investments

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

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

Receivables

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

Equity Classifications

Government-wide Statements:

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

5. Revenues, Expenditures, and Expenses

Revenues and Expenses

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

Expenditures/Expenses

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

Interfund Transfers

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

6. Fund Balances

Governmental fund equity is classified as fund balance. During the year ended June 30, 2012, the PBA implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance and Government Fund Type Definitions*. Under this statement, fund balances are classified into the following categories:

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

The PBA has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement No. 54 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.

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.

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, 2012.

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, 2012, 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, 2012, cash and cash equivalents totaled \$103,693 in the General Fund and \$77,163 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, 2012, 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, 2011, through June 30, 2012, was as follows:

| | <u>Public Facility Bonds</u> |
|------------------------------|--------------------------------------|
| Debt Payable - July 1, 2011 | \$ 230,805,000 |
| Debt Retired in Current Year | <u>(3,975,000)</u> |
| Debt Payable - June 30, 2012 | <u><u>\$ 226,830,000</u></u> |

Bonds payable at June 30, 2012, are comprised of the following issues:

| <u>Public Facility Bonds</u> | <u>Amount Outstanding</u> |
|--|-------------------------------|
| \$3,000,000 - 2008 Local Government Improvement Bonds (Series B-17-A) due in installments of \$85,000 to \$255,000 payable June 2010 through June 2030. Average interest of 4.4%. (Jointly with Maryville/Alcoa) | \$ 2,730,000 |
| \$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 6.08% (Jointly with Maryville/Alcoa). | 1,460,000 |

| Public Facility Bonds (Cont.) | Amount Outstanding |
|--|------------------------------|
| \$32,145,000 - 2008 Local Government Improvement Bonds (Series B-16-A) due in installments ranging from \$3,600,000 to \$500,000 payable June 2010 through June 2037; interest payable semi-annual rates ranging from 3% to 5%; average interest rate 4.30%. | \$ 27,525,000 |
| \$50,500,000 - 2008 Local Government Improvement Bonds (Series E-1-A) due in installments of \$1,000,000 to \$8,150,000 payable June 2024 through June 2037; interest payable annually at 5%. | 50,500,000 |
| \$20,165,000 - 2008 Local Government (Series E-3-B) Improvement Bonds due in installments of \$7,500,000 and \$12,665,000 payable in 2030 and 2031 respectively. Interest payable annually at 4.3%. | 20,165,000 |
| \$30,830,000 - 2008 Local Government (Series E-5-A) Improvement Bonds due in installments ranging from \$370,000 to \$920,000 payable June 2010 through June 2030. Interest payable annually at 4.31%. | 29,695,000 |
| \$95,045,000 - 2008 Local Government (Series E-5-A) Bonds (Hospital) due in installments ranging from \$1,380,000 to \$8,425,000 payable June 2010 through June 2029. Interest payable annually at 4.89%. | 90,705,000 |
| \$50,925,000 - Local Government (Series B-18-A) Improvement Bonds due in installments of \$50,000 payable June 2010, \$46,625,000 payable June 2011, and payables ranging from \$200,000 in June 2012 to June 2019 of \$900,000. Interest payable annually at 7.02%. | <u>4,050,000</u> |
| Total Bonds Outstanding | <u><u>\$ 226,830,000</u></u> |

The annual requirements to amortize all bonds outstanding as of June 30, 2012, including interest payments, are \$372,028,936 as follows:

| Year Ending June 30 | Bonds | | |
|------------------------|--------------|--------------|---------------|
| | Principal | Interest | Total |
| 2013 | \$ 4,140,000 | \$ 9,085,821 | \$ 13,225,821 |
| 2014 | 5,895,000 | 8,983,729 | 14,878,729 |
| 2015 | 6,195,000 | 8,880,290 | 15,075,290 |
| 2016 | 6,505,000 | 8,765,283 | 15,270,283 |
| 2017 | 5,800,000 | 8,641,607 | 14,441,607 |

| Year Ending June 30 | Bonds (Cont.) | | |
|------------------------|----------------|----------------|----------------|
| | Principal | Interest | Total |
| 2018-2022 | \$ 27,395,000 | \$ 41,995,228 | \$ 69,390,228 |
| 2023-2027 | 70,780,000 | 34,584,014 | 105,364,014 |
| 2028-2032 | 58,720,000 | 17,884,214 | 76,604,214 |
| 2033-2037 | 41,400,000 | 6,378,750 | 47,778,750 |
| Total | \$ 226,830,000 | \$ 145,198,936 | \$ 372,028,936 |

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

E. Risk Management

The PBA is exposed to various risks of losses related to torts, theft of assets, errors and omissions, and natural disasters. No commercial insurance has been acquired for the risks of losses to which the entity is exposed. For the year ended June 30, 2012, no insurance claims were pending or payable.

F. Agreements and Contractual Obligations

Special Revenue Funds

During the years ended June 30, 1998, through June 30, 2009, the PBA entered into 18 loan agreements with Blount County, Tennessee, whereby the PBA has issued revenue bonds totaling \$456,466,115 as listed below. The proceeds were loaned to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, and the Blount Memorial Hospital (component unit) as of June 30, 2012, were as follows:

| Bond Issue Amount | Loaned to Blount County | Outstanding 6-30-12 |
|-----------------------|----------------------------|------------------------|
| \$ 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 | 2,730,000 |
| 2,000,000 | 2,000,000 | 1,460,000 |
| 15,000,000 | 15,000,000 | 0 |
| 50,500,000 | 50,500,000 | 50,500,000 |
| 20,165,000 | 20,165,000 | 20,165,000 |
| 30,830,000 | 30,830,000 | 29,695,000 |
| 95,045,000 | 95,045,000 | 90,705,000 |
| 50,925,000 | 50,925,000 | 4,050,000 |
| 32,145,000 | 32,145,000 | 27,525,000 |
| <u>2,006,115</u> | <u>2,006,115</u> | <u>0</u> |
| <u>\$ 456,466,115</u> | <u>\$ 456,466,115</u> | <u>\$ 226,830,000</u> |

Expenditures were as follows during the fiscal year ended June 30, 2012:

| | |
|----------------------------|------------------|
| Professional Fees | \$ 9,180 |
| Insurance | 4,050 |
| Bank Service Charge | <u>51</u> |
| | <u>\$ 13,281</u> |
| Amortization of Loan Costs | <u>\$ 51,800</u> |

G. Litigation

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

H. Local Government Public Improvement Bonds

The PBA approved a resolution authorizing the issuance and sale of Local Government Improvement Bonds of the authority. Cumberland Securities, Division of Morgan Keegan & Co., Knoxville, Tennessee, will purchase each series of bonds authorized by this resolution. Management and administration of the bonds will be by TN-LOANS Program Administrators, Knoxville, Tennessee. Regions Bank was confirmed as trustee for the loan

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

| Borrower | Original Bond Amount | Outstanding Bond Balance June 30, 2012 |
|--------------------|-------------------------|--|
| City of Alcoa | \$ 154,185,000 | \$ 81,410,000 |
| Blount County | 514,415,000 | 226,830,000 |
| Alcoa/Maryville | 10,000,000 | 7,515,000 |
| Bradley County | 63,560,000 | 41,190,000 |
| Cleveland | 68,480,000 | 21,210,000 |
| Campbell County | 20,550,000 | 9,300,000 |
| Cumberland County | 52,415,000 | 18,090,000 |
| Coffee County | 2,775,000 | 0 |
| Cocke County | 3,500,000 | 0 |
| Claiborne County | 6,225,000 | 4,450,000 |
| Etowah | 14,805,000 | 2,775,000 |
| Erwin | 1,500,000 | 0 |
| Fayetteville | 9,080,000 | 0 |
| Greeneville | 18,160,000 | 0 |
| Greene County | 10,000,000 | 3,750,000 |
| Hendersonville | 4,040,000 | 0 |
| Hawkins County | 40,820,000 | 25,285,000 |
| Hamblen County | 40,200,000 | 10,100,000 |
| Hiwassee | 12,000,000 | 11,350,000 |
| Jefferson County | 28,305,000 | 11,115,000 |
| Johnson City | 102,385,000 | 0 |
| Johnson County | 5,700,000 | 0 |
| Knoxville | 59,970,000 | 59,970,000 |
| Knox County | 193,550,000 | 172,430,000 |
| Lexington | 5,400,000 | 0 |
| Loudon County | 14,835,000 | 12,710,000 |
| Maryville | 78,800,000 | 13,205,000 |
| Morgan County | 10,000,000 | 0 |
| Morristown | 47,355,000 | 575,000 |
| Morristown/Hamblen | 5,775,000 | 400,000 |
| Monroe County | 34,290,000 | 32,265,000 |
| Mt. Juliet | 2,700,000 | 0 |
| Totals | <u>\$ 1,635,775,000</u> | <u>\$ 765,925,000</u> |

I. Conduit Debt/Funds Held By Trustee

The PBA has issued conduit debt to provide capital financing for specified third parties that is not a part of the PBA's financial reporting entity. The

PBA has issued bonds totaling \$1,860,130,000 to other governmental entities as of June 30, 2012. 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, 2012, is \$924,385,000.

J. Capital Assets

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

K. Bond Issue Costs/Amortization

Bond issue costs are being amortized over the life of the bond issues as follows:

| Bond Series | Bond Costs | Accumulated Amortization June 30, 2011 | Amortization June 30, 2012 | Accumulated Amortization June 30, 2012 |
|-------------|--------------|--|----------------------------|--|
| C-2-A | \$ 500,325 | \$ 500,325 | \$ 0 | \$ 500,325 * |
| D-1-B | 94,156 | 94,156 | 0 | 94,156 * |
| E-5-A | 476,825 | 109,274 | 19,868 | 109,274 |
| B-1-C | 19,074 | 19,074 | 0 | 19,074 * |
| B-16-A | 140,779 | 24,296 | 6,074 | 24,296 |
| B-4-A | 25,347 | 25,347 | 0 | 25,347 * |
| B-18-A | 57,500 | 12,363 | 4,945 | 12,363 |
| E-1-A | 393,136 | 46,617 | 15,539 | 46,617 |
| E-3-B | 123,613 | 5,374 | 5,374 | 5,374 |
| Totals | \$ 1,830,755 | \$ 836,826 | \$ 51,800 | \$ 836,826 |

*Denotes a bond that has been fully paid.

L. Payroll and Personnel

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 26,391,018 | \$ 0 | \$ 0 | \$ 26,391,018 | \$ 26,195,328 | \$ 26,195,328 | \$ 195,690 |
| Licenses and Permits | 249,312 | 0 | 0 | 249,312 | 740,479 | 740,479 | (491,167) |
| Fines, Forfeitures, and Penalties | 1,000,283 | 0 | 0 | 1,000,283 | 529,200 | 534,319 | 465,964 |
| Charges for Current Services | 867,872 | 0 | 0 | 867,872 | 893,724 | 852,947 | 14,925 |
| Other Local Revenues | 744,257 | 0 | 0 | 744,257 | 647,200 | 694,200 | 50,057 |
| Fees Received from County Officials | 7,516,251 | 0 | 0 | 7,516,251 | 8,472,635 | 8,444,044 | (927,793) |
| State of Tennessee | 3,526,162 | 0 | 0 | 3,526,162 | 2,773,821 | 2,654,382 | 871,780 |
| Federal Government | 2,296,860 | 0 | 0 | 2,296,860 | 1,911,387 | 2,813,279 | (516,419) |
| Other Governments and Citizens Groups | 201,834 | 0 | 0 | 201,834 | 329,718 | 369,858 | (168,024) |
| Total Revenues | \$ 42,793,849 | \$ 0 | \$ 0 | \$ 42,793,849 | \$ 42,493,492 | \$ 43,298,836 | \$ (504,987) |

| | | | | | | | |
|------------------------------|------------|---------|--------|---------|------------|------------|----------|
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 183,149 | (393) | 1,476 | 184,232 | \$ 185,029 | \$ 185,769 | \$ 1,537 |
| Board of Equalization | 2,153 | 0 | 0 | 2,153 | 5,837 | 5,837 | 3,684 |
| Beer Board | 188 | 0 | 12 | 200 | 200 | 200 | 0 |
| Budget and Finance Committee | 686 | (250) | 0 | 436 | 436 | 436 | 0 |
| County Mayor/Executive | 187,219 | (213) | 318 | 187,324 | 201,687 | 201,187 | 13,863 |
| Personnel Office | 69,123 | (94) | 0 | 69,029 | 169,626 | 169,626 | 100,597 |
| Election Commission | 333,600 | (7,516) | 21,959 | 348,043 | 586,389 | 586,389 | 238,346 |
| Register of Deeds | 496,709 | (1,643) | 2,562 | 497,628 | 564,687 | 551,393 | 53,765 |
| Development | 638,790 | 0 | 4,981 | 643,771 | 694,140 | 694,140 | 50,369 |
| Planning | 218,683 | (615) | 1,245 | 219,313 | 205,817 | 224,185 | 4,872 |
| Building | 703 | (703) | 0 | 0 | 0 | 0 | 0 |
| Engineering | 3,162 | (3,162) | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit F-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>General Government (Cont.)</u> | | | | | | | |
| Codes Compliance | \$ 894 | (894) | 0 | 0 | 0 | 0 | 0 |
| County Buildings | 1,480,568 | (145,414) | 111,118 | 1,446,272 | 1,495,421 | 1,605,421 | 159,149 |
| Other General Administration | 3,160,038 | (12,873) | 539 | 3,147,704 | 3,199,845 | 3,900,287 | 752,583 |
| Preservation of Records | 114,116 | (2,436) | 605 | 112,285 | 113,418 | 113,418 | 1,133 |
| Risk Management | 209,574 | (1,850) | 906 | 208,630 | 215,482 | 215,482 | 6,852 |
| <u>Finance</u> | | | | | | | |
| Accounting and Budgeting | 598,244 | (1,488) | 660 | 597,416 | 647,498 | 647,498 | 50,082 |
| Purchasing | 253,483 | (194) | 525 | 253,814 | 278,223 | 278,223 | 24,409 |
| Property Assessor's Office | 712,907 | (80,412) | 3,701 | 636,196 | 832,967 | 832,967 | 196,771 |
| Reappraisal Program | 305,063 | (26,035) | 0 | 279,028 | 350,234 | 350,234 | 71,206 |
| County Trustee's Office | 424,569 | 0 | 673 | 425,242 | 441,132 | 441,132 | 15,890 |
| County Clerk's Office | 1,055,513 | (13,266) | 6,721 | 1,048,968 | 1,070,480 | 1,070,481 | 21,513 |
| Data Processing | 555,333 | (34,793) | 33,779 | 554,319 | 568,544 | 586,497 | 32,178 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court Judge | 51,018 | (16,074) | 8,389 | 43,333 | 84,793 | 84,793 | 41,460 |
| Circuit Court Clerk | 1,987,356 | (46,493) | 12,184 | 1,953,047 | 1,937,698 | 2,022,720 | 69,673 |
| General Sessions Judge | 914,509 | (5,521) | 4,066 | 913,054 | 945,061 | 945,061 | 32,007 |
| Chancery Court | 414,668 | (4,002) | 1,444 | 412,110 | 457,982 | 419,679 | 7,569 |
| Juvenile Court | 431,860 | (9,360) | 11,452 | 433,952 | 435,931 | 435,931 | 1,979 |
| Office of Public Defender | 54,974 | 0 | 0 | 54,974 | 55,029 | 55,029 | 55 |
| Other Administration of Justice | 440,676 | 0 | 976 | 441,652 | 481,291 | 481,291 | 39,639 |
| Probation Services | 313,528 | (3,443) | 1,734 | 311,819 | 356,811 | 356,811 | 44,992 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 9,733,299 | (117,492) | 105,409 | 9,721,216 | 10,175,710 | 10,321,485 | 600,269 |

(Continued)

Exhibit F-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|-----------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Public Safety (Cont.)</u> | | | | | | | |
| Administration of the Sexual Offender Registry | \$ 7,688 | \$ (2,688) | \$ 0 | \$ 5,000 | \$ 5,000 | \$ 0 | \$ 0 |
| Jail | 7,494,262 | (71,944) | 72,193 | 7,494,511 | 7,104,730 | 7,614,730 | 120,219 |
| Workhouse | 10,238 | 0 | 0 | 10,238 | 10,414 | 10,414 | 176 |
| Juvenile Services | 1,224,938 | (4,552) | 9,864 | 1,230,250 | 1,430,144 | 1,385,144 | 154,894 |
| Commissary | 0 | 0 | 0 | 0 | 350,000 | 0 | 0 |
| Fire Prevention and Control | 23,250 | 0 | 0 | 23,250 | 23,250 | 23,250 | 0 |
| Civil Defense | 213,990 | (23,218) | 83,147 | 273,919 | 458,680 | 512,702 | 238,783 |
| Other Emergency Management | 302,132 | 0 | 0 | 302,132 | 302,133 | 302,133 | 1 |
| County Coroner/Medical Examiner | 0 | 0 | 0 | 0 | 62,000 | 0 | 0 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 1,120,472 | (153) | 1,583 | 1,121,902 | 1,162,339 | 1,163,210 | 41,308 |
| Rabies and Animal Control | 263,901 | (15,573) | 29,675 | 278,003 | 361,710 | 361,710 | 83,707 |
| General Welfare Assistance | 18,064 | 0 | 0 | 18,064 | 24,064 | 18,064 | 0 |
| Other Local Welfare Services | 98,668 | 0 | 0 | 98,668 | 98,668 | 98,668 | 0 |
| Other Public Health and Welfare | 5,159 | (5,159) | 0 | 0 | 0 | 0 | 0 |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Parks and Fair Boards | 569,924 | 0 | 0 | 569,924 | 569,924 | 569,924 | 0 |
| <u>Agriculture and Natural Resources</u> | | | | | | | |
| Agriculture Extension Service | 141,444 | (188) | 0 | 141,256 | 163,496 | 163,496 | 22,240 |
| Soil Conservation | 115,175 | (6) | 0 | 115,169 | 115,407 | 115,407 | 238 |
| <u>Other Operations</u> | | | | | | | |
| Tourism | 890,018 | (24,746) | 0 | 865,272 | 699,233 | 906,717 | 41,445 |
| Industrial Development | 685,542 | 0 | 0 | 685,542 | 685,542 | 685,542 | 0 |
| Other Economic and Community Development | 205,697 | (1,919) | 0 | 203,778 | 174,800 | 236,800 | 33,022 |

(Continued)

Exhibit F-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Other Operations (Cont.)</u> | | | | | | | |
| Veterans' Services | \$ 156,175 | \$ (238) | \$ 519 | \$ 156,456 | \$ 155,240 | \$ 159,640 | \$ 3,184 |
| Other Charges | 0 | 0 | 0 | 0 | 129,000 | 0 | 0 |
| Contributions to Other Agencies | 39,240 | 0 | 0 | 39,240 | 39,240 | 39,240 | 0 |
| ARRA Grant # 3 | 141,638 | 0 | 0 | 141,638 | 0 | 141,638 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 500,000 | 0 | 0 |
| <u>Highways</u> | | | | | | | |
| Litter and Trash Collection | 81,345 | (1,430) | 581 | 80,496 | 82,192 | 82,192 | 1,696 |
| <u>Capital Projects</u> | | | | | | | |
| Public Safety Projects | 0 | 0 | 0 | 0 | 205,678 | 205,678 | 205,678 |
| Other General Government Projects | 164,333 | (151,039) | 141 | 13,435 | 200,702 | 31,038 | 17,603 |
| Total Expenditures | \$ 39,319,648 | \$ (839,482) | \$ 535,137 | \$ 39,015,303 | \$ 41,870,984 | \$ 42,615,939 | \$ 3,600,636 |
| <u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u> | \$ 3,474,201 | \$ 839,482 | \$ (535,137) | \$ 3,778,546 | \$ 622,508 | \$ 682,897 | \$ 3,095,649 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 317,172 | 0 | 0 | \$ 317,172 | \$ 277,012 | \$ 110,000 | \$ 207,172 |
| Transfers Out | (1,619,690) | 0 | 0 | (1,619,690) | (899,520) | (1,619,690) | 0 |
| Total Other Financing Sources (Uses) | \$ (1,302,518) | 0 | 0 | \$ (1,302,518) | \$ (622,508) | \$ (1,509,690) | \$ 207,172 |
| Net Change in Fund Balance | \$ 2,171,683 | \$ 839,482 | \$ (535,137) | \$ 2,476,028 | \$ 0 | \$ (826,793) | \$ 3,302,821 |
| Fund Balance, July 1, 2011 | 7,917,801 | (839,482) | 0 | 7,078,319 | 7,917,801 | 7,917,801 | (839,482) |
| Fund Balance, June 30, 2012 | \$ 10,089,484 | \$ 0 | \$ (535,137) | \$ 9,554,347 | \$ 7,917,801 | \$ 7,091,008 | \$ 2,463,339 |

Exhibit F-2

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2012

(Dollar amounts in thousands)

| Plans | Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|--------------------------|------------------------------------|---|-----------------------------|--------------------|---------------------|---|
| County Employees | 7-1-11 | \$ 79,190 | \$ 82,170 | 2,979 | 96.37 % | \$ 29,392 | 10.14 % |
| " | 7-1-09 | 60,807 | 64,982 | 4,175 | 93.57 | 31,079 | 13.43 |
| " | 7-1-07 | 53,434 | 58,635 | 5,211 | 91.11 | 27,711 | 18.80 |
| County Library Employees | 7-1-11 | 2,026 | 2,110 | 84 | 96.03 | 662 | 12.66 |
| " | 7-1-09 | 1,545 | 1,633 | 89 | 94.57 | 757 | 11.70 |
| " | 7-1-07 | 1,331 | 1,433 | 102 | 92.88 | 742 | 13.75 |

Exhibit F-3

Blount County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2012

(Dollar amounts in thousands)

| Plan | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|----------------|--------------------------|-------------------------------|-------------------------------|-----------------------------|--------------------|---------------------|---|
| Self-Insurance | 2-1-08 | \$ 0 | \$ 19,330 | \$ 19,330 | 0% | \$ 78,986 | 24.47% |
| Self-Insurance | 7-1-10 | 0 | 23,677 | 23,677 | 0 | 68,566 | 34.53 |
| Self-Insurance | 7-1-11 | 0 | 23,877 | 23,877 | 0 | 70,280 | 33.97 |

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Blount County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Public Library Fund – The Public Library Fund is used to account for transactions of the Blount County Public Library, which is jointly funded by Blount County, the City of Maryville, and the City of Alcoa.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues received for the operation of the county's Drug Court.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county's Highway Department.

Capital Projects Fund

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

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

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Endowment Fund – The Endowment Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned on the principal is to be expended to benefit the Blount County Children's Home.

Blount County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

| | Special Revenue Funds | | | | | |
|----|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|-----------------------------|
| | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | Other Special Revenue |
| \$ | 0 | 0 | 100 | 0 | 0 | 0 |
| | 102,693 | 46,456 | 1,245,951 | 1,831,542 | 132,703 | 109,550 |
| | 112 | 0 | 913 | 15,826 | 99 | 86 |
| | 0 | 0 | 0 | 18,750 | 0 | 8,038 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| \$ | 102,805 | 46,456 | 1,246,964 | 1,866,118 | 132,802 | 117,674 |

ASSETS

| | |
|---------------------------------------|---------|
| Cash | 0 |
| Equity in Pooled Cash and Investments | 0 |
| Accounts Receivable | 112 |
| Due from Other Governments | 0 |
| Due from Other Funds | 0 |
| Total Assets | 102,805 |

LIABILITIES AND FUND BALANCES

| | |
|----------------------------|---|
| <u>Liabilities</u> | |
| Accounts Payable | 0 |
| Accrued Payroll | 0 |
| Payroll Deductions Payable | 0 |
| Due to Other Funds | 0 |
| Due to State of Tennessee | 0 |
| Other Current Liabilities | 0 |
| Total Liabilities | 0 |

Fund Balances

| | |
|--|---|
| Nonspendable: | |
| Endowments | 0 |
| Restricted: | |
| Restricted for General Government | 0 |
| Restricted for Administration of Justice | 0 |
| Restricted for Public Safety | 0 |
| Restricted for Social, Cultural, and Recreational Services | 0 |
| Restricted for Capital Outlay | 0 |

(Continued)

| | Special Revenue Funds | | | | | | Other Special Revenue |
|----|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|---------|-----------------------------|
| | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | | |
| \$ | 0 | 0 | 0 | 0 | 0 | 1,231 | 1,337 |
| | 0 | 0 | 0 | 16,223 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 212,287 | 0 | 0 | 0 | 0 |
| \$ | 102,805 | 45,830 | 1,147,015 | 1,819,990 | 132,802 | 116,088 | |
| \$ | 102,805 | 46,456 | 1,246,964 | 1,866,118 | 132,802 | 117,674 | |

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Committed:
 Committed for Administration of Justice
 Committed for Public Safety
 Committed for Highways/Public Works
 Committed for Capital Outlay

Total Fund Balances

Total Liabilities and Fund Balances

(Continued)

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

| | Special Revenue Funds (Cont.) | | | | Capital | Permanent | Total |
|---|-------------------------------|-----------|----------|-----------|-----------|-----------|------------------|
| | Constituti | | | Other | Fund | Fund | |
| | onal | Highway / | Public | Capital | Projects | Endowment | |
| Officers - | Works | Projects | Projects | Endowment | Endowment | Funds | |
| Fees | Total | Total | Total | Total | Total | Total | |
| \$ 12,758 \$ 0 \$ 12,858 \$ 0 \$ 0 \$ 0 \$ 12,858 | | | | | | | 12,858 |
| 0 1,011,027 4,479,922 783,940 485,802 5,749,664 | | | | | | | 5,749,664 |
| 204 28,458 45,698 0 0 45,698 | | | | | | | 45,698 |
| 0 950,166 976,954 0 0 976,954 | | | | | | | 976,954 |
| 0 14,116 14,116 0 0 14,116 | | | | | | | 14,116 |
| \$ 12,962 \$ 2,003,767 \$ 5,529,548 \$ 783,940 \$ 485,802 \$ 6,799,290 | | | | | | | 6,799,290 |

ASSETS

| | |
|---------------------------------------|--|
| Cash | |
| Equity in Pooled Cash and Investments | |
| Accounts Receivable | |
| Due from Other Governments | |
| Due from Other Funds | |

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

| | | | | |
|----------------------------|----------------|----------------|------------|----------------|
| Accounts Payable | 92,684 | 0 | 399 | 93,083 |
| Accrued Payroll | 126,091 | 0 | 0 | 126,091 |
| Payroll Deductions Payable | 44,622 | 0 | 0 | 44,622 |
| Due to Other Funds | 12,962 | 112,349 | 0 | 125,311 |
| Due to State of Tennessee | 1,176 | 0 | 0 | 1,176 |
| Other Current Liabilities | 8,087 | 0 | 0 | 8,087 |
| Total Liabilities | 285,622 | 112,349 | 399 | 398,370 |

Fund Balances

| | |
|--|-----------|
| Nonspendable: | |
| Endowments | 485,403 |
| Restricted: | |
| Restricted for General Government | 102,805 |
| Restricted for Administration of Justice | 292,152 |
| Restricted for Public Safety | 1,803,767 |
| Restricted for Social, Cultural, and Recreational Services | 934,728 |
| Restricted for Capital Outlay | 671,591 |

(Continued)

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

| | Special Revenue Funds (Cont.) | | | Capital | Permanent | Total |
|----|--------------------------------|------------------------|-----------|---------------|-----------|-----------|
| | Constitutional Officers - Fees | Highway / Public Works | Total | Projects Fund | Fund | |
| \$ | 0 | 0 | 2,568 | 0 | 0 | 2,568 |
| | 0 | 0 | 16,223 | 0 | 0 | 16,223 |
| | 0 | 1,879,396 | 1,879,396 | 0 | 0 | 1,879,396 |
| | 0 | 0 | 212,287 | 0 | 0 | 212,287 |
| \$ | 0 | 1,879,396 | 5,243,926 | 671,591 | 485,403 | 6,400,920 |
| \$ | 12,962 | 2,003,767 | 5,529,548 | 783,940 | 485,802 | 6,799,290 |

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Committed:

- Committed for Administration of Justice
- Committed for Public Safety
- Committed for Highways/Public Works
- Committed for Capital Outlay

Total Fund Balances

Total Liabilities and Fund Balances

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

| | Special Revenue Funds | | | | | | Other Special Revenue |
|--|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|------|-----------------------------|
| | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 99,783 | \$ 9,041 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 47,670 |
| Licenses and Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 0 | 17,879 | 18,651 | 0 | 40,309 |
| Charges for Current Services | 0 | 0 | 108,717 | 83,872 | 0 | 0 | 346 |
| Other Local Revenues | 0 | 0 | 121,777 | 21,223 | 1,231 | 0 | 1,416 |
| State of Tennessee | 0 | 0 | 0 | 18,750 | 0 | 0 | 50,000 |
| Federal Government | 0 | 0 | 2,934 | 312,313 | 0 | 0 | 0 |
| Other Governments and Citizens Groups | 0 | 0 | 899,520 | 0 | 0 | 0 | 0 |
| Total Revenues | \$ 99,783 | \$ 9,041 | \$ 1,132,948 | \$ 454,037 | \$ 19,882 | \$ 0 | \$ 139,741 |
| <u>Expenditures</u> | | | | | | | |
| Current: | | | | | | | |
| General Government | \$ 633 | \$ 0 | \$ 147,300 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Administration of Justice | 0 | 0 | 0 | 0 | 198 | 0 | 202,888 |
| Public Safety | 0 | 0 | 0 | 78,420 | 0 | 0 | 0 |
| Social, Cultural, and Recreational Services | 0 | 0 | 1,743,026 | 0 | 0 | 0 | 0 |
| Other Operations | 887 | 7,085 | 0 | 0 | 0 | 0 | 1,488 |
| Highways | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Projects | 0 | 0 | 22,871 | 120,143 | 0 | 0 | 0 |
| Total Expenditures | \$ 1,520 | \$ 7,085 | \$ 1,913,197 | \$ 198,563 | \$ 198 | \$ 0 | \$ 204,376 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 98,263 | \$ 1,956 | \$ (780,249) | \$ 255,474 | \$ 19,684 | \$ 0 | \$ (64,635) |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 899,520 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 899,520 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Net Change in Fund Balances | \$ 98,263 | \$ 1,956 | \$ 119,271 | \$ 255,474 | \$ 19,684 | \$ 0 | \$ (64,635) |
| Fund Balance, July 1, 2011 | 4,542 | 43,874 | 1,027,744 | 1,564,516 | 113,118 | 0 | 180,723 |
| Fund Balance, June 30, 2012 | \$ 102,805 | \$ 45,830 | \$ 1,147,015 | \$ 1,819,990 | \$ 132,802 | \$ 0 | \$ 116,088 |

(Continued)

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

| | Special Revenue Funds (Cont.) | | | | | Total Nonmajor Governmental Funds |
|--|---|------------------------------|------------------------------|---------------------|-------------------|--|
| | Capital Projects Fund | | Permanent Fund | | Total | |
| | Constituti- onal Officers - Fees | Highway / Public Works | Other Capital Projects | Endowment | | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 0 | \$ 2,616,962 | \$ 2,773,456 | \$ 0 | \$ 0 | \$ 2,773,456 |
| Licenses and Permits | 0 | 792,304 | 792,304 | 0 | 0 | 792,304 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 76,839 | 0 | 0 | 76,839 |
| Charges for Current Services | 10,000 | 0 | 202,935 | 0 | 0 | 202,935 |
| Other Local Revenues | 0 | 27,302 | 172,949 | 0 | 4,869 | 177,818 |
| State of Tennessee | 0 | 2,829,692 | 2,898,442 | 0 | 0 | 2,898,442 |
| Federal Government | 0 | 30,931 | 346,178 | 264,433 | 0 | 610,611 |
| Other Governments and Citizens Groups | 0 | 14,647 | 914,167 | 25,259 | 0 | 939,426 |
| Total Revenues | \$ 10,000 | \$ 6,311,838 | \$ 8,177,270 | \$ 289,692 | \$ 4,869 | \$ 8,471,831 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 0 | \$ 0 | \$ 147,933 | \$ 0 | \$ 0 | \$ 147,933 |
| Administration of Justice | 10,000 | 0 | 213,086 | 0 | 0 | 213,086 |
| Public Safety | 0 | 0 | 78,420 | 0 | 0 | 78,420 |
| Social, Cultural, and Recreational Services | 0 | 0 | 1,743,026 | 0 | 0 | 1,743,026 |
| Other Operations | 0 | 0 | 9,460 | 114,688 | 4,869 | 129,017 |
| Highways | 0 | 5,462,253 | 5,462,253 | 0 | 0 | 5,462,253 |
| Capital Outlay | 0 | 0 | 0 | 56,265 | 0 | 56,265 |
| Capital Projects | 0 | 0 | 143,014 | 28,661 | 0 | 171,675 |
| Total Expenditures | \$ 10,000 | \$ 5,462,253 | \$ 7,797,192 | \$ 199,614 | \$ 4,869 | \$ 8,001,675 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 0 | \$ 849,585 | \$ 380,078 | \$ 90,078 | \$ 0 | \$ 470,156 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 899,520 | \$ 0 | \$ 0 | \$ 899,520 |
| Transfers Out | 0 | 0 | 0 | (107,595) | 0 | (107,595) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 899,520 | \$ (107,595) | \$ 0 | \$ 791,925 |
| Net Change in Fund Balances | \$ 0 | \$ 849,585 | \$ 1,279,598 | \$ (17,517) | \$ 0 | \$ 1,262,081 |
| Fund Balance, July 1, 2011 | 0 | 1,029,811 | 3,964,328 | 689,108 | 485,403 | 5,138,839 |
| Fund Balance, June 30, 2012 | \$ 0 | \$ 1,879,396 | \$ 5,243,926 | \$ 671,591 | \$ 485,403 | \$ 6,400,920 |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|-----------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 99,783 | 0 \$ | 99,783 \$ | 0 \$ | 99,783 \$ | 0 |
| Total Revenues | \$ 99,783 | 0 \$ | 99,783 \$ | 0 \$ | 99,783 \$ | 0 |
| <u>Expenditures</u> | | | | | | |
| <u>General Government</u> | | | | | | |
| County Buildings | 633 \$ | (633) \$ | 0 \$ | 0 \$ | 98,896 \$ | 98,896 |
| <u>Other Operations</u> | | | | | | |
| Other Charges | 887 | 0 | 887 | 0 | 887 | 0 |
| Total Expenditures | \$ 1,520 | (633) \$ | 887 \$ | 0 \$ | 99,783 \$ | 98,896 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 98,263 | 633 \$ | 98,896 \$ | 0 \$ | 0 \$ | 98,896 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 98,263 | 633 \$ | 98,896 \$ | 0 \$ | 0 \$ | 98,896 |
| | 4,542 | (633) | 3,909 | 0 | 0 | 3,909 |
| Fund Balance, June 30, 2012 | \$ 102,805 | 0 \$ | 102,805 \$ | 0 \$ | 0 \$ | 102,805 |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 9,041 | \$ 0 | \$ 0 | \$ 9,041 | \$ 7,888 | \$ 7,888 | \$ 1,153 |
| Total Revenues | \$ 9,041 | \$ 0 | \$ 0 | \$ 9,041 | \$ 7,888 | \$ 7,888 | \$ 1,153 |
| <u>Expenditures</u> | | | | | | | |
| <u>Other Operations</u> | | | | | | | |
| Other Charges | \$ 7,085 | \$ (5,271) | \$ 1,382 | \$ 3,196 | \$ 7,888 | \$ 7,888 | \$ 4,692 |
| Total Expenditures | \$ 7,085 | \$ (5,271) | \$ 1,382 | \$ 3,196 | \$ 7,888 | \$ 7,888 | \$ 4,692 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 1,956 | \$ 5,271 | \$ (1,382) | \$ 5,845 | \$ 0 | \$ 0 | \$ 5,845 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 43,874 | \$ (5,271) | \$ 0 | \$ 38,603 | \$ 0 | \$ 0 | \$ 38,603 |
| Fund Balance, June 30, 2012 | \$ 45,830 | \$ 0 | \$ (1,382) | \$ 44,448 | \$ 0 | \$ 0 | \$ 44,448 |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 108,717 | \$ 0 | \$ 0 | \$ 108,717 | \$ 69,059 | \$ 69,059 | \$ 39,658 |
| Other Local Revenues | 121,777 | 0 | 0 | 121,777 | 141,900 | 141,900 | (20,123) |
| Federal Government | 2,934 | 0 | 0 | 2,934 | 0 | 0 | 2,934 |
| Other Governments and Citizens Groups | 899,520 | 0 | 0 | 899,520 | 899,521 | 899,521 | (1) |
| Total Revenues | \$ 1,132,948 | \$ 0 | \$ 0 | \$ 1,132,948 | \$ 1,110,480 | \$ 1,110,480 | \$ 22,468 |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Buildings | \$ 147,300 | (18,295) | \$ 3,898 | \$ 132,903 | \$ 189,929 | \$ 181,929 | \$ 49,026 |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Libraries | 1,678,294 | (75,475) | 36,481 | 1,639,300 | 1,740,071 | 1,714,269 | 74,969 |
| Other Social, Cultural, and Recreational Capital Projects | 64,732 | (5,962) | 3,927 | 62,697 | 80,000 | 80,000 | 17,303 |
| Social, Cultural, and Recreation Projects | 22,871 | 0 | 8,738 | 31,609 | 0 | 33,802 | 2,193 |
| Total Expenditures | \$ 1,913,197 | \$ (99,732) | \$ 53,044 | \$ 1,866,509 | \$ 2,010,000 | \$ 2,010,000 | \$ 143,491 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (780,249) | \$ 99,732 | \$ (53,044) | \$ (733,561) | \$ (899,520) | \$ (899,520) | \$ 165,959 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 899,520 | \$ 0 | \$ 0 | \$ 899,520 | \$ 899,520 | \$ 899,520 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 899,520 | \$ 0 | \$ 0 | \$ 899,520 | \$ 899,520 | \$ 899,520 | \$ 0 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 119,271 | \$ 99,732 | \$ (53,044) | \$ 165,959 | \$ 0 | \$ 0 | \$ 165,959 |
| | 1,027,744 | (99,732) | 0 | 928,012 | 0 | 0 | 928,012 |
| Fund Balance, June 30, 2012 | \$ 1,147,015 | \$ 0 | \$ (53,044) | \$ 1,093,971 | \$ 0 | \$ 0 | \$ 1,093,971 |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Fines, Forfeitures, and Penalties | \$ 17,879 | \$ 0 | \$ 0 | \$ 17,879 | \$ 41,900 | \$ 41,900 | \$ (24,021) |
| Charges for Current Services | 83,872 | 0 | 0 | 83,872 | 0 | 0 | 83,872 |
| Other Local Revenues | 21,223 | 0 | 0 | 21,223 | 18,000 | 18,000 | 3,223 |
| State of Tennessee | 18,750 | 0 | 0 | 18,750 | 0 | 0 | 18,750 |
| Federal Government | 312,313 | 0 | 0 | 312,313 | 0 | 0 | 312,313 |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 0 | 150,000 | 0 | 0 |
| Total Revenues | \$ 454,037 | \$ 0 | \$ 0 | \$ 454,037 | \$ 209,900 | \$ 59,900 | \$ 394,137 |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | \$ 78,420 | \$ (36,498) | \$ 18,668 | \$ 60,590 | \$ 209,900 | \$ 89,757 | \$ 29,167 |
| Capital Projects | 120,143 | 0 | 0 | 120,143 | 0 | 120,143 | 0 |
| Public Safety Projects | \$ 198,563 | \$ (36,498) | \$ 18,668 | \$ 180,733 | \$ 209,900 | \$ 209,900 | \$ 29,167 |
| Total Expenditures | \$ 255,474 | \$ 36,498 | \$ (18,668) | \$ 273,304 | \$ 0 | \$ (150,000) | \$ 423,304 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 255,474 | \$ 36,498 | \$ (18,668) | \$ 273,304 | \$ 0 | \$ (150,000) | \$ 423,304 |
| Net Change in Fund Balance | \$ 1,564,516 | \$ (36,498) | \$ 0 | \$ 1,528,018 | \$ 150,000 | \$ 150,000 | \$ 1,378,018 |
| Fund Balance, July 1, 2011 | \$ 1,819,990 | \$ 0 | \$ (18,668) | \$ 1,801,322 | \$ 150,000 | \$ 0 | \$ 1,801,322 |
| Fund Balance, June 30, 2012 | | | | | | | |

Exhibit G-7

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 47,670 | \$ 0 | \$ 0 | \$ 47,670 | \$ 48,000 | \$ 48,000 | \$ (330) |
| Fines, Forfeitures, and Penalties | 40,309 | 0 | 0 | 40,309 | 18,200 | 38,200 | 2,109 |
| Charges for Current Services | 346 | 0 | 0 | 346 | 500 | 0 | 346 |
| Other Local Revenues | 1,416 | 0 | 0 | 1,416 | 1,200 | 1,700 | (284) |
| Fees Received from County Officials | 0 | 0 | 0 | 0 | 20,000 | 0 | 0 |
| State of Tennessee | 50,000 | 0 | 0 | 50,000 | 0 | 50,000 | 0 |
| Federal Government | 0 | 0 | 0 | 0 | 50,000 | 0 | 0 |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 0 | 70,869 | 0 | 0 |
| Total Revenues | \$ 139,741 | \$ 0 | \$ 0 | \$ 139,741 | \$ 208,769 | \$ 137,900 | \$ 1,841 |
| <u>Expenditures</u> | | | | | | | |
| Administration of Justice | | | | | | | |
| Criminal Court | \$ 202,888 | (3,230) | 101 | 199,759 | 208,769 | 208,769 | 9,010 |
| Other Operations | 1,488 | (1,488) | 0 | 0 | 0 | 0 | 0 |
| ARRA Grant # 6 | | | | | | | |
| Total Expenditures | \$ 204,376 | (4,718) | 101 | \$ 199,759 | \$ 208,769 | \$ 208,769 | \$ 9,010 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (64,635) | 4,718 | (101) | (60,018) | 0 | (70,869) | 10,851 |
| Net Change in Fund Balance | \$ (64,635) | 4,718 | (101) | (60,018) | 0 | (70,869) | 10,851 |
| Fund Balance, July 1, 2011 | 180,723 | (4,718) | 0 | 176,005 | 70,869 | 70,869 | 105,136 |
| Fund Balance, June 30, 2012 | \$ 116,088 | 0 | (101) | \$ 115,987 | \$ 70,869 | 0 | \$ 115,987 |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 2,616,962 | \$ 0 | \$ 0 | \$ 2,616,962 | \$ 2,675,000 | \$ 2,675,000 | \$ (58,038) |
| Licenses and Permits | 792,304 | 0 | 0 | 792,304 | 330,000 | 330,000 | 462,304 |
| Other Local Revenues | 27,302 | 0 | 0 | 27,302 | 30,000 | 30,000 | (2,698) |
| State of Tennessee | 2,829,692 | 0 | 0 | 2,829,692 | 2,858,000 | 2,858,000 | (28,308) |
| Federal Government | 30,931 | 0 | 0 | 30,931 | 0 | 0 | 30,931 |
| Other Governments and Citizens Groups | 14,647 | 0 | 0 | 14,647 | 0 | 0 | 14,647 |
| Total Revenues | \$ 6,311,838 | \$ 0 | \$ 0 | \$ 6,311,838 | \$ 5,893,000 | \$ 5,893,000 | \$ 418,838 |
| <u>Expenditures</u> | | | | | | | |
| <u>Highways</u> | | | | | | | |
| Administration | \$ 742,691 | (901) | 9,160 | 750,950 | 804,667 | 769,017 | 18,067 |
| Highway and Bridge Maintenance | 3,597,971 | (7,639) | 53,953 | 3,644,285 | 3,958,952 | 3,938,952 | 294,667 |
| Operation and Maintenance of Equipment | 1,121,591 | (28,518) | 72,698 | 1,165,771 | 1,129,381 | 1,185,031 | 19,260 |
| Total Expenditures | \$ 5,462,253 | \$ (37,058) | \$ 135,811 | \$ 5,561,006 | \$ 5,893,000 | \$ 5,893,000 | \$ 331,994 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 849,585 | \$ 37,058 | \$ (135,811) | \$ 750,832 | \$ 0 | \$ 0 | \$ 750,832 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 849,585 | \$ 37,058 | \$ (135,811) | \$ 750,832 | \$ 0 | \$ 0 | \$ 750,832 |
| Fund Balance, July 1, 2011 | 1,029,811 | (37,058) | 0 | 992,753 | 1,029,811 | 1,029,811 | (37,058) |
| Fund Balance, June 30, 2012 | \$ 1,879,396 | \$ 0 | \$ (135,811) | \$ 1,743,585 | \$ 1,029,811 | \$ 1,029,811 | \$ 713,774 |

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 and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 14,166,380 | \$ 13,864,400 | \$ 13,864,400 | \$ 301,980 |
| Other Local Revenues | 207,526 | 118,149 | 118,149 | 89,377 |
| Other Governments and Citizens Groups | 455,391 | 82,051 | 246,557 | 208,834 |
| Total Revenues | <u>\$ 14,829,297</u> | <u>\$ 14,064,600</u> | <u>\$ 14,229,106</u> | <u>\$ 600,191</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 6,301,478 | \$ 6,065,252 | \$ 6,302,281 | \$ 803 |
| <u>Interest on Debt</u> | | | | |
| General Government | 8,585,922 | 9,000,000 | 8,679,733 | 93,811 |
| <u>Other Debt Service</u> | | | | |
| General Government | 1,502,700 | 651,290 | 1,509,698 | 6,998 |
| Total Expenditures | <u>\$ 16,390,100</u> | <u>\$ 15,716,542</u> | <u>\$ 16,491,712</u> | <u>\$ 101,612</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (1,560,803)</u> | <u>\$ (1,651,942)</u> | <u>\$ (2,262,606)</u> | <u>\$ 701,803</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 720,170 | \$ 0 | \$ 720,170 | \$ 0 |
| Total Other Financing Sources (Uses) | <u>\$ 720,170</u> | <u>\$ 0</u> | <u>\$ 720,170</u> | <u>\$ 0</u> |
| Net Change in Fund Balance | \$ (840,633) | \$ (1,651,942) | \$ (1,542,436) | \$ 701,803 |
| Fund Balance, July 1, 2011 | 12,254,678 | 12,254,678 | 12,254,678 | 0 |
| Fund Balance, June 30, 2012 | <u>\$ 11,414,045</u> | <u>\$ 10,602,736</u> | <u>\$ 10,712,242</u> | <u>\$ 701,803</u> |

Fiduciary Funds

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

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

City School ADA - Alcoa Fund and City School ADA - Maryville Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county, which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Other Agency Fund – The Other Agency Fund is used to account for payroll transactions of the various county departments. Amounts sufficient to cover the gross payroll are paid into this fund from the various county operating funds. Payroll deductions and net payroll checks are processed and paid through this clearing account.

Joint Venture Fund – The Joint Venture Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Fifth Judicial District.

Exhibit I-1

Blount County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2012

| | Agency Funds | | | | | | | Total |
|---------------------------------------|--------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|-------------|----------------------|
| | City | | School | | Constituti- | | Joint | |
| | Cities - Sales Tax | Alcoa | ADA - Maryville | ADA - Maryville | Officers - Agency | Other Agency | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 3,901,861 | \$ 0 | \$ 0 | \$ 0 | \$ 3,901,861 |
| Equity in Pooled Cash and Investments | 0 | 3,795 | 10,591 | 0 | 309,652 | 1,271,800 | 0 | 1,595,838 |
| Accounts Receivable | 0 | 1,172 | 3,267 | 446 | 0 | 996 | 0 | 5,881 |
| Due from Other Governments | 2,066,667 | 289,922 | 807,843 | 0 | 0 | 0 | 0 | 3,164,432 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 22,004 | 0 | 0 | 22,004 |
| Due from Component Units | 0 | 0 | 0 | 0 | 23,287 | 0 | 0 | 23,287 |
| Taxes Receivable | 0 | 3,251,886 | 9,060,174 | 0 | 0 | 0 | 0 | 12,312,060 |
| Allowance for Uncollectible Taxes | 0 | (72,943) | (203,230) | 0 | 0 | 0 | 0 | (276,173) |
| Total Assets | \$ 2,066,667 | \$ 3,473,832 | \$ 9,678,645 | \$ 3,902,307 | \$ 354,943 | \$ 1,272,796 | \$ 0 | \$ 20,749,190 |

ASSETS

LIABILITIES

| | | | | | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------|----------------------|
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,782 | \$ 0 | \$ 1,782 |
| Payroll Deductions Payable | 0 | 0 | 0 | 0 | 340,769 | 0 | 0 | 340,769 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 14,074 | 0 | 0 | 14,074 |
| Due to Component Units | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 100 |
| Due to State of Tennessee | 0 | 0 | 0 | 0 | 0 | 1,498 | 0 | 1,498 |
| Due to Other Taxing Units | 2,066,667 | 3,473,832 | 9,678,645 | 0 | 0 | 0 | 0 | 15,219,144 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 3,902,307 | 0 | 0 | 0 | 3,902,307 |
| Due to Joint Ventures | 0 | 0 | 0 | 0 | 0 | 1,145,059 | 0 | 1,145,059 |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | 124,457 | 0 | 124,457 |
| Total Liabilities | \$ 2,066,667 | \$ 3,473,832 | \$ 9,678,645 | \$ 3,902,307 | \$ 354,943 | \$ 1,272,796 | \$ 0 | \$ 20,749,190 |

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|----------------------|----------------------|----------------------|---------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 14,539,968 | \$ 14,539,968 | \$ 0 |
| Due from Other Governments | 2,355,439 | 2,066,667 | 2,355,439 | 2,066,667 |
| Total Assets | \$ 2,355,439 | \$ 16,606,635 | \$ 16,895,407 | \$ 2,066,667 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 2,355,439 | \$ 16,606,635 | \$ 16,895,407 | \$ 2,066,667 |
| Total Liabilities | \$ 2,355,439 | \$ 16,606,635 | \$ 16,895,407 | \$ 2,066,667 |
| <u>City School ADA - Alcoa Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 3,253 | \$ 4,892,220 | \$ 4,891,678 | \$ 3,795 |
| Accounts Receivable | 0 | 1,172 | 0 | 1,172 |
| Due from Other Governments | 284,342 | 289,922 | 284,342 | 289,922 |
| Taxes Receivable | 3,070,449 | 3,251,886 | 3,070,449 | 3,251,886 |
| Allowance for Uncollectible Taxes | (90,469) | (72,943) | (90,469) | (72,943) |
| Total Assets | \$ 3,267,575 | \$ 8,362,257 | \$ 8,156,000 | \$ 3,473,832 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 3,267,575 | \$ 3,473,832 | \$ 3,267,575 | \$ 3,473,832 |
| Total Liabilities | \$ 3,267,575 | \$ 3,473,832 | \$ 3,267,575 | \$ 3,473,832 |
| <u>City School ADA - Maryville Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 9,567 | \$ 13,643,412 | \$ 13,642,388 | \$ 10,591 |
| Accounts Receivable | 0 | 3,267 | 0 | 3,267 |
| Due from Other Governments | 836,622 | 807,843 | 836,622 | 807,843 |
| Taxes Receivable | 9,034,213 | 9,060,174 | 9,034,213 | 9,060,174 |
| Allowance for Uncollectible Taxes | (266,187) | (203,230) | (266,187) | (203,230) |
| Total Assets | \$ 9,614,215 | \$ 23,311,466 | \$ 23,247,036 | \$ 9,678,645 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 9,614,215 | \$ 9,678,645 | \$ 9,614,215 | \$ 9,678,645 |
| Total Liabilities | \$ 9,614,215 | \$ 9,678,645 | \$ 9,614,215 | \$ 9,678,645 |

(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 | \$ 3,502,485 | \$ 23,085,530 | \$ 22,686,154 | \$ 3,901,861 |
| Accounts Receivable | 156 | 446 | 156 | 446 |
| Total Assets | <u>\$ 3,502,641</u> | <u>\$ 23,085,976</u> | <u>\$ 22,686,310</u> | <u>\$ 3,902,307</u> |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | <u>\$ 3,502,641</u> | <u>\$ 23,085,976</u> | <u>\$ 22,686,310</u> | <u>\$ 3,902,307</u> |
| Total Liabilities | <u>\$ 3,502,641</u> | <u>\$ 23,085,976</u> | <u>\$ 22,686,310</u> | <u>\$ 3,902,307</u> |
| <u>Other Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 465,231 | \$ 77,473,989 | \$ 77,629,568 | \$ 309,652 |
| Due from Other Funds | 4,754 | 22,004 | 4,754 | 22,004 |
| Due from Component Units | 0 | 23,287 | 0 | 23,287 |
| Total Assets | <u>\$ 469,985</u> | <u>77,519,280</u> | <u>77,634,322</u> | <u>354,943</u> |
| <u>Liabilities</u> | | | | |
| Payroll Deductions Payable | \$ 467,629 | \$ 77,505,106 | \$ 77,631,966 | \$ 340,769 |
| Due to Other Funds | 2,356 | 14,074 | 2,356 | 14,074 |
| Due to Component Units | 0 | 100 | 0 | 100 |
| Total Liabilities | <u>\$ 469,985</u> | <u>\$ 77,519,280</u> | <u>\$ 77,634,322</u> | <u>\$ 354,943</u> |
| <u>Joint Venture</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 1,106,036 | \$ 399,967 | \$ 234,203 | \$ 1,271,800 |
| Accounts Receivable | 126 | 996 | 126 | 996 |
| Due from Other Governments | 14,059 | 0 | 14,059 | 0 |
| Total Assets | <u>\$ 1,120,221</u> | <u>\$ 400,963</u> | <u>\$ 248,388</u> | <u>\$ 1,272,796</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 29,263 | \$ 1,782 | \$ 29,263 | \$ 1,782 |
| Due to Joint Venture | 1,055,647 | 273,226 | 183,814 | 1,145,059 |
| Due to State of Tennessee | 0 | 1,498 | 0 | 1,498 |
| Other Current Liabilities | 35,311 | 124,457 | 35,311 | 124,457 |
| Total Liabilities | <u>\$ 1,120,221</u> | <u>\$ 400,963</u> | <u>\$ 248,388</u> | <u>\$ 1,272,796</u> |

(Continued)

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds (Cont.)

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---------------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 3,502,485 | \$ 23,085,530 | \$ 22,686,154 | \$ 3,901,861 |
| Equity in Pooled Cash and Investments | 1,584,087 | 110,949,556 | 110,937,805 | 1,595,838 |
| Accounts Receivable | 282 | 5,881 | 282 | 5,881 |
| Due from Other Governments | 3,490,462 | 3,164,432 | 3,490,462 | 3,164,432 |
| Due from Other Funds | 4,754 | 22,004 | 4,754 | 22,004 |
| Due from Component Units | 0 | 23,287 | 0 | 23,287 |
| Taxes Receivable | 12,104,662 | 12,312,060 | 12,104,662 | 12,312,060 |
| Allowance for Uncollectible Taxes | (356,656) | (276,173) | (356,656) | (276,173) |
| Total Assets | <u>\$ 20,330,076</u> | <u>\$ 149,286,577</u> | <u>\$ 148,867,463</u> | <u>\$ 20,749,190</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 29,263 | \$ 1,782 | \$ 29,263 | \$ 1,782 |
| Payroll Deductions Payable | 467,629 | 77,505,106 | 77,631,966 | 340,769 |
| Due to Other Funds | 2,356 | 14,074 | 2,356 | 14,074 |
| Due to Component Units | 0 | 100 | 0 | 100 |
| Due to State of Tennessee | 0 | 1,498 | 0 | 1,498 |
| Due to Other Taxing Units | 15,237,229 | 29,759,112 | 29,777,197 | 15,219,144 |
| Due to Litigants, Heirs, and Others | 3,502,641 | 23,085,976 | 22,686,310 | 3,902,307 |
| Due to Joint Ventures | 1,055,647 | 273,226 | 183,814 | 1,145,059 |
| Other Current Liabilities | 35,311 | 124,457 | 35,311 | 124,457 |
| Total Liabilities | <u>\$ 20,330,076</u> | <u>\$ 130,765,331</u> | <u>\$ 130,346,217</u> | <u>\$ 20,749,190</u> |

Blount County School Department

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

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

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Extended School Program Fund – The Extended School Program Fund is used to account for transactions of the Blount County School Department’s extended care program.

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

Exhibit J-1

Blount County, Tennessee
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2012

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|---|------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | |
| Instruction | \$ 56,226,908 | \$ 40,500 | \$ 8,490,034 | \$ (47,696,374) |
| Support Services | 31,149,690 | 3,512,784 | 55,746 | (27,581,160) |
| Operation of Non-Instructional Services | 7,554,377 | 0 | 3,533,180 | (4,021,197) |
| Total Governmental Activities | \$ 94,930,975 | \$ 3,553,284 | \$ 12,078,960 | \$ (79,298,731) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes Levied for General Purposes | | | | \$ 19,200,639 |
| Local Option Sales Taxes | | | | 10,445,301 |
| Business Taxes | | | | 438,759 |
| Other Local Taxes | | | | 4,487 |
| Grants and Contributions Not Restricted for Specific Programs | | | | 47,937,238 |
| Unrestricted Investment Income | | | | 90,624 |
| Miscellaneous | | | | 23,517 |
| Total General Revenues | | | | \$ 78,140,565 |
| Change in Net Assets | | | | \$ (1,158,166) |
| Net Assets, July 1, 2011 | | | | 145,430,789 |
| Net Assets, June 30, 2012 | | | | \$ 144,272,623 |

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2012

| | <u>Major Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
|--|------------------------------|-------------------------------------|----------------------------|
| | General Purpose School | Other Govern- mental Funds | Govern- mental Funds |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 412,759 | \$ 412,759 |
| Equity in Pooled Cash and Investments | 9,560,722 | 1,662,356 | 11,223,078 |
| Accounts Receivable | 85,957 | 76,720 | 162,677 |
| Due from Other Governments | 3,085,151 | 99,028 | 3,184,179 |
| Due from Other Funds | 30,000 | 23,481 | 53,481 |
| Due from Primary Government | 7,628 | 5,091 | 12,719 |
| Property Taxes Receivable | 20,232,836 | 0 | 20,232,836 |
| Allowance for Uncollectible Property Taxes | (453,845) | 0 | (453,845) |
| Total Assets | <u>\$ 32,548,449</u> | <u>\$ 2,279,435</u> | <u>\$ 34,827,884</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts Payable | \$ 678,786 | \$ 44,747 | \$ 723,533 |
| Accrued Payroll | 3,783,387 | 126,429 | 3,909,816 |
| Payroll Deductions Payable | 354,020 | 36,891 | 390,911 |
| Due to Other Funds | 23,481 | 30,000 | 53,481 |
| Due to Primary Government | 753,007 | 39,489 | 792,496 |
| Due to State of Tennessee | 0 | 1,646 | 1,646 |
| Other Current Liabilities | 619,315 | 22,730 | 642,045 |
| Deferred Revenue - Current Property Taxes | 19,266,067 | 0 | 19,266,067 |
| Deferred Revenue - Delinquent Property Taxes | 459,397 | 0 | 459,397 |
| Total Liabilities | <u>\$ 25,937,460</u> | <u>\$ 301,932</u> | <u>\$ 26,239,392</u> |
| <u>Fund Balances</u> | | | |
| Restricted: | | | |
| Restricted for Education | \$ 0 | \$ 942,298 | \$ 942,298 |
| Restricted for Capital Projects | 0 | 411,204 | 411,204 |
| Committed: | | | |
| Committed for Education | 0 | 624,001 | 624,001 |
| Assigned: | | | |
| Assigned for Education | 483,206 | 0 | 483,206 |
| Unassigned | 6,127,783 | 0 | 6,127,783 |
| Total Fund Balances | <u>\$ 6,610,989</u> | <u>\$ 1,977,503</u> | <u>\$ 8,588,492</u> |
| Total Liabilities and Fund Balances | <u>\$ 32,548,449</u> | <u>\$ 2,279,435</u> | <u>\$ 34,827,884</u> |

Exhibit J-3

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Blount County School Department
June 30, 2012

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

| | | | |
|---|----|------------------|---------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit J-2) | | \$ | 8,588,492 |
| (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 | | 125,303,199 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,950,963</u> | 137,205,221 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: capital leases payable | \$ | (1,991,415) | |
| Add: other postemployment benefits (prepaid) | | 128,481 | |
| Less: accrued interest on capital leases | | (71,709) | |
| Less: compensated absences payable | | <u>(45,844)</u> | (1,980,487) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>459,397</u> |
| Net assets of governmental activities (Exhibit A) | | \$ | <u><u>144,272,623</u></u> |

Exhibit J-4

Blount County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Blount County School Department
For the Year Ended June 30, 2012

| | <u>Major Fund</u> | <u>Nonmajor</u> <u>Funds</u> | |
|---|----------------------|---------------------------------|----------------------|
| | General | Other | Total |
| | Purpose | Govern- | Governmental |
| | School | mental | Funds |
| | | Funds | Funds |
| <u>Revenues</u> | | | |
| Local Taxes | \$ 30,331,577 | \$ 0 | \$ 30,331,577 |
| Licenses and Permits | 5,466 | 0 | 5,466 |
| Charges for Current Services | 40,500 | 3,492,260 | 3,532,760 |
| Other Local Revenues | 322,029 | 17,489 | 339,518 |
| State of Tennessee | 47,028,108 | 198,470 | 47,226,578 |
| Federal Government | 417,420 | 11,978,695 | 12,396,115 |
| Total Revenues | <u>\$ 78,145,100</u> | <u>\$ 15,686,914</u> | <u>\$ 93,832,014</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 49,781,427 | \$ 6,651,405 | \$ 56,432,832 |
| Support Services | 25,671,380 | 1,857,914 | 27,529,294 |
| Operation of Non-Instructional Services | 583,244 | 6,942,366 | 7,525,610 |
| Capital Outlay | 115,505 | 52,875 | 168,380 |
| Debt Service: | | | |
| Principal on Debt | 165,305 | 0 | 165,305 |
| Interest on Debt | 116,492 | 0 | 116,492 |
| Capital Projects | 0 | 1,950,560 | 1,950,560 |
| Total Expenditures | <u>\$ 76,433,353</u> | <u>\$ 17,455,120</u> | <u>\$ 93,888,473</u> |
| Excess (Deficiency) of Revenues | | | |
| Over Expenditures | \$ 1,711,747 | \$ (1,768,206) | \$ (56,459) |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers In | \$ 23,771 | \$ 0 | \$ 23,771 |
| Transfers Out | 0 | (23,771) | (23,771) |
| Total Other Financing Sources (Uses) | <u>\$ 23,771</u> | <u>\$ (23,771)</u> | <u>\$ 0</u> |
| Net Change in Fund Balances | \$ 1,735,518 | \$ (1,791,977) | \$ (56,459) |
| Fund Balance, July 1, 2011 | 4,875,471 | 3,769,480 | 8,644,951 |
| Fund Balance, June 30, 2012 | <u>\$ 6,610,989</u> | <u>\$ 1,977,503</u> | <u>\$ 8,588,492</u> |

Exhibit J-5

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2012

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) | | \$ | (56,459) |
| (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 | \$ | 2,318,208 | |
| Less: current-year depreciation expense | | <u>(3,726,296)</u> | (1,408,088) |
| (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, 2012 | \$ | 459,397 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2011 | | <u>(518,602)</u> | (59,205) |
| (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 assets. | | | |
| Add: principal payments on capital leases | | | 165,305 |
| (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 | \$ | 5,951 | |
| Change in other postemployment benefits liability | | 191,830 | |
| Change in compensated absences payable | | <u>2,500</u> | <u>200,281</u> |
| Change in net assets of governmental activities (Exhibit B) | | | <u>\$ (1,158,166)</u> |

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2012

Exhibit J-6

ASSETS

| | Special Revenue Funds | | | | Capital Projects | | Total Nonmajor Governmental Funds |
|---------------------------------------|-------------------------|-------------------|-------------------------|---------------------|----------------------------|---------------------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Extended School Program | Total | Education Capital Projects | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 412,759 | \$ 412,759 | |
| Equity in Pooled Cash and Investments | 299,470 | 959,926 | 402,960 | 1,662,356 | 0 | 1,662,356 | |
| Accounts Receivable | 541 | 990 | 75,189 | 76,720 | 0 | 76,720 | |
| Due from Other Governments | 89,870 | 0 | 9,158 | 99,028 | 0 | 99,028 | |
| Due from Other Funds | 23,481 | 0 | 0 | 23,481 | 0 | 23,481 | |
| Due from Primary Government | 0 | 4,233 | 858 | 5,091 | 0 | 5,091 | |
| Total Assets | \$ 413,362 | \$ 965,149 | \$ 488,165 | \$ 1,866,676 | \$ 412,759 | \$ 2,279,435 | |

LIABILITIES AND FUND BALANCES

| | Special Revenue Funds | | | | Capital Projects | | Total Nonmajor Governmental Funds |
|---------------------------------|-------------------------|-------------------|-------------------------|---------------------|----------------------------|---------------------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Extended School Program | Total | Education Capital Projects | | |
| Liabilities | \$ 29,884 | \$ 3,772 | \$ 9,536 | \$ 43,192 | \$ 1,555 | \$ 44,747 | |
| Accounts Payable | 0 | 73,545 | 52,884 | 126,429 | 0 | 126,429 | |
| Accrued Payroll | 21,672 | 9,480 | 5,739 | 36,891 | 0 | 36,891 | |
| Payroll Deductions Payable | 0 | 0 | 30,000 | 30,000 | 0 | 30,000 | |
| Due to Other Funds | 0 | 31,909 | 7,580 | 39,489 | 0 | 39,489 | |
| Due to Primary Government | 0 | 1,646 | 0 | 1,646 | 0 | 1,646 | |
| Due to State of Tennessee | 0 | 14,305 | 8,425 | 22,730 | 0 | 22,730 | |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Liabilities | \$ 51,556 | \$ 134,657 | \$ 114,164 | \$ 300,377 | \$ 1,555 | \$ 301,932 | |
| Fund Balances | \$ 111,806 | \$ 830,492 | \$ 0 | \$ 942,298 | \$ 0 | \$ 942,298 | |
| Restricted: | 0 | 0 | 0 | 0 | 411,204 | 411,204 | |
| Restricted for Education | 0 | 0 | 0 | 0 | 0 | 0 | |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | |
| Committed: | 250,000 | 0 | 374,001 | 624,001 | 0 | 624,001 | |
| Committed for Education | 361,806 | 830,492 | 374,001 | 1,566,299 | 411,204 | 1,977,503 | |
| Total Fund Balances | \$ 413,362 | \$ 965,149 | \$ 488,165 | \$ 1,866,676 | \$ 412,759 | \$ 2,279,435 | |

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, 2012

| | Special Revenue Funds | | | | Total | Capital Projects | | Total Nonmajor Governmental Funds |
|---|-------------------------|-------------------|-------------------------|----------------------------|----------------|------------------|---------------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Extended School Program | Education Capital Projects | | Fund | | |
| <u>Revenues</u> | | | | | | | | |
| Charges for Current Services | \$ 0 | \$ 2,177,215 | \$ 1,315,045 | \$ 0 | \$ 3,492,260 | \$ 0 | \$ 3,492,260 | |
| Other Local Revenues | 0 | 8,363 | 7,148 | 1,978 | 15,511 | 1,978 | 17,489 | |
| State of Tennessee | 0 | 51,841 | 146,629 | 0 | 198,470 | 0 | 198,470 | |
| Federal Government | 8,645,584 | 3,333,111 | 0 | 0 | 11,978,695 | 0 | 11,978,695 | |
| Total Revenues | \$ 8,645,584 | \$ 5,570,530 | \$ 1,468,822 | \$ 1,978 | \$ 15,684,936 | \$ 1,978 | \$ 15,686,914 | |
| <u>Expenditures</u> | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | \$ 6,651,405 | \$ 0 | \$ 0 | \$ 0 | \$ 6,651,405 | \$ 0 | \$ 6,651,405 | |
| Support Services | 1,857,914 | 0 | 0 | 0 | 1,857,914 | 0 | 1,857,914 | |
| Operation of Non-Instructional Services | 2,234 | 5,542,130 | 1,398,002 | 0 | 6,942,366 | 0 | 6,942,366 | |
| Capital Outlay | 13,353 | 39,522 | 0 | 0 | 52,875 | 0 | 52,875 | |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 1,950,560 | 1,950,560 | |
| Total Expenditures | \$ 8,524,906 | \$ 5,581,652 | \$ 1,398,002 | \$ 1,950,560 | \$ 15,504,560 | \$ 1,950,560 | \$ 17,455,120 | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 120,678 | \$ (11,122) | \$ 70,820 | \$ 180,376 | \$ (1,948,582) | \$ (1,768,206) | | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | |
| Transfers Out | \$ (23,771) | \$ 0 | \$ 0 | \$ 0 | \$ (23,771) | \$ 0 | \$ (23,771) | |
| Total Other Financing Sources (Uses) | \$ (23,771) | \$ 0 | \$ 0 | \$ 0 | \$ (23,771) | \$ 0 | \$ (23,771) | |
| Net Change in Fund Balances | \$ 96,907 | \$ (11,122) | \$ 70,820 | \$ 156,605 | \$ (1,948,582) | \$ (1,791,977) | | |
| Fund Balance, July 1, 2011 | 264,899 | 841,614 | 303,181 | 1,409,694 | 2,359,786 | 3,769,480 | | |
| Fund Balance, June 30, 2012 | \$ 361,806 | \$ 830,492 | \$ 374,001 | \$ 1,566,299 | \$ 411,204 | \$ 1,977,503 | | |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 30,331,577 | \$ 0 | \$ 0 | \$ 30,331,577 | \$ 29,888,000 | \$ 29,888,000 | \$ 443,577 |
| Licenses and Permits | 5,466 | 0 | 0 | 5,466 | 5,000 | 5,000 | 466 |
| Charges for Current Services | 40,500 | 0 | 0 | 40,500 | 39,000 | 39,000 | 1,500 |
| Other Local Revenues | 322,029 | 0 | 0 | 322,029 | 446,000 | 446,000 | (123,971) |
| State of Tennessee | 47,028,108 | 0 | 0 | 47,028,108 | 46,718,900 | 46,819,973 | 208,135 |
| Federal Government | 417,420 | 0 | 0 | 417,420 | 451,000 | 465,250 | (47,830) |
| Total Revenues | \$ 78,145,100 | \$ 0 | \$ 0 | \$ 78,145,100 | \$ 77,547,900 | \$ 77,663,223 | \$ 481,877 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 37,462,596 | (8,963) | 48,951 | \$ 37,502,584 | \$ 38,081,300 | \$ 37,997,301 | \$ 494,717 |
| Special Education Program | 7,464,419 | (2,361) | 3,127 | 7,465,185 | 7,765,000 | 7,765,000 | 299,815 |
| Vocational Education Program | 3,302,589 | 0 | 1,048 | 3,303,637 | 3,383,600 | 3,387,600 | 83,963 |
| Adult Education Program | 220,415 | 0 | 735 | 221,150 | 212,000 | 227,290 | 6,140 |
| Other | 1,331,408 | 0 | 0 | 1,331,408 | 1,410,000 | 1,410,000 | 78,592 |
| <u>Support Services</u> | | | | | | | |
| Attendance | 149,383 | 0 | 0 | 149,383 | 150,300 | 150,300 | 917 |
| Health Services | 739,932 | (260) | 9,741 | 749,413 | 748,300 | 752,006 | 2,593 |
| Other Student Support | 1,739,065 | (1,114) | 9,002 | 1,746,953 | 1,817,800 | 1,814,268 | 67,315 |
| Regular Instruction Program | 1,882,802 | (1,235) | 2,044 | 1,883,611 | 1,982,700 | 1,982,700 | 99,089 |
| Special Education Program | 348,667 | (3,200) | 2,643 | 348,110 | 380,500 | 380,500 | 32,390 |
| Vocational Education Program | 70,326 | 0 | 0 | 70,326 | 71,000 | 71,000 | 674 |
| Adult Programs | 109,173 | (140) | 258 | 109,291 | 116,600 | 124,100 | 14,809 |
| Other Programs | 110,294 | 0 | 0 | 110,294 | 54,600 | 117,073 | 6,779 |

(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: | | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|--------------|--------------|-----------------------------------|---|------------------|--------------|--|
| | | 7/1/2011 | 6/30/2012 | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | | | |
| Board of Education | \$ 1,555,609 | \$ (232) | \$ 1,771 | \$ 1,557,148 | \$ 1,538,300 | \$ 1,598,300 | \$ 41,152 | |
| Director of Schools | 482,235 | (11,036) | 5,697 | 476,896 | 383,800 | 502,000 | 25,104 | |
| Office of the Principal | 5,254,363 | (30) | 724 | 5,255,057 | 5,329,100 | 5,405,924 | 150,867 | |
| Fiscal Services | 175,331 | 0 | 0 | 175,331 | 176,300 | 176,300 | 969 | |
| Operation of Plant | 7,103,252 | (22,289) | 64,834 | 7,145,797 | 7,781,800 | 7,689,900 | 544,103 | |
| Maintenance of Plant | 1,728,863 | (41,576) | 55,605 | 1,742,892 | 1,772,900 | 1,808,700 | 65,808 | |
| Transportation | 3,683,079 | (1,098) | 39,089 | 3,721,070 | 3,656,400 | 3,739,400 | 18,330 | |
| Central and Other | 539,006 | (7,520) | 11,363 | 542,849 | 620,890 | 560,790 | 17,941 | |
| <u>Operation of Non-Instructional Services</u> | | | | | | | | |
| Early Childhood Education | 583,244 | 0 | 381 | 583,625 | 592,000 | 592,000 | 8,375 | |
| <u>Capital Outlay</u> | | | | | | | | |
| Regular Capital Outlay | 115,505 | (32,623) | 226,193 | 309,075 | 60,000 | 388,000 | 78,925 | |
| Principal on Debt | 165,305 | 0 | 0 | 165,305 | 0 | 165,310 | 5 | |
| Education | 116,492 | 0 | 0 | 116,492 | 0 | 116,500 | 8 | |
| Interest on Debt | | | | | | | | |
| Education | \$ 76,433,353 | \$ (133,677) | \$ 483,206 | \$ 76,782,882 | \$ 78,085,190 | \$ 78,922,262 | \$ 2,139,380 | |
| Total Expenditures | | | | | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 1,711,747 | \$ 133,677 | \$ (483,206) | \$ 1,362,218 | \$ (537,290) | \$ (1,259,039) | \$ 2,621,257 | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | |
| Transfers In | \$ 23,771 | \$ 0 | \$ 0 | \$ 23,771 | \$ 819,100 | \$ 124,100 | \$ (100,329) | |

(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 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| Other Financing Sources (Uses) (Cont.) | | | | | | | |
| Transfers Out | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | (281,810) \$ | 0 \$ | 0 |
| Total Other Financing Sources (Uses) | \$ 23,771 \$ | 0 \$ | 0 \$ | 23,771 \$ | 537,290 \$ | 124,100 \$ | (100,329) |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 1,735,518 \$ | 133,677 \$ | (483,206) \$ | 1,385,989 \$ | 0 \$ | (1,134,939) \$ | 2,520,928 |
| | 4,875,471 | (133,677) | 0 | 4,741,794 | 4,875,471 | 4,875,471 | (133,677) |
| Fund Balance, June 30, 2012 | \$ 6,610,989 \$ | 0 \$ | (483,206) \$ | 6,127,783 \$ | 4,875,471 \$ | 3,740,532 \$ | 2,387,251 |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Federal Government | \$ 8,645,584 | \$ 0 | \$ 0 | \$ 8,645,584 | \$ 10,002,573 | \$ 11,065,239 | \$ (2,419,655) |
| Total Revenues | \$ 8,645,584 | \$ 0 | \$ 0 | \$ 8,645,584 | \$ 10,002,573 | \$ 11,065,239 | \$ (2,419,655) |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 4,395,130 | \$ (495) | \$ 12,783 | \$ 4,407,418 | \$ 4,740,823 | \$ 5,069,221 | \$ 661,803 |
| Alternative Instruction Program | 0 | 0 | 0 | 0 | 61,000 | 0 | 0 |
| Special Education Program | 2,120,912 | (26,245) | 15,271 | 2,109,938 | 2,920,773 | 3,330,459 | 1,220,521 |
| Vocational Education Program | 135,363 | (2,200) | 666 | 133,829 | 168,405 | 160,208 | 26,379 |
| <u>Support Services</u> | | | | | | | |
| Health Services | 15,933 | 0 | 0 | 15,933 | 0 | 15,933 | 0 |
| Other Student Support | 81,054 | (18) | 50 | 81,086 | 83,814 | 84,238 | 3,152 |
| Regular Instruction Program | 869,600 | (4,189) | 58,213 | 923,624 | 1,271,316 | 1,158,231 | 234,607 |
| Special Education Program | 435,476 | (720) | 4,585 | 439,341 | 574,800 | 715,735 | 276,394 |
| Vocational Education Program | 1,820 | 0 | 0 | 1,820 | 2,100 | 1,820 | 0 |
| Office of the Principal | 158,017 | 0 | 0 | 158,017 | 0 | 158,017 | 0 |
| Transportation | 296,014 | 0 | 0 | 296,014 | 154,500 | 307,762 | 11,748 |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | 2,234 | (2,147) | 0 | 87 | 0 | 21,683 | 21,596 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 13,353 | 0 | 0 | 13,353 | 0 | 13,353 | 0 |
| Total Expenditures | \$ 8,524,906 | \$ (36,014) | \$ 91,568 | \$ 8,580,460 | \$ 9,977,531 | \$ 11,036,660 | \$ 2,456,200 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 120,678 | \$ 36,014 | \$ (91,568) | \$ 65,124 | \$ 25,042 | \$ 28,579 | \$ 36,545 |

(Continued)

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 (Cont.)

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|--------------------|--------------------|--|
| | | | | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 179,719 \$ | 179,719 \$ | (179,719) |
| Transfers Out | (23,771) | 0 | 0 | (23,771) | (204,761) | (208,296) | 184,525 |
| Total Other Financing Sources (Uses) | <u>\$ (23,771) \$</u> | <u>0 \$</u> | <u>0 \$</u> | <u>(23,771) \$</u> | <u>(25,042) \$</u> | <u>(28,577) \$</u> | <u>4,806</u> |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 96,907 \$ 264,899 | 36,014 \$ (36,014) | (91,568) \$ 0 | 41,353 \$ 228,885 | 0 \$ 264,899 | 2 \$ 264,899 | 41,351 (36,014) |
| Fund Balance, June 30, 2012 | <u>\$ 361,806 \$</u> | <u>0 \$</u> | <u>(91,568) \$</u> | <u>270,238 \$</u> | <u>264,899 \$</u> | <u>264,901 \$</u> | <u>5,337</u> |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 2,177,215 | \$ 0 | \$ 0 | \$ 2,177,215 | \$ 2,229,000 | \$ 2,229,000 | \$ (51,785) |
| Other Local Revenues | 8,363 | 0 | 0 | 8,363 | 6,000 | 6,000 | 2,363 |
| State of Tennessee | 51,841 | 0 | 0 | 51,841 | 55,000 | 55,000 | (3,159) |
| Federal Government | 3,333,111 | 0 | 0 | 3,333,111 | 3,061,000 | 3,291,010 | 42,101 |
| Total Revenues | \$ 5,570,530 | \$ 0 | \$ 0 | \$ 5,570,530 | \$ 5,351,000 | \$ 5,581,010 | \$ (10,480) |
| <u>Expenditures</u> | | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | \$ 5,542,130 | \$ (239,836) | \$ 190,250 | \$ 5,492,544 | \$ 5,387,000 | \$ 5,608,488 | \$ 115,944 |
| Capital Outlay | 39,522 | 0 | 0 | 39,522 | 0 | 39,522 | 0 |
| Regular Capital Outlay | | | | | | | |
| Total Expenditures | \$ 5,581,652 | \$ (239,836) | \$ 190,250 | \$ 5,532,066 | \$ 5,387,000 | \$ 5,648,010 | \$ 115,944 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (11,122) | \$ 239,836 | \$ (190,250) | \$ 38,464 | \$ (36,000) | \$ (67,000) | \$ 105,464 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 36,000 | \$ 67,000 | \$ (67,000) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 36,000 | \$ 67,000 | \$ (67,000) |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ (11,122) | \$ 239,836 | \$ (190,250) | \$ 38,464 | \$ 0 | \$ 0 | \$ 38,464 |
| | 841,614 | (239,836) | 0 | 601,778 | 841,614 | 841,614 | (239,836) |
| Fund Balance, June 30, 2012 | \$ 830,492 | \$ 0 | \$ (190,250) | \$ 640,242 | \$ 841,614 | \$ 841,614 | \$ (201,372) |

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, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 1,315,045 | \$ 0 | \$ 0 | \$ 1,315,045 | \$ 1,455,000 | \$ 1,455,000 | \$ (139,955) |
| Other Local Revenues | 7,148 | 0 | 0 | 7,148 | 5,000 | 5,000 | 2,148 |
| State of Tennessee | 146,629 | 0 | 0 | 146,629 | 190,000 | 190,000 | (43,371) |
| Total Revenues | \$ 1,468,822 | \$ 0 | \$ 0 | \$ 1,468,822 | \$ 1,650,000 | \$ 1,650,000 | \$ (181,178) |
| <u>Expenditures</u> | | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Community Services | \$ 1,398,002 | (16,798) | 26,329 | \$ 1,407,533 | \$ 1,650,000 | \$ 1,650,000 | \$ 242,467 |
| Total Expenditures | \$ 1,398,002 | (16,798) | 26,329 | \$ 1,407,533 | \$ 1,650,000 | \$ 1,650,000 | \$ 242,467 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 70,820 | 16,798 | (26,329) | \$ 61,289 | \$ 0 | \$ 0 | \$ 61,289 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 70,820 | 16,798 | (26,329) | \$ 61,289 | \$ 0 | \$ 0 | \$ 61,289 |
| Fund Balance, July 1, 2011 | 303,181 | (16,798) | 0 | 286,383 | 303,181 | 303,181 | (16,798) |
| Fund Balance, June 30, 2012 | \$ 374,001 | \$ 0 | (26,329) | \$ 347,672 | \$ 303,181 | \$ 303,181 | \$ 44,491 |

MISCELLANEOUS SCHEDULES

Exhibit K-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases and Bonds
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2012

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-11 | Paid and/or Matured During Period | Outstanding 6-30-12 |
|--|--------------------------|---------------|---------------|--------------------|--------------------|-----------------------------------|---------------------|
| <u>PRIMARY GOVERNMENT</u> | | | | | | | |
| <u>NOTES PAYABLE</u> | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | |
| General Obligation Capital Outlay Notes Series 2009A | \$ 1,346,260 | 4.11% | 6-29-09 | 6-1-18 | \$ 1,066,260 | \$ 145,000 | \$ 921,260 |
| Total Notes Payable | | | | | \$ 1,066,260 | \$ 145,000 | \$ 921,260 |
| <u>OTHER LOANS PAYABLE</u> | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | |
| Public Building Authority Loan Agreements | | | | | | | |
| Industrial Park (Series B-10-A) | 2,000,000 | 5.55 to 6.2 | 6-29-06 | 6-1-21 | \$ 1,580,000 | \$ 120,000 | \$ 1,460,000 |
| Various Purposes (Series B-16-A) | 33,550,000 | 3 to 5 | 5-15-08 | 6-1-37 | 29,185,000 | 1,660,000 | 27,525,000 |
| Refunding (Series E-1-A) | 50,500,000 | Variable | 6-20-08 | 6-1-37 | 50,500,000 | 0 | 50,500,000 |
| Industrial Park (Series B-17-A) | 3,000,000 | 3.25 to 4.5 | 6-20-08 | 6-1-30 | 2,825,000 | 95,000 | 2,730,000 |
| Refunding (Series E-3-B) | 20,165,000 | Variable (1) | 7-31-08 | 6-1-31 | 20,165,000 | 0 | 20,165,000 |
| Refunding (Series E-5-A) | 31,175,000 | Variable (2) | 8-7-08 | 6-1-30 | 30,090,000 | 395,000 | 29,695,000 |
| Various Purposes (Series B-18-A) | 4,380,000 | 2.5 to 5 | 3-2-09 | 6-1-19 | 4,250,000 | 200,000 | 4,050,000 |
| <u>Tennessee State School Bond Authority</u> | | | | | | | |
| Loan Agreement | | | | | | | |
| Qualified Zone Academy Bonds - School Building: Renovation, Repairs, and Equipping | 727,865 | 0 | 11-24-04 | 11-24-20 | 306,256 | 40,501 | 265,755 |
| Total Other Loans Payable | | | | | \$ 138,901,256 | \$ 2,510,501 | \$ 136,390,755 |

(Continued)

Exhibit K-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases and Bonds
Primary Government and Discretely Presented Blount County School Department (Cont.)

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-11 | Paid and/or Matured | |
|---|--------------------------|---------------|---------------|--------------------|--------------------|---------------------|----------------|
| | | | | | | During 6-30-12 | Period 6-30-12 |
| <u>PRIMARY GOVERNMENT (CONT.)</u> | | | | | | | |
| <u>BONDS PAYABLE</u> | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | |
| General Obligation Refunding, Series 2004 A | \$ 7,405,000 | 2 to 4.15% | 9-1-04 | 3-1-19 | \$ 5,150,000 | \$ 565,000 | \$ 4,585,000 |
| General Obligation Refunding, Series 2004 B | 5,060,000 | 2 to 4 | 10-1-04 | 4-1-19 | 4,015,000 | 435,000 | 3,580,000 |
| General Obligation Refunding, Series 2005 | 14,860,000 | 3 to 5 | 1-27-05 | 4-1-19 | 11,260,000 | 1,220,000 | 10,040,000 |
| Qualified School Construction Bond, Series 2010 | 14,855,000 | 2.6 | 10-7-10 | 9-14-27 | 14,855,000 | 840,700 | 14,014,300 |
| General Obligation Refunding, Series 2011 | 46,390,000 | 4.5 | 5-5-11 | 6-1-30 | 46,390,000 | 310,000 | 46,080,000 |
| Total Bonds Payable | | | | | \$ 81,670,000 | \$ 3,370,700 | \$ 78,299,300 |
| <u>CAPITAL LEASES PAYABLE</u> | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | |
| Drug Task Force Building | 350,000 | 4.5 | 11-1-05 | 6-1-19 | \$ 229,470 | \$ 24,473 | \$ 204,997 |
| Motorola Radio System | 3,007,000 | 3.97 | 9-1-10 | 9-1-20 | 3,007,000 | 250,804 | 2,756,196 |
| Total Capital Leases Payable | | | | | \$ 3,236,470 | \$ 275,277 | \$ 2,961,193 |
| <u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u> | | | | | | | |
| <u>CAPITAL LEASES PAYABLE</u> | | | | | | | |
| Payable through General Purpose School Fund | | | | | | | |
| School Energy Facility Upgrades | 2,738,602 | 5.4 | 7-6-06 | 11-6-19 | \$ 2,156,720 | \$ 165,305 | \$ 1,991,415 |
| Total Capital Leases Payable | | | | | \$ 2,156,720 | \$ 165,305 | \$ 1,991,415 |

- (1) This loan agreement refunded outstanding principal of \$20,000,000 on Series A-1-A, which was swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002. The swap agreements have been retained.
- (2) This loan agreement included refunding of outstanding principal of \$10,000,000 on Series B-4-A, and \$14,000,000 on Series D-1-B, which were swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2005, and 2006, respectively. The swap agreements have been retained.

Exhibit K-2

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

PRIMARY GOVERNMENT

| Year Ending June 30 | Notes | | |
|---------------------------|------------|------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 150,000 | \$ 37,864 | \$ 187,864 |
| 2014 | 155,000 | 31,699 | 186,699 |
| 2015 | 160,000 | 25,328 | 185,328 |
| 2016 | 165,000 | 18,752 | 183,752 |
| 2017 | 170,000 | 11,971 | 181,971 |
| 2018 | 121,260 | 4,984 | 126,244 |
| Total | \$ 921,260 | \$ 130,598 | \$ 1,051,858 |

| Year Ending June 30 | Other Loans | | | |
|---------------------------|----------------|---------------|---------------|----------------|
| | Principal | *Interest | Other Fees | Total |
| 2013 | \$ 2,600,501 | \$ 4,934,695 | \$ 1,142,615 | \$ 8,677,811 |
| 2014 | 2,735,501 | 4,856,058 | 1,137,610 | 8,729,169 |
| 2015 | 2,860,501 | 4,766,989 | 1,136,026 | 8,763,516 |
| 2016 | 3,020,501 | 4,666,111 | 1,134,506 | 8,821,118 |
| 2017 | 2,140,501 | 4,558,008 | 1,132,985 | 7,831,494 |
| 2018 | 1,380,501 | 4,419,503 | 1,131,465 | 6,931,469 |
| 2019 | 1,232,749 | 4,236,375 | 1,129,628 | 6,598,752 |
| 2020 | 325,000 | 4,045,434 | 1,129,628 | 5,500,062 |
| 2021 | 345,000 | 3,772,465 | 1,129,383 | 5,246,848 |
| 2022 | 150,000 | 3,484,380 | 1,129,383 | 4,763,763 |
| 2023 | 160,000 | 3,193,682 | 1,129,383 | 4,483,065 |
| 2024 | 8,455,000 | 2,886,845 | 1,129,383 | 12,471,228 |
| 2025 | 8,775,000 | 2,607,583 | 1,067,944 | 12,450,527 |
| 2026 | 9,105,000 | 2,291,808 | 1,006,506 | 12,403,314 |
| 2027 | 9,435,000 | 1,959,583 | 945,068 | 12,339,651 |
| 2028 | 9,900,000 | 1,629,378 | 889,965 | 12,419,343 |
| 2029 | 3,960,000 | 1,364,008 | 771,508 | 6,095,516 |
| 2030 | 8,645,000 | 1,136,081 | 723,993 | 10,505,074 |
| 2031 | 12,665,000 | 717,533 | 629,411 | 14,011,944 |
| 2032 | 7,100,000 | 228,950 | 489,376 | 7,818,326 |
| 2033 | 7,550,000 | 192,660 | 418,390 | 8,161,050 |
| 2034 | 7,900,000 | 60,515 | 342,563 | 8,303,078 |
| 2035 | 8,250,000 | 46,455 | 262,973 | 8,559,428 |
| 2036 | 8,650,000 | 31,730 | 179,617 | 8,861,347 |
| 2037 | 9,050,000 | 16,244 | 91,957 | 9,158,201 |
| Total | \$ 136,390,755 | \$ 62,103,073 | \$ 21,411,266 | \$ 219,905,094 |

(Continued)

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

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

| Year Ending June 30 | Bonds | | |
|---------------------------|---------------|---------------|----------------|
| | Principal | Interest | Total |
| 2013 | \$ 3,531,929 | \$ 3,506,979 | \$ 7,038,908 |
| 2014 | 3,606,929 | 3,414,004 | 7,020,933 |
| 2015 | 3,786,929 | 3,322,095 | 7,109,024 |
| 2016 | 3,886,929 | 3,201,345 | 7,088,274 |
| 2017 | 4,526,929 | 3,076,528 | 7,603,457 |
| 2018 | 5,426,929 | 2,927,140 | 8,354,069 |
| 2019 | 6,011,929 | 2,763,588 | 8,775,517 |
| 2020 | 7,166,929 | 2,580,635 | 9,747,564 |
| 2021 | 7,411,929 | 2,331,035 | 9,742,964 |
| 2022 | 8,001,929 | 2,006,785 | 10,008,714 |
| 2023 | 8,351,929 | 1,653,035 | 10,004,964 |
| 2024 | 1,036,929 | 1,281,785 | 2,318,714 |
| 2025 | 1,041,929 | 1,277,385 | 2,319,314 |
| 2026 | 1,071,929 | 1,272,785 | 2,344,714 |
| 2027 | 1,108,173 | 1,266,621 | 2,374,794 |
| 2028 | 1,554,121 | 548,352 | 2,102,473 |
| 2029 | 7,595,000 | 475,382 | 8,070,382 |
| 2030 | 3,180,000 | 143,100 | 3,323,100 |
| Total | \$ 78,299,300 | \$ 37,048,579 | \$ 115,347,879 |

| Year Ending June 30 | Capital Leases | | |
|---------------------------|----------------|------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 286,336 | \$ 118,646 | \$ 404,982 |
| 2014 | 297,839 | 107,143 | 404,982 |
| 2015 | 309,805 | 95,177 | 404,982 |
| 2016 | 322,252 | 82,730 | 404,982 |
| 2017 | 335,200 | 69,781 | 404,981 |
| 2018 | 348,670 | 56,312 | 404,982 |
| 2019 | 362,591 | 41,177 | 403,768 |
| 2020 | 342,452 | 27,730 | 370,182 |
| 2021 | 356,047 | 14,135 | 370,182 |
| Total | \$ 2,961,192 | \$ 612,831 | \$ 3,574,023 |

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED BLOUNT
COUNTY SCHOOL DEPARTMENT

| Year Ending June 30 | Capital Leases | | |
|---------------------------|----------------|------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 181,166 | \$ 107,564 | \$ 288,730 |
| 2014 | 198,094 | 97,778 | 295,872 |
| 2015 | 216,149 | 87,078 | 303,227 |
| 2016 | 235,399 | 75,404 | 310,803 |
| 2017 | 255,918 | 62,689 | 318,607 |
| 2018 | 277,778 | 48,866 | 326,644 |
| 2019 | 301,061 | 33,862 | 334,923 |
| 2020 | 325,850 | 17,600 | 343,450 |
| Total | \$ 1,991,415 | \$ 530,841 | \$ 2,522,256 |

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2012

| <u>Description</u> | <u>Debtor</u> | <u>Original Amount of Note</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Balance 6-30-12</u> |
|----------------------------------|--|--|--------------------------|-----------------------------|--------------------------|----------------------------|
| <u>General Debt Service Fund</u> | | | | | | |
| Sale of Land | The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee | \$ 695,000 | 2-27-07 | 9-1-13 | 0% | \$ 588,929 |
| Motorola Radio System | The City of Maryville, Tennessee | 918,996 | 9-1-10 | 9-1-20 | 0 | 805,863 |
| Motorola Radio System | The City of Alcoa, Tennessee | 751,735 | 9-1-10 | 9-1-20 | 0 | 659,191 |
| Total Notes Receivable | | | | | | <u>\$ 2,053,983</u> |

Exhibit K-4

Blount County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2012

| <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 | General Debt Service | Debt service | 720,170 |
| Other Capital Projects | General | Capital projects | 107,595 |
| Self-Insurance | General | Payroll | <u>209,577</u> |
| Total Transfers Primary Government | | | <u>\$ 1,936,862</u> |
| <u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect costs | \$ <u>23,771</u> |
| Total Transfers Discretely Presented Blount County School Department | | | \$ <u>23,771</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, 2012

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|--|--|---------------------------|-----------|---------------------------------------|
| County Mayor | Section 8-24-102, TCA | \$ 103,315 | \$ 50,000 | Cincinnati Insurance Company |
| Highway Superintendent | Section 8-24-102, TCA | 81,496 | 100,000 | " |
| Director of Schools | Board of Education | 110,214 (1) | 50,000 | " |
| Trustee | Section 8-24-102, TCA | 73,944 | 4,121,800 | " |
| Assessor of Property | Section 8-24-102, TCA | 73,944 | 10,000 | " |
| Director of Accounts and Budgets: | | | | |
| Steve Jennings (7-1-11 through 3-23-12) | County Commission | 60,506 (2) | 25,000 | " |
| Randy Vineyard (3-26-12 through 6-30-12) | County Commission | 22,292 (3) | 25,000 | " |
| County Clerk | Section 8-24-102, TCA | 73,944 | 50,000 | " |
| Circuit and General Sessions Courts Clerk | Section 8-24-102, TCA | 73,944 | 50,000 | " |
| Clerk and Master | Section 8-24-102, TCA | 73,944 (4) | 55,000 | " |
| Register | Section 8-24-102, TCA | 73,944 | 25,000 | " |
| Sheriff | Section 8-24-102, TCA, | 97,795 (5) | 25,000 | " |
| Purchasing Agent | and County Commission County Commission | 51,000 | 25,000 | " |
| Employee Blanket Bonds - All County Employees: | | | | |
| Public Employee Dishonesty | | | 500,000 | Travelers Casualty and Surety Company |
| Forgery or Alteration | | | 500,000 | " |
| Money and Securities - On Premises | | | 500,000 | " |
| Money and Securities - Messenger | | | 500,000 | " |
| Computer Fraud | | | 500,000 | " |

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Includes \$6,474 for serving as assistant county mayor.
- (3) Includes \$2,386 for serving as assistant county mayor.
- (4) Does not include \$10,000 special commissioner fees.
- (5) Includes \$8,117 for serving as director of the Juvenile Detention Center and \$8,182 for serving as superintendent of the workhouse.

Exhibit K-6

Blount County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

| | Special Revenue Funds | | | | | | |
|--|-----------------------|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|---|
| | General | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | |
| <u>Local Taxes</u> | | | | | | | |
| <u>County Property Taxes</u> | | | | | | | |
| Current Property Tax | \$ 21,722,590 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Discount on Property Taxes | (318,343) | 0 | 0 | 0 | 0 | 0 | 0 |
| Trustee's Collections - Prior Year | 981,902 | 0 | 0 | 0 | 0 | 0 | 0 |
| Circuit/Clerk & Master Collections - Prior Years | 252,948 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Penalty | 111,395 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pick-up Taxes | 29,057 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of-Taxes - Local Utilities | 193,718 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of-Taxes - Other | 730,840 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | | |
| Local Option Sales Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hotel/Motel Tax | 1,411,630 | 0 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 333,951 | 0 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 71,922 | 1,653 | 9,041 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 98,130 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 520,767 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | | |
| Bank Excise Tax | 41,548 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wholesale Beer Tax | 301,978 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interstate Telecommunications Tax | 5,115 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 26,391,018 | \$ 99,783 | \$ 9,041 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Licenses and Permits</u> | | | | | | | |
| <u>Licenses</u> | | | | | | | |
| Cable TV Franchise | \$ 74,878 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Permits</u> | | | | | | | |
| Building Permits | 173,099 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Permits | 1,335 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | \$ 249,312 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|------|
| | General | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | |
| <u>Circuit Court</u> | | | | | | | |
| Officers Costs | \$ 7,077 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 51 | 0 | 0 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| District Attorney General Fees | 0 | 0 | 0 | 0 | 0 | 3,273 | 0 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Circuit Court | 51,464 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Criminal Court</u> | | | | | | | |
| Fines | 6,910 | 0 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 93,134 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>General Sessions Court</u> | | | | | | | |
| Fines | 71,381 | 0 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 612,683 | 0 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 762 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 17,328 | 0 | 0 |
| Jail Fees | 40,741 | 0 | 0 | 0 | 0 | 0 | 0 |
| District Attorney General Fees | 53,775 | 0 | 0 | 0 | 0 | 15,378 | 0 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - General Sessions Court | 46,773 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | | |
| Fines | 4,978 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 3,086 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | | |
| Officers Costs | 5,200 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Chancery Court | 2,319 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 500 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 1,000,283 | \$ 0 | \$ 0 | \$ 0 | \$ 17,879 | \$ 18,651 | \$ 0 |

(Continued)

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

| | Special Revenue Funds | | | | | | |
|---|-----------------------|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|------|
| | General | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | |
| <u>Charges for Current Services</u> | | | | | | | |
| <u>General Service Charges</u> | | | | | | | |
| Other General Service Charges | \$ 130,244 | \$ 0 | \$ 0 | \$ 7,608 | \$ 0 | \$ 0 | \$ 0 |
| <u>Fees</u> | | | | | | | |
| Copy Fees | 4,108 | 0 | 0 | 22,925 | 0 | 0 | 0 |
| Library Fees | 0 | 0 | 0 | 78,184 | 0 | 0 | 0 |
| Telephone Commissions | 83,872 | 0 | 0 | 0 | 83,872 | 0 | 0 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Register | 41,916 | 0 | 0 | 0 | 0 | 0 | 0 |
| Probation Fees | 577,734 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fees - Sheriff | 18,050 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 10,668 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Charges for Services</u> | | | | | | | |
| Other Charges for Services | 1,280 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 867,872 | \$ 0 | \$ 0 | \$ 108,717 | \$ 83,872 | \$ 0 | \$ 0 |
| <u>Other Local Revenues</u> | | | | | | | |
| <u>Recurring Items</u> | | | | | | | |
| Investment Income | \$ 82,118 | \$ 0 | \$ 0 | \$ 10,424 | \$ 16,223 | \$ 1,231 | \$ 0 |
| Lease/Rentals | 4,800 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Materials and Supplies | 995 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commissary Sales | 457,466 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Maps | 1,784 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 6,990 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Nonrecurring Items</u> | | | | | | | |
| Sale of Equipment | 10,598 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Damages Recovered from Individuals | 117 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions and Gifts | 6,300 | 0 | 0 | 2,197 | 5,000 | 0 | 0 |
| <u>Other Local Revenues</u> | | | | | | | |
| Other Local Revenues | 173,089 | 0 | 0 | 109,156 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 744,257 | \$ 0 | \$ 0 | \$ 121,777 | \$ 21,223 | \$ 1,231 | \$ 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|---------------------------------------|----------------|-------------------|------------------|---------------------------------|----------|
| | General | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | |
| <u>Fees Received from County Officials</u> | | | | | | | |
| <u>Fees in-Lieu-of Salary</u> | | | | | | | |
| County Clerk | \$ 1,528,880 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Circuit Court Clerk | 929,156 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 2,065,320 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 404,541 | 0 | 0 | 0 | 0 | 0 | 0 |
| Register | 602,514 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 32,607 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trustee | 1,953,233 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received from County Officials | \$ 7,516,251 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 9,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Public Safety Grants | 0 | 0 | 0 | 0 | 18,750 | 0 | 0 |
| Drug Control Grants | 754,543 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health and Welfare Grants | | | | | | | |
| Health Department Programs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works Grants | 65,510 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Aid Program | | | | | | | |
| Litter Program | | | | | | | |
| Other State Revenues | | | | | | | |
| Income Tax | 467,872 | 0 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 18,421 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 140,229 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mixed Drink Tax | 97,966 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 1,657,495 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Registrar's Salary Supplement | 103,489 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 104,894 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 106,743 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 3,526,162 | \$ 0 | \$ 0 | \$ 0 | \$ 18,750 | \$ 0 | 0 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|---------------------------------------|----------------|-------------------|-----------------|---------------------------------|-----------|
| | General | Courthouse and Jail Maintenance | Law Library | Public Library | Drug Control | District Attorney General | |
| <u>Federal Government</u> | | | | | | | |
| <u>Federal Through State</u> | | | | | | | |
| Disaster Relief | \$ 66,765 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| ARRA Grant # 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARRA Grant # 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Federal through State | 79,121 | 0 | 0 | 2,934 | 0 | 0 | 0 |
| <u>Direct Federal Revenue</u> | | | | | | | |
| Asset Forfeiture Funds | 10,131 | 0 | 0 | 0 | 312,313 | 0 | 0 |
| Tax Credit Bond Rebate | 720,170 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Direct Federal Revenue | 1,420,673 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | \$ 2,296,860 | \$ 0 | \$ 0 | \$ 2,934 | \$ 312,313 | \$ 0 | \$ 0 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | |
| <u>Other Governments</u> | | | | | | | |
| Prisoner Board | \$ 17,160 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Paving and Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions | 105,156 | 0 | 0 | 899,520 | 0 | 0 | 0 |
| Contracted Services | 54,374 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Citizens Groups</u> | | | | | | | |
| Donations | 25,144 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Governments and Citizens Groups | \$ 201,834 | \$ 0 | \$ 0 | \$ 899,520 | \$ 0 | \$ 0 | \$ 0 |
| Total | \$ 42,793,849 | \$ 99,783 | \$ 9,041 | \$ 1,132,948 | \$ 454,037 | \$ 19,882 | \$ 19,882 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | Highway / Public Works | Debt Service Fund | | Capital Projects Fund | | Permanent Fund | Total |
|--|-----------------------------|---|----------------------------|------------------------------|------------------------------|-----------|-----------------------------|------|-------------------|-------|
| | Other Special Revenue | Constitu- tional Officers - Fees | General Debt Service | | Other Capital Projects | Endowment | | | | |
| <u>Local Taxes</u> | | | | | | | | | | |
| <u>County Property Taxes</u> | | | | | | | | | | |
| Current Property Tax | \$ 0 | \$ 0 | \$ 12,824,066 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 34,546,656 | |
| Discount on Property Taxes | 0 | 0 | (187,516) | 0 | 0 | 0 | 0 | 0 | (505,859) | |
| Trustee's Collections - Prior Year | 0 | 0 | 539,235 | 0 | 0 | 0 | 0 | 0 | 1,521,137 | |
| Circuit/Clerk & Master Collections - Prior Years | 0 | 0 | 148,996 | 0 | 0 | 0 | 0 | 0 | 401,944 | |
| Interest and Penalty | 0 | 0 | 64,819 | 0 | 0 | 0 | 0 | 0 | 176,214 | |
| Pick-up Taxes | 0 | 0 | 17,511 | 0 | 0 | 0 | 0 | 0 | 46,568 | |
| Payments in-Lieu-of-Taxes - Local Utilities | 0 | 0 | 114,107 | 0 | 0 | 0 | 0 | 0 | 307,825 | |
| Payments in-Lieu-of-Taxes - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 730,840 | |
| <u>County Local Option Taxes</u> | | | | | | | | | | |
| Local Option Sales Tax | 0 | 0 | 2,575,375 | 0 | 0 | 0 | 0 | 0 | 2,575,375 | |
| Hotel/Motel Tax | 0 | 0 | 338,410 | 0 | 0 | 0 | 0 | 0 | 1,750,040 | |
| Litigation Tax - General | 47,670 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 381,621 | |
| Litigation Tax - Special Purpose | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,616 | |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 98,130 | |
| Business Tax | 0 | 0 | 306,752 | 0 | 0 | 0 | 0 | 0 | 827,519 | |
| Mineral Severance Tax | 0 | 0 | 41,587 | 0 | 0 | 0 | 0 | 0 | 41,587 | |
| <u>Statutory Local Taxes</u> | | | | | | | | | | |
| Bank Excise Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,548 | |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 301,978 | |
| Interstate Telecommunications Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,115 | |
| Total Local Taxes | \$ 47,670 | \$ 0 | \$ 2,616,962 | \$ 14,166,380 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 43,330,854 | |
| <u>Licenses and Permits</u> | | | | | | | | | | |
| <u>Licenses</u> | | | | | | | | | | |
| Cable TV Franchise | \$ 0 | \$ 0 | \$ 600,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 674,878 | |
| <u>Permits</u> | | | | | | | | | | |
| Building Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 173,099 | |
| Other Permits | 0 | 0 | 192,304 | 0 | 0 | 0 | 0 | 0 | 193,639 | |
| Total Licenses and Permits | \$ 0 | \$ 0 | \$ 792,304 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,041,616 | |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | Highway / Public Works | Debt Service Fund | Capital Projects Fund | Permanent Fund | Total |
|--|-----------------------------|---|----------------------------|------------------------------|------------------------------|-------------------------|-----------------------------|-------------------|--------------|
| | Other Special Revenue | Constitu- tional Officers - Fees | General Debt Service | Other Capital Projects | | | | | |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | | | |
| <u>Circuit Court</u> | | | | | | | | | |
| Officers Costs | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 7,077 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51 |
| Drug Court Fees | 23,251 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23,251 |
| District Attorney General Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,273 |
| DUI Treatment Fines | 1,299 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,299 |
| Data Entry Fee - Circuit Court | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51,464 |
| <u>Criminal Court</u> | | | | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,910 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 93,134 |
| <u>General Sessions Court</u> | | | | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 71,381 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 612,683 |
| Game and Fish Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 762 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,328 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,741 |
| District Attorney General Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,153 |
| DUI Treatment Fines | 15,759 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,759 |
| Data Entry Fee - General Sessions Court | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46,773 |
| <u>Juvenile Court</u> | | | | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,978 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,086 |
| <u>Chancery Court</u> | | | | | | | | | |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,200 |
| Data Entry Fee - Chancery Court | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,319 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 |
| Total Fines, Forfeitures, and Penalties | \$ 40,309 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,077,122 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | Highway / Public Works | Debt Service Fund | | Capital Projects Fund | | Permanent Fund | | Total |
|---|-----------------------------|---|------------------------------|----------------------------|------------------------------|-----------------------------|----------|-------------------|------|--------------|
| | Other Special Revenue | Constituti- onal Officers - Fees | | General Debt Service | Other Capital Projects | Endowment | | | | |
| <u>Charges for Current Services</u> | | | | | | | | | | |
| <u>General Service Charges</u> | | | | | | | | | | |
| Other General Service Charges | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 137,852 |
| <u>Fees</u> | | | | | | | | | | |
| Copy Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 27,033 |
| Library Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 78,184 |
| Telephone Commissions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 167,744 |
| Special Commissioner Fees/Special Master Fees | 0 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,916 |
| Probation Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 577,734 |
| Sexual Offender Registration Fees - Sheriff | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,050 |
| Data Processing Fee - County Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,668 |
| <u>Other Charges for Services</u> | | | | | | | | | | |
| Other Charges for Services | 346 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,626 |
| Total Charges for Current Services | \$ 346 | \$ 10,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,070,807 |
| <u>Other Local Revenues</u> | | | | | | | | | | |
| <u>Recurring Items</u> | | | | | | | | | | |
| Investment Income | \$ 1,337 | \$ 0 | \$ 6,125 | \$ 149,526 | \$ 0 | \$ 0 | \$ 4,869 | \$ 0 | \$ 0 | \$ 271,853 |
| Lease/Rentals | 0 | 0 | 0 | 33,000 | 0 | 0 | 0 | 0 | 0 | 37,800 |
| Sale of Materials and Supplies | 0 | 0 | 15,418 | 0 | 0 | 0 | 0 | 0 | 0 | 16,413 |
| Commissary Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 457,466 |
| Sale of Maps | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,784 |
| Miscellaneous Refunds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,990 |
| <u>Nonrecurring Items</u> | | | | | | | | | | |
| Sale of Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,598 |
| Sale of Property | 0 | 0 | 0 | 25,000 | 0 | 0 | 0 | 0 | 0 | 25,000 |
| Damages Recovered from Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 117 |
| Contributions and Gifts | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,576 |
| <u>Other Local Revenues</u> | | | | | | | | | | |
| Other Local Revenues | 0 | 0 | 5,759 | 0 | 0 | 0 | 0 | 0 | 0 | 288,004 |
| Total Other Local Revenues | \$ 1,416 | \$ 0 | \$ 27,302 | \$ 207,526 | \$ 0 | \$ 0 | \$ 4,869 | \$ 0 | \$ 0 | \$ 1,129,601 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Fund | Permanent Fund | Total |
|--|-----------------------|--------------------------------|------------------------|----------------------|-------------------|-----------------------|----------------|------------------|
| | Other Special Revenue | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | | | | |
| <u>Fees Received from County Officials</u> | | | | | | | | |
| <u>Fees in-Lieu-of Salary</u> | | | | | | | | |
| County Clerk | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 1,528,880 |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 929,156 |
| General Sessions Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,065,320 |
| Clerk and Master | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 404,541 |
| Register | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 602,514 |
| Sheriff | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32,607 |
| Trustee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,953,233 |
| Total Fees Received from County Officials | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 7,516,251 |
| <u>State of Tennessee</u> | | | | | | | | |
| <u>General Government Grants</u> | | | | | | | | |
| Juvenile Services Program | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 9,000 |
| Public Safety Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,750 |
| Drug Control Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 754,543 |
| Health and Welfare Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250,719 |
| Public Works Grants | 0 | 0 | 250,719 | 0 | 0 | 0 | 0 | 65,510 |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 467,872 |
| Litter Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,421 |
| Other State Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 140,229 |
| Income Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 97,966 |
| Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,657,495 |
| Alcoholic Beverage Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,486,725 |
| Mixed Drink Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 88,757 |
| Contracted Prisoner Boarding | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 103,489 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 2,486,725 | 0 | 0 | 0 | 0 | 154,894 |
| Petroleum Special Tax | 0 | 0 | 88,757 | 0 | 0 | 0 | 0 | 110,234 |
| Registrar's Salary Supplement | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 0 | 0 | 3,491 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 50,000 \$ | 0 \$ | 2,829,692 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 6,424,604 |

(Continued)

Exhibit K-6

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

| | Special Revenue Funds | | | Highway / Public Works | Debt Service Fund | Capital Projects Fund | Permanent Fund | Total |
|--|-----------------------------|---|----------------------------|------------------------------|-------------------------|-----------------------------|----------------------|---------------------|
| | Other Special Revenue | Constitu- tional Officers - Fees | General Debt Service | | | | | |
| <u>Federal Government</u> | | | | | | | | |
| <u>Federal Through State</u> | | | | | | | | |
| Disaster Relief | \$ 0 | \$ 0 | \$ 27,931 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 94,696 |
| ARRA Grant # 1 | 0 | 0 | 0 | 0 | 116,600 | 0 | 0 | 116,600 |
| ARRA Grant # 2 | 0 | 0 | 0 | 0 | 147,833 | 0 | 0 | 147,833 |
| Other Federal through State | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,055 |
| <u>Direct Federal Revenue</u> | | | | | | | | |
| Asset Forfeiture Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 322,444 |
| Tax Credit Bond Rebate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 720,170 |
| Other Direct Federal Revenue | 0 | 0 | 3,000 | 0 | 0 | 0 | 0 | 1,423,673 |
| Total Federal Government | \$ 0 | \$ 0 | \$ 30,931 | \$ 0 | \$ 0 | \$ 264,433 | \$ 0 | \$ 2,907,471 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | | |
| <u>Other Governments</u> | | | | | | | | |
| Prisoner Board | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 17,160 |
| Paving and Maintenance | 0 | 0 | 14,247 | 0 | 0 | 0 | 0 | 14,247 |
| Contributions | 0 | 0 | 0 | 199,305 | 0 | 0 | 0 | 1,203,981 |
| Contracted Services | 0 | 0 | 0 | 256,086 | 0 | 0 | 0 | 310,460 |
| <u>Citizens Groups</u> | | | | | | | | |
| Donations | 0 | 0 | 400 | 0 | 0 | 25,259 | 0 | 50,803 |
| Total Other Governments and Citizens Groups | \$ 0 | \$ 0 | \$ 14,647 | \$ 455,391 | \$ 25,259 | \$ 0 | \$ 0 | \$ 1,596,651 |
| Total | \$ 139,741 | \$ 10,000 | \$ 6,311,838 | \$ 14,829,297 | \$ 289,692 | \$ 4,869 | \$ 66,094,977 | |

Exhibit K-7

Blount County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Blount County School Department
 For the Year Ended June 30, 2012

| | General Purpose School | School Federal Projects | Central Cafeteria | Extended School Program | Education Capital Projects | Total |
|--|------------------------|-------------------------|-------------------|-------------------------|----------------------------|---------------|
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 18,297,692 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 18,297,692 |
| Discount on Property Taxes | (268,401) | 0 | 0 | 0 | 0 | (268,401) |
| Trustee's Collections - Prior Year | 890,475 | 0 | 0 | 0 | 0 | 890,475 |
| Circuit/Clerk & Master Collections - Prior Years | 213,216 | 0 | 0 | 0 | 0 | 213,216 |
| Interest and Penalty | 102,412 | 0 | 0 | 0 | 0 | 102,412 |
| Pick-up Taxes | 24,450 | 0 | 0 | 0 | 0 | 24,450 |
| Payments in-Lieu-of Taxes - T.V.A. | 13,279 | 0 | 0 | 0 | 0 | 13,279 |
| Payments in-Lieu-of Taxes - Local Utilities | 162,612 | 0 | 0 | 0 | 0 | 162,612 |
| Payments in-Lieu-of Taxes - Other | 7,295 | 0 | 0 | 0 | 0 | 7,295 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 10,445,301 | 0 | 0 | 0 | 0 | 10,445,301 |
| Business Tax | 438,759 | 0 | 0 | 0 | 0 | 438,759 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Interstate Telecommunications Tax | 4,487 | 0 | 0 | 0 | 0 | 4,487 |
| Total Local Taxes | \$ 30,331,577 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 30,331,577 |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Marriage Licenses | 5,466 | 0 | 0 | 0 | 0 | 5,466 |
| Total Licenses and Permits | \$ 5,466 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 5,466 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>Education Charges</u> | | | | | | |
| Contract for Instructional Services with Other LEAs | 40,500 | 0 | 0 | 0 | 0 | 40,500 |
| Receipts from Individual Schools | 0 | 0 | 2,177,215 | 0 | 0 | 2,177,215 |
| Community Service Fees - Children | 0 | 0 | 0 | 1,315,045 | 0 | 1,315,045 |
| Total Charges for Current Services | \$ 40,500 | \$ 0 | \$ 2,177,215 | \$ 1,315,045 | \$ 0 | \$ 3,532,760 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | 80,341 | 0 | 4,973 | 3,332 | 1,978 | 90,624 |
| Lease/Rentals | 20,524 | 0 | 0 | 0 | 0 | 20,524 |
| Refund of Telecommunication & Internet Fees (E-Rate) | 31,539 | 0 | 0 | 0 | 0 | 31,539 |

(Continued)

Exhibit K-7

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Extended School Program | Education Capital Projects | Total |
|---|------------------------|-------------------------|-------------------|-------------------------|----------------------------|---------------|
| <u>Other Local Revenues (Cont.)</u> | | | | | | |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | \$ 11,391 | \$ 0 | \$ 3,390 | \$ 0 | \$ 0 | \$ 14,781 |
| Damages Recovered from Individuals | 8,736 | 0 | 0 | 0 | 0 | 8,736 |
| Contributions and Gifts | 100,001 | 0 | 0 | 0 | 0 | 100,001 |
| <u>Other Local Revenues</u> | | | | | | |
| Other Local Revenues | 69,497 | 0 | 0 | 3,816 | 0 | 73,313 |
| Total Other Local Revenues | \$ 322,029 | \$ 0 | \$ 8,363 | \$ 7,148 | \$ 1,978 | \$ 339,518 |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| On-Behalf Contributions for OPEB | \$ 55,746 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 55,746 |
| <u>State Education Funds</u> | | | | | | |
| Basic Education Program | 43,910,001 | 0 | 0 | 0 | 0 | 43,910,001 |
| Early Childhood Education | 583,625 | 0 | 0 | 0 | 0 | 583,625 |
| School Food Service | 0 | 0 | 51,841 | 0 | 0 | 51,841 |
| Other State Education Funds | 143,122 | 0 | 0 | 146,629 | 0 | 289,751 |
| Coordinated School Health - ARRA | 85,227 | 0 | 0 | 0 | 0 | 85,227 |
| Family Resource Centers - ARRA | 29,612 | 0 | 0 | 0 | 0 | 29,612 |
| Statewide Student Management System (SSMS) - ARRA | 22,529 | 0 | 0 | 0 | 0 | 22,529 |
| Career Ladder Program | 395,384 | 0 | 0 | 0 | 0 | 395,384 |
| Career Ladder - Extended Contract | 197,083 | 0 | 0 | 0 | 0 | 197,083 |
| <u>Other State Revenues</u> | | | | | | |
| Mixed Drink Tax | 60,818 | 0 | 0 | 0 | 0 | 60,818 |
| State Revenue Sharing - T.V.A. | 1,454,611 | 0 | 0 | 0 | 0 | 1,454,611 |
| Other State Grants | 58,206 | 0 | 0 | 0 | 0 | 58,206 |
| Safe Schools - ARRA | 31,543 | 0 | 0 | 0 | 0 | 31,543 |
| Other State Revenues | 601 | 0 | 0 | 0 | 0 | 601 |
| Total State of Tennessee | \$ 47,028,108 | \$ 0 | \$ 51,841 | \$ 146,629 | \$ 0 | \$ 47,226,578 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 2,249,632 | \$ 0 | \$ 0 | \$ 2,249,632 |
| USDA - Commodities | 0 | 0 | 230,010 | 0 | 0 | 230,010 |
| Breakfast | 0 | 0 | 853,469 | 0 | 0 | 853,469 |

(Continued)

Exhibit K-7

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Extended School Program | Education Capital Projects | Total |
|--|------------------------------|-------------------------------|----------------------|-------------------------------|----------------------------------|---------------|
| <u>Federal Government (Cont.)</u> | | | | | | |
| <u>Federal Through State (Cont.)</u> | | | | | | |
| Adult Education State Grant Program | \$ 148,228 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 148,228 |
| Vocational Education - Basic Grants to States | 0 | 166,173 | 0 | 0 | 0 | 166,173 |
| Title I Grants to Local Education Agencies | 0 | 2,218,215 | 0 | 0 | 0 | 2,218,215 |
| Innovative Education Program Strategies | 0 | 4,940 | 0 | 0 | 0 | 4,940 |
| Special Education - Grants to States | 139,702 | 2,723,790 | 0 | 0 | 0 | 2,863,492 |
| English Language Acquisition Grants | 0 | 19,654 | 0 | 0 | 0 | 19,654 |
| Eisenhower Professional Development State Grants | 0 | 361,552 | 0 | 0 | 0 | 361,552 |
| Race-to-the-Top - ARRA | 0 | 734,756 | 0 | 0 | 0 | 734,756 |
| Other Federal through State | 0 | 2,416,504 | 0 | 0 | 0 | 2,416,504 |
| <u>Direct Federal Revenue</u> | 129,490 | 0 | 0 | 0 | 0 | 129,490 |
| ROTC Reimbursement | 417,420 | 8,645,584 | 3,333,111 | 0 | 0 | 12,396,115 |
| Total Federal Government | \$ 78,145,100 | \$ 8,645,584 | \$ 5,570,530 | \$ 1,468,822 | \$ 1,978 | \$ 93,832,014 |

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

| | | | |
|---|----|---------|------------|
| Secretary to Board | \$ | 41,080 | |
| Temporary Personnel | | 2,454 | |
| Board and Committee Members Fees | | 102,060 | |
| Social Security | | 8,762 | |
| State Retirement | | 4,761 | |
| Employee and Dependent Insurance | | 6,600 | |
| Life Insurance | | 207 | |
| Medical Insurance | | 5,100 | |
| Dental Insurance | | 300 | |
| Unemployment Compensation | | 98 | |
| Employer Medicare | | 2,086 | |
| Dues and Memberships | | 2,200 | |
| Operating Lease Payments | | 1,129 | |
| Legal Notices, Recording, and Court Costs | | 2,185 | |
| Printing, Stationery, and Forms | | 119 | |
| Travel | | 2,136 | |
| Tuition | | 1,000 | |
| Data Processing Supplies | | 97 | |
| Duplicating Supplies | | 423 | |
| Office Supplies | | 92 | |
| Other Supplies and Materials | | 41 | |
| Workers' Compensation Insurance | | 219 | |
| Total County Commission | | | \$ 183,149 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 1,980 | |
| Social Security | | 123 | |
| Unemployment Compensation | | 13 | |
| Employer Medicare | | 29 | |
| Workers' Compensation Insurance | | 8 | |
| Total Board of Equalization | | | 2,153 |

Beer Board

| | | | |
|---|----|-----|-----|
| Legal Notices, Recording, and Court Costs | \$ | 188 | |
| Total Beer Board | | | 188 |

Budget and Finance Committee

| | | | |
|---|----|-----|-----|
| Legal Notices, Recording, and Court Costs | \$ | 686 | |
| Total Budget and Finance Committee | | | 686 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive

| | | | |
|--|----|---------|------------|
| County Official/Administrative Officer | \$ | 103,315 | |
| Assistant(s) | | 8,860 | |
| Secretary(ies) | | 42,300 | |
| Social Security | | 9,138 | |
| State Retirement | | 5,653 | |
| Employee and Dependent Insurance | | 6,747 | |
| Life Insurance | | 470 | |
| Medical Insurance | | 5,236 | |
| Dental Insurance | | 608 | |
| Unemployment Compensation | | 87 | |
| Employer Medicare | | 2,137 | |
| Dues and Memberships | | 500 | |
| Gasoline | | 765 | |
| Office Supplies | | 589 | |
| Periodicals | | 115 | |
| Other Supplies and Materials | | 111 | |
| Workers' Compensation Insurance | | 232 | |
| Other Charges | | 356 | |
| Total County Mayor/Executive | | | \$ 187,219 |

Personnel Office

| | | | |
|----------------------------------|----|--------|--------|
| Clerical Personnel | \$ | 47,433 | |
| Social Security | | 2,785 | |
| State Retirement | | 5,497 | |
| Employee and Dependent Insurance | | 6,600 | |
| Life Insurance | | 237 | |
| Medical Insurance | | 5,100 | |
| Dental Insurance | | 300 | |
| Unemployment Compensation | | 72 | |
| Employer Medicare | | 651 | |
| Legal Services | | 212 | |
| Office Supplies | | 4 | |
| Workers' Compensation Insurance | | 177 | |
| Other Charges | | 55 | |
| Total Personnel Office | | | 69,123 |

Election Commission

| | | |
|--|----|--------|
| County Official/Administrative Officer | \$ | 66,540 |
| Clerical Personnel | | 53,833 |
| Custodial Personnel | | 475 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

| | | | |
|---|----|--------|------------|
| Temporary Personnel | \$ | 34,445 | |
| Other Salaries and Wages | | 8,000 | |
| Election Commission | | 20,450 | |
| Election Workers | | 35,734 | |
| In-Service Training | | 6,645 | |
| Social Security | | 10,416 | |
| State Retirement | | 12,446 | |
| Employee and Dependent Insurance | | 11,550 | |
| Life Insurance | | 505 | |
| Medical Insurance | | 14,025 | |
| Dental Insurance | | 825 | |
| Unemployment Compensation | | 654 | |
| Employer Medicare | | 2,681 | |
| Dues and Memberships | | 250 | |
| Operating Lease Payments | | 1,129 | |
| Legal Notices, Recording, and Court Costs | | 3,320 | |
| Printing, Stationery, and Forms | | 6,174 | |
| Rentals | | 600 | |
| Travel | | 3,452 | |
| Tuition | | 1,495 | |
| Other Contracted Services | | 33,799 | |
| Office Supplies | | 3,574 | |
| Workers' Compensation Insurance | | 583 | |
| Total Election Commission | | | \$ 333,600 |

Register of Deeds

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 73,944 |
| Clerical Personnel | | 252,599 |
| Social Security | | 19,586 |
| State Retirement | | 37,846 |
| Employee and Dependent Insurance | | 19,800 |
| Life Insurance | | 1,526 |
| Medical Insurance | | 40,800 |
| Dental Insurance | | 2,400 |
| Unemployment Compensation | | 504 |
| Employer Medicare | | 4,581 |
| Dues and Memberships | | 320 |
| Operating Lease Payments | | 4,617 |
| Maintenance and Repair Services - Office Equipment | | 260 |
| Printing, Stationery, and Forms | | 142 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| Travel | \$ | 2,412 | |
| Tuition | | 225 | |
| Other Contracted Services | | 30,080 | |
| Duplicating Supplies | | 758 | |
| Office Supplies | | 1,124 | |
| Other Supplies and Materials | | 1,707 | |
| Workers' Compensation Insurance | | 518 | |
| Data Processing Equipment | | 960 | |
| Total Register of Deeds | | | \$ 496,709 |

Development

| | | | |
|--|----|---------|---------|
| Assistant(s) | \$ | 159,052 | |
| Supervisor/Director | | 64,900 | |
| Secretary(ies) | | 28,000 | |
| Clerical Personnel | | 29,070 | |
| Other Salaries and Wages | | 142,332 | |
| Social Security | | 25,365 | |
| State Retirement | | 49,226 | |
| Employee and Dependent Insurance | | 42,900 | |
| Life Insurance | | 1,996 | |
| Medical Insurance | | 45,900 | |
| Dental Insurance | | 2,700 | |
| Unemployment Compensation | | 720 | |
| Employer Medicare | | 5,932 | |
| Dues and Memberships | | 4,390 | |
| Operating Lease Payments | | 1,285 | |
| Legal Notices, Recording, and Court Costs | | 606 | |
| Maintenance and Repair Services - Vehicles | | 1,263 | |
| Printing, Stationery, and Forms | | 995 | |
| Travel | | 13,947 | |
| Tuition | | 601 | |
| Other Contracted Services | | 3,541 | |
| Custodial Supplies | | 17 | |
| Gasoline | | 6,992 | |
| Office Supplies | | 2,698 | |
| Other Supplies and Materials | | 336 | |
| Workers' Compensation Insurance | | 639 | |
| Other Charges | | 3,150 | |
| Communication Equipment | | 237 | |
| Total Development | | | 638,790 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning

| | | | |
|--|----|--------|------------|
| Assistant(s) | \$ | 50,108 | |
| Supervisor/Director | | 70,086 | |
| Secretary(ies) | | 35,479 | |
| Social Security | | 9,469 | |
| State Retirement | | 18,043 | |
| Employee and Dependent Insurance | | 6,600 | |
| Life Insurance | | 627 | |
| Medical Insurance | | 14,392 | |
| Dental Insurance | | 847 | |
| Unemployment Compensation | | 203 | |
| Employer Medicare | | 2,215 | |
| Dues and Memberships | | 1,843 | |
| Operating Lease Payments | | 2,414 | |
| Legal Notices, Recording, and Court Costs | | 914 | |
| Maintenance and Repair Services - Vehicles | | 83 | |
| Travel | | 1,228 | |
| Food Supplies | | 25 | |
| Gasoline | | 496 | |
| Library Books/Media | | 127 | |
| Office Supplies | | 1,079 | |
| Other Supplies and Materials | | 18 | |
| Workers' Compensation Insurance | | 224 | |
| Data Processing Equipment | | 2,163 | |
| Total Planning | | | \$ 218,683 |

Building

| | | | |
|---|----|-----|-----|
| Legal Notices, Recording, and Court Costs | \$ | 70 | |
| Travel | | 233 | |
| Other Charges | | 400 | |
| Total Building | | | 703 |

Engineering

| | | | |
|--|----|-------|-------|
| Maintenance and Repair Services - Vehicles | \$ | 669 | |
| Printing, Stationery, and Forms | | 168 | |
| Gasoline | | 190 | |
| Other Charges | | 175 | |
| Furniture and Fixtures | | 1,960 | |
| Total Engineering | | | 3,162 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

| | | | |
|------------------------|----|-----|--------|
| Travel | \$ | 1 | |
| Tuition | | 225 | |
| Gasoline | | 354 | |
| Office Supplies | | 12 | |
| Other Charges | | 302 | |
| Total Codes Compliance | | | \$ 894 |

County Buildings

| | | | |
|--|----|---------|-----------|
| Supervisor/Director | \$ | 62,419 | |
| Secretary(ies) | | 24,645 | |
| Custodial Personnel | | 158,289 | |
| Maintenance Personnel | | 78,361 | |
| Part-time Personnel | | 18,158 | |
| Social Security | | 20,347 | |
| State Retirement | | 37,028 | |
| Employee and Dependent Insurance | | 39,875 | |
| Life Insurance | | 1,592 | |
| Medical Insurance | | 60,775 | |
| Dental Insurance | | 3,575 | |
| Unemployment Compensation | | 1,060 | |
| Employer Medicare | | 4,758 | |
| Maintenance Agreements | | 40,906 | |
| Maintenance and Repair Services - Buildings | | 47,523 | |
| Maintenance and Repair Services - Equipment | | 52,300 | |
| Maintenance and Repair Services - Office Equipment | | 568 | |
| Maintenance and Repair Services - Vehicles | | 3,758 | |
| Pest Control | | 3,120 | |
| Permits | | 1,935 | |
| Other Contracted Services | | 90 | |
| Custodial Supplies | | 29,413 | |
| Equipment and Machinery Parts | | 391 | |
| Gasoline | | 4,528 | |
| Natural Gas | | 63,122 | |
| Office Supplies | | 628 | |
| Uniforms | | 506 | |
| Utilities | | 582,018 | |
| Other Supplies and Materials | | 1,711 | |
| Workers' Compensation Insurance | | 611 | |
| Building Improvements | | 136,558 | |
| Total County Buildings | | | 1,480,568 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

| | | |
|---|------------|--------------|
| Local Retirement | \$ 135,287 | |
| Audit Services | 36,903 | |
| Communication | 149,893 | |
| Legal Services | 26,898 | |
| Legal Notices, Recording, and Court Costs | 1,237,405 | |
| Pauper Burials | 5,625 | |
| Postal Charges | 171,436 | |
| Other Contracted Services | 180,512 | |
| Electricity | 564 | |
| Utilities | 3,000 | |
| Liability Insurance | 682,345 | |
| Trustee's Commission | 529,928 | |
| Other Charges | 242 | |
| Total Other General Administration | | \$ 3,160,038 |

Preservation of Records

| | | |
|----------------------------------|-----------|---------|
| Supervisor/Director | \$ 40,374 | |
| Other Salaries and Wages | 24,121 | |
| Social Security | 3,720 | |
| State Retirement | 7,475 | |
| Employee and Dependent Insurance | 13,200 | |
| Life Insurance | 323 | |
| Medical Insurance | 10,200 | |
| Dental Insurance | 600 | |
| Unemployment Compensation | 415 | |
| Employer Medicare | 870 | |
| Communication | 1,529 | |
| Operating Lease Payments | 710 | |
| Travel | 316 | |
| Other Contracted Services | 1,350 | |
| Data Processing Supplies | 68 | |
| Duplicating Supplies | 62 | |
| Gasoline | 57 | |
| Office Supplies | 219 | |
| Utilities | 6,500 | |
| Other Supplies and Materials | 936 | |
| Workers' Compensation Insurance | 97 | |
| Data Processing Equipment | 974 | |
| Total Preservation of Records | | 114,116 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Risk Management

| | | | |
|--|----|--------|------------|
| Supervisor/Director | \$ | 60,742 | |
| Clerical Personnel | | 38,430 | |
| Other Salaries and Wages | | 41,750 | |
| Social Security | | 8,335 | |
| State Retirement | | 16,494 | |
| Employee and Dependent Insurance | | 13,200 | |
| Life Insurance | | 655 | |
| Medical Insurance | | 15,300 | |
| Dental Insurance | | 900 | |
| Unemployment Compensation | | 216 | |
| Employer Medicare | | 1,949 | |
| Communication | | 45 | |
| Operating Lease Payments | | 2,405 | |
| Maintenance and Repair Services - Vehicles | | 1,647 | |
| Travel | | 635 | |
| Tuition | | 364 | |
| Gasoline | | 3,144 | |
| Office Supplies | | 571 | |
| Other Supplies and Materials | | 236 | |
| Workers' Compensation Insurance | | 212 | |
| Other Charges | | 2,344 | |
| Total Risk Management | | | \$ 209,574 |

Finance

Accounting and Budgeting

| | | |
|----------------------------------|----|---------|
| Supervisor/Director | \$ | 73,938 |
| Accountants/Bookkeepers | | 315,560 |
| Clerical Personnel | | 49,974 |
| Social Security | | 26,413 |
| State Retirement | | 48,368 |
| Employee and Dependent Insurance | | 12,503 |
| Life Insurance | | 1,942 |
| Medical Insurance | | 44,489 |
| Dental Insurance | | 2,617 |
| Unemployment Compensation | | 705 |
| Employer Medicare | | 6,177 |
| Dues and Memberships | | 1,843 |
| Operating Lease Payments | | 4,368 |
| Printing, Stationery, and Forms | | 1,728 |
| Travel | | 849 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

| | | | |
|---------------------------------|----|-------|------------|
| Tuition | \$ | 1,161 | |
| Office Supplies | | 1,235 | |
| Workers' Compensation Insurance | | 698 | |
| Other Charges | | 926 | |
| Furniture and Fixtures | | 2,750 | |
| Total Accounting and Budgeting | | | \$ 598,244 |

Purchasing

| | | | |
|--|----|---------|---------|
| Supervisor/Director | \$ | 51,000 | |
| Purchasing Personnel | | 109,754 | |
| Social Security | | 9,208 | |
| State Retirement | | 18,742 | |
| Employee and Dependent Insurance | | 26,400 | |
| Life Insurance | | 816 | |
| Medical Insurance | | 25,500 | |
| Dental Insurance | | 1,500 | |
| Unemployment Compensation | | 360 | |
| Employer Medicare | | 2,153 | |
| Dues and Memberships | | 505 | |
| Operating Lease Payments | | 1,381 | |
| Legal Notices, Recording, and Court Costs | | 2,536 | |
| Maintenance and Repair Services - Office Equipment | | 234 | |
| Printing, Stationery, and Forms | | 1,600 | |
| Travel | | 403 | |
| Duplicating Supplies | | 105 | |
| Office Supplies | | 438 | |
| Workers' Compensation Insurance | | 270 | |
| Office Equipment | | 578 | |
| Total Purchasing | | | 253,483 |

Property Assessor's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 73,944 | |
| Assistant(s) | | 156,912 | |
| Clerical Personnel | | 167,735 | |
| Social Security | | 23,788 | |
| State Retirement | | 46,197 | |
| Employee and Dependent Insurance | | 39,600 | |
| Life Insurance | | 1,852 | |
| Medical Insurance | | 45,900 | |
| Dental Insurance | | 2,700 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

| | | | |
|--|----|--------|------------|
| Unemployment Compensation | \$ | 576 | |
| Employer Medicare | | 5,563 | |
| Data Processing Services | | 26,927 | |
| Dues and Memberships | | 2,905 | |
| Operating Lease Payments | | 3,140 | |
| Legal Services | | 4,009 | |
| Maintenance and Repair Services - Vehicles | | 2,614 | |
| Printing, Stationery, and Forms | | 770 | |
| Travel | | 1,165 | |
| Tuition | | 410 | |
| Other Contracted Services | | 10,410 | |
| Duplicating Supplies | | 458 | |
| Gasoline | | 3,206 | |
| Office Supplies | | 865 | |
| Other Supplies and Materials | | 483 | |
| Workers' Compensation Insurance | | 715 | |
| Other Charges | | 90,063 | |
| Total Property Assessor's Office | | | \$ 712,907 |

Reappraisal Program

| | | | |
|----------------------------------|----|---------|---------|
| Assistant(s) | \$ | 140,076 | |
| Clerical Personnel | | 32,930 | |
| Social Security | | 10,080 | |
| State Retirement | | 19,898 | |
| Employee and Dependent Insurance | | 30,525 | |
| Life Insurance | | 879 | |
| Medical Insurance | | 24,225 | |
| Dental Insurance | | 1,425 | |
| Unemployment Compensation | | 356 | |
| Employer Medicare | | 2,357 | |
| Data Processing Services | | 40,551 | |
| Travel | | 1,428 | |
| Workers' Compensation Insurance | | 333 | |
| Total Reappraisal Program | | | 305,063 |

County Trustee's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 73,944 | |
| Clerical Personnel | | 224,219 | |
| Temporary Personnel | | 3,091 | |
| Social Security | | 18,096 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

| | | | |
|---|----|--------|------------|
| State Retirement | \$ | 31,747 | |
| Employee and Dependent Insurance | | 23,100 | |
| Life Insurance | | 1,328 | |
| Medical Insurance | | 28,050 | |
| Dental Insurance | | 1,800 | |
| Unemployment Compensation | | 464 | |
| Employer Medicare | | 4,232 | |
| Dues and Memberships | | 1,095 | |
| Operating Lease Payments | | 1,381 | |
| Legal Services | | 5,297 | |
| Legal Notices, Recording, and Court Costs | | 144 | |
| Printing, Stationery, and Forms | | 851 | |
| Travel | | 520 | |
| Tuition | | 379 | |
| Other Contracted Services | | 433 | |
| Duplicating Supplies | | 404 | |
| Office Supplies | | 1,403 | |
| Other Supplies and Materials | | 2,123 | |
| Workers' Compensation Insurance | | 468 | |
| Total County Trustee's Office | | | \$ 424,569 |

County Clerk's Office

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 73,944 |
| Clerical Personnel | | 594,951 |
| Part-time Personnel | | 17,644 |
| Social Security | | 40,298 |
| State Retirement | | 77,525 |
| Employee and Dependent Insurance | | 79,200 |
| Life Insurance | | 3,187 |
| Medical Insurance | | 104,550 |
| Dental Insurance | | 5,550 |
| Unemployment Compensation | | 1,491 |
| Employer Medicare | | 9,424 |
| Dues and Memberships | | 774 |
| Operating Lease Payments | | 6,312 |
| Maintenance Agreements | | 13,901 |
| Maintenance and Repair Services - Vehicles | | 142 |
| Printing, Stationery, and Forms | | 10,338 |
| Travel | | 304 |
| Data Processing Supplies | | 876 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

| | | | |
|------------------------------------|----|-------|--------------|
| Duplicating Supplies | \$ | 6,286 | |
| Gasoline | | 1,385 | |
| Office Supplies | | 3,665 | |
| Other Supplies and Materials | | 1,203 | |
| Premiums on Corporate Surety Bonds | | 100 | |
| Workers' Compensation Insurance | | 1,045 | |
| Furniture and Fixtures | | 1,418 | |
| Total County Clerk's Office | | | \$ 1,055,513 |

Data Processing

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 86,058 | |
| Data Processing Personnel | | 270,041 | |
| Social Security | | 21,596 | |
| State Retirement | | 41,272 | |
| Employee and Dependent Insurance | | 13,200 | |
| Life Insurance | | 1,547 | |
| Medical Insurance | | 35,700 | |
| Dental Insurance | | 2,100 | |
| Unemployment Compensation | | 504 | |
| Employer Medicare | | 5,051 | |
| Data Processing Services | | 2,544 | |
| Maintenance and Repair Services - Equipment | | 17,336 | |
| Printing, Stationery, and Forms | | 14,453 | |
| Other Contracted Services | | 2,189 | |
| Data Processing Supplies | | 3,084 | |
| Equipment Parts - Light | | 14,007 | |
| Office Supplies | | 193 | |
| Workers' Compensation Insurance | | 547 | |
| Data Processing Equipment | | 23,911 | |
| Total Data Processing | | | 555,333 |

Administration of Justice

Circuit Court Judge

| | | | |
|---------------------------------|----|--------|--|
| Jury and Witness Expense | \$ | 21,139 | |
| Operating Lease Payments | | 1,345 | |
| Maintenance Agreements | | 792 | |
| Printing, Stationery, and Forms | | 7,728 | |
| Other Contracted Services | | 2,562 | |
| Duplicating Supplies | | 100 | |
| Office Supplies | | 363 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Judge (Cont.)

| | | | |
|------------------------------|----|-------|-----------|
| Other Supplies and Materials | \$ | 4,970 | |
| Furniture and Fixtures | | 9,603 | |
| Office Equipment | | 2,416 | |
| Total Circuit Court Judge | | | \$ 51,018 |

Circuit Court Clerk

| | | | |
|--|----|-----------|-----------|
| County Official/Administrative Officer | \$ | 73,944 | |
| Clerical Personnel | | 1,221,191 | |
| Overtime Pay | | 8,135 | |
| Social Security | | 76,740 | |
| State Retirement | | 139,332 | |
| Employee and Dependent Insurance | | 114,400 | |
| Life Insurance | | 6,047 | |
| Medical Insurance | | 202,725 | |
| Dental Insurance | | 11,625 | |
| Unemployment Compensation | | 3,488 | |
| Employer Medicare | | 18,254 | |
| Bank Charges | | 166 | |
| Communication | | 100 | |
| Data Processing Services | | 18,000 | |
| Dues and Memberships | | 1,449 | |
| Operating Lease Payments | | 5,090 | |
| Maintenance Agreements | | 6,533 | |
| Maintenance and Repair Services - Office Equipment | | 180 | |
| Maintenance and Repair Services - Vehicles | | 452 | |
| Printing, Stationery, and Forms | | 23,851 | |
| Travel | | 6,538 | |
| Tuition | | 4,020 | |
| Other Contracted Services | | 5,257 | |
| Data Processing Supplies | | 4,791 | |
| Duplicating Supplies | | 4,246 | |
| Library Books/Media | | 1,699 | |
| Office Supplies | | 6,566 | |
| Other Supplies and Materials | | 6,201 | |
| Workers' Compensation Insurance | | 1,960 | |
| Building Improvements | | 3,150 | |
| Data Processing Equipment | | 8,697 | |
| Furniture and Fixtures | | 545 | |
| Office Equipment | | 1,984 | |
| Total Circuit Court Clerk | | | 1,987,356 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

| | | | |
|--|----|---------|------------|
| Judge(s) | \$ | 593,894 | |
| Secretary(ies) | | 106,413 | |
| Other Salaries and Wages | | 4,500 | |
| Social Security | | 33,047 | |
| State Retirement | | 81,165 | |
| Employee and Dependent Insurance | | 26,400 | |
| Life Insurance | | 1,542 | |
| Medical Insurance | | 35,700 | |
| Dental Insurance | | 1,800 | |
| Unemployment Compensation | | 216 | |
| Employer Medicare | | 9,950 | |
| Dues and Memberships | | 1,651 | |
| Operating Lease Payments | | 1,533 | |
| Maintenance and Repair Services - Office Equipment | | 279 | |
| Printing, Stationery, and Forms | | 664 | |
| Travel | | 6,009 | |
| Tuition | | 860 | |
| Other Contracted Services | | 1,745 | |
| Library Books/Media | | 1,938 | |
| Office Supplies | | 538 | |
| Other Supplies and Materials | | 3,554 | |
| Workers' Compensation Insurance | | 1,074 | |
| Other Charges | | 37 | |
| Total General Sessions Judge | | | \$ 914,509 |

Chancery Court

| | | |
|---|----|---------|
| County Official/Administrative Officer | \$ | 73,944 |
| Clerical Personnel | | 212,202 |
| Social Security | | 16,889 |
| State Retirement | | 33,164 |
| Employee and Dependent Insurance | | 13,200 |
| Life Insurance | | 1,253 |
| Medical Insurance | | 35,700 |
| Dental Insurance | | 2,100 |
| Unemployment Compensation | | 528 |
| Employer Medicare | | 3,936 |
| Dues and Memberships | | 842 |
| Operating Lease Payments | | 3,856 |
| Legal Notices, Recording, and Court Costs | | 139 |
| Printing, Stationery, and Forms | | 9,245 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Travel | \$ | 329 | |
| Duplicating Supplies | | 983 | |
| Office Supplies | | 5,430 | |
| Other Supplies and Materials | | 370 | |
| Premiums on Corporate Surety Bonds | | 100 | |
| Workers' Compensation Insurance | | 458 | |
| Total Chancery Court | | | \$ 414,668 |

Juvenile Court

| | | | |
|----------------------------------|----|---------|---------|
| Youth Service Officer(s) | \$ | 191,350 | |
| Secretary(ies) | | 25,037 | |
| Other Salaries and Wages | | 66,690 | |
| Social Security | | 17,128 | |
| State Retirement | | 32,808 | |
| Employee and Dependent Insurance | | 19,800 | |
| Life Insurance | | 1,336 | |
| Medical Insurance | | 35,700 | |
| Dental Insurance | | 2,100 | |
| Unemployment Compensation | | 504 | |
| Employer Medicare | | 4,006 | |
| Dues and Memberships | | 775 | |
| Evaluation and Testing | | 1,478 | |
| Operating Lease Payments | | 4,284 | |
| Medical and Dental Services | | 5,019 | |
| Printing, Stationery, and Forms | | 8,525 | |
| Travel | | 6,270 | |
| Tuition | | 1,430 | |
| Other Contracted Services | | 2,461 | |
| Library Books/Media | | 467 | |
| Office Supplies | | 824 | |
| Workers' Compensation Insurance | | 426 | |
| Other Charges | | 2,076 | |
| Furniture and Fixtures | | 582 | |
| Office Equipment | | 784 | |
| Total Juvenile Court | | | 431,860 |

Office of Public Defender

| | | | |
|---------------------------|----|--------|--|
| Clerical Personnel | \$ | 25,200 | |
| Social Security | | 1,562 | |
| Unemployment Compensation | | 88 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Office of Public Defender (Cont.)

| | | | |
|---------------------------------|----|--------|-----------|
| Employer Medicare | \$ | 366 | |
| Operating Lease Payments | | 15,600 | |
| Other Contracted Services | | 12,120 | |
| Workers' Compensation Insurance | | 38 | |
| Total Office of Public Defender | | | \$ 54,974 |

Other Administration of Justice

| | | | |
|---------------------------------------|----|---------|---------|
| Captain(s) | \$ | 57,061 | |
| Lieutenant(s) | | 46,931 | |
| Attendants | | 198,962 | |
| Longevity Pay | | 5,903 | |
| Social Security | | 18,813 | |
| State Retirement | | 45,076 | |
| Employee and Dependent Insurance | | 15,266 | |
| Life Insurance | | 1,393 | |
| Medical Insurance | | 36,061 | |
| Dental Insurance | | 2,121 | |
| Unemployment Compensation | | 502 | |
| Employer Medicare | | 4,400 | |
| Other Contracted Services | | 24 | |
| Workers' Compensation Insurance | | 8,163 | |
| Total Other Administration of Justice | | | 440,676 |

Probation Services

| | | | |
|----------------------------------|----|---------|--|
| Supervisor/Director | \$ | 37,551 | |
| Probation Officer(s) | | 107,510 | |
| Accountants/Bookkeepers | | 26,087 | |
| Secretary(ies) | | 6,115 | |
| Other Salaries and Wages | | 5,999 | |
| Social Security | | 10,963 | |
| State Retirement | | 19,280 | |
| Employee and Dependent Insurance | | 13,750 | |
| Life Insurance | | 927 | |
| Medical Insurance | | 31,364 | |
| Dental Insurance | | 1,919 | |
| Unemployment Compensation | | 238 | |
| Employer Medicare | | 2,564 | |
| Dues and Memberships | | 785 | |
| Operating Lease Payments | | 1,381 | |
| Printing, Stationery, and Forms | | 704 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| Travel | \$ | 181 | |
| Other Contracted Services | | 39,647 | |
| Drugs and Medical Supplies | | 1,119 | |
| Duplicating Supplies | | 1,050 | |
| Office Supplies | | 1,671 | |
| Other Supplies and Materials | | 1,538 | |
| Workers' Compensation Insurance | | 340 | |
| Furniture and Fixtures | | 845 | |
| Total Probation Services | | | \$ 313,528 |

Public Safety

Sheriff's Department

| | | |
|--|----|-----------|
| County Official/Administrative Officer | \$ | 81,496 |
| Assistant(s) | | 106,742 |
| Supervisor/Director | | 323,420 |
| Deputy(ies) | | 3,109,729 |
| Detective(s) | | 318,344 |
| Investigator(s) | | 28,811 |
| Captain(s) | | 159,017 |
| Lieutenant(s) | | 256,501 |
| Sergeant(s) | | 366,979 |
| Mechanic(s) | | 36,777 |
| Clerical Personnel | | 191,362 |
| Attendants | | 180,742 |
| Longevity Pay | | 53,727 |
| Overtime Pay | | 393,105 |
| Other Salaries and Wages | | 12,417 |
| In-Service Training | | 88,500 |
| Social Security | | 343,421 |
| State Retirement | | 816,945 |
| Employee and Dependent Insurance | | 536,424 |
| Life Insurance | | 25,294 |
| Medical Insurance | | 690,334 |
| Dental Insurance | | 40,484 |
| Unemployment Compensation | | 10,190 |
| Employer Medicare | | 80,485 |
| Communication | | 20,466 |
| Dues and Memberships | | 5,525 |
| Evaluation and Testing | | 9,518 |
| Operating Lease Payments | | 19,567 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

| | | | |
|--|----|---------|--------------|
| Legal Services | \$ | 2,582 | |
| Licenses | | 4,445 | |
| Maintenance Agreements | | 58,594 | |
| Maintenance and Repair Services - Equipment | | 50,264 | |
| Maintenance and Repair Services - Office Equipment | | 500 | |
| Maintenance and Repair Services - Vehicles | | 29,828 | |
| Matching Share | | 23,750 | |
| Printing, Stationery, and Forms | | 15,704 | |
| Transportation - Other than Students | | 1,213 | |
| Travel | | 32,955 | |
| Tuition | | 34,455 | |
| Other Contracted Services | | 10,624 | |
| Basic Skills Materials | | 36,945 | |
| Data Processing Supplies | | 18,256 | |
| Duplicating Supplies | | 885 | |
| Electricity | | 8,077 | |
| Equipment and Machinery Parts | | 1,133 | |
| Garage Supplies | | 379 | |
| Gasoline | | 569,647 | |
| Law Enforcement Supplies | | 19,890 | |
| Lubricants | | 4,425 | |
| Office Supplies | | 11,248 | |
| Tires and Tubes | | 33,000 | |
| Uniforms | | 73,896 | |
| Vehicle Parts | | 33,069 | |
| Other Supplies and Materials | | 21,991 | |
| Workers' Compensation Insurance | | 152,505 | |
| Other Charges | | 6,360 | |
| Communication Equipment | | 165,535 | |
| Law Enforcement Equipment | | 4,822 | |
| Total Sheriff's Department | | | \$ 9,733,299 |

Administration of the Sexual Offender Registry

| | | | |
|--|----|-------|-------|
| Other Charges | \$ | 5,600 | |
| Data Processing Equipment | | 2,088 | |
| Total Administration of the Sexual Offender Registry | | | 7,688 |

Jail

| | | | |
|---------------------|----|--------|--|
| Assistant(s) | \$ | 46,944 | |
| Supervisor/Director | | 36,785 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

| | | |
|---|-----------|--------------|
| Captain(s) | \$ 59,914 | |
| Lieutenant(s) | 91,840 | |
| Sergeant(s) | 111,688 | |
| Computer Programmer(s) | 195,739 | |
| Medical Personnel | 174,622 | |
| Guards | 102,679 | |
| Clerical Personnel | 179,637 | |
| Attendants | 2,211,144 | |
| Cafeteria Personnel | 91,288 | |
| Part-time Personnel | 138,252 | |
| Longevity Pay | 24,483 | |
| Overtime Pay | 143,250 | |
| In-Service Training | 27,300 | |
| Social Security | 217,642 | |
| State Retirement | 430,483 | |
| Employee and Dependent Insurance | 319,986 | |
| Life Insurance | 16,387 | |
| Medical Insurance | 517,258 | |
| Dental Insurance | 30,214 | |
| Unemployment Compensation | 8,981 | |
| Employer Medicare | 51,009 | |
| Contracts with Private Agencies | 10,800 | |
| Dues and Memberships | 750 | |
| Evaluation and Testing | 162 | |
| Maintenance and Repair Services - Buildings | 585 | |
| Maintenance and Repair Services - Equipment | 6,485 | |
| Medical and Dental Services | 955,948 | |
| Printing, Stationery, and Forms | 6,646 | |
| Travel | 6,600 | |
| Tuition | 1,795 | |
| Other Contracted Services | 7,681 | |
| Custodial Supplies | 63,340 | |
| Data Processing Supplies | 9,904 | |
| Food Preparation Supplies | 30,172 | |
| Food Supplies | 520,550 | |
| Prisoners Clothing | 10,640 | |
| Uniforms | 4,867 | |
| Other Supplies and Materials | 74,342 | |
| Workers' Compensation Insurance | 101,944 | |
| Other Charges | 453,526 | |
| Total Jail | | \$ 7,494,262 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

| | | | |
|--|----|-------|-----------|
| County Official/Administrative Officer | \$ | 8,182 | |
| Social Security | | 489 | |
| State Retirement | | 1,225 | |
| Life Insurance | | 21 | |
| Employer Medicare | | 114 | |
| Workers' Compensation Insurance | | 207 | |
| Total Workhouse | | | \$ 10,238 |

Juvenile Services

| | | | |
|--------------------------------------|----|---------|-----------|
| Captain(s) | \$ | 59,915 | |
| Lieutenant(s) | | 38,601 | |
| Sergeant(s) | | 81,906 | |
| Medical Personnel | | 16,875 | |
| Guards | | 69,729 | |
| Attendants | | 496,177 | |
| Part-time Personnel | | 1,332 | |
| Overtime Pay | | 12,559 | |
| Other Salaries and Wages | | 28,604 | |
| Social Security | | 48,145 | |
| State Retirement | | 95,452 | |
| Employee and Dependent Insurance | | 80,054 | |
| Life Insurance | | 3,746 | |
| Medical Insurance | | 121,018 | |
| Dental Insurance | | 6,632 | |
| Unemployment Compensation | | 1,870 | |
| Employer Medicare | | 11,260 | |
| Maintenance Agreements | | 3,000 | |
| Medical and Dental Services | | 4,776 | |
| Printing, Stationery, and Forms | | 245 | |
| Travel | | 1,587 | |
| Tuition | | 1,235 | |
| Other Contracted Services | | 1,845 | |
| Instructional Supplies and Materials | | 893 | |
| Office Supplies | | 900 | |
| Prisoners Clothing | | 3,919 | |
| Uniforms | | 251 | |
| Other Supplies and Materials | | 9,626 | |
| Workers' Compensation Insurance | | 22,786 | |
| Total Juvenile Services | | | 1,224,938 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

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

Civil Defense

| | | |
|----------------------------------|-----------|---------|
| Supervisor/Director | \$ 57,330 | |
| Clerical Personnel | 42,774 | |
| Social Security | 6,044 | |
| State Retirement | 11,645 | |
| Employee and Dependent Insurance | 6,600 | |
| Life Insurance | 469 | |
| Medical Insurance | 10,200 | |
| Dental Insurance | 600 | |
| Unemployment Compensation | 144 | |
| Employer Medicare | 1,414 | |
| Other Contracted Services | 7,338 | |
| Gasoline | 2,260 | |
| Office Supplies | 102 | |
| Other Supplies and Materials | 3,471 | |
| Workers' Compensation Insurance | 151 | |
| Law Enforcement Equipment | 63,448 | |
| Total Civil Defense | | 213,990 |

Other Emergency Management

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

Public Health and Welfare

Local Health Center

| | |
|----------------------------------|------------|
| Medical Personnel | \$ 479,554 |
| Clerical Personnel | 87,938 |
| Custodial Personnel | 40,851 |
| Part-time Personnel | 34,976 |
| Social Security | 37,736 |
| State Retirement | 59,343 |
| Employee and Dependent Insurance | 74,250 |
| Life Insurance | 2,611 |
| Medical Insurance | 99,025 |
| Dental Insurance | 5,675 |
| Unemployment Compensation | 2,016 |
| Employer Medicare | 8,963 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

| | | | |
|---|----|--------|--------------|
| Communication | \$ | 24,992 | |
| Contracts with Government Agencies | | 96,810 | |
| Dues and Memberships | | 150 | |
| Maintenance and Repair Services - Buildings | | 2,910 | |
| Maintenance and Repair Services - Equipment | | 568 | |
| Pest Control | | 372 | |
| Travel | | 4,006 | |
| Other Contracted Services | | 2,526 | |
| Custodial Supplies | | 2,089 | |
| Drugs and Medical Supplies | | 17 | |
| Electricity | | 49,881 | |
| Office Supplies | | 1,202 | |
| Other Supplies and Materials | | 775 | |
| Workers' Compensation Insurance | | 1,000 | |
| Other Charges | | 236 | |
| Total Local Health Center | | | \$ 1,120,472 |

Rabies and Animal Control

| | | |
|--|----|--------|
| Part-time Personnel | \$ | 15,990 |
| Overtime Pay | | 12,776 |
| Other Salaries and Wages | | 88,796 |
| Social Security | | 7,252 |
| State Retirement | | 11,514 |
| Life Insurance | | 418 |
| Medical Insurance | | 15,300 |
| Dental Insurance | | 900 |
| Unemployment Compensation | | 299 |
| Employer Medicare | | 1,696 |
| Dues and Memberships | | 210 |
| Licenses | | 480 |
| Maintenance and Repair Services - Vehicles | | 779 |
| Other Contracted Services | | 28,866 |
| Animal Food and Supplies | | 15,111 |
| Drugs and Medical Supplies | | 23,798 |
| Gasoline | | 6,806 |
| Office Supplies | | 2,808 |
| Uniforms | | 2,905 |
| Utilities | | 5,358 |
| Other Supplies and Materials | | 1,093 |
| Workers' Compensation Insurance | | 172 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

| | | |
|---------------------------------|-----------|------------|
| Other Charges | \$ 20,574 | |
| Total Rabies and Animal Control | | \$ 263,901 |

General Welfare Assistance

| | | |
|----------------------------------|-----------|--------|
| Contributions | \$ 18,064 | |
| Total General Welfare Assistance | | 18,064 |

Other Local Welfare Services

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

Other Public Health and Welfare

| | | |
|---------------------------------------|--------|-------|
| Operating Lease Payments | \$ 136 | |
| Travel | 3,342 | |
| Office Supplies | 921 | |
| Uniforms | 230 | |
| Other Supplies and Materials | 373 | |
| Health Equipment | 157 | |
| Total Other Public Health and Welfare | | 5,159 |

Social, Cultural, and Recreational Services

Parks and Fair Boards

| | | |
|------------------------------------|------------|---------|
| Contracts with Government Agencies | \$ 569,924 | |
| Total Parks and Fair Boards | | 569,924 |

Agriculture and Natural Resources

Agriculture Extension Service

| | | |
|--|----------|---------|
| Communication | \$ 5,244 | |
| Contracts with Government Agencies | 119,595 | |
| Operating Lease Payments | 1,129 | |
| Maintenance and Repair Services - Office Equipment | 165 | |
| Office Equipment | 15,311 | |
| Total Agriculture Extension Service | | 141,444 |

Soil Conservation

| | |
|---------------------|-----------|
| Supervisor/Director | \$ 46,704 |
| Clerical Personnel | 39,233 |
| Social Security | 5,322 |
| State Retirement | 9,960 |
| Life Insurance | 433 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| Medical Insurance | \$ | 10,200 | |
| Dental Insurance | | 600 | |
| Unemployment Compensation | | 144 | |
| Employer Medicare | | 1,245 | |
| Communication | | 965 | |
| Travel | | 33 | |
| Office Supplies | | 206 | |
| Workers' Compensation Insurance | | 130 | |
| Total Soil Conservation | | | \$ 115,175 |

Other Operations

Tourism

| | | | |
|---|----|---------|---------|
| Advertising | \$ | 251,466 | |
| Dues and Memberships | | 1,448 | |
| Legal Notices, Recording, and Court Costs | | 210 | |
| Postal Charges | | 3,000 | |
| Printing, Stationery, and Forms | | 15,029 | |
| Travel | | 2,136 | |
| Other Contracted Services | | 608,597 | |
| Office Supplies | | 259 | |
| Other Charges | | 3,143 | |
| Other Equipment | | 4,730 | |
| Total Tourism | | | 890,018 |

Industrial Development

| | | | |
|---------------------------------|----|---------|---------|
| Contracts for Development Costs | \$ | 685,542 | |
| Total Industrial Development | | | 685,542 |

Other Economic and Community Development

| | | | |
|--|----|--------|---------|
| Communication | \$ | 9,592 | |
| Maintenance and Repair Services - Buildings | | 65,424 | |
| Rentals | | 37,869 | |
| Other Contracted Services | | 75,313 | |
| Custodial Supplies | | 5,432 | |
| Office Supplies | | 368 | |
| Utilities | | 8,579 | |
| Other Supplies and Materials | | 673 | |
| Other Charges | | 279 | |
| Data Processing Equipment | | 2,168 | |
| Total Other Economic and Community Development | | | 205,697 |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

| | | | |
|----------------------------------|----|--------|------------|
| Supervisor/Director | \$ | 43,500 | |
| Clerical Personnel | | 61,974 | |
| Social Security | | 6,210 | |
| State Retirement | | 10,544 | |
| Employee and Dependent Insurance | | 9,900 | |
| Life Insurance | | 534 | |
| Medical Insurance | | 15,300 | |
| Dental Insurance | | 900 | |
| Unemployment Compensation | | 238 | |
| Employer Medicare | | 1,452 | |
| Dues and Memberships | | 50 | |
| Operating Lease Payments | | 1,381 | |
| Printing, Stationery, and Forms | | 232 | |
| Travel | | 971 | |
| Duplicating Supplies | | 1,239 | |
| Gasoline | | 567 | |
| Office Supplies | | 1,009 | |
| Workers' Compensation Insurance | | 159 | |
| Other Charges | | 15 | |
| Total Veterans' Services | | | \$ 156,175 |

Contributions to Other Agencies

| | | | |
|---------------------------------------|----|--------|--------|
| Contributions | \$ | 39,240 | |
| Total Contributions to Other Agencies | | | 39,240 |

ARRA Grant # 3

| | | | |
|---------------------------|----|---------|---------|
| Law Enforcement Equipment | \$ | 141,638 | |
| Total ARRA Grant # 3 | | | 141,638 |

Highways

Litter and Trash Collection

| | | | |
|----------------------------------|----|--------|--|
| Attendants | \$ | 31,764 | |
| Longevity Pay | | 250 | |
| Social Security | | 1,881 | |
| State Retirement | | 3,710 | |
| Employee and Dependent Insurance | | 6,370 | |
| Life Insurance | | 153 | |
| Medical Insurance | | 4,823 | |
| Dental Insurance | | 284 | |
| Unemployment Compensation | | 71 | |

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

| | | | |
|------------------------------------|----|--------|-----------|
| Employer Medicare | \$ | 440 | |
| Contracts with Government Agencies | | 2,558 | |
| Licenses | | 15 | |
| Other Contracted Services | | 25,729 | |
| Other Supplies and Materials | | 2,500 | |
| Workers' Compensation Insurance | | 797 | |
| Total Litter and Trash Collection | | | \$ 81,345 |

Capital Projects

Other General Government Projects

| | | | |
|---|----|---------|---------|
| Data Processing Equipment | \$ | 13,294 | |
| Motor Vehicles | | 151,039 | |
| Total Other General Government Projects | | | 164,333 |

Total General Fund \$ 39,319,648

Courthouse and Jail Maintenance Fund

General Government

County Buildings

| | | | |
|------------------------|----|-----|--------|
| Building Improvements | \$ | 633 | |
| Total County Buildings | | | \$ 633 |

Other Operations

Other Charges

| | | | |
|----------------------|----|-----|-----|
| Trustee's Commission | \$ | 887 | |
| Total Other Charges | | | 887 |

Total Courthouse and Jail Maintenance Fund 1,520

Law Library Fund

Other Operations

Other Charges

| | | | |
|---------------------------|----|-------|----------|
| Other Contracted Services | \$ | 6,995 | |
| Trustee's Commission | | 90 | |
| Total Other Charges | | | \$ 7,085 |

Total Law Library Fund 7,085

(Continued)

Exhibit K-8

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

Public Library Fund

General Government

County Buildings

| | | | |
|---|----|--------|------------|
| Supervisor/Director | \$ | 3,616 | |
| Custodial Personnel | | 45,665 | |
| Maintenance Personnel | | 27,170 | |
| Part-time Personnel | | 10,757 | |
| Social Security | | 5,225 | |
| State Retirement | | 7,286 | |
| Employee and Dependent Insurance | | 9,625 | |
| Life Insurance | | 360 | |
| Medical Insurance | | 14,875 | |
| Dental Insurance | | 875 | |
| Unemployment Compensation | | 295 | |
| Employer Medicare | | 1,222 | |
| Maintenance and Repair Services - Buildings | | 16,699 | |
| Maintenance and Repair Services - Equipment | | 3,476 | |
| Workers' Compensation Insurance | | 154 | |
| Total County Buildings | | | \$ 147,300 |

Social, Cultural, and Recreational Services

Libraries

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 76,107 |
| Supervisor/Director | | 298,814 |
| Part-time Personnel | | 226,507 |
| Other Salaries and Wages | | 192,024 |
| Social Security | | 47,075 |
| State Retirement | | 64,597 |
| Employee and Dependent Insurance | | 57,200 |
| Life Insurance | | 2,701 |
| Medical Insurance | | 85,850 |
| Dental Insurance | | 5,050 |
| Unemployment Compensation | | 2,967 |
| Employer Medicare | | 11,104 |
| Communication | | 10,638 |
| Data Processing Services | | 22,542 |
| Operating Lease Payments | | 7,641 |
| Maintenance Agreements | | 2,554 |
| Pest Control | | 696 |
| Postal Charges | | 3,219 |
| Travel | | 1,097 |
| Tuition | | 30 |
| Permits | | 210 |

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

| | | | |
|---------------------------------|----|---------|--------------|
| Other Contracted Services | \$ | 19,201 | |
| Custodial Supplies | | 13,439 | |
| Library Books/Media | | 244,490 | |
| Office Supplies | | 20,798 | |
| Periodicals | | 29,999 | |
| Utilities | | 191,752 | |
| Other Supplies and Materials | | 3,968 | |
| Liability Insurance | | 27,000 | |
| Trustee's Commission | | 1,242 | |
| Workers' Compensation Insurance | | 1,245 | |
| Data Processing Equipment | | 2,442 | |
| Maintenance Equipment | | 4,095 | |
| Total Libraries | | | \$ 1,678,294 |

Other Social, Cultural, and Recreational

| | | | |
|--|----|--------|--------|
| Part-time Personnel | \$ | 30,492 | |
| Social Security | | 1,863 | |
| Unemployment Compensation | | 233 | |
| Employer Medicare | | 437 | |
| Other Supplies and Materials | | 31,653 | |
| Workers' Compensation Insurance | | 54 | |
| Total Other Social, Cultural, and Recreational | | | 64,732 |

Capital Projects

Social, Cultural, and Recreation Projects

| | | | |
|---|----|--------|--------|
| Data Processing Equipment | \$ | 105 | |
| Heating and Air Conditioning Equipment | | 22,766 | |
| Total Social, Cultural, and Recreation Projects | | | 22,871 |

Total Public Library Fund \$ 1,913,197

Drug Control Fund

Public Safety

Sheriff's Department

| | | | |
|------------------------------|----|--------|-----------|
| Other Contracted Services | \$ | 22,222 | |
| Animal Food and Supplies | | 6,757 | |
| Asphalt - Hot Mix | | 17,772 | |
| Other Supplies and Materials | | 27,522 | |
| Trustee's Commission | | 4,147 | |
| Total Sheriff's Department | | | \$ 78,420 |

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Capital Projects

Public Safety Projects

| | | |
|------------------------------|------------|------------|
| Law Enforcement Equipment | \$ 120,143 | |
| Total Public Safety Projects | | \$ 120,143 |

Total Drug Control Fund \$ 198,563

District Attorney General Fund

Administration of Justice

District Attorney General

| | | |
|---------------------------------|--------|--------|
| Trustee's Commission | \$ 198 | |
| Total District Attorney General | | \$ 198 |

Total District Attorney General Fund 198

Other Special Revenue Fund

Administration of Justice

Criminal Court

| | | |
|--------------------------------------|-----------|------------|
| Supervisor/Director | \$ 42,215 | |
| Probation Officer(s) | 66,800 | |
| Secretary(ies) | 19,500 | |
| Social Security | 8,037 | |
| State Retirement | 11,833 | |
| Employee and Dependent Insurance | 6,600 | |
| Life Insurance | 650 | |
| Medical Insurance | 15,300 | |
| Dental Insurance | 600 | |
| Unemployment Compensation | 337 | |
| Employer Medicare | 1,879 | |
| Communication | 1,626 | |
| Dues and Memberships | 700 | |
| Travel | 8,751 | |
| Tuition | 4,112 | |
| Other Contracted Services | 508 | |
| Data Processing Supplies | 95 | |
| Instructional Supplies and Materials | 3,227 | |
| Office Supplies | 929 | |
| Other Supplies and Materials | 8,226 | |
| Trustee's Commission | 770 | |
| Workers' Compensation Insurance | 193 | |
| Total Criminal Court | | \$ 202,888 |

(Continued)

Exhibit K-8

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

Other Special Revenue Fund (Cont.)

Other Operations

ARRA Grant # 6

| | | |
|------------------------------|----------|----------|
| Other Supplies and Materials | \$ 1,488 | |
| Total ARRA Grant # 6 | | \$ 1,488 |

Total Other Special Revenue Fund \$ 204,376

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

| | | |
|---|-----------|-----------|
| Special Commissioner Fees/Special Master Fees | \$ 10,000 | |
| Total Chancery Court | | \$ 10,000 |

Total Constitutional Officers - Fees Fund 10,000

Highway/Public Works Fund

Highways

Administration

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 81,496 |
| Assistant(s) | 70,511 |
| Supervisor/Director | 59,467 |
| Accountants/Bookkeepers | 44,646 |
| Dispatchers/Radio Operators | 44,716 |
| Clerical Personnel | 73,065 |
| Social Security | 22,206 |
| State Retirement | 41,467 |
| Employee and Dependent Insurance | 25,575 |
| Life Insurance | 1,483 |
| Medical Insurance | 34,000 |
| Dental Insurance | 2,000 |
| Unemployment Compensation | 257 |
| Local Retirement | 10,032 |
| Employer Medicare | 5,209 |
| Communication | 9,696 |
| Dues and Memberships | 4,032 |
| Maintenance Agreements | 4,594 |
| Postal Charges | 132 |
| Travel | 803 |
| Tuition | 555 |
| Drugs and Medical Supplies | 101 |
| Electricity | 4,754 |
| Office Supplies | 2,120 |

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

| | | | |
|---------------------------------|----|---------|------------|
| Uniforms | \$ | 318 | |
| Liability Insurance | | 128,041 | |
| Trustee's Commission | | 60,474 | |
| Workers' Compensation Insurance | | 4,481 | |
| Liability Claims | | 186 | |
| Other Charges | | 6,274 | |
| Total Administration | | | \$ 742,691 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|-----------|
| Supervisor/Director | \$ | 136,769 | |
| Foremen | | 142,941 | |
| Equipment Operators | | 213,354 | |
| Equipment Operators - Heavy | | 82,035 | |
| Equipment Operators - Light | | 737,006 | |
| Truck Drivers | | 135,140 | |
| Laborers | | 95,440 | |
| Overtime Pay | | 21,549 | |
| Other Salaries and Wages | | 241,642 | |
| Social Security | | 107,703 | |
| State Retirement | | 202,977 | |
| Employee and Dependent Insurance | | 197,975 | |
| Life Insurance | | 8,677 | |
| Medical Insurance | | 247,736 | |
| Dental Insurance | | 14,573 | |
| Unemployment Compensation | | 1,821 | |
| Local Retirement | | 32,749 | |
| Employer Medicare | | 25,264 | |
| Permits | | 3,718 | |
| Other Contracted Services | | 70,731 | |
| Asphalt - Hot Mix | | 340,274 | |
| Asphalt - Liquid | | 38,567 | |
| Crushed Stone | | 49,047 | |
| Pipe - Metal | | 19,366 | |
| Road Signs | | 14,552 | |
| Salt | | 3,578 | |
| Structural Steel | | 5,770 | |
| Other Supplies and Materials | | 16,335 | |
| Workers' Compensation Insurance | | 23,362 | |
| State Aid Projects | | 367,320 | |
| Total Highway and Bridge Maintenance | | | 3,597,971 |

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

| | | | |
|--|----|---------|--------------|
| Supervisor/Director | \$ | 59,589 | |
| Foremen | | 92,272 | |
| Mechanic(s) | | 312,822 | |
| Nightwatchmen | | 103,517 | |
| Overtime Pay | | 5,592 | |
| Social Security | | 34,349 | |
| State Retirement | | 60,606 | |
| Employee and Dependent Insurance | | 61,625 | |
| Life Insurance | | 2,473 | |
| Medical Insurance | | 64,639 | |
| Dental Insurance | | 3,802 | |
| Unemployment Compensation | | 509 | |
| Employer Medicare | | 8,033 | |
| Diesel Fuel | | 94,894 | |
| Equipment and Machinery Parts | | 57,172 | |
| Gasoline | | 86,470 | |
| Lubricants | | 6,716 | |
| Propane Gas | | 1,619 | |
| Tires and Tubes | | 22,189 | |
| Other Supplies and Materials | | 31,810 | |
| Workers' Compensation Insurance | | 6,759 | |
| Highway Equipment | | 4,134 | |
| Total Operation and Maintenance of Equipment | | | \$ 1,121,591 |

Total Highway/Public Works Fund \$ 5,462,253

General Debt Service Fund

Principal on Debt

General Government

| | | | |
|-----------------------------|----|-----------|--------------|
| Principal on Bonds | \$ | 3,370,700 | |
| Principal on Notes | | 145,000 | |
| Principal on Capital Leases | | 275,277 | |
| Principal on Other Loans | | 2,510,501 | |
| Total General Government | | | \$ 6,301,478 |

Interest on Debt

General Government

| | | |
|----------------------------|----|-----------|
| Interest on Bonds | \$ | 3,709,182 |
| Interest on Notes | | 44,173 |
| Interest on Capital Leases | | 129,170 |

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

General Government (Cont.)

| | | |
|--------------------------|--------------|--------------|
| Interest on Other Loans | \$ 4,703,397 | |
| Total General Government | | \$ 8,585,922 |

Other Debt Service

General Government

| | | |
|-----------------------------|-----------|------------------|
| Financial Advisory Services | \$ 10,000 | |
| Trustee's Commission | 278,659 | |
| Other Charges | 12,062 | |
| Other Debt Service | 1,201,979 | |
| Total General Government | | <u>1,502,700</u> |

| | | |
|---------------------------------|--|---------------|
| Total General Debt Service Fund | | \$ 16,390,100 |
|---------------------------------|--|---------------|

Other Capital Projects Fund

Other Operations

ARRA Grant # 1

| | | |
|---------------------------|----------|------------|
| Other Contracted Services | \$ 8,680 | |
| Other Charges | 10,358 | |
| Building Improvements | 95,650 | |
| Total ARRA Grant # 1 | | \$ 114,688 |

Capital Outlay

Regular Capital Outlay

| | | |
|--|-----------|--------|
| Heating and Air Conditioning Equipment | \$ 56,265 | |
| Total Regular Capital Outlay | | 56,265 |

Capital Projects

General Administration Projects

| | | |
|---------------------------------------|----------|-------|
| Building Improvements | \$ 9,797 | |
| Total General Administration Projects | | 9,797 |

Social, Cultural, and Recreation Projects

| | | |
|---|-----------|--------|
| Other Contracted Services | \$ 14,247 | |
| Other Charges | 4,381 | |
| Building Construction | 208 | |
| Total Social, Cultural, and Recreation Projects | | 18,836 |

Highway and Street Capital Projects

| | | |
|---|-------|-----------|
| Other Contracted Services | \$ 28 | |
| Total Highway and Street Capital Projects | | <u>28</u> |

| | | |
|-----------------------------------|--|---------|
| Total Other Capital Projects Fund | | 199,614 |
|-----------------------------------|--|---------|

(Continued)

Exhibit K-8

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

| | | | |
|---|----|--------------|---------------------------------|
| <u>Endowment Fund</u> | | | |
| <u>Other Operations</u> | | | |
| <u>Miscellaneous</u> | | | |
| Other Charges | \$ | <u>4,869</u> | |
| Total Miscellaneous | | | <u>\$ 4,869</u> |
| Total Endowment Fund | | | <u>\$ 4,869</u> |
| Total Governmental Funds - Primary Government | | | <u><u>\$ 63,711,423</u></u> |

Exhibit K-9

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|--------------------------------------|---------------|---------------|
| Teachers | \$ 24,199,795 | |
| Career Ladder Program | 298,668 | |
| Career Ladder Extended Contracts | 131,982 | |
| Salary Supplements | 432,004 | |
| Educational Assistants | 1,445,845 | |
| Overtime Pay | 9,560 | |
| Certified Substitute Teachers | 306,739 | |
| Non-certified Substitute Teachers | 235,264 | |
| Social Security | 1,608,041 | |
| State Retirement | 2,264,799 | |
| Employee and Dependent Insurance | 1,999,319 | |
| Life Insurance | 112,854 | |
| Medical Insurance | 2,713,065 | |
| Dental Insurance | 161,139 | |
| Employer Medicare | 379,492 | |
| Printing, Stationery, and Forms | 1,999 | |
| Other Contracted Services | 634 | |
| Instructional Supplies and Materials | 261,060 | |
| Textbooks | 891,337 | |
| Regular Instruction Equipment | 9,000 | |
| Total Regular Instruction Program | | \$ 37,462,596 |

Special Education Program

| | |
|---|--------------|
| Teachers | \$ 4,388,736 |
| Career Ladder Program | 25,000 |
| Career Ladder Extended Contracts | 2,000 |
| Educational Assistants | 851,503 |
| Social Security | 315,713 |
| State Retirement | 448,779 |
| Employee and Dependent Insurance | 424,696 |
| Life Insurance | 22,475 |
| Medical Insurance | 622,343 |
| Dental Insurance | 36,966 |
| Employer Medicare | 74,352 |
| Contracts with Other Public Agencies | 80,740 |
| Contracts with Private Agencies | 21,417 |
| Maintenance and Repair Services - Equipment | 228 |
| Other Contracted Services | 139,807 |
| Instructional Supplies and Materials | 8,047 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | |
|---------------------------------|----------|--------------|
| Other Supplies and Materials | \$ 1,617 | |
| Total Special Education Program | | \$ 7,464,419 |

Vocational Education Program

| | | |
|--------------------------------------|--------------|-----------|
| Teachers | \$ 2,369,482 | |
| Career Ladder Program | 17,500 | |
| Career Ladder Extended Contracts | 4,000 | |
| Social Security | 140,875 | |
| State Retirement | 214,384 | |
| Employee and Dependent Insurance | 213,785 | |
| Life Insurance | 11,019 | |
| Medical Insurance | 247,408 | |
| Dental Insurance | 14,760 | |
| Employer Medicare | 32,974 | |
| Instructional Supplies and Materials | 31,953 | |
| Liability Insurance | 450 | |
| Vocational Instruction Equipment | 3,999 | |
| Total Vocational Education Program | | 3,302,589 |

Adult Education Program

| | | |
|--------------------------------------|------------|---------|
| Teachers | \$ 133,679 | |
| Paraprofessionals | 3,819 | |
| Instructional Computer Personnel | 29,800 | |
| Social Security | 8,936 | |
| State Retirement | 7,865 | |
| Employee and Dependent Insurance | 6,600 | |
| Life Insurance | 361 | |
| Medical Insurance | 10,200 | |
| Dental Insurance | 600 | |
| Employer Medicare | 2,440 | |
| Instructional Supplies and Materials | 14,028 | |
| Data Processing Equipment | 2,087 | |
| Total Adult Education Program | | 220,415 |

Other

| | | |
|------------------|--------------|-----------|
| Local Retirement | \$ 1,331,408 | |
| Total Other | | 1,331,408 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

| | | | |
|----------------------------------|----|--------|------------|
| Supervisor/Director | \$ | 63,998 | |
| Clerical Personnel | | 39,290 | |
| Social Security | | 6,455 | |
| State Retirement | | 10,336 | |
| Employee and Dependent Insurance | | 12,100 | |
| Life Insurance | | 393 | |
| Medical Insurance | | 14,450 | |
| Dental Insurance | | 793 | |
| Employer Medicare | | 1,568 | |
| Total Attendance | | | \$ 149,383 |

Health Services

| | | | |
|--------------------------------------|----|---------|---------|
| Medical Personnel | \$ | 474,921 | |
| Secretary(ies) | | 6,936 | |
| Other Salaries and Wages | | 56,349 | |
| Social Security | | 32,228 | |
| State Retirement | | 39,415 | |
| Employee and Dependent Insurance | | 26,120 | |
| Life Insurance | | 1,463 | |
| Medical Insurance | | 42,713 | |
| Dental Insurance | | 2,421 | |
| Employer Medicare | | 7,468 | |
| Travel | | 5,147 | |
| Other Contracted Services | | 3,000 | |
| Drugs and Medical Supplies | | 12,933 | |
| Instructional Supplies and Materials | | 26,011 | |
| Other Equipment | | 2,807 | |
| Total Health Services | | | 739,932 |

Other Student Support

| | | | |
|----------------------------------|----|-----------|--|
| Guidance Personnel | \$ | 1,142,863 | |
| Social Workers | | 22,550 | |
| Secretary(ies) | | 50,319 | |
| Social Security | | 73,320 | |
| State Retirement | | 112,494 | |
| Employee and Dependent Insurance | | 85,455 | |
| Life Insurance | | 5,542 | |
| Medical Insurance | | 135,553 | |
| Dental Insurance | | 8,271 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

| | | | |
|------------------------------|----|--------|--------------|
| Employer Medicare | \$ | 17,148 | |
| Evaluation and Testing | | 37,071 | |
| Travel | | 920 | |
| Other Supplies and Materials | | 4,679 | |
| Data Processing Equipment | | 42,880 | |
| Total Other Student Support | | | \$ 1,739,065 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|-----------|-----------|
| Supervisor/Director | \$ | 90,451 | |
| Librarians | | 1,072,674 | |
| Secretary(ies) | | 66,991 | |
| Educational Assistants | | 179,481 | |
| Social Security | | 84,184 | |
| State Retirement | | 118,891 | |
| Employee and Dependent Insurance | | 84,747 | |
| Life Insurance | | 5,587 | |
| Medical Insurance | | 135,108 | |
| Dental Insurance | | 7,824 | |
| Employer Medicare | | 19,840 | |
| Travel | | 7,024 | |
| Library Books/Media | | 10,000 | |
| Total Regular Instruction Program | | | 1,882,802 |

Special Education Program

| | | | |
|----------------------------------|----|---------|---------|
| Psychological Personnel | \$ | 260,041 | |
| Social Security | | 13,664 | |
| State Retirement | | 22,729 | |
| Employee and Dependent Insurance | | 8,525 | |
| Life Insurance | | 947 | |
| Medical Insurance | | 20,982 | |
| Dental Insurance | | 1,175 | |
| Employer Medicare | | 3,687 | |
| Travel | | 12,490 | |
| Other Contracted Services | | 2,114 | |
| In Service/Staff Development | | 2,313 | |
| Total Special Education Program | | | 348,667 |

Vocational Education Program

| | | | |
|----------------|----|--------|--|
| Secretary(ies) | \$ | 50,034 | |
|----------------|----|--------|--|

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

| | | | |
|------------------------------------|----|-------|-----------|
| Social Security | \$ | 3,053 | |
| State Retirement | | 5,784 | |
| Life Insurance | | 232 | |
| Medical Insurance | | 9,925 | |
| Dental Insurance | | 584 | |
| Employer Medicare | | 714 | |
| Total Vocational Education Program | | | \$ 70,326 |

Adult Programs

| | | | |
|----------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 54,346 | |
| Clerical Personnel | | 22,331 | |
| Social Security | | 4,551 | |
| State Retirement | | 5,091 | |
| Employee and Dependent Insurance | | 6,589 | |
| Life Insurance | | 250 | |
| Medical Insurance | | 5,525 | |
| Dental Insurance | | 325 | |
| Employer Medicare | | 1,064 | |
| Advertising | | 1,815 | |
| Other Contracted Services | | 1,882 | |
| Other Supplies and Materials | | 1,622 | |
| In Service/Staff Development | | 3,782 | |
| Total Adult Programs | | | 109,173 |

Other Programs

| | | | |
|--------------------------------------|----|--------|---------|
| Educational Assistants | \$ | 12,317 | |
| Social Security | | 758 | |
| State Retirement | | 1,424 | |
| Life Insurance | | 57 | |
| Medical Insurance | | 5,100 | |
| Dental Insurance | | 300 | |
| Employer Medicare | | 177 | |
| On-Behalf Payments to OPEB | | 55,746 | |
| Instructional Supplies and Materials | | 6,118 | |
| Other Equipment | | 28,297 | |
| Total Other Programs | | | 110,294 |

Board of Education

| | | | |
|--------------------------|----|--------|--|
| Other Salaries and Wages | \$ | 75,647 | |
|--------------------------|----|--------|--|

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

| | | | |
|----------------------------------|----|---------|--------------|
| Board and Committee Members Fees | \$ | 36,900 | |
| Social Security | | 5,417 | |
| State Retirement | | 5,752 | |
| Employee and Dependent Insurance | | 4,272 | |
| Medical Insurance | | 2,141 | |
| Dental Insurance | | 398 | |
| Unemployment Compensation | | 45,648 | |
| Employer Medicare | | 1,212 | |
| Audit Services | | 31,000 | |
| Dues and Memberships | | 8,293 | |
| Legal Services | | 31,642 | |
| Printing, Stationery, and Forms | | 1,340 | |
| Travel | | 2,937 | |
| Tuition | | 1,555 | |
| Other Contracted Services | | 13,076 | |
| Other Supplies and Materials | | 32 | |
| Liability Insurance | | 513,955 | |
| Trustee's Commission | | 619,657 | |
| Workers' Compensation Insurance | | 154,735 | |
| Total Board of Education | | | \$ 1,555,609 |

Director of Schools

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 109,214 |
| Assistant(s) | | 89,041 |
| Supervisor/Director | | 83,943 |
| Career Ladder Program | | 1,000 |
| Secretary(ies) | | 39,726 |
| Other Salaries and Wages | | 16,899 |
| Social Security | | 20,991 |
| State Retirement | | 33,391 |
| Employee and Dependent Insurance | | 19,792 |
| Life Insurance | | 2,114 |
| Medical Insurance | | 17,391 |
| Dental Insurance | | 974 |
| Disability Insurance | | 306 |
| Employer Medicare | | 4,966 |
| Dues and Memberships | | 3,611 |
| Postal Charges | | 6,290 |
| Printing, Stationery, and Forms | | 1,877 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

| | | | |
|------------------------------|----|--------|------------|
| Travel | \$ | 1,240 | |
| Other Contracted Services | | 16,817 | |
| Office Supplies | | 12,219 | |
| Other Supplies and Materials | | 433 | |
| Total Director of Schools | | | \$ 482,235 |

Office of the Principal

| | | | |
|----------------------------------|----|-----------|-----------|
| Principals | \$ | 1,502,077 | |
| Accountants/Bookkeepers | | 57,893 | |
| Assistant Principals | | 1,104,260 | |
| Secretary(ies) | | 1,029,590 | |
| Social Security | | 220,733 | |
| State Retirement | | 351,916 | |
| Employee and Dependent Insurance | | 263,270 | |
| Life Insurance | | 13,717 | |
| Medical Insurance | | 373,944 | |
| Dental Insurance | | 22,336 | |
| Employer Medicare | | 51,624 | |
| Communication | | 216,380 | |
| Dues and Memberships | | 1,375 | |
| Other Contracted Services | | 41,454 | |
| Other Charges | | 3,794 | |
| Total Office of the Principal | | | 5,254,363 |

Fiscal Services

| | | | |
|----------------------------------|----|---------|---------|
| Accountants/Bookkeepers | \$ | 122,725 | |
| Social Security | | 6,781 | |
| State Retirement | | 14,224 | |
| Employee and Dependent Insurance | | 13,200 | |
| Life Insurance | | 615 | |
| Medical Insurance | | 15,300 | |
| Dental Insurance | | 900 | |
| Employer Medicare | | 1,586 | |
| Total Fiscal Services | | | 175,331 |

Operation of Plant

| | | | |
|---------------------|----|-----------|--|
| Custodial Personnel | \$ | 2,125,073 | |
| Social Security | | 127,235 | |
| State Retirement | | 232,599 | |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

| | | | |
|----------------------------------|----|-----------|--------------|
| Employee and Dependent Insurance | \$ | 287,298 | |
| Life Insurance | | 10,592 | |
| Medical Insurance | | 402,012 | |
| Dental Insurance | | 23,053 | |
| Employer Medicare | | 29,749 | |
| Evaluation and Testing | | 535 | |
| Other Contracted Services | | 153,241 | |
| Custodial Supplies | | 193,489 | |
| Electricity | | 2,892,233 | |
| Fuel Oil | | 37,732 | |
| Natural Gas | | 177,118 | |
| Water and Sewer | | 411,293 | |
| Total Operation of Plant | | | \$ 7,103,252 |

Maintenance of Plant

| | | | |
|---|----|---------|-----------|
| Supervisor/Director | \$ | 61,599 | |
| Secretary(ies) | | 32,304 | |
| Maintenance Personnel | | 610,727 | |
| Social Security | | 42,215 | |
| State Retirement | | 80,102 | |
| Employee and Dependent Insurance | | 60,500 | |
| Life Insurance | | 3,457 | |
| Medical Insurance | | 85,850 | |
| Dental Insurance | | 5,050 | |
| Employer Medicare | | 9,873 | |
| Maintenance and Repair Services - Buildings | | 43,928 | |
| Maintenance and Repair Services - Equipment | | 22,947 | |
| Maintenance and Repair Services - Vehicles | | 16,206 | |
| Other Contracted Services | | 256,278 | |
| Equipment and Machinery Parts | | 66,526 | |
| Gasoline | | 74,794 | |
| Other Supplies and Materials | | 184,994 | |
| Other Charges | | 23,400 | |
| Building Construction | | 2,700 | |
| Building Improvements | | 7,649 | |
| Heating and Air Conditioning Equipment | | 8,552 | |
| Maintenance Equipment | | 1,093 | |
| Plant Operation Equipment | | 19,416 | |
| Other Equipment | | 8,703 | |
| Total Maintenance of Plant | | | 1,728,863 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

| | | | |
|--|----|-----------|--------------|
| Supervisor/Director | \$ | 71,784 | |
| Clerical Personnel | | 37,712 | |
| Social Security | | 6,725 | |
| State Retirement | | 10,880 | |
| Life Insurance | | 430 | |
| Medical Insurance | | 10,200 | |
| Dental Insurance | | 600 | |
| Employer Medicare | | 1,573 | |
| Contracts with Vehicle Owners | | 2,946,220 | |
| Maintenance and Repair Services - Vehicles | | 5,080 | |
| Medical and Dental Services | | 209 | |
| Other Contracted Services | | 432,822 | |
| Tires and Tubes | | 964 | |
| Vehicle and Equipment Insurance | | 157,880 | |
| Total Transportation | | | \$ 3,683,079 |

Central and Other

| | | | |
|----------------------------------|----|---------|---------|
| Teachers | \$ | 70,563 | |
| Computer Programmer(s) | | 126,939 | |
| Clerical Personnel | | 70,577 | |
| Social Security | | 15,758 | |
| State Retirement | | 27,840 | |
| Employee and Dependent Insurance | | 33,000 | |
| Life Insurance | | 1,231 | |
| Medical Insurance | | 29,750 | |
| Dental Insurance | | 1,750 | |
| Employer Medicare | | 3,685 | |
| Other Contracted Services | | 74,786 | |
| Data Processing Supplies | | 23,606 | |
| Data Processing Equipment | | 59,521 | |
| Total Central and Other | | | 539,006 |

Operation of Non-Instructional Services

Early Childhood Education

| | | |
|------------------------|----|---------|
| Supervisor/Director | \$ | 6,000 |
| Teachers | | 302,907 |
| Educational Assistants | | 69,020 |
| Social Security | | 22,555 |
| State Retirement | | 35,891 |

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

| | | | |
|--------------------------------------|----|--------|------------|
| Employee and Dependent Insurance | \$ | 28,325 | |
| Life Insurance | | 1,771 | |
| Medical Insurance | | 61,806 | |
| Dental Insurance | | 3,619 | |
| Employer Medicare | | 5,275 | |
| Other Contracted Services | | 38,463 | |
| Instructional Supplies and Materials | | 2,992 | |
| In Service/Staff Development | | 4,620 | |
| Total Early Childhood Education | | | \$ 583,244 |

Capital Outlay

Regular Capital Outlay

| | | | |
|--|----|--------|---------|
| Building Improvements | \$ | 42,474 | |
| Communication Equipment | | 14,321 | |
| Heating and Air Conditioning Equipment | | 21,484 | |
| Motor Vehicles | | 24,388 | |
| Site Development | | 3,667 | |
| Other Equipment | | 9,171 | |
| Total Regular Capital Outlay | | | 115,505 |

Principal on Debt

Education

| | | | |
|-----------------------------|----|---------|---------|
| Principal on Capital Leases | \$ | 165,305 | |
| Total Education | | | 165,305 |

Interest on Debt

Education

| | | | |
|----------------------------|----|---------|---------|
| Interest on Capital Leases | \$ | 116,492 | |
| Total Education | | | 116,492 |

Total General Purpose School Fund \$ 76,433,353

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|------------------------|----|-----------|--|
| Teachers | \$ | 2,297,705 | |
| Educational Assistants | | 704,238 | |
| Social Security | | 167,928 | |
| State Retirement | | 216,162 | |

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|--------------------------------------|----|---------|--------------|
| Employee and Dependent Insurance | \$ | 270,030 | |
| Life Insurance | | 11,669 | |
| Medical Insurance | | 275,124 | |
| Dental Insurance | | 16,075 | |
| Employer Medicare | | 42,443 | |
| Instructional Supplies and Materials | | 49,269 | |
| Other Supplies and Materials | | 8,244 | |
| Workers' Compensation Insurance | | 5,585 | |
| Regular Instruction Equipment | | 330,658 | |
| Total Regular Instruction Program | | | \$ 4,395,130 |

Special Education Program

| | | | |
|--------------------------------------|----|---------|-----------|
| Teachers | \$ | 174,737 | |
| Clerical Personnel | | 83,461 | |
| Educational Assistants | | 959,417 | |
| Speech Pathologist | | 38,758 | |
| Social Security | | 73,410 | |
| State Retirement | | 96,887 | |
| Employee and Dependent Insurance | | 119,998 | |
| Life Insurance | | 4,704 | |
| Medical Insurance | | 261,664 | |
| Dental Insurance | | 15,400 | |
| Employer Medicare | | 17,328 | |
| Other Contracted Services | | 113,582 | |
| Instructional Supplies and Materials | | 75,015 | |
| Workers' Compensation Insurance | | 4,475 | |
| Special Education Equipment | | 38,250 | |
| Other Equipment | | 43,826 | |
| Total Special Education Program | | | 2,120,912 |

Vocational Education Program

| | | | |
|--------------------------------------|----|--------|---------|
| Teachers | \$ | 860 | |
| Social Security | | 1,146 | |
| State Retirement | | 2,204 | |
| Life Insurance | | 91 | |
| Dental Insurance | | 300 | |
| Employer Medicare | | 277 | |
| Instructional Supplies and Materials | | 38,878 | |
| Vocational Instruction Equipment | | 91,607 | |
| Total Vocational Education Program | | | 135,363 |

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

| | | | |
|-----------------------|----|--------|-----------|
| Medical Personnel | \$ | 14,800 | |
| Social Security | | 918 | |
| Employer Medicare | | 215 | |
| Total Health Services | | | \$ 15,933 |

Other Student Support

| | | | |
|------------------------------|----|--------|--------|
| Guidance Personnel | \$ | 25,500 | |
| Social Security | | 1,581 | |
| Employer Medicare | | 370 | |
| Travel | | 20,506 | |
| Other Contracted Services | | 1,671 | |
| In Service/Staff Development | | 9,271 | |
| Other Charges | | 22,155 | |
| Total Other Student Support | | | 81,054 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 82,913 | |
| Librarians | | 40,800 | |
| Secretary(ies) | | 44,527 | |
| Other Salaries and Wages | | 309,114 | |
| Social Security | | 28,086 | |
| State Retirement | | 42,396 | |
| Employee and Dependent Insurance | | 31,448 | |
| Life Insurance | | 1,809 | |
| Medical Insurance | | 34,489 | |
| Dental Insurance | | 2,025 | |
| Employer Medicare | | 6,720 | |
| Travel | | 40,253 | |
| Other Contracted Services | | 74,425 | |
| Other Supplies and Materials | | 2,873 | |
| Workers' Compensation Insurance | | 1,029 | |
| In Service/Staff Development | | 100,796 | |
| Other Charges | | 2,748 | |
| Data Processing Equipment | | 4,293 | |
| Other Equipment | | 18,856 | |
| Total Regular Instruction Program | | | 869,600 |

Special Education Program

| | | | |
|---------------------|----|--------|--|
| Supervisor/Director | \$ | 73,617 | |
|---------------------|----|--------|--|

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

| | | | |
|----------------------------------|----|---------|------------|
| Psychological Personnel | \$ | 104,929 | |
| Secretary(ies) | | 37,254 | |
| Clerical Personnel | | 77,213 | |
| Other Salaries and Wages | | 7,397 | |
| Social Security | | 17,516 | |
| State Retirement | | 27,118 | |
| Employee and Dependent Insurance | | 13,200 | |
| Life Insurance | | 1,394 | |
| Medical Insurance | | 33,843 | |
| Dental Insurance | | 2,050 | |
| Employer Medicare | | 4,204 | |
| Workers' Compensation Insurance | | 850 | |
| In Service/Staff Development | | 34,891 | |
| Total Special Education Program | | | \$ 435,476 |

Vocational Education Program

| | | | |
|------------------------------------|----|-------|-------|
| Travel | \$ | 1,820 | |
| Total Vocational Education Program | | | 1,820 |

Office of the Principal

| | | | |
|----------------------------------|----|--------|---------|
| Principals | \$ | 66,500 | |
| Secretary(ies) | | 36,400 | |
| Social Security | | 6,380 | |
| State Retirement | | 10,237 | |
| Employee and Dependent Insurance | | 20,097 | |
| Life Insurance | | 519 | |
| Medical Insurance | | 15,492 | |
| Dental Insurance | | 900 | |
| Employer Medicare | | 1,492 | |
| Total Office of the Principal | | | 158,017 |

Transportation

| | | | |
|---------------------------|----|---------|---------|
| Other Contracted Services | \$ | 296,014 | |
| Total Transportation | | | 296,014 |

Operation of Non-Instructional Services

Food Service

| | | | |
|--------------------|----|-------|-------|
| Travel | \$ | 155 | |
| Food Supplies | | 2,079 | |
| Total Food Service | | | 2,234 |

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Capital Outlay

Regular Capital Outlay

| | | |
|------------------------------|-----------|-----------|
| Data Processing Equipment | \$ 13,353 | |
| Total Regular Capital Outlay | | \$ 13,353 |

Total School Federal Projects Fund \$ 8,524,906

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | |
|---|-----------|--------------|
| Supervisor/Director | \$ 49,494 | |
| Accountants/Bookkeepers | 33,323 | |
| Cafeteria Personnel | 1,885,033 | |
| Social Security | 118,543 | |
| State Retirement | 136,737 | |
| Employee and Dependent Insurance | 202,675 | |
| Life Insurance | 6,119 | |
| Medical Insurance | 288,575 | |
| Dental Insurance | 16,300 | |
| Unemployment Compensation | 2,585 | |
| Local Retirement | 16,212 | |
| Employer Medicare | 27,731 | |
| Dues and Memberships | 4,933 | |
| Maintenance and Repair Services - Equipment | 115,429 | |
| Printing, Stationery, and Forms | 2,663 | |
| Transportation - Other than Students | 15,054 | |
| Travel | 9,624 | |
| Other Contracted Services | 92,884 | |
| Custodial Supplies | 45,872 | |
| Food Supplies | 2,060,385 | |
| Office Supplies | 3,682 | |
| Uniforms | 17,598 | |
| USDA - Commodities | 230,010 | |
| Other Supplies and Materials | 97,008 | |
| Workers' Compensation Insurance | 38,767 | |
| In Service/Staff Development | 11,074 | |
| Other Charges | 880 | |
| Data Processing Equipment | 5,781 | |
| Food Service Equipment | 7,159 | |
| Total Food Service | | \$ 5,542,130 |

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Capital Outlay

Regular Capital Outlay

| | | |
|------------------------------|-----------|-----------|
| Food Service Equipment | \$ 39,522 | |
| Total Regular Capital Outlay | | \$ 39,522 |

Total Central Cafeteria Fund \$ 5,581,652

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

| | | |
|--------------------------------------|-----------|--------------|
| Assistant(s) | \$ 66,958 | |
| Clerical Personnel | 38,606 | |
| Custodial Personnel | 30,000 | |
| Part-time Personnel | 839,838 | |
| Social Security | 58,240 | |
| State Retirement | 56,426 | |
| Employee and Dependent Insurance | 64,637 | |
| Life Insurance | 1,534 | |
| Medical Insurance | 65,025 | |
| Dental Insurance | 4,225 | |
| Employer Medicare | 13,680 | |
| Contracts with Vehicle Owners | 21,038 | |
| Travel | 628 | |
| Other Contracted Services | 30,405 | |
| Food Supplies | 65,904 | |
| Instructional Supplies and Materials | 10,659 | |
| Other Supplies and Materials | 8,079 | |
| Trustee's Commission | 12,995 | |
| Workers' Compensation Insurance | 3,142 | |
| Other Charges | 1,953 | |
| Data Processing Equipment | 2,380 | |
| Other Equipment | 1,650 | |
| Total Community Services | | \$ 1,398,002 |

Total Extended School Program Fund 1,398,002

Education Capital Projects Fund

Capital Projects

Education Capital Projects

| | |
|---------------------------|------------|
| Building Construction | \$ 634,796 |
| Data Processing Equipment | 145,664 |

(Continued)

Exhibit K-9

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

| | | | |
|--|----|------------------|-----------------------------|
| <u>Education Capital Projects Fund (Cont.)</u> | | | |
| <u>Capital Projects (Cont.)</u> | | | |
| <u>Education Capital Projects (Cont.)</u> | | | |
| Heating and Air Conditioning Equipment | \$ | <u>1,170,100</u> | |
| Total Education Capital Projects | | | \$ <u>1,950,560</u> |
| Total Education Capital Projects Fund | | | \$ <u>1,950,560</u> |
| Total Governmental Funds - Blount County School Department | | | \$ <u><u>93,888,473</u></u> |

Exhibit K-10

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2012

| | Cities - Sales Tax Fund | City School ADA - Alcoa Fund | City School ADA - Maryville Fund | Total |
|---|-------------------------------|--|--|----------------------|
| <u>Cash Receipts</u> | | | | |
| Current Property Taxes | \$ 0 | \$ 2,903,797 | \$ 8,076,397 | \$ 10,980,194 |
| Trustee's Collections - Prior Years | 0 | 143,073 | 398,736 | 541,809 |
| Circuit/Clerk and Master Collections - Prior Years | 0 | 30,625 | 95,504 | 126,129 |
| Interest and Penalty | 0 | 16,572 | 45,852 | 62,424 |
| Pick-up Taxes | 0 | 4,797 | 10,948 | 15,745 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 13,264 | 36,998 | 50,262 |
| Local Option Sales Taxes | 14,539,968 | 1,706,094 | 4,758,282 | 21,004,344 |
| Business Taxes | 0 | 63,016 | 190,512 | 253,528 |
| Other County Local Option Taxes | 0 | 24 | 72 | 96 |
| Marriage Licenses | 0 | 966 | 2,166 | 3,132 |
| Other Local Revenue | 0 | 80 | 224 | 304 |
| Mixed Drink Taxes | 0 | 9,281 | 25,881 | 35,162 |
| Interstate Telecommunications Tax | 0 | 631 | 1,840 | 2,471 |
| Total Cash Receipts | \$ 14,539,968 | \$ 4,892,220 | \$ 13,643,412 | \$ 33,075,600 |
| <u>Cash Disbursements</u> | | | | |
| Remittance of Revenues Collected | \$ 14,394,568 | \$ 4,816,215 | \$ 13,420,900 | \$ 32,631,683 |
| Trustee's Commission | 145,400 | 75,463 | 221,488 | 442,351 |
| Total Cash Disbursements | \$ 14,539,968 | \$ 4,891,678 | \$ 13,642,388 | \$ 33,074,034 |
| <u>Excess of Cash Receipts Over (Under)</u> | | | | |
| Cash Disbursements | \$ 0 | \$ 542 | \$ 1,024 | \$ 1,566 |
| Cash Balance, July 1, 2011 | 0 | 3,253 | 9,567 | 12,820 |
| Cash Balance, June 30, 2012 | \$ 0 | \$ 3,795 | \$ 10,591 | \$ 14,386 |

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

November 30, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated November 30, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Blount County Children's Home, Blount Memorial Hospital, Inc., Blount County Emergency Communications District, and Blount County Public Building Authority as described in our report on Blount County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Blount County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Blount County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blount County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 12.01 and 12.02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

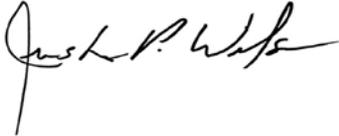
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blount County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 12.03.

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

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, director of accounts and budgets, County Commission, Board of Education, others within Blount County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

Independent Auditor's Report

November 30, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Blount County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Blount County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Blount County's management. Our responsibility is to express an opinion on Blount County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Blount County's compliance with those requirements.

In our opinion, Blount County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Blount County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Blount County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over compliance.

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

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

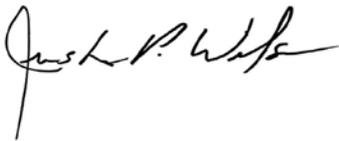
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County as of and for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, director of accounts and budgets, County Commission, Board of Education, others within Blount County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

| 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 | \$ 853,469 |
| National School Lunch Program | 10.555 | N/A | 2,249,632 (3) |
| Summer Food Service Program for Children | 10.559 | N/A | 2,234 |
| Passed-through State Department of Agriculture: | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 230,010 (3) |
| Total U.S. Department of Agriculture | | | <u>\$ 3,335,345</u> |
| U.S. Department of the Interior: | | | |
| Bureau of Land Management: | | | |
| Direct Program: | | | |
| Payments in-Lieu-of Taxes | 15.226 | N/A | \$ 240,961 |
| Total U.S. Department of the Interior | | | <u>\$ 240,961</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| ARRA - Highway Planning and Construction | 20.205 | 040133 | \$ 76,929 |
| Highway Safety Cluster: | | | |
| State and Community Highway Safety | 20.600 | (4) | 69,700 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | (5) | 19,745 |
| Alcohol Open Container Requirements | 20.607 | (6) | 26,158 |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | (2) | 6,500 |
| Total U.S. Department of Transportation | | | <u>\$ 199,032</u> |
| Institute of Museum and Library Services | | | |
| Passed through Tennessee Secretary of State: | | | |
| Grants to States | 45.310 | (2) | \$ 2,934 |
| Total Institute of Museum and Library Services | | | <u>\$ 2,934</u> |
| U.S. Department of Energy: | | | |
| Direct Program: | | | |
| ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) | 81.128 | DE-SC0002403 | \$ 114,688 |
| Total U.S. Department of Energy | | | <u>\$ 114,688</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Cluster: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | \$ 2,194,213 |
| Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | N/A | 16,747 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 2,659,937 |
| Special Education - Grants to States, Recovery Act | 84.391 | N/A | 159,452 |
| Special Education - Preschool Grants | 84.173 | N/A | 80,728 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 166,960 |
| Education Technology State Grants Cluster: | | | |
| Education Technology State Grants | 84.318 | (2) | 2,049 |
| Education Technology State Grants, Recovery Act | 84.386 | (2) | 2,891 |

(Continued)

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|----------------------|
| U.S. Department of Education (Cont.): | | | |
| Passed-through State Department of Education (Cont.): | | | |
| English Language Acquisition Grants | 84.365 | (2) | \$ 18,946 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 361,645 |
| State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act | 84.397 | N/A | 168,911 |
| State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | N/A | 659,085 |
| Education Jobs Fund | 84.410 | N/A | 2,363,492 |
| Passed-through State Department of Labor and Workforce Development: | | | |
| Adult Education - Basic Grants to States | 84.002 | (2) | 148,228 |
| Total U.S. Department of Education | | | <u>\$ 9,003,284</u> |
| U.S. Election Assistance Commission: | | | |
| Passed-through Tennessee Secretary of State: | | | |
| Help America Vote Act Requirements Payments | 90.401 | 30510-00112-41 | \$ 3,439 |
| Total U.S. Election Assistance Commission | | | <u>\$ 3,439</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 34101-28612 | \$ 94,696 |
| Emergency Management Performance Grants | 97.042 | (7) | 2,875 |
| Homeland Security Grant Program | 97.067 | (8) | 64,853 |
| Total U.S. Department of Homeland Security | | | <u>\$ 162,424</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 13,062,107</u> |
| <u>State Grants</u> | | | |
| | | <u>Contract Number</u> | |
| Juvenile Service Program - State Commission on Children and Youth | N/A | (2) | \$ 9,000 |
| Litter Program - State Department of Transportation | N/A | (2) | 65,510 |
| Health Department Program - State Department of Health | N/A | (2) | 694,791 |
| Adult Basic Education - State Department of Education | N/A | (2) | 50,998 |
| Drug Court Grant - State Department of Finance and Administration | N/A | (2) | 50,000 |
| Early Childhood Education - Lottery - State Department of Education | N/A | (2) | 583,625 |
| Juvenile Court Home Base - State Department of Finance and Administration | N/A | (2) | 98,668 |
| Total State Grants | | | <u>\$ 1,552,592</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 \$2,479,642.
- (4) Z-11-GHS253, \$373; Z-11-GHS275, \$11,392; Z-11-GHS249, \$21,999; Z-12-GHS029, \$1,990; Z-12-GHS030, \$8,354; Z-12-GHS031, \$25,592.
- (5) Z-11-GHS275, \$11,392; Z-12-GHS030, \$8,353.
- (6) Z-11-GHS253, \$373; Z-11-GHS249, \$11,000; Z-12-GHS029, \$1,989; Z-12-GHS031, \$12,796.
- (7) GG-08-26004-00, \$1,010; 34101-47911, \$532; 34101-21210, \$1,333.
- (8) 34101-31511, \$63,448; 34101-08710, \$1,405.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unqualified.
2. The audit of the financial statements of Blount County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Blount County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Jobs (CFDA No. 84.410) were determined to be major programs.
8. A \$391,863 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.01 **THE BILLING SOFTWARE USED BY THE SCHOOL EXTENDED CARE PROGRAM DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following control deficiencies related to the office's software were identified:

- A. The application allowed users to alter/delete customer accounts without leaving an audit trail.
- B. The application allowed users to alter/delete charges and payments without leaving an audit trail.
- C. Users could receipt collections to a previous date. Backdated receipts are not reflected on the current day's collection report.
- D. General users have the ability to change other users' access permissions and passwords.

Sound business practices dictate that proper application controls be implemented. Since the software did not have the proper controls, inappropriate system activity could occur. As of June 2012, the office has implemented application security controls to correct the above-noted deficiencies.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 12.02 **THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED TRANSACTIONS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, the software did not record the user who processed each transaction. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified. Sound business practices dictate that each

transaction be identified to the individual creating the transaction. In June 2012, the vendor implemented controls to identify the user that processed each transaction.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.03 **THE ASSESSOR DID NOT MAINTAIN AN ADEQUATE PROGRAM OF SALES VERIFICATION (Noncompliance Under *Government Auditing Standards*)**

The assessor did not maintain an adequate program of sales verification requirements. Section 67-5-1601, *Tennessee Code Annotated*, requires the assessor to maintain an adequate program of real property sales verifications in accordance with procedures and rules established by the state Board of Equalization. This deficiency can be attributed to the failure of management to maintain adequate records of sales and rejections in analyzing reappraisals, sales ratio studies, current value update programs, and other reporting services. This resulted in a lack of sufficient documentation to verify sales during reappraisals, sales ratio studies, and current value update programs.

RECOMMENDATION

The assessor should maintain an adequate program of sales verifications as required by state statute.

BEST PRACTICE

BLOUNT COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Blount County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

**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, 2012**

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