
ANNUAL FINANCIAL REPORT BLOUNT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors

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, 2013

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2013.

Results

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

Our audit resulted in no findings and one best practice.

Best Practice

The following is a summary of the best practice:

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, 2013

Officials

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

Board of County Commissioners

Jerome Moon, Chairman	Mark Hasty
Tonya Burchfield	Steve Samples
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

Mike Treadway, Chairman	Trevis Gardner
Charles Finley	Brad Long
Don McNelly	Rob Webb
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

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Blount Memorial Hospital, Inc., which represent 41.7 percent, 54.3 percent, and 69 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; the Blount County Emergency Communications District, which represent .8 percent, 1.1 percent, and .8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; and the Blount County Public Building Authority, which represent 33 percent, .04 percent, and .01 percent, respectively, of the assets, net position,

and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Blount Memorial Hospital, Inc., Blount County Emergency Communications District, and Blount County Public Building Authority is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Blount County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Blount County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-*

2012-an amendment of GASB Statements No. 10 and No. 62, which have an effective date of June 30, 2014.

We draw attention to Note I.D.9. to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling \$2,067,720, which was necessary due to the implementation of GASB Statement No. 65. That note further describes a restatement to beginning net position of the governmental activities and to beginning balances of the governmental funds totaling \$132,802, which was necessary to reclassify the District Attorney General Fund from a special revenue fund to an agency fund.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-21 and the schedule of funding progress – pension plan and other postemployment benefits plan on pages 135-137 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

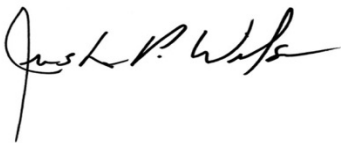
subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of Blount County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blount County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", with a stylized, cursive script.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 6, 2013

JPW/sb

**Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2013**



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, 2013. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A separate set of financial statements is not issued for the Blount County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the financial statements and accompanying notes to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. In addition, readers should review the separately-issued discretely presented component units' financial statements for the Management's Discussion and Analysis.

Discussion of the Basic Financial Statements

In total, net position of the Primary Government increased by \$10.5 million, while net position of the DPCU School Department decreased by \$7 million. The increase in the Primary Government's net position is primarily due to a change in the fair value of the county's derivatives (interest rate swaps). 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 \$4.4 million less than revenue received, which increased the fund balance by \$3 million. DPCU School Department expenditures were \$3.5 million more than revenue received, which decreased the fund balance by \$3.5 million for the year ended June 30, 2013.

Total assets of governmental activities in the Primary Government were \$194.7 million as taxes receivable ended at \$34.5 million; cash ended at \$34.8 million; and capital assets, net of accumulated depreciation, ended at \$117.1 million. Total assets in the DPCU School Department were \$165.9 million as taxes receivable ended at \$21.4 million; cash ended at \$7.8 million; and capital assets, net of accumulated depreciation, ended at \$134.1 million.

Revenues for the Primary Government totaled \$81 million. General revenues of the Primary Government accounted for \$44.2 million or 55 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$36.7 million or 45 percent of total revenues.

Revenues of the DPCU School Department totaled \$90.4 million. General revenues of the DPCU School Department were \$77.9 million or 86.2 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$12.5 million or 13.8 percent of total revenues.

The county had \$77.7 million in expenses with \$36.7 million of these expenses offset by program specific revenues. General revenues (primarily property taxes of \$36.4 million) and the improved valuation of the interest rate swaps (\$9.5 millions) exceeded expenditures by \$12.7 million.

The DPCU School Department had \$97.4 million in expenses with \$12.5 million of these expenses offset by program specific revenues. General revenues (primarily property taxes and sales taxes of \$19.2 and \$10.5 million, respectively, in addition to the BEP contribution of \$47.7 million) were less than expenditures by \$7 million.

Government-wide Financial Analysis

Table 1 provides a summary of the county's and the DPCU School Department's net position for 2013 and a comparison to the prior year. An additional portion of the county's net position, \$10.3 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$2.3 million of net position are subject to external restriction. Tables 2A and 2B show changes in net position for fiscal year 2013 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 Position

	Blount County Primary Government	
	Governmental Activities	
	2013	2012
Assets:		
Current and Other Assets	\$ 77,528,674	\$ 80,580,043
Capital Assets	117,134,874	122,612,281
Total Assets	\$ 194,663,548	\$ 203,192,324
Total Deferred Outflows of Resources	\$ 1,574,248	\$ 0
Liabilities:		
Long-term Liabilities Outstanding	\$ 221,462,827	\$ 224,998,529
Other Liabilities	20,064,986	67,480,604
Total Liabilities	\$ 241,527,813	\$ 292,479,133
Total Deferred Inflow of Resources	\$ 33,513,847	\$ 0
Net Position:		
Net Investment in Capital Assets	\$ 80,957,457	\$ 83,654,364
Restricted	10,302,485	14,098,219
Unrestricted	(170,063,806)	(187,039,392)
Total Net Position	\$ (78,803,864)	\$ (89,286,809)

Table 1

Blount County Government and DPCU School Department Net Position

	DPCU School Department Governmental Activities	
	2013	2012
Assets:		
Current and Other Assets	\$ 31,845,773	\$ 34,774,403
Capital Assets	134,074,747	137,205,221
Total Assets	\$ 165,920,520	\$ 171,979,624
Liabilities:		
Long-term Liabilities Outstanding	\$ 82,593	\$ 1,908,778
Other Liabilities	7,736,121	6,532,156
Total Liabilities	\$ 7,818,714	\$ 8,440,934
Total Deferred Inflows of Resources	\$ 20,878,062	\$ 19,266,067
Net Position:		
Net Investment in Capital Assets	\$ 134,074,747	\$ 135,213,806
Restricted	2,302,338	1,353,502
Unrestricted	846,659	7,705,315
Total Net Position	\$ 137,223,744	\$ 144,272,623

Table 2A

Blount County Changes in Net Position

	Blount County Primary Government Governmental Activities	
	2013	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 28,642,387	\$ 27,434,043
Operating Grants and Contributions	4,998,576	5,063,124
Capital Grants and Contributions	3,102,451	2,672,259
General Revenues:		
Property Taxes	36,371,699	36,193,647
Sales Taxes	2,613,120	2,575,375
Hotel/Motel Taxes	581,083	1,750,040
Business Taxes	847,487	827,519
Other Taxes	954,311	911,047
Grants and Contributions Not Restricted to Specific Programs	2,682,011	2,554,887
Unrestricted Investment Income	146,787	343,825
Investment Income (Loss) - Derivatives	9,452,744	(13,915,743)
Miscellaneous	11,228	6,991
Total Revenues	\$ 90,403,884	\$ 66,417,014

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

Blount County Primary Government Governmental Activities (Cont.)			
	2013		2012
Expenses:			
General Government	\$ 10,943,147	\$	10,060,222
Finance	3,609,939		3,763,246
Administration of Justice	5,016,437		4,587,185
Public Safety	19,911,519		19,634,906
Public Health and Welfare	1,548,310		1,548,430
Social, Cultural, and Recreational	2,805,112		2,608,381
Agriculture and Natural Resources	275,329		252,859
Highway	9,870,127		9,777,423
Education	13,287,719		13,165,038
Interest on General Long-term Debt	8,849,052		8,774,133
Other Debt Service	1,603,726		1,420,588
Total Expenses	<u>\$ 77,720,417</u>	<u>\$</u>	<u>75,592,411</u>
Increase (Decrease) in Net Position	\$ 12,683,467	\$	(9,175,397)
Restatement	(2,200,522)		0
Net Position, July 1	<u>(89,286,809)</u>		<u>(80,111,412)</u>
Net Position, June 30	<u>\$ (78,803,864)</u>	<u>\$</u>	<u>(89,286,809)</u>

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

Blount County School Department			
	2013		2012
Revenues:			
Program Revenues:			
Charges for Services	\$ 3,352,443	\$	3,553,284
Operating Grants and Contributions	9,151,833		12,078,960
General Revenues:			
Property Taxes	19,153,390		19,200,639
Sales Taxes	10,503,258		10,445,301
Business Taxes	447,684		438,759
Other Taxes	6,816		4,487
Grants and Contributions Not Restricted to Specific Programs	47,713,751		47,937,238
Unrestricted Investment Income	37,473		90,624
Miscellaneous	9,271		23,517
Total Revenues	<u>\$ 90,375,919</u>	<u>\$</u>	<u>93,772,809</u>

Table 2B

Blount County School Department - Change in Net Position (Cont.)

	Blount County School Department (Cont.)			
	2013		2012	
Expenses:				
Instruction	\$	57,595,274	\$	56,226,908
Support Services		32,000,878		31,149,690
Operation of Non-Instructional Services		7,828,646		7,554,377
Total Expenses	\$	97,424,798	\$	94,930,975
Increase (Decrease) in Net Position	\$	(7,048,879)	\$	(1,158,166)
Net Position, July 1		144,272,623		145,430,789
Net Position, June 30	\$	137,223,744	\$	144,272,623

Analysis of Overall Financial Position and Results of Operations

The most significant change in total governmental operations is due to the change in termination value of the interest rate swaps. The termination value was reduced by \$9.5 million.

Public Safety expenditures of \$19.9 million accounted for approximately 26 percent of the \$77.7 million total expenses for governmental activities, while Highways and Education expenses accounted for 13 percent and 17 percent, respectively. Of the \$77.7 million in governmental expenses, \$28.6 million was covered by direct charges to users of the services and \$8.1 million by other grants and contributions. A significant portion of those charges is for constitutional officer's fees and commissions and for premiums charged to the DPCU School Department for health insurance. Public Safety charges for services include items such as fees for the prisoner board in the county jail.

Financial Analysis of the Government's Funds

In fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in these funds can be spent. These classifications consist of the following: nonspendable, restricted, committed, assigned, or unassigned.

- **Nonspendable Fund Balance** – The nonspendable fund balance for the General Fund increased to \$63,113 in prepaid items.
- **Restricted Fund Balance** – The restricted fund balance for the General Fund increased by \$149,696 to \$1.1 million, split between General Government, Finance, Administration of Justice, and Public Safety. The restricted fund balance for Debt Service decreased by \$3.5 million to \$5.3 million. The restricted fund balance for the

General Purpose School Fund increased to \$1.6 million, restricted for education. This decrease is due to insufficient allocation of property taxes.

- **Committed Fund Balance** – The committed fund balance for the General Fund increased slightly to \$78,284 for Administration of Justice. The committed fund balance for Debt Service decreased by \$4.3 million to \$4.5 million
- **Assigned Fund Balance** – The assigned fund balance for the General Fund decreased by \$163,152 to \$371,985, split between General Government, Finance, Administration of Justice, Public Safety, Public Health and Welfare, and Highways/Public Works funds. The assigned fund balance for the General Purpose School Fund decreased by \$292,142 to \$191,064.
- **Unassigned Fund Balance** – The unassigned fund balance for the General Fund increased by \$2.9 million to \$11.4 million; this increase is partially due to the assets transferred/sold and the debt retired in July 2012, as a result of the creation of the Smoky Mountain Tourism Development Authority. Operationally, conservative management of the budget resulted in a positive increase in fund balance.

The unassigned fund balance for the General Purpose School Fund decreased by \$4.7 million to \$1.4 million. This is the second year schools have used non-recurring revenue to fund operations.

The improvements in individual fund balances are attributed to spending less money than appropriated. Total assigned fund balances were reduced by \$.2 million for the Primary Government and \$.3 million for the DPCU School Department.

Budgetary Highlights

General Fund revenue increased primarily due to higher reimbursements from the state and federal prison boards for the county's housing of inmates. Overall expenditures were \$2.6 million less than budget due to the excellent stewardship of office holders and department heads.

The Highway/Public Works Fund revenues were up slightly due to an increase in sales taxes. Expenditures were less than budget due to excellent stewardship of the office holder.

Capital Assets and Debt Administration

Capital Assets

Blount County's investment in capital assets, net of accumulated depreciation, as of June 30, 2013, totaled \$117,134,874. This investment in capital assets includes land; buildings and improvements; roads, streets, and bridges; and other capital assets.

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-13
Land	\$ 7,472,566	\$ 0	\$ 7,472,566
Buildings and Improvements	52,703,693	(16,601,404)	36,102,289
Roads, Streets, and Bridges	137,998,652	(69,072,064)	68,926,588
Other Capital Assets	14,340,947	(9,707,516)	4,633,431
Total	<u>\$ 212,515,858</u>	<u>\$ (95,380,984)</u>	<u>\$ 117,134,874</u>

Blount County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2013, totaled \$134,074,747. This investment in capital assets includes land, construction in progress, buildings and improvements, and other capital assets.

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-13
Land	\$ 9,951,059	\$ 0	\$ 9,951,059
Construction in Progress	63,387	0	63,387
Buildings and Improvements	172,653,145	(50,378,705)	122,274,440
Other Capital Assets	5,371,034	(3,585,173)	1,785,861
Total	<u>\$ 188,038,625</u>	<u>\$ (53,963,878)</u>	<u>\$ 134,074,747</u>

Long-term Debt

No additional debt was issued to finance any capital needs during the year.

Economic Factors and Next Year's Budget and Rates

In June 2013, the Blount County Commission adopted a budget for the fiscal year ending June 30, 2014. The property tax rate for tax year 2014 was adopted at the same rate as the 2013 tax year. The distribution of the 2014 property tax rate is shown below:

Fund	2014	2013
General Purpose	\$.64	\$.73
Debt Service	.43	.43
Schools	1.08	.99
Total	<u>\$2.15</u>	<u>\$2.15</u>

In August 2013, the county held a public referendum to vote on a county wheel tax, which subsequently failed.

In September 2013, the County Commission approved refinancing of the E-1-A and E-5-A loan agreements with the Blount County Public Building Authority. The result of this refinancing will be a reduction of total borrowing costs.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Blount County, Tennessee
Statement of Net Position
June 30, 2013

Exhibit A

	Primary Government Total	Component Units			
		School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
<u>ASSETS</u>					
Cash	\$ 322,241	\$ 70,129	\$ 3,904,456	\$ 1,263,981	\$ 238,417
Equity in Pooled Cash and Investments	34,437,670	7,746,499	0	0	0
Inventories	0	0	3,676,546	0	0
Accounts Receivable	470,157	123,382	26,715,271	104,462	5,895,000
Due from Other Governments	3,232,178	2,221,288	0	0	0
Due from Primary Government	0	128,755	0	0	0
Due from Component Units	2,653,185	0	0	0	0
Property Taxes Receivable	35,236,128	21,820,808	0	0	0
Allowance for Uncollectible Property Taxes	(768,977)	(440,594)	0	0	0
Prepaid Items	122,787	175,506	2,500,453	253	0
Other Current Assets	0	0	9,138,810	9,916	0
Restricted Assets:					
Restricted for Foundation	0	0	1,381,029	0	0
Other Restricted Assets	0	0	107,970,215	0	0
Notes Receivable	1,823,305	0	0	0	0
Deferred Debt Expense	0	0	672,268	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	216,795,000
Capital Assets:					
Assets Not Depreciated:					
Land	7,472,566	9,951,059	11,050,183	21,038	0
Construction in Progress	0	63,387	2,380,690	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	36,102,289	122,274,440	77,824,908	2,802,697	0
Other Capital Assets	4,633,431	1,785,861	35,131,294	997,613	0
Infrastructure	68,926,588	0	0	0	0
Total Assets	\$ 194,663,548	\$ 165,920,520	\$ 282,346,123	\$ 5,199,960	\$ 222,928,417

(Continued)

Exhibit A

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

Primary Government Total	Component Units			
	School Department	Blount Memorial Hospital	Emergency Communica- tions District	Public Building Authority

DEFERRED OUTFLOWS OF RESOURCES

Accumulated Decrease in Fair Value of Hedging Derivatives
Deferred Charge on Refunding
Total Deferred Outflows of Resources

\$	0	\$	0	\$	9,994,413	\$	0	\$	0
	1,574,248		0		0		0		0
\$	1,574,248	\$	0	\$	9,994,413	\$	0	\$	0

LIABILITIES

Accounts Payable
Accrued Payroll
Accrued Interest Payable
Payroll Deductions Payable
Contracts Payable
Due to Primary Government
Due to Component Units
Other Current Liabilities
Derivative - Interest Rate Swap
Noncurrent Liabilities:
Due Within One Year
Due in More Than One Year
Total Liabilities

\$	795,993	\$	355,398	\$	4,893,887	\$	10,823	\$	113,483
	39,712		4,017,430		10,630,842		52,933		0
	848,228		0		385,080		30,468		0
	27,802		12,781		0		0		0
	10,241		26,323		0		0		0
	0		2,676,143		0		0		0
	30,047		0		0		0		0
	2,583,799		648,046		3,837,213		0		0
	15,729,164		0		9,994,413		0		0
	7,609,348		15,345		4,115,000		95,636		5,895,000
	213,853,479		67,248		91,646,014		1,671,291		216,795,000
\$	241,527,813	\$	7,818,714	\$	125,502,449	\$	1,861,151	\$	222,803,483

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Total Deferred Inflows of Resources

\$	33,513,847	\$	20,878,062	\$	0	\$	0	\$	0
\$	33,513,847	\$	20,878,062	\$	0	\$	0	\$	0

(Continued)

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

Exhibit A

	Primary Government Total	Component Units			
		School Department	Blount Memorial Hospital	Emergency Communica- tions District	Public Building Authority
Net Investment in Capital Assets	\$ 80,957,457	\$ 134,074,747	\$ 33,136,852	\$ 2,054,421	\$ 0
Restricted for:					
General Government	525,044	0	0	0	0
Finance	34,155	0	0	0	0
Administration of Justice	449,178	0	0	0	0
Public Safety	2,035,746	0	0	0	0
Social, Cultural, and Recreation	960,950	0	0	0	0
Debt Service	5,436,252	0	0	0	0
Capital Projects	375,757	23,931	0	0	0
Education	0	2,278,407	0	0	0
Permanent Endowment:					
Nonexpendable	485,403	0	935,838	0	0
Unrestricted	(170,063,806)	846,659	132,765,397	1,284,388	124,934
Total Net Position (Deficit)	\$ (78,803,864)	\$ 137,223,744	\$ 166,838,087	\$ 3,338,809	\$ 124,934

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, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues			Primary Government Total		Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Blount County School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
<u>Primary Government</u>										
Governmental Activities:										
General Government	\$ 10,943,147	\$ 2,691,678	\$ 19,162	\$ 923,258	\$ (7,309,049)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	3,609,939	3,437,110	67,031	0	(105,798)	0	0	0	0	0
Administration of Justice	5,016,437	4,346,144	269,089	0	(401,204)	0	0	0	0	0
Public Safety	19,911,519	5,178,461	282,971	503,797	(13,946,290)	0	0	0	0	0
Public Health and Welfare	1,548,310	90,910	754,149	0	(703,251)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,805,112	350,324	955,261	0	(1,499,527)	0	0	0	0	0
Agriculture and Natural Resources	275,329	0	0	0	(275,329)	0	0	0	0	0
Highways	9,870,127	204,144	2,650,913	1,321,481	(5,693,589)	0	0	0	0	0
Education	13,287,719	12,343,616	0	353,915	(590,188)	0	0	0	0	0
Interest on Long-term Debt	8,849,052	0	0	0	(8,849,052)	0	0	0	0	0
Debt Service	1,603,726	0	0	0	(1,603,726)	0	0	0	0	0
Total Primary Government	\$ 77,720,417	\$ 28,642,387	\$ 4,998,576	\$ 3,102,451	\$ (40,977,003)	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Component Units</u>										
Blount County School Department	\$ 97,424,798	\$ 3,352,443	\$ 9,151,833	\$ 0	0	\$ (84,920,522)	\$ 0	\$ 0	\$ 0	0
Blount Memorial Hospital	214,432,493	175,213,390	31,645,236	0	0	0	(7,573,867)	0	0	0
Emergency Communications District	2,107,650	788,017	647,493	0	0	0	0	(672,140)	0	0
Public Building Authority	12,158	32,810	0	0	0	0	0	0	20,652	20,652
Total Component Units	\$ 313,977,099	\$ 179,386,660	\$ 41,444,562	\$ 0	\$ 0	\$ (84,920,522)	\$ (7,573,867)	\$ (672,140)	\$ 20,652	20,652

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues		Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
	Expenses			Total Governmental Activities	
General Revenues:					
Property Taxes Levied for General Purposes				\$ 22,885,493	\$ 19,153,390 \$ 0 \$ 0 \$ 0
Property Taxes Levied for Debt Service				13,486,206	0 0 0 0
Local Option Sales Taxes				2,613,120	10,503,258 0 0 0
Hotel/Motel Taxes				581,083	0 0 0 0
Litigation - General Taxes				640,353	0 0 0 0
Business Taxes				847,487	447,684 0 0 0
Wholesale Beer Taxes				273,549	0 0 0 0
Other Taxes				40,409	6,816 0 0 0
Grants and Contributions Not Restricted to Specific Programs				2,682,011	47,713,751 496,396 914,939 0
Unrestricted Investment Income (Loss)				146,787	37,473 (662,568) 5,468 589
Miscellaneous				11,228	9,271 0 4,996 0
Total General Revenues				\$ 44,207,726	\$ 77,871,643 \$ (166,172) \$ 925,403 \$ 589
Change in Fair Value of Derivatives - Interest Rate Swap				\$ 9,452,744	0 0 0 0
Change in Net Position				\$ 12,683,467	\$ (7,048,879) \$ (7,740,039) \$ 253,263 \$ 21,241
Net Position (Deficit), July 1, 2012				(89,286,809)	144,272,623 174,578,126 3,085,546 1,045,822
Restatement - See Note I.D.9.				(2,200,522)	0 0 0 (942,129)
Net Position (Deficit), June 30, 2013				\$ (78,803,864)	\$ 137,223,744 \$ 166,838,087 \$ 3,338,809 \$ 124,934

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, 2013

	Major Funds		Nonmajor Funds	
			Other	
	General	General Debt Service	Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 18,123	\$ 18,223
Equity in Pooled Cash and Investments	11,623,740	9,647,762	5,429,649	26,701,151
Accounts Receivable	241,500	7,349	210,062	458,911
Due from Other Governments	1,957,932	142,370	1,131,876	3,232,178
Due from Other Funds	67,725	0	66,994	134,719
Property Taxes Receivable	21,117,999	14,118,129	0	35,236,128
Allowance for Uncollectible Property Taxes	(472,410)	(296,567)	0	(768,977)
Prepaid Items	63,113	0	59,674	122,787
Notes Receivable - Long-term	0	1,823,305	0	1,823,305
Total Assets	\$ 34,599,699	\$ 25,442,348	\$ 6,916,378	\$ 66,958,425
<u>LIABILITIES</u>				
Accounts Payable	\$ 547,318	\$ 7,472	\$ 114,758	\$ 669,548
Accrued Payroll	39,712	0	0	39,712
Payroll Deductions Payable	12,371	0	15,431	27,802
Contracts Payable	0	0	10,241	10,241
Due to Other Funds	57,433	0	19,160	76,593
Total Liabilities	\$ 656,834	\$ 7,472	\$ 159,590	\$ 823,896
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 20,045,665	\$ 13,468,182	\$ 0	\$ 33,513,847
Deferred Delinquent Property Taxes	532,334	313,567	0	845,901
Other Deferred/Unavailable Revenue	307,208	1,823,305	150,424	2,280,937
Total Deferred Inflows of Resources	\$ 20,885,207	\$ 15,605,054	\$ 150,424	\$ 36,640,685
<u>FUND BALANCES</u>				
Nonspendable:				
Endowments	\$ 0	\$ 0	\$ 485,403	\$ 485,403
Prepaid Items	63,113	0	59,674	122,787
Restricted:				
Restricted for General Government	270,937	0	254,107	525,044
Restricted for Finance	34,155	0	0	34,155
Restricted for Administration of Justice	354,238	0	94,940	449,178
Restricted for Public Safety	470,425	0	1,565,321	2,035,746
Restricted for Social, Cultural, and Recreational Services	0	0	992,552	992,552
Restricted for Capital Outlay	0	0	156,703	156,703
Restricted for Debt Service	0	5,341,800	0	5,341,800
Restricted for Capital Projects	0	0	219,054	219,054
Committed:				
Committed for Administration of Justice	78,284	0	1,684	79,968
Committed for Public Safety	0	0	23,545	23,545
Committed for Highways/Public Works	0	0	2,476,755	2,476,755
Committed for Capital Outlay	0	0	276,626	276,626
Committed for Debt Service	0	4,488,022	0	4,488,022
Assigned:				
Assigned for General Government	49,285	0	0	49,285
Assigned for Finance	65,638	0	0	65,638
Assigned for Administration of Justice	38,880	0	0	38,880
Assigned for Public Safety	178,920	0	0	178,920
Assigned for Public Health and Welfare	38,348	0	0	38,348
Assigned for Highways/Public Works	914	0	0	914
Unassigned	11,414,521	0	0	11,414,521
Total Fund Balances	\$ 13,057,658	\$ 9,829,822	\$ 6,606,364	\$ 29,493,844
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,599,699	\$ 25,442,348	\$ 6,916,378	\$ 66,958,425

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 Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	29,493,844
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	7,472,566	
Add: infrastructure net of accumulated depreciation		68,926,588	
Add: buildings and improvements net of accumulated depreciation		36,102,289	
Add: other capital assets net of accumulated depreciation		<u>4,633,431</u>	117,134,874
(2) An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			6,031,117
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$	(133,790,209)	
Less: capital leases payable		(4,485,106)	
Less: bonds payable		(74,809,613)	
Add: deferred amount on refunding		1,574,248	
Less: compensated absences payable		(1,713,299)	
Less: other postemployment benefits liability		(2,279,559)	
Less: accrued interest on bonds, notes, and capital leases		(848,228)	
Add: receivable for capital lease to be retired by School Department		1,810,249	
Add: receivable for accrued interest to be retired by School Department		65,185	
Less: unamortized premium on debt		(4,385,041)	
Less: fair market value of swap agreements		<u>(15,729,164)</u>	(234,590,537)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>3,126,838</u>
Net position (deficit) of governmental activities (Exhibit A)		\$	<u>(78,803,864)</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, 2013

	Major Funds		Nonmajor Funds	
	General	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 25,462,379	\$ 13,925,515	\$ 3,055,022	\$ 42,442,916
Licenses and Permits	292,683	0	828,987	1,121,670
Fines, Forfeitures, and Penalties	1,101,866	0	91,925	1,193,791
Charges for Current Services	929,625	0	203,296	1,132,921
Other Local Revenues	709,742	112,338	157,756	979,836
Fees Received from County Officials	7,511,759	0	0	7,511,759
State of Tennessee	3,977,676	0	2,914,800	6,892,476
Federal Government	4,403,281	0	60,082	4,463,363
Other Governments and Citizens Groups	159,412	745,453	909,521	1,814,386
Total Revenues	\$ 44,548,423	\$ 14,783,306	\$ 8,221,389	\$ 67,553,118
<u>Expenditures</u>				
Current:				
General Government	\$ 6,983,113	\$ 0	\$ 187,941	\$ 7,171,054
Finance	3,829,375	0	0	3,829,375
Administration of Justice	4,805,295	0	208,546	5,013,841
Public Safety	20,031,655	0	175,638	20,207,293
Public Health and Welfare	1,528,998	0	0	1,528,998
Social, Cultural, and Recreational Services	653,584	0	1,769,235	2,422,819
Agriculture and Natural Resources	279,467	0	0	279,467
Other Operations	1,126,192	0	12,269	1,138,461
Highways	84,031	0	5,879,460	5,963,491
Capital Outlay	0	0	206,755	206,755
Debt Service:				
Principal on Debt	0	7,478,995	0	7,478,995
Interest on Debt	0	8,680,263	0	8,680,263
Other Debt Service	0	1,851,699	0	1,851,699
Capital Projects	840,950	0	366,582	1,207,532
Total Expenditures	\$ 40,162,660	\$ 18,010,957	\$ 8,806,426	\$ 66,980,043
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,385,763	\$ (3,227,651)	\$ (585,037)	\$ 573,075
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 923,258	\$ 0	\$ 0	\$ 923,258
Insurance Recovery	0	0	5,976	5,976
Transfers In	219,888	1,643,428	917,307	2,780,623
Transfers Out	(2,560,735)	0	0	(2,560,735)
Total Other Financing Sources (Uses)	\$ (1,417,589)	\$ 1,643,428	\$ 923,283	\$ 1,149,122
Net Change in Fund Balances	\$ 2,968,174	\$ (1,584,223)	\$ 338,246	\$ 1,722,197
Restatement - See Note I.D.9.	0	0	(132,802)	(132,802)
Fund Balance, July 1, 2012	10,089,484	11,414,045	6,400,920	27,904,449
Fund Balance, June 30, 2013	\$ 13,057,658	\$ 9,829,822	\$ 6,606,364	\$ 29,493,844

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	1,722,197
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,800,884	
Less: current-year depreciation expense		(6,477,013)	(4,676,129)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Add: assets donated and capitalized	\$	1,025,268	
Less: book value of capital assets disposed		(1,826,546)	(801,278)
(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, 2013	\$	3,126,838	
Less: deferred delinquent property taxes and other deferred June 30, 2012		(4,065,154)	(938,316)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Add: change in premium on debt issuances	\$	452,135	
Add: principal payments on bonds		3,489,687	
Add: principal payments on notes		921,260	
Add: principal payments on other loans		2,600,546	
Add: principal payments on capital leases		286,336	
Less: change in deferred amount on refunding debt		(204,162)	7,545,802
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	12,375	
Change in receivable for accrued interest being retired by School Department		65,184	
Change in compensated absences payable		(292,839)	
Change in other postemployment benefits liability		(332,763)	(548,043)

(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.	\$ 926,490
(7) The interest rate swap agreement is classified as an investment derivative; therefore, the following is reflected on the changes in net position for governmental activities. Change in fair value of derivatives-interest rate swap	<u>9,452,744</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 12,683,467</u></u>

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

Exhibit C-5

Blount County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 25,462,379	\$ 0	\$ 0	\$ 25,462,379	\$ 27,363,085	\$ 26,562,052	\$ (1,099,673)
Licenses and Permits	292,683	0	0	292,683	163,200	253,200	39,483
Fines, Forfeitures, and Penalties	1,101,866	0	0	1,101,866	1,074,686	1,117,586	(15,720)
Charges for Current Services	929,625	0	0	929,625	914,139	978,841	(49,216)
Other Local Revenues	709,742	0	0	709,742	660,550	790,550	(80,808)
Fees Received from County Officials	7,511,759	0	0	7,511,759	7,600,758	7,620,270	(108,511)
State of Tennessee	3,977,676	0	0	3,977,676	3,210,088	3,300,471	677,205
Federal Government	4,403,281	0	0	4,403,281	2,673,152	2,875,628	1,527,653
Other Governments and Citizens Groups	159,412	0	0	159,412	384,768	384,768	(225,356)
Total Revenues	\$ 44,548,423	\$ 0	\$ 0	\$ 44,548,423	\$ 44,044,426	\$ 43,883,366	\$ 665,057
Expenditures							
<u>General Government</u>							
County Commission	\$ 186,082	\$ (123)	\$ 709	\$ 186,668	\$ 189,566	\$ 189,566	\$ 2,898
Board of Equalization	1,206	0	0	1,206	3,003	3,003	1,797
Beer Board	0	0	0	0	200	200	200
Budget and Finance Committee	400	0	0	400	400	400	0
County Mayor/Executive	191,231	0	346	191,577	199,919	199,919	8,342
Personnel Office	71,974	0	0	71,974	164,368	164,368	92,394
Election Commission	517,883	(10,300)	3,374	510,957	594,582	594,582	83,625
Register of Deeds	515,987	(2,522)	523	513,988	575,034	587,092	73,104
Development	547,065	(1,386)	8,192	553,871	699,779	652,820	98,949
Planning	215,296	(640)	589	215,245	218,723	218,723	3,478
County Buildings	1,354,258	(24,277)	32,558	1,362,539	1,472,180	1,468,080	105,541
Other General Administration	3,048,587	(39)	2,433	3,050,981	2,941,345	3,531,345	480,364
Preservation of Records	117,885	(125)	168	117,928	115,424	120,559	2,631
Risk Management	215,259	(124)	169	215,304	219,889	219,889	4,585
<u>Finance</u>							
Accounting and Budgeting	613,657	(624)	67	613,100	644,470	644,470	31,370

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Purchasing	\$						
Property Assessor's Office	262,706	\$ (313)	113	\$ 262,506	\$ 278,846	\$ 282,946	\$ 20,440
Reappraisal Program	751,054	(633)	2,100	752,521	611,603	791,159	38,638
County Trustee's Office	187,111	0	4	187,115	153,823	230,153	43,038
County Clerk's Office	426,035	(671)	314	425,678	440,358	440,358	14,680
	1,037,825	(6,182)	5,217	1,036,860	1,044,112	1,063,912	27,052
Data Processing	550,987	(30,678)	48,723	569,032	567,306	581,173	12,141
<u>Administration of Justice</u>							
Circuit Court Judge	48,112	(2,725)	3,882	49,269	84,704	84,704	35,435
Circuit Court Clerk	1,962,784	(1,753)	26,323	1,987,354	2,097,342	2,174,823	187,469
General Sessions Judge	938,030	(1,420)	1,429	938,039	970,362	970,362	32,323
Chancery Court	471,988	(1,243)	847	471,592	477,868	480,329	8,737
Juvenile Court	441,259	(4,319)	6,370	443,310	445,019	457,019	13,709
Office of Public Defender	55,059	0	0	55,059	49,856	55,031	(28)
Other Administration of Justice	437,323	0	0	437,323	488,838	458,839	21,516
Probation Services	413,016	(1,434)	29	411,611	454,376	454,376	42,765
Victims Assistance Programs	37,724	0	0	37,724	0	37,725	1
<u>Public Safety</u>							
Sheriff's Department	10,395,682	(26,362)	66,696	10,436,016	10,803,251	10,903,518	467,502
Administration of the Sexual Offender Registry	5,900	0	550	6,450	5,000	6,500	50
Jail	7,153,777	(16,450)	77,709	7,215,036	7,415,314	7,538,114	323,078
Workhouse	10,312	0	0	10,312	10,215	10,535	223
Juvenile Services	1,230,352	(795)	11,125	1,240,682	1,457,746	1,367,075	126,393
Commissary	460,178	0	161	460,339	350,000	480,000	19,661
Fire Prevention and Control	23,250	0	0	23,250	23,250	23,250	0
Civil Defense	450,072	(75,080)	4,579	379,571	251,887	462,889	83,318
Other Emergency Management	302,132	0	0	302,132	302,133	302,133	1
<u>Public Health and Welfare</u>							
Local Health Center	1,157,645	0	311	1,157,956	1,209,369	1,212,751	54,795

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
Public Health and Welfare (Cont.)							
Rabies and Animal Control	\$ 272,685	\$ (2,912)	\$ 38,037	\$ 307,810	\$ 330,419	\$ 330,419	\$ 22,609
Other Local Welfare Services	98,668	0	0	98,668	98,668	98,668	0
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	653,584	0	0	653,584	653,585	653,585	1
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	161,756	0	0	161,756	163,496	163,496	1,740
Soil Conservation	117,711	0	0	117,711	118,089	118,665	954
<u>Other Operations</u>							
Tourism	0	0	0	0	699,233	0	0
Industrial Development	848,021	0	0	848,021	848,021	848,021	0
Other Economic and Community Development	0	0	0	0	174,800	0	0
Veterans' Services	165,931	(488)	224	165,667	167,065	167,065	1,398
Contributions to Other Agencies	112,240	0	0	112,240	39,240	112,240	0
Miscellaneous	0	0	0	0	535,000	0	0
<u>Highways</u>							
Litter and Trash Collection	84,031	(570)	914	84,375	83,202	85,752	1,377
<u>Capital Projects</u>							
General Administration Projects	76,870	0	9,100	85,970	0	89,202	3,232
Public Safety Projects	96,489	0	0	96,489	0	96,489	0
Other General Government Projects	667,591	0	18,100	685,691	702,458	688,591	2,900
Total Expenditures	\$ 40,162,660	\$ (214,188)	\$ 371,985	\$ 40,320,457	\$ 42,644,736	\$ 42,916,883	\$ 2,596,426
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 4,385,763	\$ 214,188	\$ (371,985)	\$ 4,227,966	\$ 1,399,690	\$ 966,483	\$ 3,261,483
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 923,258	\$ 0	\$ 0	\$ 923,258	\$ 0	\$ 923,258	\$ 0
Transfers In	219,888	0	0	219,888	230,000	230,000	(112)

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses) (Cont.)							
Transfers Out	\$ (2,560,735) \$	0 \$	0 \$	(2,560,735) \$	(1,619,690) \$	(2,560,736) \$	1
Total Other Financing Sources	\$ (1,417,589) \$	0 \$	0 \$	(1,417,589) \$	(1,399,690) \$	(1,417,478) \$	(111)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 2,968,174 \$ 10,089,484	214,188 \$ (214,188)	(371,985) \$ 0	2,810,377 \$ 9,875,296	0 \$ 10,089,484	(450,995) \$ 10,089,484	3,261,372 (214,188)
Fund Balance, June 30, 2013	\$ 13,057,658 \$	0 \$	(371,985) \$	12,685,673 \$	10,089,484 \$	9,638,489 \$	3,047,184

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2013

		Governmental Activities - Internal Service Fund Self Insurance Fund
<u>ASSETS</u>		
Current Assets:		
Cash	\$	304,018
Equity in Pooled Cash and Investments		7,736,519
Accounts Receivable		16,000
Due from Component Units		777,751
Total Assets	\$	<u>8,834,288</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$	166,528
Due to Other Funds		22,797
Due to Component Units		30,047
Other Current Liabilities		2,583,799
Total Liabilities	\$	<u>2,803,171</u>
<u>NET POSITION</u>		
Unrestricted	\$	<u>6,031,117</u>
Total Net Position	\$	<u><u>6,031,117</u></u>

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

Exhibit D-2

Blount County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
	<u>Self</u>
	<u>Insurance</u>
	<u>Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 20,572,694
Total Operating Revenues	<u>\$ 20,572,694</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 626,516
Insurance Premiums	586,684
Building and Contents Insurance	182,788
Other Administrative Expenses	27,032
Contracts with Private Agencies	329,108
Medical Claims	17,125,685
Liability Insurance	218,640
Other Self-Insured Claims	366,613
Total Operating Expenses	<u>\$ 19,463,066</u>
Operating Income (Loss)	<u>\$ 1,109,628</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 36,750
Total Nonoperating Revenues (Expenses)	<u>\$ 36,750</u>
Income (Loss) Before Transfers	\$ 1,146,378
Transfers Out	<u>(219,888)</u>
Change in Net Position	\$ 926,490
Net Position, July 1, 2012	<u>5,104,627</u>
Net Position, June 30, 2013	<u><u>\$ 6,031,117</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, 2013

	Governmental Activities - Internal Service Fund Self Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 20,612,324
Payments to Fiscal Agents	(626,516)
Payments to Insurers	(966,453)
Payments for Claims	(18,457,435)
Payments for Administrative Costs	(356,140)
Net Cash Provided By (Used In) Operating Activities	\$ 205,780
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 41,904
Net Cash Provided By (Used In) Investing Activities	\$ 41,904
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (429,465)
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ (429,465)
Increase (Decrease) in Cash	\$ (181,781)
Cash, July 1, 2012	8,222,318
Cash, June 30, 2013	\$ 8,040,537
<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 1,109,628
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)	37,509
Increase (Decrease) in Current Liabilities (excluding liability for transfer out)	(941,357)
Net Cash Provided By (Used In) Operating Activities	\$ 205,780
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 304,018
Equity in Pooled Cash and Investments Per Net Position	7,736,519
Cash, June 30, 2013	\$ 8,040,537

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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,440,859
Equity in Pooled Cash and Investments	1,812,946
Accounts Receivable	153,042
Due from Other Governments	3,768,446
Due from Other Funds	4,754
Due from Component Units	22,958
Taxes Receivable	13,533,709
Allowance for Uncollectible Taxes	(273,266)
Prepaid Items	<u>124,997</u>
Total Assets	<u><u>\$ 21,588,445</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 38,189
Payroll Deductions Payable	226,899
Due to Other Funds	40,083
Due to Component Units	98,708
Due to Other Taxing Units	17,038,130
Due to Litigants, Heirs, and Others	2,592,033
Due to Joint Ventures	1,521,574
Other Current Liabilities	<u>32,829</u>
Total Liabilities	<u><u>\$ 21,588,445</u></u>

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

BLOUNT COUNTY, TENNESSEE
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BLOUNT COUNTY, TENNESSEE
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BLOUNT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Blount County School Department operates the public school system in the county, and the voters of Blount County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. 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 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.

In previous years, the Blount County Children's Home was reported as a discretely presented component unit of Blount County. Due to organizational restructuring of the home during the year, the Blount County Commission no longer appoints the home's Board of Directors. Consequently, the home does not meet criteria to be reported as a discretely presented component unit.

In the prior year's report, the Smoky Mountain Tourism Development Authority was reported as a discretely presented component unit. However, with the implementation of Governmental Accounting Standards Board Statement No. 61, the authority no longer meets criteria for being reported as a discretely presented component unit. Instead, the authority is reported as a joint venture and discussed in Note V.F.

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, and the Blount County Public Building Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Blount County issues all debt for the discretely presented Blount County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues

in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting.

Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Blount County reports the following major governmental funds:

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

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

Additionally, Blount County reports the following fund types:

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

Permanent Fund – The Endowment Fund is used to account for an endowment received by the county for which the principal must remain intact while interest earned on the principal is to be expended to benefit 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, Hotel/Motel tax received by the county to be forwarded to the Tourism Development Authority, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, restricted revenues held for the benefit of the Office of District Attorney General, and amounts held in a payroll clearing account. Agency funds are custodial in nature (assets equal liabilities) and do not involve

measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and

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

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

2. Receivables and Payables

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

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.09 percent of the total taxes levied.

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

an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

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

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

Most payables are disaggregated on the face of the financial statements. The balance in the Accounts Payable account on the Statement of Net Position includes \$166,528 related to self insured health claims. The balance in the account Other Current Liabilities on the Statement of Net Position includes \$2,583,799 of internal service fund liabilities for other self-insured claims.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

On the government-wide financial statements, prepaid items also include \$175,506 of prepaid other postemployment benefits for the discretely presented School Department.

4. Capital Assets

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

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

financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources:

current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental 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.

8. Net Position and Fund Balance

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

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

As of June 30, 2013, Blount County had \$177,414,749 in outstanding debt for capital purposes of other entities (schools - \$172,190,373, industrial purposes - \$3,965,000, and a joint communications system lease - \$1,259,376). In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (the cities of Maryville and Alcoa school systems) based on an average daily attendance proration. This debt is a liability of Blount County, but the capital assets acquired are reported in the financial statements of the other entities. Therefore, Blount County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the Finance Director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General and the General Purpose School funds consists of amounts assigned for encumbrances at June 30, 2013.

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

9. Restatements

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has

been reclassified as an agency fund to better reflect the control of these funds by the district attorney general. An adjustment to beginning balances totaling \$132,802 has been recognized in the government-wide financial statements and the governmental funds financial statements.

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$2,067,720 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Blount County School Department

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

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

Primary Government

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

Discretely Presented Blount County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) and the Endowment Principal Fund (permanent fund), which are not budgeted, and the Other Capital Projects and Education Capital Projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2013, Blount County had the following investments carried at fair value. Separate disclosures concerning

pooled investments cannot be made for Blount County and the discretely presented Blount County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturities (days)</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	11 to 138	\$ 2,171,108

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, 2013, 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, 2013, 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 2013, 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 payments of \$25,000 in December 2010, September 2011, and September 2012. The entire balance of \$563,929, due on the contract as of June 30, 2013, is reflected as notes receivable on the balance sheet of the General Debt Service Fund. However, the purchaser did not pay the entire balance due as of September 1, 2013, as per the agreement. But, as per the December 2010 agreement, the Industrial Development Board granted the purchaser a one-year extension when they made a required \$25,000 payment on September 25, 2013. On October 16, 2013, Event Management, LLC, submitted to the Industrial Development Board their proposed changes to the December 2010 contract terms. As of the date of this report, the board is working on another extension document and plans to execute a new agreement. Once this is completed, Event Management's board can meet and approve a new agreement by the end of December 2013.

During 2010, Blount County entered into an Intergovernmental Agreement with the City of Maryville and the City of Alcoa to share the costs of a new communication system. The notes receivable for the City of Maryville and City of Alcoa's portion of the ten-year capital lease purchase is \$692,729 and \$566,647, 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 inflows in the fund financial statements.

C. Derivative Instruments

Primary Government

At June 30, 2013, 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	6-1-30	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, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 financial statements are as follows:

Type	Changes in Fair Value Classification	Amount	Fair Value at June 30, 2013 Classification	Amount	6-30-13 Notional Amount
Governmental Activities					
Investment Derivatives:					
Pay-fixed interest rate swaps:					
\$20 M Swap	Interest and Investment Earnings	\$ 2,748,519	Debt	\$ (4,978,029)	\$ 20,000,000
\$10 M Swap	Interest and Investment Earnings	1,240,918	Debt	(1,845,528)	10,000,000
\$10 M Swap	Interest and Investment Earnings	1,031,846	Debt	(1,164,147)	10,000,000
\$14 M Swap	Interest and Investment Earnings	1,330,281	Debt	(1,889,912)	14,000,000
\$39 M Swap	Interest and Investment Earnings	3,101,180	Debt	(5,851,548)	39,000,000
Totals		<u>\$ 9,452,744</u>		<u>\$ (15,729,164)</u>	<u>\$ 93,000,000</u>

Interest rate swaps are classified as hedging derivative instruments if they 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, 2013, 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	-1.009%
Net interest rate swap payments		3.304%
Variable-rate bond coupon payments		0.070%
On-going costs (other loan fees)		0.926%
		<u>4.300%</u>
Synthetic interest rate on bonds		<u>4.300%</u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$4,978,029. 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, 2013, 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, 2013, 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, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2014	\$ 0	\$ 14,000	\$ 660,829	\$ 674,829
2015	0	14,000	660,829	674,829
2016	0	14,000	660,829	674,829
2017	0	14,000	660,829	674,829
2018	0	14,000	660,829	674,829
2019-2023	0	70,000	3,304,145	3,374,145
2024-2028	0	70,000	3,304,145	3,374,145
2029-2031	20,000,000	36,810	1,737,485	21,774,295
Total	\$ 20,000,000	\$ 246,810	\$ 11,649,920	\$ 31,896,730

\$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, 2013, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.900%
Variable payment from counterparty	% LIBOR	-1.005%
Net interest rate swap payments		<u>2.895%</u>
Variable-rate bond coupon payments		0.070%
On-going costs (other loan fees)		<u>0.980%</u>
Synthetic interest rate on bonds		<u><u>3.945%</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$1,845,528. 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, 2013, 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, 2013, 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, 2013, 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
2014	\$ 0	\$ 7,000	\$ 289,512	\$ 296,512
2015	0	7,000	289,512	296,512
2016	0	7,000	289,512	296,512
2017	0	7,000	289,512	296,512
2018	0	7,000	289,512	296,512
2019-2023	0	35,000	1,447,560	1,482,560
2024-2028	0	35,000	1,447,560	1,482,560
2029-2030	10,000,000	9,499	392,868	10,402,367
Total	\$ 10,000,000	\$ 114,499	\$ 4,735,548	\$ 14,850,047

\$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, 2013, 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>-0.938%</u>
Net interest rate swap payments		2.326%
Variable-rate bond coupon payments		0.070%
On-going costs (other loan fees)		<u>1.031%</u>
Synthetic interest rate on bonds		<u><u>3.427%</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$1,164,147. 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, 2013, 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, 2013, 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, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2014	\$ 0	\$ 7,000	\$ 232,590	\$	239,590
2015	0	7,000	232,590		239,590
2016	0	7,000	232,590		239,590
2017	0	7,000	232,590		239,590
2018	0	7,000	232,590		239,590
2019-2023	0	35,000	1,162,950		1,197,950
2024-2028	10,000,000	33,950	1,128,062		11,162,012
Total	\$ 10,000,000	\$ 103,950	\$ 3,453,962	\$	13,557,912

\$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, 2013, 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>-0.938%</u>
Net interest rate swap payments		2.594%
Variable-rate bond coupon payments		0.070%
On-going costs (other loan fees)		<u>1.031%</u>
Synthetic interest rate on bonds		<u><u>3.695%</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$1,889,912. 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, 2013, 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, 2013, 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, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	
	Principal	Interest	Payment	Total
2014	\$ 0	\$ 9,800	\$ 363,216	\$ 373,016
2015	0	9,800	363,216	373,016
2016	0	9,800	363,216	373,016
2017	0	9,800	363,216	373,016
2018	0	9,800	363,216	373,016
2019-2023	0	49,000	1,816,080	1,865,080
2024-2027	14,000,000	22,400	830,208	14,852,608
Total	\$ 14,000,000	\$ 120,400	\$ 4,462,368	\$ 18,582,768

\$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, 2013, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.270%
Variable payment from counterparty	% LIBOR	<u>-1.009%</u>
Net interest rate swap payments		3.261%
Variable-rate bond coupon payments		0.070%
On-going costs (other loan fees)		<u>0.980%</u>
Synthetic interest rate on bonds		<u><u>4.311%</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$5,851,548. 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, 2013, 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, 2013, 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, 2013, 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
2014	\$ 0	\$ 27,300	\$ 1,271,847	\$ 1,299,147
2015	0	27,300	1,271,847	1,299,147
2016	0	27,300	1,271,847	1,299,147
2017	1,515,000	27,300	1,271,847	2,814,147
2018	3,470,000	26,240	1,222,440	4,718,680
2019-2023	34,015,000	78,355	3,650,363	37,743,718
Total	\$ 39,000,000	\$ 213,795	\$ 9,960,191	\$ 49,173,986

D. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 8,581,561	\$ 235,000	\$ (1,343,995)	\$ 7,472,566
Total Capital Assets Not Depreciated	\$ 8,581,561	\$ 235,000	\$ (1,343,995)	\$ 7,472,566
Capital Assets Depreciated:				
Buildings and Improvements	\$ 52,824,607	\$ 109,300	\$ (230,214)	\$ 52,703,693
Roads, Streets, and Bridges	136,940,075	1,058,577	0	137,998,652
Other Capital Assets	13,860,526	1,423,275	(942,854)	14,340,947
Total Capital Assets Depreciated	\$ 203,625,208	\$ 2,591,152	\$ (1,173,068)	\$ 205,043,292
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 15,597,865	\$ 1,072,603	\$ (69,064)	\$ 16,601,404
Roads, Streets, and Bridges	64,687,072	4,384,992	0	69,072,064
Other Capital Assets	9,309,551	1,019,418	(621,453)	9,707,516
Total Accumulated Depreciation	\$ 89,594,488	\$ 6,477,013	\$ (690,517)	\$ 95,380,984
Total Capital Assets Depreciated, Net	\$ 114,030,720	\$ (3,885,861)	\$ (482,551)	\$ 109,662,308
Governmental Activities Capital Assets, Net	\$ 122,612,281	\$ (3,650,861)	\$ (1,826,546)	\$ 117,134,874

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

Governmental Activities:

General Government	\$ 205,379
Finance	35,118
Administration of Justice	254,140
Public Safety	1,126,074
Public Health and Welfare	138,898
Social, Cultural, and Recreational	304,848
Highways	4,412,556
Total Depreciation Expense - Governmental Activities	\$ 6,477,013

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-12		Increases		Decreases		Balance 6-30-13
Capital Assets Not Depreciated:							
Land	\$ 9,951,059	\$	0	\$	0	\$	9,951,059
Construction in Progress	0		63,387		0		63,387
Total Capital Assets Not Depreciated	<u>\$ 9,951,059</u>	\$	<u>63,387</u>	\$	<u>0</u>	\$	<u>10,014,446</u>
Capital Assets Depreciated:							
Buildings and Improvements	\$ 172,012,740	\$	640,405	\$	0	\$	172,653,145
Other Capital Assets	5,337,766		232,261		(198,993)		5,371,034
Total Capital Assets Depreciated	<u>\$ 177,350,506</u>	\$	<u>872,666</u>	\$	<u>(198,993)</u>	\$	<u>178,024,179</u>
Less Accumulated Depreciation For:							
Buildings and Improvements	\$ 46,709,541	\$	3,669,164	\$	0	\$	50,378,705
Other Capital Assets	3,386,803		337,458		(139,088)		3,585,173
Total Accumulated Depreciation	<u>\$ 50,096,344</u>	\$	<u>4,006,622</u>	\$	<u>(139,088)</u>	\$	<u>53,963,878</u>
Total Capital Assets Depreciated, Net	<u>\$ 127,254,162</u>	\$	<u>(3,133,956)</u>	\$	<u>(59,905)</u>	\$	<u>124,060,301</u>
Governmental Activities Capital Assets, Net	<u>\$ 137,205,221</u>	\$	<u>(3,070,569)</u>	\$	<u>(59,905)</u>	\$	<u>134,074,747</u>

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

Governmental Activities:

Instruction	\$ 41,075
Support Services	3,770,614
Operation of Non-Instructional Services	<u>194,933</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,006,622</u></u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 14,406
"	Internal Service	19,564
"	Agency	33,755
Nonmajor governmental	General	57,433
"	Internal Service	3,233
"	Agency	6,328
Agency	Nonmajor governmental	4,754
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,061
Nonmajor governmental	General Purpose School	3,228

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:

Receivable Entity	Payable Entity	Amount
Primary Government:		
Internal Service	Component Unit:	
Agency	School Department	\$ 777,751
	"	22,958
Component Unit:		
School Department	Primary Government:	
"	Internal Service	30,047
	Agency	98,708

The amount reflected as due to primary government from the discretely presented School Department on the government-wide Statement of Net Position also includes \$1,875,434 for principal and accrued interest on debt issued by the primary government, which is being retired by the School Department. Of that amount, \$1,612,155 is not expected to be received within one year.

Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

	Transfers In		
	General	Debt Service	Nonmajor
Transfers Out	Fund	Fund	Governmental Funds
General Fund	\$ 0	\$ 1,643,428	\$ 917,307
Internal Service Fund	219,888	0	0
Total Transfers	\$ 219,888	\$ 1,643,428	\$ 917,307

Discretely Presented Blount County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 21,396

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.

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

The assets acquired through capital leases are as follows:

	Governmental Activities	
	Primary Government	School Department
Machinery and Equipment (county portion)	\$ 1,808,935	\$ 0
Less: Accumulated Depreciation	(361,788)	0
Buildings and Improvements	350,000	2,738,602
Less: Accumulated Depreciation	(56,000)	(958,510)
Total Book Value	<u>\$ 1,741,147</u>	<u>\$ 1,780,092</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	Governmental Funds
2014	\$ 700,854
2015	708,210
2016	715,785
2017	723,588
2018	731,626
2019-2021	<u>1,822,506</u>
Total Minimum Lease Payments	\$ 5,402,569
Less: Amount Representing Interest	<u>(917,463)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,485,106</u>

G. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Blount County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds and other loans have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, and other loans outstanding were issued for original terms of up to 19 years for bonds and up to 29 years for the other loans. Blount County had no outstanding capital outlay notes at June 30, 2013. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds - Refunding	2 to 5%	6-1-30	\$ 73,715,000	\$ 61,680,000
Qualified School Construction Bonds	2.6	9-14-27	14,855,000	13,129,613
Other Loans - Fixed Rate	2.5 to 6.2	6-1-37	42,930,000	33,600,000
Other Loans - Variable Rate - Refunding	Variable	6-1-37	101,840,000	99,965,000
Loan Agreement - State School Bond Authority	0	11-24-20	727,865	225,209
Capital Lease	3.97 to 5.4	9-1-20	6,095,602	4,485,106

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, 2013:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rates as of 6-30-13	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u>					
Industrial Park (Series B-10-A)	\$ 2,000,000	\$ 1,330,000	Fixed	5.55 to 6.2%	N/A
Various Purpose (Series B-16-A)	33,550,000	25,885,000	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	2,635,000	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	29,300,000	Variable	.190 (1)	1.231
Various Purpose (Series B-18-A)	4,380,000	3,750,000	Fixed	2.5 to 5	N/A

TN State School Bond Authority

Qualified Zone Academy Bonds	727,865	<u>225,209</u>	N/A	0	N/A
		<u>\$ 133,790,209</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 and other loans outstanding as of June 30, 2013, 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 \$133,790,209. 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, 2013.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2019-2023	36,944,645	11,335,078	48,279,723
2024-2028	5,855,323	5,646,928	11,502,251
2029-2030	10,775,000	618,486	11,393,486
Total	\$ 74,809,613	\$ 33,541,604	108,351,217

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2014	\$ 2,735,501	\$ 4,569,535	\$ 988,636	\$ 8,293,672
2015	2,860,501	4,480,616	987,347	8,328,464
2016	3,020,501	4,379,882	986,110	8,386,493
2017	2,140,501	4,271,923	984,873	7,397,297
2018	1,380,501	4,133,563	983,636	6,497,700
2019-2023	2,212,704	17,303,504	4,909,970	24,426,178
2024-2028	45,670,000	10,150,181	4,404,235	60,224,416
2029-2033	39,920,000	3,097,630	2,725,486	45,743,116
2034-2037	33,850,000	57,084	799,187	34,706,271
Total	\$ 133,790,209	\$ 52,443,918	\$ 17,769,480	\$ 204,003,607

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

There is \$9,829,822 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, and capital leases totaled \$1,732, based on the 2010 federal census.

The county also issued bonds and other loans on behalf of Blount Memorial Hospital, Inc. The Hospital Revenue Bonds outstanding at June 30, 2013, totaled \$7,500,000. 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, 2013, totaled \$89,125,000. These are discussed further in Note V.D. These bonds and other loans are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
<u>Capital Leases</u>	
<u>Payable through General Purpose School Fund</u>	
School Energy Facility Upgrades	\$ 1,810,249

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2012	\$ 78,299,300	\$ 921,260	\$ 136,390,755
Reclassification of School Debt	0	0	0
Additions	0	0	0
Reductions	(3,489,687)	(921,260)	(2,600,546)
Balance, June 30, 2013	<u>\$ 74,809,613</u>	<u>\$ 0</u>	<u>\$ 133,790,209</u>
Balance Due Within One Year	<u>\$ 3,606,929</u>	<u>\$ 0</u>	<u>\$ 2,735,501</u>

	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2012	\$ 1,946,796	\$ 2,961,193	\$ 1,420,460
Reclassification of School Debt	0	1,810,249	0
Additions	568,071	0	1,954,838
Reductions	(235,308)	(286,336)	(1,661,999)
Balance, June 30, 2013	<u>\$ 2,279,559</u>	<u>\$ 4,485,106</u>	<u>\$ 1,713,299</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 495,933</u>	<u>\$ 770,985</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 217,077,786
Less: Balance Due Within One Year	(7,609,348)
Add: Unamortized Premium on Debt	<u>4,385,041</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 213,853,479</u></u>
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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 Obligations

Long-term obligation activity for the discretely presented Blount County School Department for the year ended June 30, 2013, was as follows:

	Capital Leases	Compensated Absences
Balance, July 1, 2012	\$ 1,991,415	\$ 45,843
Additions	0	308,108
Reductions	(181,166)	(271,358)
Reclassification of School Debt	<u>(1,810,249)</u>	<u>0</u>
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 82,593</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 15,345</u>

	Other Postemployment Benefits
Balance, July 1, 2012	\$ (128,481)
Additions	1,148,136
Reductions	<u>(1,195,161)</u>
Balance, June 30, 2013	<u>\$ (175,506)</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, (excluding prepaid other postemployment benefits)	\$ 82,593
Less: Balance Due Within One Year	<u>(15,345)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 67,248</u>

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

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

H. Pledges of Future Revenues

In prior years, a portion of revenues generated by the county's hotel-motel tax was pledged to retire a note issued by the county for the purchase of land adjacent to the Townsend Visitor's Center. At July 1, 2012, the balance of the note was \$921,260. During the year, that land was purchased from the county by the Smoky Mountain Tourism Development Authority. The purchase price was equal to the outstanding indebtedness (\$921,260). The county subsequently retired the note from proceeds of the sale.

The Smoky Mountain Tourism Development Authority is further discussed in Note V.F., Joint Ventures.

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, 2013, were \$67,321. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. 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, 2013, interest earned totaled \$4,396 and expenditures totaled \$4,396.

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, \$500,000 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. The county does not carry stop-loss coverage for general liability. Employee dental claims are covered by commercial insurance.

All full-time employees of the primary government and the discretely presented Blount County School Department are eligible to participate in the health program. A premium charge for the general liability, property, casualty, health, and workers' compensation programs is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. The portion of net position of the internal service fund attributable to health coverage was \$5,930,503 and the portion attributable to general liability, property casualty, and workers' compensation was \$100,614 at June 30, 2013. Those amounts have been designated by management for future catastrophic losses. Liabilities of this fund are reported when losses are probable and the amount of the losses can be reasonably estimated. The self-insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. It is expected that these claims liabilities will be paid within the next fiscal year. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

General Liability, Property, Casualty and Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2011-2012	\$ 1,612,365	\$ 1,936,238	\$ (1,448,322)	\$ 2,100,281
2012-2013	2,100,281	566,528	(1,189,776)	1,477,033

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2011-2012	\$ 1,272,501	\$ 15,496,697	\$ (15,156,231)	\$ 1,612,967
2012-2013	1,612,967	16,925,770	(17,267,564)	1,271,173

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Position includes \$166,528 related to self-insured health claims, and the balance in the account Other Current Liabilities includes internal service fund liabilities of \$1,104,645 for estimated health insurance claims and \$1,477,033 for other self-insured claims.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Blount County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

On September 19, 2013, the Blount County Commission authorized the issuance of general obligation refunding bonds not to exceed \$170,925,000 to refund its outstanding E-1-A and E-5-A Public Building Authority loan agreements. Approximately \$90,125,000 is to consist of Hospital Refunding Bonds and \$80,800,000 is to consist of Non-Hospital Refunding Bonds. The County Commission also authorized the assumption from the Public Building Authorities of Sevier and Blount counties, the interest rate swap agreements related to the E-1-A and E-5-A loan agreements. The bonds have not been issued as of the date of this report.

D. Contingent Liabilities

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital, Inc. Outstanding loan agreements Series E-5-A reflected in long-term debt for the hospital (see Note VI.H.) are payable from, but not secured by, revenues of the hospital. This issue also carries the general obligation pledge of the county. Therefore, Blount County would be liable in the event of default by the hospital. Outstanding principal amounts under these loan agreements as of June 30, 2013, totaled \$89,125,000.

There are several pending lawsuits in which the county is involved. Management has provided for potential claims and judgments in the financial statements of the self-insurance fund in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance fund would not materially affect the financial statements of the county.

E. Change in Administration

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

F. Joint Ventures

The Industrial Development Board of Blount County and the cities of Alcoa and Maryville were organized to promote industrial development and provide additional job opportunities in Blount County, the cities of Alcoa and Maryville, and the surrounding counties in accordance with Title 7, Chapter 53, *Tennessee Code Annotated*. The board is governed by a ten-member board of directors appointed jointly by the Blount County Commission and the governing bodies of Maryville and Alcoa. The board provides incentives toward the location of certain industrial facilities in the county and cities. Upon approval for the Industrial Development Board to provide these incentives, the County Commission also expressed its intent to provide certain funding for these incentives in future years. During the year, Blount County provided \$848,021 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board.

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

The Blount County Solid Waste Authority is a joint venture that is operated by Blount County, the City of Alcoa, and the City of Maryville. The authority comprises 11 members, three of whom are appointed by the Blount County Commission. The cities appoint two members each, and the remaining members are selected from the citizens at large and from private industry. Blount County has control over budgeting and financing the joint venture only to the extent of representation by the three appointed authority members. Blount County, along with the City of Alcoa and the City of Maryville, has entered into two contracts in-lieu-of performance bonds with the Tennessee Department of Environment and Conservation to ensure the proper operation and closure/postclosure care of the Blount County landfill, which is operated by the Blount County Solid Waste Authority. The total of these contracts in-lieu-of performance bonds is \$11,964,633 of which Blount County has guaranteed 40 percent and the two cities the remaining 60 percent, equally. Complete financial statements for the Blount County Solid Waste Authority may be obtained from the City of Alcoa.

The Blount County Cable Television Authority is a joint venture between Blount County, the City of Maryville, and the City of Alcoa, which regulates the operation of cable television service in Blount County. The authority comprises nine members, three of whom are appointed by the Blount County Commission. The remaining six members are appointed by the cities. Blount County has control over budgeting and financing the joint venture only to the extent of representation by the three board members appointed. The authority funds its budget through the collection of cable television franchise fees from companies under its jurisdiction. After payment of the authority's expenses, the residual of those collections is remitted to the county and the two cities based on point of collection.

The Recreation and Parks Commission is a joint venture between Blount County, the City of Maryville, and the City of Alcoa, which operates a recreation and parks system in Blount County. The commission includes seven members, two of whom are appointed by the Blount County Commission. Four members are appointed by the cities, and one member is appointed by the joint commission. Blount County has control over budget and financing of the commission only to the extent of representation by the two board members appointed. Contributions toward operations are provided annually by the county and the cities based on a per capita cost-sharing formula. Blount County contributed \$653,584 to the operations of the commission during the year ended June 30, 2013.

The Smoky Mountain Tourism Development Authority is a nonprofit entity chartered in June 2012 to promote tourism in the county. The authority was established jointly by the county, the City of Maryville, and the City of Alcoa. The authority is governed by a ten-member board, which includes one representative of the county. The authority's primary funding source is proceeds of a hotel-motel tax, which is levied by the County Commission pursuant to a private act. The authority is entitled to 70 percent of the hotel-motel tax. The tax is currently set at a rate of five percent, which is the maximum allowed.

Prior to the establishment of the authority, tourism development expenditures were channeled through the county's General Fund.

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

Administrative Offices:

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

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

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

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

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

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

G. Jointly Governed Organization

Blount County, Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control consisting of the director of schools of each participating government, one representative appointed by the County Commission or City Council of each participating government, and one member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development

program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the various school systems. The systems, may, but are not required to contract for these services.

H. 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.

I. 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/>.

Library System 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 12.14 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Library System Employees

Blount County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 9.54 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2013, Blount County's annual pension cost of \$3,609,168 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 postretirement 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, 2011, was two 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
6-30-13	\$3,609,168	100%	\$0
6-30-12	3,601,566	100	0
6-30-11	3,743,625	100	0

Library System Employees

For the year ended June 30, 2013, Blount County's annual pension cost of \$63,758 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 postretirement 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, 2011, was two 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
6-30-13	\$63,758	100%	\$0
6-30-12	71,950	100	0
6-30-11	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.

Library System 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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$3,740,632, \$3,651,060, and \$3,617,944, 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.

J. 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	\$ 580,751	\$ 1,147,357	\$ 1,728,108
Interest on the NOPEBO	77,500	(4,767)	72,733
Adjustment to the ARC	(90,180)	5,546	(84,634)
Annual OPEB cost	\$ 568,071	\$ 1,148,136	\$ 1,716,207
Amount of contribution	(235,308)	(1,195,161)	(1,430,469)
Increase/decrease in NOPEBO	\$ 332,763	\$ (47,025)	\$ 285,738
Net OPEB obligation, 7-1-12	1,946,796	(128,481)	1,818,315
Net OPEB obligation, 6-30-13	\$ 2,279,559	\$ (175,506)	\$ 2,104,053

Fiscal Year Ended	Plan		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation at Year End
6-30-11	Self-insured	\$	2,093,469	85.5	% \$	1,510,967
6-30-12	"		2,156,360	5.7		1,818,315
6-30-13	"		1,716,207	83.4		2,104,053

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, was as follows:

	Primary Government	School Department	Total
Actuarial valuation date	7-1-12	7-1-12	
Actuarial accrued liability (AAL)	\$ 5,831,953	\$ 13,324,579	\$ 19,156,532
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,831,953	\$ 13,324,579	\$ 19,156,532
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 21,010,517	\$ 45,071,199	\$ 66,081,716
UAAL as a % of covered payroll	28%	30%	29%

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, 2012, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after four years. Both rates include a 2.5 percent inflation

assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2009.

K. 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.

L. Purchasing Laws

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

VI. OTHER NOTES – DISCRETELY PRESENTED BLOUNT 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 uses enterprise fund accounting and is included as a discretely presented component unit in the financial statements of the county.

The hospital is the sole corporate member of the Blount Memorial Foundation, which coordinates and secures resources to enable the hospital to maintain, improve, and advance care. The hospital and foundation have common boards of directors. As a result the financial activity of the foundation is included (blended) in the hospital's financial statements.

Blount Memorial Physician's Group, Inc. (BMPG), is owned 100 percent by the hospital and governed by the hospital's Board of Director's. The financial

activity of BMPG is also included (blended) in the hospital's financial statements.

The hospital has non-controlling ownership interests in partnerships, which operate medical facilities in Blount County consistent with the hospital's mission of providing healthcare services. Ownership investments are included in other assets at June 30, 2013.

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

Basis of Presentation

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

Net investment in capital assets – This component of net position consists of property and equipment, net of accumulated depreciation, 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 of resources attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt or deferred inflow of resources is included in the same net position component as the unspent proceeds.

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

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

Cash and Cash Equivalents

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

Patient Accounts Receivable

Accounts receivable from patients and third-party payors are recorded on the accrual basis in the period in which services are rendered. The hospital does not require collateral on accounts receivable. Accounts are charged to bad debt expenses as they are determined to be uncollectible based on a review of aging and collections. The hospital establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific patients, historical trends, and other information.

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 is organized as a private act hospital authority, which provides the hospital additional rights and powers, including the manner in which funds are invested. The hospital diversifies its investments into a broad range of asset classes to reduce concentration risk and to maximize return with reasonable and prudent levels of risk. It is also the hospital's policy to limit the maximum position for each type of investment at varying levels within these classifications. As of June 30, 2013, 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 4.1 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. BMPG is a corporation and subject to income taxes. BMPG has net operating loss carryforwards, resulting in deferred tax assets, which have been fully offset by a valuation allowance.

Charity Care

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

Patient Service Revenue

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

Risk Management

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

Use of Estimates

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

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

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

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 6-30-13	Percent
U.S. Treasury Portfolio (cash equivalents)	\$ 3,396,776	3
U.S. Government Agency Securities	9,309,240	9
Municipal Bonds	4,894,340	4
Corporate Bonds	15,239,725	14
Bond Mutual Funds	46,421,930	43
Equity Mutual Funds	28,708,204	27
Total	<u>\$ 107,970,215</u>	<u>100</u>

Net investment income (loss) on assets limited as to use as of June 30, 2013, includes:

	Balance 6-30-13
Interest and dividends	\$ 7,535,487
Net realized and unrealized investment loss	<u>(8,198,055)</u>
Total	<u>\$ (662,568)</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 6-30-13
Cash	\$ 45,767
U.S. Treasury Portfolio (cash equivalents)	234,055
Bond Mutual Funds	461,314
Equity Mutual Funds	<u>639,893</u>
Total	<u>\$ 1,381,029</u>

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

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 6-30-13
Gross Patient Service Charges	\$ 701,918,021
Contractual Adjustments and Discounts	(474,980,352)
Charity Care Charges Foregone	(40,977,634)
Provision for Bad Debts	(10,746,645)
Net Patient Service Revenue	<u>\$ 175,213,390</u>

The Health Information Technology for Economic and Clinical Health Act (HITECH) was enacted as part of the American Recovery and Reinvestment Act of 2009. Under HITECH, the hospital must implement a certified electronic health record in an effort to promote the adoption and meaningful use of health information technology. During 2013, the hospital has recorded approximately \$2,361,466 of incentive payments under Medicare and TennCare programs related to meeting meaningful use objectives mandated by HITECH. These incentive payments are included as a component of net patient service revenue.

D. Third-party Payor Agreements

The hospital renders services to patients under contractual arrangements with the Medicare and TennCare programs. Laws, regulations, and contracts governing third-party payor programs can be extremely complex and subject to interpretation. Amounts earned under these contractual arrangements are subject to regulatory review and final determination by the various program intermediaries and other appropriate governmental authorities or their agents. 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 33 percent and ten percent, respectively, for 2013.

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 \$256,121 were paid from the fund during the year ended June 30, 2013. As of June 30, 2013, 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 \$1,198,490 at June 30, 2013. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$13,836,000 for 2013.

F. Property and Equipment

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

	Balance 7-1-12	Additions	Retirements and Transfers	Balance 6-30-13
Cost:				
Land	\$ 9,594,425	\$ 1,455,758	\$ 0	\$ 11,050,183
Land Improvements	2,382,783	0	0	2,382,783
Buildings, Improvements, and Fixed Equipment	136,249,869	20,607,161	0	156,857,030
Equipment	90,345,931	26,823,505	0	117,169,436
Construction in Progress	13,428,356	0	(11,047,666)	2,380,690
Total Cost	<u>\$ 252,001,364</u>	<u>\$ 48,886,424</u>	<u>\$ (11,047,666)</u>	<u>\$ 289,840,122</u>
Allowances for				
Depreciation:				
Land Improvements	\$ (2,269,055)	\$ (25,218)	\$ 0	\$ (2,294,273)
Buildings, Improvements, and Fixed Equipment	(73,304,692)	(5,815,940)	0	(79,120,632)
Equipment	(75,569,483)	(6,468,659)	0	(82,038,142)
Total Allowances for				
Depreciation	<u>\$ (151,143,230)</u>	<u>\$ (12,309,817)</u>	<u>\$ 0</u>	<u>\$ (163,453,047)</u>
Net Property and Equipment	<u>\$ 100,858,134</u>	<u>\$ 36,576,607</u>	<u>\$ (11,047,666)</u>	<u>\$ 126,387,075</u>

Construction in progress at June 30, 2013, consists primarily of costs related to the software upgrades related to certified electronic health records, the pharmacy expansion, and a special room for the catheterization laboratory, which total estimated costs to complete of approximately \$3,630,000.

G. Other Assets

Other assets include a \$2,040,000 investment in a partnership and the following net intangible assets at June 30:

	2013
Goodwill	\$ 2,520,038
Trade name	1,468,813
Non-compete agreements	1,414,387
Medical records and workforce	1,520,572
Other	<u>175,000</u>
Total	<u>\$ 7,098,810</u>

H. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-12	Principal Payments	Balance 6-30-13
Series 1998A Bonds	\$ 1,515,000	\$ 1,515,000	\$ 0
Series 1998B Bonds	8,370,000	870,000	7,500,000
Series E-5-A Bonds	90,705,000	1,580,000	89,125,000
Total Outstanding	\$ 100,590,000	<u>\$ 3,965,000</u>	\$ 96,625,000
Less Current Portion	(3,965,000)		(4,115,000)
Less Unamortized Loss on Bond Refunding	<u>(923,275)</u>		<u>(863,986)</u>
Long-term Portion	<u>\$ 95,701,725</u>		<u>\$ 91,646,014</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, which was deferred and amortized over the life of the refunded debt (\$0 in 2013). 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 \$915,000 in 2014 to \$1,245,000 in 2020 at interest rates ranging from 5.1 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 2013).

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 \$3,200,000 in 2014 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, 2013, 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, 2013, the counterparty to the swaps, Deutsche Bank, was rated A2/A+/A+ 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, 2013, are summarized as follows:

Year Ending June 30	Series E-5-A	Series 1998B	Total
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	1,065,000	4,765,000
2018	3,875,000	1,120,000	4,995,000
2019-2023	26,500,000	2,425,000	28,925,000
2024-2028	36,525,000	0	36,525,000
2029	8,425,000	0	8,425,000
Total	<u>\$ 89,125,000</u>	<u>\$ 7,500,000</u>	<u>\$ 96,625,000</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, 2013, which was .07 percent):

Year Ending June 30	Series E-5-A	Series 1998B	Total
2014	\$ 2,578,519	\$ 360,828	\$ 2,939,347
2015	2,576,268	313,015	2,889,283
2016	2,573,897	262,399	2,836,296
2017	2,571,419	208,972	2,780,391
2018	2,568,819	278,928	2,847,747
2019-2023	12,314,647	0	12,314,647
2024-2028	6,753,105	0	6,753,105
2029	334,653	0	334,653
Total	<u>\$ 32,271,327</u>	<u>\$ 1,424,142</u>	<u>\$ 33,695,469</u>

The revenues of the hospital are pledged as collateral for the bonds outstanding. Payment of principal and interest for the Series 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 6-30-13
Debt Service Reserve Funds	\$ 1,595,227
Bond Funds	<u>1,107,282</u>
Total	<u>\$ 2,702,509</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.

I. Foundation

At June 30, 2013, the foundation's assets and net position total \$1,381,029, and consist of cash and investments. A portion of the investments at June 30, 2013, totaling \$935,838, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. The 2013 Statement of Revenues, Expenses, and Changes in Net Position includes foundation contribution revenue of \$358,299, net investment income of \$116,691, and distributions and other expenses of \$430,978. 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.

Blount Memorial Physicians Group

BMPG provides physician and outpatient services in Blount County and includes over 50 physicians in ten specialties. Separate financial statements are maintained by the hospital. Condensed financial statements as of and for the year ended June 30, 2013, are as follows:

Condensed Statement of Net Position

Total current assets	\$ 1,817,495
Total current liabilities	\$ 879,301
Total net position (unrestricted)	938,194
Total liabilities and net position	\$ 1,817,495

Condensed Statement of Revenues, Expenditures, and Changes in Net Position

Total operating revenues	\$ 17,923,201
Total operating expenses	(31,167,803)
Operating loss	\$ (13,244,602)

Condensed Statement of Cash Flows

Net cash provided by operating activities	\$ 165,755
Cash and cash equivalents at beginning of year	<u>182,218</u>
Cash and cash equivalents at end of year	<u><u>\$ 347,973</u></u>

Effective October 1, 2012, the hospital acquired assets of East Tennessee Medical Group (ETMG) and employed the physicians who now operate as part of BMPG. ETMG's operations are located in Alcoa, Tennessee, and services include primary care and more than ten specialty services.

The acquisition was accounted for as a purchase transaction where the hospital recorded all assets acquired at their fair value on the date of acquisition. An independent valuation expert assisted in determining the fair values. The following table presents the allocation of the purchase price to assets acquired based on their estimated fair values.

Building	\$ 15,517,906
Land	1,335,000
Furniture and fixtures	2,101,848
Inventory	714,591
Medical records	518,148
Workforce	1,061,668
Trade name	1,496,880
Non-compete agreements	<u>1,885,850</u>
Total	<u><u>\$ 24,631,891</u></u>

J. 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. Through March 2012, 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 three 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 \$170,000 totaled \$3,851,244 in 2013. Employee contributions were \$3,527,857 in 2013.

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

A. Summary of Significant Accounting Policies

The district complies with accounting principles generally accepted in the United States of America (GAAP). The district uses the required *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* effective July 1, 2008. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Financial Reporting Entity

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

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

The purpose of the 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 Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting district as a whole. The statements present the district as a business-type activity. Business-type activities are

financed in whole or in part by fees charged to external parties for goods or services. Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, business-like activities are presented using the economic resources measurement focus as defined below.

The proprietary fund utilizes an economic resources measurement focus. The accounting objective of this measurement focus are the determination of operating income, changes in net position (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 position.

Basis of Accounting

In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, a business-like activity (proprietary type) is presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, 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 Position, cash includes all demand accounts, savings accounts, and certificates of deposits of the district. For the purpose of the proprietary fund Statement of Cash Flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

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

Receivables

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

Capital Assets and Depreciation

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

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

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

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2013, the district had no liability for compensated absences or accumulated sick leave. Vacation days are required to be used during each fiscal year with no carry-over to future periods.

Equity Classifications

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages,

notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

5. Revenues and Expenses

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

Operating Revenues/Expenses

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

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence and another rate for business exchange access service within the base rate area governed by the boundaries of the district. Revenue is collected by telephone service providers and remitted monthly to the district. Rates were \$1.50 for one-party residence lines and \$3.00 for business exchange access service. Wireless fees are collected and remitted bi-monthly to the district through the State of Tennessee.

Operating expenses include salaries, employee benefits, contracted services, supplies and materials, other charges, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and 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. Budgetary comparison schedules are presented in the supplemental section. As required by the *Accounting and Reporting Manual for Tennessee Emergency Communications Districts*, the legal level of budgetary control is at the line item level.

B. Implementation of New Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011.

In addition, the GASB has issued Statement No. 65, “Items Previously Reported as Assets and Liabilities.” The statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Since this statement closely correlates to Statement No. 63, the district has elected to early implement the provisions of this statement.

C. 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.

D. 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 7-1-12	Additions	Retirements
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 0
Total	\$ 21,038	\$ 0	\$ 0
Depreciable:			
Building	\$ 3,027,613	\$ 0	\$ 0
Building improvements	7,990	13,866	0
Communication equipment	941,548	0	0
Communication equipment under capital lease	699,000	0	0
Office equipment and furniture	204,304	0	0
Vehicle	16,486	0	0
Total	\$ 4,896,941	\$ 13,866	\$ 0
Total	\$ 4,917,979	\$ 13,866	\$ 0

Description (Cont.)	Balance 6-30-13	Accumulated Depreciation	Net Value 6-30-13
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 21,038
Total	\$ 21,038	\$ 0	\$ 21,038
Depreciable:			
Building	\$ 3,027,613	\$ 245,895	\$ 2,781,718
Building improvements	21,856	877	20,979
Communication equipment	941,548	640,833	300,715
Communication equipment under capital lease	699,000	69,900	629,100
Office equipment and furniture	204,304	137,380	66,924
Vehicle	16,486	15,612	874
Total	\$ 4,910,807	\$ 1,110,497	\$ 3,800,310
Total	\$ 4,931,845	\$ 1,110,497	\$ 3,821,348

Depreciation expense for the fiscal year ended June 30, 2013, totaled \$239,135.

E. Long-term Obligations

Long-term obligations consist of the following:

	June 30, 2013		
	Current	Noncurrent	Total
Note payable	\$ 46,426	\$ 1,071,501	\$ 1,117,927
Capital lease obligation	49,210	599,790	649,000
Total	<u>\$ 95,636</u>	<u>\$ 1,671,291</u>	<u>\$ 1,766,927</u>

Notes Payable

During the fiscal year ended June 30, 2010, the district borrowed funds totaling \$1,250,000 to finance the construction of a new communications facility. 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 Notes Payable are as follows:

	Year Ended 6-30-13
Beginning Balance	\$ 1,162,447
Note Proceeds	0
Note Repayments	<u>(44,520)</u>
Ending Balance	<u>\$ 1,117,927</u>

Debt maturities are as follows:

Year Ending	Total Note Requirements	Principal	Interest
2014	\$ 90,834	\$ 46,426	\$ 44,408
2015	1,075,073	1,071,501	3,572
Total	<u>\$ 1,165,907</u>	<u>\$ 1,117,927</u>	<u>\$ 47,980</u>

Total interest incurred during the year ended June 30, 2013, was \$46,314.

F. Capital Lease

During the year ended June 30, 2011, Blount County acquired certain emergency communication equipment to be utilized by the county and the Cities of Maryville and Alcoa. Rather than “patching” the district’s emergency communications equipment to interface with the county’s equipment, it was determined that the district would acquire new equipment that was compatible with that used by the county and the cities.

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

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

<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
\$ 649,000	\$ 147,780	\$ 796,780

The total minimum lease payments are payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 79,678
2015	79,678
2016	79,678
2017	79,678
2018	79,678
2019-2023	<u>398,390</u>
Total	<u><u>\$ 796,780</u></u>

Interest is accrued monthly on the obligation. Interest expense for the year ended June 30, 2013, was \$24,374.

G. 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.

H. 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 *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, 2013, was 11.54 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, 2013, the district's annual pension cost of \$122,974 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 postretirement 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 accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was eight 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
6-30-13	\$	122,974	100%	\$ 0
6-30-12		122,568	100	0
6-30-11		123,812	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.

I. 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.

J. 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.

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

A. Summary of Significant Accounting Policies

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

1. Financial Reporting Entity

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

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

2. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Revenues, Expenses, and change in Net Position 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.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the PBA or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Major Funds

The major funds are further classified as follows:

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

Special Revenue Funds:

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

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when “measureable and available.” Measureable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including

capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.

4. Assets, Liabilities, and Equity

Cash and Investments

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

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

Receivables

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

In the fund financial statements, receivables in governmental funds include intergovernmental revenues since they are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual but not deferred in the government-wide financial statements in accordance with the accrual basis. There were no nonexchange transactions as of June 30, 2013. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Equity Classifications

Government-wide Statements:

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

Fund Statements:

Governmental fund equity is classified as fund balance.

5. Revenues, Expenditures, Expenses, and Fund Balances

Revenues and Expenses

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

Expenditures/Expenses

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

Interfund Transfers

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

6. Fund Balances

Governmental fund equity is classified as fund balance. During the year ended June 30, 2013, 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

7. Budgetary Accounting

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

8. Use of Estimates

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

9. Risk Management

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

10. Changes in Accounting Principles

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

position as the residual of all other elements presented in a statement of financial position.

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

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

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

11. Restatement of Beginning Net Position

Due to the changes in accounting principles described above, beginning net position has been decreased by \$942,129 from \$1,045,822 to \$103,693. The difference represents a restatement for bond issue costs that were amortized under prior standards, but expensed in the period incurred under the new standards.

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, 2013.

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, 2013, 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, 2013, cash and cash equivalents totaled \$124,934 in the General Fund and \$113,483 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, 2013, 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, 2012, through June 30, 2013, was as follows:

	Public Facility Bonds
Debt Payable - July 1, 2012	\$ 226,830,000
Debt Retired in Current Year	<u>(4,140,000)</u>
Debt Payable - June 30, 2013	<u><u>\$ 222,690,000</u></u>

Bonds payable at June 30, 2013, are comprised of the following issues:

Public Facility Bonds	Amount Outstanding
\$3,000,000 - 2008 Local Government Improvement Bonds (Series B-17-A) due in installments of \$85,000 to \$225,000 payable June 2010 through June 2030. Average interest of 4.4% (Jointly with Maryville/Alcoa).	\$ 2,635,000
\$2,000,000 - 2006 Local Government Improvement Bonds (Series B-10-A) due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; average interest at 6.10% (Jointly with Maryville/Alcoa).	1,330,000
\$32,145,000 - 2008 Local Government Improvement Bonds (Series B-16-A) due in installments ranging from \$3,600,000 to \$500,000 payable June 2010 through June 2037; interest payable semi-annual rates ranging from 3% to 5%; average interest rate 4.66%.	25,885,000
\$50,500,000 - 2008 Local Government Improvement Bonds (Series E-1-A) due in installments of \$1,000,000 to \$8,550,000 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 5%.	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 4.50%.	29,300,000
\$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%.	89,125,000
\$50,925,000 - Local Government (Series B-18-A) Improvement Bonds due in installments of \$50,000 payable June 2010, \$46,625,000 payable June 2011, and payables ranging from \$200,000 in June 2012 to \$900,000 in June 2019. Interest payable annually at 4.33%.	3,750,000
Total Bonds Outstanding	<u>\$ 222,690,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2013, including interest payments, are \$358,803,115 as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018	5,215,000	8,542,897	13,757,897
2019-2023	28,690,000	41,576,983	70,266,983
2024-2028	82,195,000	31,349,312	113,544,312
2029-2033	48,345,000	15,058,014	63,403,014
2034-2037	33,850,000	4,315,000	38,165,000
Total	<u>\$ 222,690,000</u>	<u>\$ 136,113,115</u>	<u>\$ 358,803,115</u>

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

E. Agreements and Contractual Obligations

Special Revenue Funds

During the years ended June 30, 1998, through June 30, 2009, the PBA entered into 18 loan agreements with Blount County, Tennessee, whereby the PBA has issued revenue bonds totaling \$456,466,115 as listed below. The proceeds were loaned to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, and the Blount Memorial Hospital (component unit) as of June 30, 2013, were as follows:

Bond Issue Amount	Loaned to Blount County	Outstanding 6-30-13
\$ 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	2,635,000
2,000,000	2,000,000	1,330,000
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	29,300,000
95,045,000	95,045,000	89,125,000
50,925,000	50,925,000	3,750,000
32,145,000	32,145,000	25,885,000
2,006,115	2,006,115	0
<u>\$ 456,466,115</u>	<u>\$ 456,466,115</u>	<u>\$ 222,690,000</u>

Expenditures were as follows during the fiscal year ended June 30, 2013:

Professional Fees	\$ 7,320
Insurance	4,455
Bank Service Charge	<u>40</u>
Total	<u>\$ 11,815</u>

F. Litigation

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

G. Local Government Public Improvement Bonds

The PBA approved 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, 2013
City of Alcoa	\$ 154,185,000	\$ 79,105,000
Blount County	514,415,000	222,690,000
Alcoa/Maryville	10,000,000	6,915,000
Bradley County	63,560,000	39,090,000
Cleveland	68,480,000	21,080,000
Campbell County	20,550,000	8,100,000
Cumberland County	52,415,000	17,185,000
Coffee County	2,775,000	0
Cocke County	3,500,000	0
Claiborne County	6,225,000	0
Etowah	14,805,000	2,475,000
Erwin	1,500,000	0
Fayetteville	9,080,000	0
Greeneville	18,160,000	0
Greene County	10,000,000	2,845,000
Hendersonville	4,040,000	0
Hawkins County	40,820,000	24,635,000
Hamblen County	40,200,000	10,100,000
Hiwassee	12,000,000	11,165,000
Jefferson County	28,305,000	10,510,000
Johnson City	102,385,000	0
Johnson County	5,700,000	0
Knoxville	59,970,000	59,970,000
Knox County	193,550,000	166,690,000
Lexington	5,400,000	0
Loudon County	14,835,000	11,935,000
Maryville	78,800,000	13,205,000
Morgan County	10,000,000	0
Morristown	47,355,000	0
Morristown/Hamblen	5,775,000	205,000
Monroe County	34,290,000	32,075,000
Mt. Juliet	2,700,000	0
Oak Ridge	38,895,000	19,625,000
Red Bank	3,850,000	0
Roane County	21,650,000	925,000
Sevierville	8,000,000	0
Tri-County	7,500,000	7,300,000
Washington County	130,360,000	129,655,000
Warren County	6,500,000	0
White County	1,275,000	0
Winchester	6,325,000	0
Totals	<u>\$ 1,860,130,000</u>	<u>\$ 897,480,000</u>

H. Conduit Debt/Funds Held By Trustee

The PBA has issued conduit debt to provide capital financing for specified third parties that is not a part of the PBA's financial reporting entity. The PBA has issued bonds totaling \$1,860,130,000 to other governmental entities as of June 30, 2013. 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, 2013, is \$897,480,000.

I. Capital Assets

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

J. Payroll and Personnel

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

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL 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
Library System 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-2

Blount County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b) (c)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
Self-Insurance	7-1-10	\$ 0	\$ 23,677	\$ 23,677	0%	\$ 68,566	34.53%
"	7-1-11	0	23,877	23,877	0	70,280	33.97
"	7-1-12	0	19,157	19,157	0	66,082	28.99

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**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 restricted revenue held for the benefit of the Office of District Attorney General. Effective July 1, 2012, this fund was reclassified to an agency fund to better reflect the control of this fund by the 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 Funds

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

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

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

Permanent Fund

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

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

Exhibit G-1

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees
\$	0 \$	0 \$	6,861 \$	0 \$	0 \$	11,262
254,107	47,140	1,225,408	1,555,784	49,755	0	0
0	0	1,596	21,121	8	144	0
0	0	0	0	157	0	0
0	0	2,071	39,646	202	0	0
0	0	12,157	0	0	0	0
\$	254,107 \$	47,140 \$	1,248,093 \$	1,616,551 \$	50,122 \$	11,406
\$	0 \$	560 \$	22,955 \$	21,185 \$	48 \$	0
0	0	3,095	0	30	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
\$	0 \$	560 \$	26,050 \$	21,185 \$	78 \$	11,406
\$	0 \$	0 \$	0 \$	6,500 \$	0 \$	0
\$	0 \$	0 \$	0 \$	6,500 \$	0 \$	0
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0
0	0	12,157	0	0	0	0
254,107	0	0	0	0	0	0
0	46,580	0	0	48,360	0	0
0	0	0	1,565,321	0	0	0
0	0	992,552	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

(Continued)

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Due from Other Funds
Prepaid Items

Total Assets

LIABILITIES

Accounts Payable
Payroll Deductions Payable
Contracts Payable
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue
Total Deferred Inflows of Resources

FUND BALANCES

Nonspendable:
Endowments
Prepaid Items
Restricted:
Restricted for General Government
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Social, Cultural, and Recreational Services
Restricted for Capital Outlay
Restricted for Capital Projects

Exhibit G-1

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

	Special Revenue Funds					Constitu-
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	tional Officers - Fees
\$	0	\$ 0	\$ 0	\$ 0	\$ 1,684	\$ 0
	0	0	0	23,545	0	0
	0	0	0	0	0	0
	0	0	217,334	0	0	0
\$	254,107	\$ 46,580	\$ 1,222,043	\$ 1,588,866	\$ 50,044	\$ 0
\$	254,107	\$ 47,140	\$ 1,248,093	\$ 1,616,551	\$ 50,122	\$ 11,406

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, Deferred Inflows of Resources, and Fund Balances

(Continued)

Exhibit G-1

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

	Special Revenue Fund		Capital Projects Funds			Permanent Fund		Total Nonmajor Governmental Funds
	Highway / Public Works	Total	Highway Capital Projects	Other Capital Projects	Total	Endowment	Fund	
ASSETS								
Cash	\$ 0	\$ 18,123	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,123
Equity in Pooled Cash and Investments	1,379,208	4,511,402	70,120	362,724	432,844	485,403		5,429,649
Accounts Receivable	120,844	143,713	66,349	0	66,349	0		210,062
Due from Other Governments	1,121,478	1,121,635	0	10,241	10,241	0		1,131,876
Due from Other Funds	7,288	49,207	0	17,787	17,787	0		66,994
Prepaid Items	47,517	59,674	0	0	0	0		59,674
Total Assets	\$ 2,676,335	\$ 5,903,754	\$ 136,469	\$ 390,752	\$ 527,221	\$ 485,403	\$	6,916,378
LIABILITIES								
Accounts Payable	\$ 62,182	\$ 106,930	\$ 7,828	\$ 0	\$ 7,828	\$ 0	\$ 0	\$ 114,758
Payroll Deductions Payable	12,306	15,431	0	0	0	0		15,431
Contracts Payable	0	0	0	10,241	10,241	0		10,241
Due to Other Funds	0	11,406	3,000	4,754	7,754	0		19,160
Total Liabilities	\$ 74,488	\$ 133,767	\$ 10,828	\$ 14,995	\$ 25,823	\$ 0	\$ 0	\$ 159,590
Other Deferred/Unavailable Revenue	\$ 77,575	\$ 84,075	\$ 66,349	\$ 0	\$ 66,349	\$ 0	\$ 0	\$ 150,424
Total Deferred Inflows of Resources	\$ 77,575	\$ 84,075	\$ 66,349	\$ 0	\$ 66,349	\$ 0	\$ 0	\$ 150,424
FUND BALANCES								
Nonspendable:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 485,403
Endowments	47,517	59,674	0	0	0	0		59,674
Restricted:								
Restricted for General Government	0	254,107	0	0	0	0		254,107
Restricted for Administration of Justice	0	94,940	0	0	0	0		94,940
Restricted for Public Safety	0	1,565,321	0	0	0	0		1,565,321
Restricted for Social, Cultural, and Recreational Services	0	992,552	0	0	0	0		992,552
Restricted for Capital Outlay	0	0	0	156,703	156,703	0		156,703
Restricted for Capital Projects	0	0	0	219,054	219,054	0		219,054

(Continued)

Exhibit G-1

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

	Special Revenue Fund		Capital Projects Funds			Permanent Fund		Total Nonmajor Governmental Funds
	Highway / Public Works	Total	Highway Capital Projects	Other Capital Projects	Total	Endowment		
Committed:								
Committed for Administration of Justice	\$ 0 \$	1,684 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,684
Committed for Public Safety	0	23,545	0	0	0	0	0	23,545
Committed for Highways/Public Works	2,476,755	2,476,755	0	0	0	0	0	2,476,755
Committed for Capital Outlay	0	217,334	59,292	0	59,292	0	0	276,626
Total Fund Balances	\$ 2,524,272 \$	5,685,912 \$	59,292 \$	375,757 \$	435,049 \$	485,403 \$	485,403 \$	6,606,364
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,676,335 \$	5,903,754 \$	136,469 \$	390,752 \$	527,221 \$	485,403 \$	485,403 \$	6,916,378

FUND BALANCES (CONT.)

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney	Other Special Revenue
<u>Revenues</u>						
Local Taxes	\$ 165,891	\$ 8,623	\$ 0	\$ 0	\$ 0	\$ 47,538
Licenses and Permits	0	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	47,444	0	44,481
Charges for Current Services	0	0	115,182	87,978	0	136
Other Local Revenues	0	0	103,898	7,322	0	347
State of Tennessee	0	0	3,998	0	0	50,000
Federal Government	0	0	0	36,770	0	0
Other Governments and Citizens Groups	0	0	903,521	0	0	0
Total Revenues	\$ 165,891	\$ 8,623	\$ 1,126,599	\$ 179,514	\$ 0	\$ 142,502
<u>Expenditures</u>						
Current:						
General Government	\$ 14,589	\$ 0	\$ 173,352	\$ 0	\$ 0	\$ 0
Administration of Justice	0	0	0	0	0	208,546
Public Safety	0	0	0	175,638	0	0
Social, Cultural, and Recreational Services	0	0	1,769,235	0	0	0
Other Operations	0	7,873	0	0	0	0
Highways	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Capital Projects	0	0	8,504	235,000	0	0
Total Expenditures	\$ 14,589	\$ 7,873	\$ 1,951,091	\$ 410,638	\$ 0	\$ 208,546
Excess (Deficiency) of Revenues Over Expenditures	\$ 151,302	\$ 750	\$ (824,492)	\$ (231,124)	\$ 0	\$ (66,044)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	899,520	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 899,520	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 151,302	\$ 750	\$ 75,028	\$ (231,124)	\$ 0	\$ (66,044)
Restatement	0	0	0	0	(132,802)	0
Fund Balance, July 1, 2012	102,805	45,830	1,147,015	1,819,990	132,802	116,088
Fund Balance, June 30, 2013	\$ 254,107	\$ 46,580	\$ 1,222,043	\$ 1,588,866	\$ 0	\$ 50,044

(Continued)

Exhibit G-2

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

	Special Revenue Fund			Capital Projects Funds			Permanent Fund		Total Nonmajor Governmental Funds
	Highway / Public Works	Total	Highway Capital Projects	Other Capital Projects	Total	Endowment			
Revenues									
Local Taxes	\$ 2,832,970	\$ 3,055,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,055,022
Licenses and Permits	543,987	543,987	285,000	0	285,000	0	0	0	828,987
Fines, Forfeitures, and Penalties	0	91,925	0	0	0	0	0	0	91,925
Charges for Current Services	0	203,296	0	0	0	0	0	0	203,296
Other Local Revenues	41,793	153,360	0	0	0	4,396	0	0	157,756
State of Tennessee	2,860,802	2,914,800	0	0	0	0	0	0	2,914,800
Federal Government	7,100	43,870	0	16,212	16,212	0	0	0	60,082
Other Governments and Citizens Groups	6,000	909,521	0	0	0	0	0	0	909,521
Total Revenues	\$ 6,292,652	\$ 7,915,781	\$ 285,000	\$ 16,212	\$ 301,212	\$ 4,396	\$ 0	\$ 0	\$ 8,221,389
Expenditures									
Current:									
General Government	\$ 0	\$ 187,941	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 187,941
Administration of Justice	0	208,546	0	0	0	0	0	0	208,546
Public Safety	0	175,638	0	0	0	0	0	0	175,638
Social, Cultural, and Recreational Services	0	1,769,235	0	0	0	0	0	0	1,769,235
Other Operations	0	7,873	0	0	0	4,396	0	0	12,269
Highways	5,653,752	5,653,752	225,708	0	225,708	0	0	0	5,879,460
Capital Outlay	0	0	0	206,755	206,755	0	0	0	206,755
Capital Projects	0	243,504	0	123,078	123,078	0	0	0	366,582
Total Expenditures	\$ 5,653,752	\$ 8,246,489	\$ 225,708	\$ 329,833	\$ 555,541	\$ 4,396	\$ 0	\$ 0	\$ 8,806,426
Excess (Deficiency) of Revenues Over Expenditures	\$ 638,900	\$ (330,708)	\$ 59,292	\$ (313,621)	\$ (254,329)	\$ 0	\$ 0	\$ 0	\$ (585,037)
Other Financing Sources (Uses)									
Insurance Recovery	\$ 5,976	\$ 5,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,976
Transfers In	0	899,520	0	17,787	17,787	0	0	0	917,307
Total Other Financing Sources (Uses)	\$ 5,976	\$ 905,496	\$ 0	\$ 17,787	\$ 17,787	\$ 0	\$ 0	\$ 0	\$ 923,283
Net Change in Fund Balances	\$ 644,876	\$ 574,788	\$ 59,292	\$ (295,834)	\$ (236,542)	\$ 0	\$ 0	\$ 0	\$ 338,246
Restatement - See Note I.D.9.	0	(132,802)	0	0	0	0	0	0	(132,802)
Fund Balance, July 1, 2012	1,879,396	5,243,926	0	671,591	671,591	485,403	0	0	6,400,920
Fund Balance, June 30, 2013	\$ 2,524,272	\$ 5,685,912	\$ 59,292	\$ 375,757	\$ 435,049	\$ 485,403	\$ 0	\$ 0	\$ 6,606,364

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, 2013

	Actual (GAAP Basis)	Encumbrances 6/30/2013	Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 165,891	\$ 0	\$ 0	\$ 165,891	\$ 150,400	\$ 150,400	\$ 15,491
Total Revenues	\$ 165,891	\$ 0	\$ 0	\$ 165,891	\$ 150,400	\$ 150,400	\$ 15,491
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 14,589	\$ 1,150	\$ 1,150	\$ 15,739	\$ 148,896	\$ 150,400	\$ 134,661
<u>Other Operations</u>							
Other Charges	0	0	0	0	1,504	0	0
Total Expenditures	\$ 14,589	\$ 1,150	\$ 1,150	\$ 15,739	\$ 150,400	\$ 150,400	\$ 134,661
Excess (Deficiency) of Revenues Over Expenditures	\$ 151,302	\$ (1,150)	\$ (1,150)	\$ 150,152	\$ 0	\$ 0	\$ 150,152
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 151,302 102,805	\$ (1,150) 0	\$ (1,150) 0	\$ 150,152 102,805	\$ 0 102,805	\$ 0 102,805	\$ 150,152 0
Fund Balance, June 30, 2013	\$ 254,107	\$ (1,150)	\$ (1,150)	\$ 252,957	\$ 102,805	\$ 102,805	\$ 150,152

Exhibit G-4

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,623	\$ 7,925	\$ 7,925	\$ 698
Total Revenues	\$ 8,623	\$ 7,925	\$ 7,925	\$ 698
<u>Expenditures</u>				
Other Operations				
Other Charges	\$ 7,873	\$ 7,925	\$ 7,925	\$ 52
Total Expenditures	\$ 7,873	\$ 7,925	\$ 7,925	\$ 52
Excess (Deficiency) of Revenues Over Expenditures	\$ 750	\$ 0	\$ 0	\$ 750
Net Change in Fund Balance	\$ 750	\$ 0	\$ 0	\$ 750
Fund Balance, July 1, 2012	45,830	45,830	45,830	0
Fund Balance, June 30, 2013	\$ 46,580	\$ 45,830	\$ 45,830	\$ 750

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Charges for Current Services	\$ 115,182 \$	0 \$	0 \$	115,182 \$	71,059 \$	71,059 \$	44,123
Other Local Revenues	103,898	0	0	103,898	139,900	139,900	(36,002)
State of Tennessee	3,998	0	0	3,998	0	3,998	0
Other Governments and Citizens Groups	903,521	0	0	903,521	899,521	903,521	0
Total Revenues	\$ 1,126,599 \$	0 \$	0 \$	1,126,599 \$	1,110,480 \$	1,118,478 \$	8,121
<u>Expenditures</u>							
General Government							
County Buildings	\$ 173,352 \$	(1,743) \$	413 \$	172,022 \$	197,397 \$	197,397 \$	25,375
Social, Cultural, and Recreational Services							
Libraries	1,710,115	(22,916)	6,825	1,694,024	1,766,765	1,774,763	80,739
Other Social, Cultural, and Recreational Capital Projects	59,120	(205)	4,072	62,987	81,155	81,155	18,168
Social, Cultural, and Recreation Projects	8,504	(8,504)	0	0	0	0	0
Total Expenditures	\$ 1,951,091 \$	(33,368) \$	11,310 \$	1,929,033 \$	2,045,317 \$	2,053,315 \$	124,282
Excess (Deficiency) of Revenues Over Expenditures	\$ (824,492) \$	33,368 \$	(11,310) \$	(802,434) \$	(934,837) \$	(934,837) \$	132,403
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 899,520 \$	0 \$	0 \$	899,520 \$	899,520 \$	899,520 \$	0
Total Other Financing Sources	\$ 899,520 \$	0 \$	0 \$	899,520 \$	899,520 \$	899,520 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 75,028 \$	33,368 \$	(11,310) \$	97,086 \$	(35,317) \$	(35,317) \$	132,403
	1,147,015	(33,368)	0	1,113,647	1,093,971	1,093,971	19,676
Fund Balance, June 30, 2013	\$ 1,222,043 \$	0 \$	(11,310) \$	1,210,733 \$	1,058,654 \$	1,058,654 \$	152,079

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 47,444	\$ 0	\$ 0	\$ 47,444	\$ 51,400	\$ 51,400	\$ (3,956)
Charges for Current Services	87,978	0	0	87,978	33,000	33,000	54,978
Other Local Revenues	7,322	0	0	7,322	14,600	14,600	(7,278)
Federal Government	36,770	0	0	36,770	0	0	36,770
Total Revenues	\$ 179,514	\$ 0	\$ 0	\$ 179,514	\$ 99,000	\$ 99,000	\$ 80,514
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 175,638	\$ (3,210)	\$ 5,355	\$ 177,783	\$ 193,000	\$ 193,000	\$ 15,217
Capital Projects	235,000	0	0	235,000	0	235,000	0
Administration of Justice Projects	410,638	(3,210)	5,355	412,783	193,000	428,000	15,217
Total Expenditures	\$ (231,124)	\$ 3,210	\$ (5,355)	\$ (233,269)	\$ (94,000)	\$ (329,000)	\$ 95,731
Excess (Deficiency) of Revenues Over Expenditures	\$ (231,124)	\$ 3,210	\$ (5,355)	\$ (233,269)	\$ (94,000)	\$ (329,000)	\$ 95,731
Net Change in Fund Balance	1,819,990	(3,210)	0	1,816,780	1,816,780	1,816,780	0
Fund Balance, July 1, 2012	\$ 1,588,866	\$ 0	\$ (5,355)	\$ 1,583,511	\$ 1,722,780	\$ 1,487,780	\$ 95,731
Fund Balance, June 30, 2013							

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 47,538	\$ 0	\$ 0	\$ 47,538	\$ 48,000	\$ 48,000	\$ (462)
Fines, Forfeitures, and Penalties	44,481	0	0	44,481	39,000	39,000	5,481
Charges for Current Services	136	0	0	136	500	500	(364)
Other Local Revenues	347	0	0	347	1,200	1,200	(853)
State of Tennessee	50,000	0	0	50,000	0	50,000	0
Federal Government	0	0	0	0	50,000	0	0
Total Revenues	\$ 142,502	\$ 0	\$ 0	\$ 142,502	\$ 138,700	\$ 138,700	\$ 3,802
<u>Expenditures</u>							
Administration of Justice							
Criminal Court	\$ 208,546	\$ (80)	\$ 350	\$ 208,816	\$ 223,182	\$ 223,182	\$ 14,366
Total Expenditures	\$ 208,546	\$ (80)	\$ 350	\$ 208,816	\$ 223,182	\$ 223,182	\$ 14,366
Excess (Deficiency) of Revenues Over Expenditures	\$ (66,044)	\$ 80	\$ (350)	\$ (66,314)	\$ (84,482)	\$ (84,482)	\$ 18,168
Net Change in Fund Balance	\$ (66,044)	\$ 80	\$ (350)	\$ (66,314)	\$ (84,482)	\$ (84,482)	\$ 18,168
Fund Balance, July 1, 2012	116,088	(80)	0	116,008	84,482	84,482	31,526
Fund Balance, June 30, 2013	\$ 50,044	\$ 0	\$ (350)	\$ 49,694	\$ 0	\$ 0	\$ 49,694

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 2,832,970	\$ 0	\$ 0	\$ 2,832,970	\$ 2,632,000	\$ 2,632,000	\$ 200,970
Licenses and Permits	543,987	0	0	543,987	550,500	550,500	(6,513)
Other Local Revenues	41,793	0	0	41,793	10,000	10,000	31,793
State of Tennessee	2,860,802	0	0	2,860,802	2,822,500	2,822,500	38,302
Federal Government	7,100	0	0	7,100	0	0	7,100
Other Governments and Citizens Groups	6,000	0	0	6,000	0	0	6,000
Total Revenues	\$ 6,292,652	\$ 0	\$ 0	\$ 6,292,652	\$ 6,015,000	\$ 6,015,000	\$ 277,652
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 624,817	\$ (5,599)	786	\$ 620,004	\$ 634,223	\$ 632,390	\$ 12,386
Highway and Bridge Maintenance	3,693,018	(28,858)	3,966	3,668,126	3,846,230	3,795,756	127,630
Operation and Maintenance of Equipment	889,156	(19,107)	16,054	886,103	983,307	1,034,240	148,137
Other Charges	374,804	0	0	374,804	551,240	507,614	132,810
Capital Outlay	71,957	0	0	71,957	0	295,000	223,043
Total Expenditures	\$ 5,653,752	\$ (53,564)	\$ 20,806	\$ 5,620,994	\$ 6,015,000	\$ 6,265,000	\$ 644,006
Excess (Deficiency) of Revenues Over Expenditures	\$ 638,900	\$ 53,564	\$ (20,806)	\$ 671,658	\$ 0	\$ (250,000)	\$ 921,658
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,976	\$ 0	\$ 0	\$ 5,976	\$ 0	\$ 0	\$ 5,976
Total Other Financing Sources	\$ 5,976	\$ 0	\$ 0	\$ 5,976	\$ 0	\$ 0	\$ 5,976
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 644,876	\$ 53,564	\$ (20,806)	\$ 677,634	\$ 0	\$ (250,000)	\$ 927,634
	1,879,396	(53,564)	0	1,825,832	1,743,585	1,743,585	82,247
Fund Balance, June 30, 2013	\$ 2,524,272	\$ 0	\$ (20,806)	\$ 2,503,466	\$ 1,743,585	\$ 1,493,585	\$ 1,009,881

Exhibit G-9

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Licenses and Permits	\$ 285,000	\$ 0	\$ 285,000	\$ 285,000	\$ 285,000	\$ 0
Total Revenues	\$ 285,000	\$ 0	\$ 285,000	\$ 285,000	\$ 285,000	\$ 0
<u>Expenditures</u>						
<u>Highways</u>						
Capital Outlay	\$ 225,708	\$ 58,313	\$ 284,021	\$ 285,000	\$ 285,000	\$ 979
Total Expenditures	\$ 225,708	\$ 58,313	\$ 284,021	\$ 285,000	\$ 285,000	\$ 979
Excess (Deficiency) of Revenues Over Expenditures	\$ 59,292	\$ (58,313)	\$ 979	\$ 0	\$ 0	\$ 979
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 59,292	\$ (58,313)	\$ 979	\$ 0	\$ 0	\$ 979
	0	0	0	0	0	0
Fund Balance, June 30, 2013	\$ 59,292	\$ (58,313)	\$ 979	\$ 0	\$ 0	\$ 979

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,925,515	\$ 14,819,142	\$ 14,630,142	\$ (704,627)
Other Local Revenues	112,338	158,000	158,000	(45,662)
Other Governments and Citizens Groups	745,453	405,000	693,730	51,723
Total Revenues	<u>\$ 14,783,306</u>	<u>\$ 15,382,142</u>	<u>\$ 15,481,872</u>	<u>\$ (698,566)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 7,297,829	\$ 6,564,000	\$ 7,340,260	\$ 42,431
Education	181,166	0	181,166	0
<u>Interest on Debt</u>				
General Government	8,572,699	8,870,000	8,827,998	255,299
Education	107,564	0	107,564	0
<u>Other Debt Service</u>				
General Government	1,851,699	1,521,720	1,947,796	96,097
Total Expenditures	<u>\$ 18,010,957</u>	<u>\$ 16,955,720</u>	<u>\$ 18,404,784</u>	<u>\$ 393,827</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,227,651)</u>	<u>\$ (1,573,578)</u>	<u>\$ (2,922,912)</u>	<u>\$ (304,739)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,643,428	\$ 720,170	\$ 1,643,428	\$ 0
Total Other Financing Sources	<u>\$ 1,643,428</u>	<u>\$ 720,170</u>	<u>\$ 1,643,428</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1,584,223)	\$ (853,408)	\$ (1,279,484)	\$ (304,739)
Fund Balance, July 1, 2012	<u>11,414,045</u>	<u>11,414,045</u>	<u>11,414,045</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 9,829,822</u>	<u>\$ 10,560,637</u>	<u>\$ 10,134,561</u>	<u>\$ (304,739)</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.

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

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

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

Exhibit I-1

Blount County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	Agency Funds								
	Cities - Sales Tax	City School ADA - Alcoa	City School ADA - Maryville	Constitu- tional Agency Officers -	Other Agency	Joint Venture	Judicial District Drug	Other Agency #2	Total
<u>ASSETS</u>									
Cash	\$ 0	\$ 0	\$ 0	\$ 2,440,859	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,440,859
Equity in Pooled Cash and Investments	0	2,441	6,800	0	212,981	1,309,426	149,214	132,084	1,812,946
Accounts Receivable	0	0	0	1,960	0	0	0	151,082	153,042
Due from Other Governments	2,495,575	336,238	936,633	0	0	0	0	0	3,768,446
Due from Other Funds	0	0	0	0	4,754	0	0	0	4,754
Due from Component Units	0	0	0	0	22,958	0	0	0	22,958
Taxes Receivable	0	3,574,342	9,959,367	0	0	0	0	0	13,533,709
Allowance for Uncollectible Taxes	0	(72,171)	(201,095)	0	0	0	0	0	(273,266)
Prepaid Items	0	0	0	0	124,997	0	0	0	124,997
Total Assets	\$ 2,495,575	\$ 3,840,850	\$ 10,701,705	\$ 2,442,819	\$ 365,690	\$ 1,309,426	\$ 149,214	\$ 283,166	\$ 21,588,445
<u>LIABILITIES</u>									
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,189	\$ 0	\$ 0	\$ 38,189
Payroll Deductions Payable	0	0	0	0	226,899	0	0	0	226,899
Due to Other Funds	0	0	0	0	40,083	0	0	0	40,083
Due to Component Units	0	0	0	0	98,708	0	0	0	98,708
Due to Other Taxing Units	2,495,575	3,840,850	10,701,705	0	0	0	0	0	17,038,130
Due to Litigants, Heirs, and Others	0	0	0	2,442,819	0	0	149,214	0	2,592,033
Due to Joint Ventures	0	0	0	0	0	1,238,408	0	283,166	1,521,574
Other Current Liabilities	0	0	0	0	0	32,829	0	0	32,829
Total Liabilities	\$ 2,495,575	\$ 3,840,850	\$ 10,701,705	\$ 2,442,819	\$ 365,690	\$ 1,309,426	\$ 149,214	\$ 283,166	\$ 21,588,445

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 13,995,585	\$ 13,995,585	\$ 0
Due from Other Governments	2,066,667	2,495,575	2,066,667	2,495,575
Total Assets	\$ 2,066,667	\$ 16,491,160	\$ 16,062,252	\$ 2,495,575
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,066,667	\$ 16,491,160	\$ 16,062,252	\$ 2,495,575
Total Liabilities	\$ 2,066,667	\$ 16,491,160	\$ 16,062,252	\$ 2,495,575
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,795	\$ 4,937,163	\$ 4,938,517	\$ 2,441
Accounts Receivable	1,172	0	1,172	0
Due from Other Governments	289,922	336,238	289,922	336,238
Taxes Receivable	3,251,886	3,574,342	3,251,886	3,574,342
Allowance for Uncollectible Taxes	(72,943)	(72,171)	(72,943)	(72,171)
Total Assets	\$ 3,473,832	\$ 8,775,572	\$ 8,408,554	\$ 3,840,850
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,473,832	\$ 8,775,572	\$ 8,408,554	\$ 3,840,850
Total Liabilities	\$ 3,473,832	\$ 8,775,572	\$ 8,408,554	\$ 3,840,850
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 10,591	\$ 13,753,158	\$ 13,756,949	\$ 6,800
Accounts Receivable	3,267	0	3,267	0
Due from Other Governments	807,843	936,633	807,843	936,633
Taxes Receivable	9,060,174	9,959,367	9,060,174	9,959,367
Allowance for Uncollectible Taxes	(203,230)	(201,095)	(203,230)	(201,095)
Total Assets	\$ 9,678,645	\$ 24,448,063	\$ 23,425,003	\$ 10,701,705
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 9,678,645	\$ 24,448,063	\$ 23,425,003	\$ 10,701,705
Total Liabilities	\$ 9,678,645	\$ 24,448,063	\$ 23,425,003	\$ 10,701,705

(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	\$ 3,901,861	\$ 22,822,116	\$ 24,283,118	\$ 2,440,859
Accounts Receivable	446	1,960	446	1,960
Total Assets	<u>\$ 3,902,307</u>	<u>\$ 22,824,076</u>	<u>\$ 24,283,564</u>	<u>\$ 2,442,819</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 3,902,307</u>	<u>\$ 22,824,076</u>	<u>\$ 24,283,564</u>	<u>\$ 2,442,819</u>
Total Liabilities	<u>\$ 3,902,307</u>	<u>\$ 22,824,076</u>	<u>\$ 24,283,564</u>	<u>\$ 2,442,819</u>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 309,652	\$ 81,714,107	\$ 81,810,778	\$ 212,981
Due from Other Funds	22,004	4,754	22,004	4,754
Due from Component Units	23,287	22,958	23,287	22,958
Prepaid Items	0	124,997	0	124,997
Total Assets	<u>\$ 354,943</u>	<u>81,866,816</u>	<u>81,856,069</u>	<u>365,690</u>
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 340,769	\$ 81,728,025	\$ 81,841,895	\$ 226,899
Due to Other Funds	14,074	40,083	14,074	40,083
Due to Component Units	100	98,708	100	98,708
Total Liabilities	<u>\$ 354,943</u>	<u>\$ 81,866,816</u>	<u>\$ 81,856,069</u>	<u>\$ 365,690</u>
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,271,800	\$ 276,244	\$ 238,618	\$ 1,309,426
Accounts Receivable	996	0	996	0
Total Assets	<u>\$ 1,272,796</u>	<u>\$ 276,244</u>	<u>\$ 239,614</u>	<u>\$ 1,309,426</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,782	\$ 38,189	\$ 1,782	\$ 38,189
Due to Joint Venture	1,145,059	205,226	111,877	1,238,408
Due to State of Tennessee	1,498	0	1,498	0
Other Current Liabilities	124,457	32,829	124,457	32,829
Total Liabilities	<u>\$ 1,272,796</u>	<u>\$ 276,244</u>	<u>\$ 239,614</u>	<u>\$ 1,309,426</u>
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 149,492	\$ 278	\$ 149,214
Total Assets	<u>\$ 0</u>	<u>\$ 149,492</u>	<u>\$ 278</u>	<u>\$ 149,214</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
District Attorney General Fund (Cont.)				
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 149,492	\$ 278	\$ 149,214
Total Liabilities	\$ 0	\$ 149,492	\$ 278	\$ 149,214
Other Agency Fund #2				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,339,157	\$ 1,207,073	\$ 132,084
Accounts Receivable	0	151,082	0	151,082
Total Assets	\$ 0	\$ 1,490,239	\$ 1,207,073	\$ 283,166
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 1,490,239	\$ 1,207,073	\$ 283,166
Total Liabilities	\$ 0	\$ 1,490,239	\$ 1,207,073	\$ 283,166
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,901,861	\$ 22,822,116	\$ 24,283,118	\$ 2,440,859
Equity in Pooled Cash and Investments	1,595,838	116,164,906	115,947,798	1,812,946
Accounts Receivable	5,881	153,042	5,881	153,042
Due from Other Governments	3,164,432	3,768,446	3,164,432	3,768,446
Due from Other Funds	22,004	4,754	22,004	4,754
Due from Component Units	23,287	22,958	23,287	22,958
Taxes Receivable	12,312,060	13,533,709	12,312,060	13,533,709
Allowance for Uncollectible Taxes	(276,173)	(273,266)	(276,173)	(273,266)
Prepaid Items	0	124,997	0	124,997
Total Assets	\$ 20,749,190	\$ 156,321,662	\$ 155,482,407	\$ 21,588,445
<u>Liabilities</u>				
Accounts Payable	\$ 1,782	\$ 38,189	\$ 1,782	\$ 38,189
Payroll Deductions Payable	340,769	81,728,025	81,841,895	226,899
Due to Other Funds	14,074	40,083	14,074	40,083
Due to Component Units	100	98,708	100	98,708
Due to State of Tennessee	1,498	0	1,498	0
Due to Other Taxing Units	15,219,144	49,714,795	47,895,809	17,038,130
Due to Litigants, Heirs, and Others	3,902,307	22,973,568	24,283,842	2,592,033
Due to Joint Ventures	1,145,059	1,695,465	1,318,950	1,521,574
Other Current Liabilities	124,457	32,829	124,457	32,829
Total Liabilities	\$ 20,749,190	\$ 156,321,662	\$ 155,482,407	\$ 21,588,445

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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 57,595,274	\$ 40,500	\$ 5,460,589	\$ (52,094,185)
Support Services	32,000,878	3,311,943	67,321	(28,621,614)
Operation of Non-Instructional Services	7,828,646	0	3,623,923	(4,204,723)
Total Governmental Activities	\$ 97,424,798	\$ 3,352,443	\$ 9,151,833	\$ (84,920,522)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 19,153,390
Local Option Sales Taxes				10,503,258
Business Taxes				447,684
Other Local Taxes				6,816
Grants and Contributions Not Restricted for Specific Programs				47,713,751
Unrestricted Investment Income				37,473
Miscellaneous				9,271
Total General Revenues				\$ 77,871,643
Change in Net Position				\$ (7,048,879)
Net Position, July 1, 2012				144,272,623
Net Position, June 30, 2013				\$ 137,223,744

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2013

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 70,129	\$ 70,129
Equity in Pooled Cash and Investments	6,405,800	1,340,699	7,746,499
Accounts Receivable	34,159	89,223	123,382
Due from Other Governments	2,103,355	117,933	2,221,288
Due from Other Funds	1,061	3,228	4,289
Due from Primary Government	110,799	17,956	128,755
Property Taxes Receivable	21,820,808	0	21,820,808
Allowance for Uncollectible Property Taxes	(440,594)	0	(440,594)
Total Assets	\$ 30,035,388	\$ 1,639,168	\$ 31,674,556
<u>LIABILITIES</u>			
Accounts Payable	\$ 321,206	\$ 34,192	\$ 355,398
Accrued Payroll	3,885,460	131,970	4,017,430
Payroll Deductions Payable	9,723	3,058	12,781
Contracts Payable	0	26,323	26,323
Due to Other Funds	3,228	1,061	4,289
Due to Primary Government	758,410	42,299	800,709
Other Current Liabilities	627,199	20,847	648,046
Total Liabilities	\$ 5,605,226	\$ 259,750	\$ 5,864,976
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 20,878,062	\$ 0	\$ 20,878,062
Deferred Delinquent Property Taxes	445,576	0	445,576
Total Deferred Inflows of Resources	\$ 21,323,638	\$ 0	\$ 21,323,638
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,558,288	\$ 720,119	\$ 2,278,407
Restricted for Capital Projects	0	23,931	23,931
Committed:			
Committed for Education	0	635,368	635,368
Assigned:			
Assigned for Education	191,064	0	191,064
Unassigned	1,357,172	0	1,357,172
Total Fund Balances	\$ 3,106,524	\$ 1,379,418	\$ 4,485,942
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,035,388	\$ 1,639,168	\$ 31,674,556

Exhibit J-3

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Blount County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,485,942
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	9,951,059	
Add: construction in progress		63,387	
Add: buildings and improvements net of accumulated depreciation		122,274,440	
Add: other capital assets net of accumulated depreciation		<u>1,785,861</u>	134,074,747
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital lease payable on primary government debt	\$	(1,810,249)	
Less: accrued interest on capital lease payable on primary government debt		(65,185)	
Add: other postemployment benefits (prepaid)		175,506	
Less: compensated absences payable		<u>(82,593)</u>	(1,782,521)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>445,576</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>137,223,744</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, 2013

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 30,318,379	\$ 0	\$ 30,318,379
Licenses and Permits	5,358	0	5,358
Charges for Current Services	40,500	3,302,718	3,343,218
Other Local Revenues	272,495	8,788	281,283
State of Tennessee	46,233,861	218,537	46,452,398
Federal Government	471,036	9,518,068	9,989,104
Total Revenues	<u>\$ 77,341,629</u>	<u>\$ 13,048,111</u>	<u>\$ 90,389,740</u>
<u>Expenditures</u>			
Current:			
Other Operations	\$ 0	\$ 1,856	\$ 1,856
Instruction	52,868,598	4,714,357	57,582,955
Support Services	26,786,628	1,474,330	28,260,958
Operation of Non-Instructional Services	615,202	7,048,468	7,663,670
Capital Outlay	309,876	0	309,876
Debt Service:			
Other Debt Service	288,730	0	288,730
Capital Projects	0	385,789	385,789
Total Expenditures	<u>\$ 80,869,034</u>	<u>\$ 13,624,800</u>	<u>\$ 94,493,834</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,527,405)</u>	<u>\$ (576,689)</u>	<u>\$ (4,104,094)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 1,544	\$ 0	\$ 1,544
Transfers In	21,396	0	21,396
Transfers Out	0	(21,396)	(21,396)
Total Other Financing Sources (Uses)	<u>\$ 22,940</u>	<u>\$ (21,396)</u>	<u>\$ 1,544</u>
Net Change in Fund Balances	\$ (3,504,465)	\$ (598,085)	\$ (4,102,550)
Fund Balance, July 1, 2012	<u>6,610,989</u>	<u>1,977,503</u>	<u>8,588,492</u>
Fund Balance, June 30, 2013	<u>\$ 3,106,524</u>	<u>\$ 1,379,418</u>	<u>\$ 4,485,942</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, 2013

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (4,102,550)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 936,053	
Less: current-year depreciation expense	<u>(4,006,622)</u>	(3,070,569)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed	\$ <u>(59,905)</u>	(59,905)
(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, 2013	\$ 445,576	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(459,397)</u>	(13,821)
(4) The issuance of long-term debt (e.g., notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal payments on capital leases for primary government		181,166
(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 for primary government debt	\$ 6,525	
Change in other postemployment benefits liability (prepaid)	47,025	
Change in compensated absences payable	<u>(36,750)</u>	<u>16,800</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (7,048,879)</u>

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2013

Exhibit J-6

ASSETS

Cash	\$	0	\$	0	\$	0	\$	70,129	\$	70,129	
Equity in Pooled Cash and Investments		155,447		833,199		352,053		1,340,699		0	1,340,699
Accounts Receivable		0		336		88,887		89,223		0	89,223
Due from Other Governments		105,660		0		12,273		117,933		0	117,933
Due from Other Funds		0		3,228		0		3,228		0	3,228
Due from Primary Government		352		5,355		12,249		17,956		0	17,956
Total Assets	\$	261,459	\$	842,118	\$	465,462	\$	1,569,039	\$	70,129	1,639,168

LIABILITIES

Accounts Payable	\$	972	\$	3,976	\$	9,369	\$	14,317	\$	19,875	\$	34,192
Accrued Payroll		4,552		72,354		55,064		131,970		0		131,970
Payroll Deductions Payable		2,759		231		68		3,058		0		3,058
Contracts Payable		0		0		0		0		26,323		26,323
Due to Other Funds		0		1,061		0		1,061		0		1,061
Due to Primary Government		2,312		30,913		9,074		42,299		0		42,299
Other Current Liabilities		581		13,747		6,519		20,847		0		20,847
Total Liabilities	\$	11,176	\$	122,282	\$	80,094	\$	213,552	\$	46,198	\$	259,750

FUND BALANCES

Restricted:												
Restricted for Education	\$	283	\$	719,836	\$	0	\$	720,119	\$	0	\$	720,119
Restricted for Capital Projects		0		0		0		0		23,931		23,931
Committed:												
Committed for Education		250,000		0		385,368		635,368		0		635,368
Total Fund Balances	\$	250,283	\$	719,836	\$	385,368	\$	1,355,487	\$	23,931	\$	1,379,418
Total Liabilities and Fund Balances	\$	261,459	\$	842,118	\$	465,462	\$	1,569,039	\$	70,129	\$	1,639,168

Exhibit J-7

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Blount County School Department
For the Year Ended June 30, 2013

	Special Revenue Funds				Capital		Total
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Projects Fund Education Capital Projects	Nonmajor Governmental Funds	
<u>Revenues</u>							
Charges for Current Services	\$ 0 \$	1,981,129 \$	1,321,589 \$	3,302,718 \$	0 \$	3,302,718	
Other Local Revenues	0	2,796	5,620	8,416	372	8,788	
State of Tennessee	0	52,877	165,660	218,537	0	218,537	
Federal Government	6,098,560	3,419,508	0	9,518,068	0	9,518,068	
Total Revenues	\$ 6,098,560 \$	5,456,310 \$	1,492,869 \$	13,047,739 \$	372 \$	13,048,111	
<u>Expenditures</u>							
Current:							
Other Operations	\$ 0 \$	0 \$	0 \$	0 \$	1,856 \$	1,856	
Instruction	4,714,357	0	0	4,714,357	0	4,714,357	
Support Services	1,474,330	0	0	1,474,330	0	1,474,330	
Operation of Non-Instructional Services	0	5,566,966	1,481,502	7,048,468	0	7,048,468	
Capital Projects	0	0	0	0	385,789	385,789	
Total Expenditures	\$ 6,188,687 \$	5,566,966 \$	1,481,502 \$	13,237,155 \$	387,645 \$	13,624,800	
Excess (Deficiency) of Revenues Over Expenditures	\$ (90,127) \$	(110,656) \$	11,367 \$	(189,416) \$	(387,273) \$	(576,689)	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (21,396) \$	0 \$	0 \$	(21,396) \$	0 \$	(21,396)	
Total Other Financing Sources (Uses)	\$ (21,396) \$	0 \$	0 \$	(21,396) \$	0 \$	(21,396)	
Net Change in Fund Balances	\$ (111,523) \$	(110,656) \$	11,367 \$	(210,812) \$	(387,273) \$	(598,085)	
Fund Balance, July 1, 2012	361,806	830,492	374,001	1,566,299	411,204	1,977,503	
Fund Balance, June 30, 2013	\$ 250,283 \$	719,836 \$	385,368 \$	1,355,487 \$	23,931 \$	1,379,418	

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 30,318,379	\$ 0	\$ 0	\$ 30,318,379	\$ 31,686,999	\$ 31,816,998	\$ (1,498,619)
Licenses and Permits	5,358	0	0	5,358	5,000	5,000	358
Charges for Current Services	40,500	0	0	40,500	39,000	39,000	1,500
Other Local Revenues	272,495	0	0	272,495	411,000	411,000	(138,505)
State of Tennessee	46,233,861	0	0	46,233,861	46,177,001	46,292,392	(58,531)
Federal Government	471,036	0	0	471,036	451,000	501,970	(30,934)
Total Revenues	\$ 77,341,629	\$ 0	\$ 0	\$ 77,341,629	\$ 78,770,000	\$ 79,066,360	\$ (1,724,731)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 40,111,242	\$ (45,855)	3,154	\$ 40,068,541	\$ 37,063,100	\$ 40,669,551	\$ 601,010
Special Education Program	7,820,040	(2,126)	7,141	7,825,055	8,127,100	8,032,553	207,498
Vocational Education Program	3,436,455	(1,024)	0	3,435,431	3,545,400	3,529,200	93,769
Adult Education Program	191,273	(451)	342	191,164	234,000	221,475	30,311
Other	1,309,588	0	0	1,309,588	1,330,000	1,325,000	15,412
<u>Support Services</u>							
Attendance	116,274	0	0	116,274	117,450	117,400	1,126
Health Services	793,864	(5,226)	100	788,738	788,200	792,699	3,961
Other Student Support	1,793,599	(714)	207	1,793,092	1,879,500	1,869,700	76,608
Regular Instruction Program	2,124,863	(116)	1,551	2,126,298	2,307,000	2,202,200	75,902
Special Education Program	445,997	(314)	0	445,683	463,300	463,900	18,217
Vocational Education Program	84,895	0	0	84,895	85,400	85,800	905
Adult Programs	102,965	(258)	751	103,458	111,500	117,781	14,323
Other Programs	127,295	0	0	127,295	61,000	128,321	1,026
Board of Education	1,531,676	(893)	8,423	1,539,206	1,597,500	1,591,800	52,594
Director of Schools	528,379	(4,150)	5,370	529,599	629,000	543,300	13,701
Office of the Principal	5,598,591	(633)	12,642	5,610,600	5,711,700	5,654,242	43,642
Fiscal Services	184,780	0	0	184,780	187,160	200,250	15,470

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 7,169,519	\$ (42,899)	23,521	\$ 7,150,141	\$ 7,823,800	\$ 7,648,600	\$ 498,459
Maintenance of Plant	1,806,789	(21,894)	82,625	1,867,520	1,907,300	1,892,600	25,080
Transportation	3,638,151	(799)	0	3,637,352	3,906,150	3,828,850	191,498
Central and Other	738,991	(11,082)	42,287	770,196	1,138,000	772,964	2,768
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	615,202	(380)	0	614,822	637,700	638,800	23,978
Capital Outlay							
Regular Capital Outlay	309,876	(224,818)	2,950	88,008	160,000	90,636	2,628
Principal on Debt							
Education	0	0	0	0	288,740	0	0
Other Debt Service							
Education	288,730	0	0	288,730	0	288,740	10
Total Expenditures	\$ 80,869,034	\$ (363,632)	191,064	\$ 80,696,466	\$ 80,100,000	\$ 82,706,362	\$ 2,009,896
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (3,527,405)	\$ 363,632	(191,064)	\$ (3,354,837)	\$ (1,330,000)	\$ (3,640,002)	\$ 285,165
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,544	0	0	1,544	0	0	1,544
Transfers In	21,396	0	0	21,396	30,000	30,000	(8,604)
Total Other Financing Sources	\$ 22,940	0	0	22,940	30,000	30,000	(7,060)
<u>Net Change in Fund Balance</u>	\$ (3,504,465)	\$ 363,632	(191,064)	\$ (3,331,897)	\$ (1,300,000)	\$ (3,610,002)	\$ 278,105
Fund Balance, July 1, 2012	6,610,989	(363,632)	0	6,247,357	6,610,989	6,610,989	(363,632)
Fund Balance, June 30, 2013	\$ 3,106,524	0	(191,064)	2,915,460	5,310,989	3,000,987	(85,527)

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Federal Government	\$ 6,098,560	\$ 0	\$ 0	\$ 6,098,560	\$ 6,468,215	\$ 7,828,471	\$ (1,729,911)
Total Revenues	\$ 6,098,560	\$ 0	\$ 0	\$ 6,098,560	\$ 6,468,215	\$ 7,828,471	\$ (1,729,911)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,575,122	\$ 0	\$ 0	\$ 2,575,122	\$ 2,597,676	\$ 2,838,300	\$ 263,178
Special Education Program	1,996,447	(11,661)	0	1,984,786	2,150,454	2,688,044	703,258
Vocational Education Program	142,788	(638)	283	142,433	164,300	166,688	24,255
<u>Support Services</u>							
Other Student Support	56,004	(50)	0	55,954	53,700	58,703	2,749
Regular Instruction Program	785,614	(670)	0	784,944	920,012	1,129,574	344,630
Special Education Program	426,319	(3,296)	0	423,023	346,893	554,870	131,847
Vocational Education Program	2,300	0	0	2,300	1,600	2,300	0
Transportation	204,093	0	0	204,093	206,000	206,000	1,907
Total Expenditures	\$ 6,188,687	\$ (16,315)	\$ 283	\$ 6,172,655	\$ 6,440,635	\$ 7,644,479	\$ 1,471,824
Excess (Deficiency) of Revenues Over Expenditures	\$ (90,127)	\$ 16,315	\$ (283)	\$ (74,095)	\$ 27,580	\$ 183,992	\$ (258,087)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,325	\$ 0	\$ 0
Transfers Out	(21,396)	0	0	(21,396)	(207,905)	(183,991)	162,595
Total Other Financing Sources	\$ (21,396)	\$ 0	\$ 0	\$ (21,396)	\$ (27,580)	\$ (183,991)	\$ 162,595
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (111,523)	\$ 16,315	\$ (283)	\$ (95,491)	\$ 0	\$ 1	\$ (95,492)
	361,806	(16,315)	0	345,491	361,806	361,806	(16,315)
Fund Balance, June 30, 2013	\$ 250,283	\$ 0	\$ (283)	\$ 250,000	\$ 361,806	\$ 361,807	\$ (111,807)

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Charges for Current Services	\$ 1,981,129	\$ 0	\$ 0	\$ 1,981,129	\$ 2,264,000	\$ 2,264,000	\$ (282,871)
Other Local Revenues	2,796	0	0	2,796	6,000	6,000	(3,204)
State of Tennessee	52,877	0	0	52,877	52,000	52,000	877
Federal Government	3,419,508	0	0	3,419,508	3,503,000	3,522,700	(103,192)
Total Revenues	\$ 5,456,310	\$ 0	\$ 0	\$ 5,456,310	\$ 5,825,000	\$ 5,844,700	\$ (388,390)
<u>Expenditures</u>							
Operation of Non-Instructional Services							
Food Service	\$ 5,566,966	\$ (14,585)	\$ 20,998	\$ 5,573,379	\$ 5,930,000	\$ 5,949,700	\$ 376,321
Total Expenditures	\$ 5,566,966	\$ (14,585)	\$ 20,998	\$ 5,573,379	\$ 5,930,000	\$ 5,949,700	\$ 376,321
Excess (Deficiency) of Revenues Over Expenditures	\$ (110,656)	\$ 14,585	\$ (20,998)	\$ (117,069)	\$ (105,000)	\$ (105,000)	\$ (12,069)
Net Change in Fund Balance	\$ (110,656)	\$ 14,585	\$ (20,998)	\$ (117,069)	\$ (105,000)	\$ (105,000)	\$ (12,069)
Fund Balance, July 1, 2012	830,492	(14,585)	0	815,907	830,492	830,492	(14,585)
Fund Balance, June 30, 2013	\$ 719,836	\$ 0	\$ (20,998)	\$ 698,838	\$ 725,492	\$ 725,492	\$ (26,654)

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	\$ 1,321,589	\$ 0	\$ 0	\$ 1,321,589	\$ 1,330,000	\$ 1,330,000	\$ (8,411)
Other Local Revenues	5,620	0	0	5,620	5,000	5,000	620
State of Tennessee	165,660	0	0	165,660	132,000	132,000	33,660
Total Revenues	\$ 1,492,869	\$ 0	\$ 0	\$ 1,492,869	\$ 1,467,000	\$ 1,467,000	\$ 25,869
Expenditures							
Operation of Non-Instructional Services							
Community Services	\$ 1,481,502	\$ (10,654)	\$ 17,322	\$ 1,488,170	\$ 1,578,000	\$ 1,578,000	\$ 89,830
Total Expenditures	\$ 1,481,502	\$ (10,654)	\$ 17,322	\$ 1,488,170	\$ 1,578,000	\$ 1,578,000	\$ 89,830
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,367	\$ 10,654	\$ (17,322)	\$ 4,699	\$ (111,000)	\$ (111,000)	\$ 115,699
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 11,367	\$ 10,654	\$ (17,322)	\$ 4,699	\$ (111,000)	\$ (111,000)	\$ 115,699
	374,001	(10,654)	0	363,347	374,001	374,001	(10,654)
Fund Balance, June 30, 2013	\$ 385,368	\$ 0	\$ (17,322)	\$ 368,046	\$ 263,001	\$ 263,001	\$ 105,045

MISCELLANEOUS SCHEDULES

Exhibit K-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
<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	\$ 921,260	\$ 921,260	\$ 0
Total Notes Payable					<u>\$ 921,260</u>	<u>\$ 921,260</u>	<u>0</u>

<u>OTHER LOANS PAYABLE</u>							
Payable through General Debt Service Fund							
<u>Public Building Authority Loan Agreements</u>							
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	\$ 1,460,000	\$ 130,000	\$ 1,330,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	27,525,000	1,640,000	25,885,000
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	2,730,000	95,000	2,635,000
Refunding (Series E-3-B)	20,165,000	Variable (1)	7-31-08	6-1-30	20,165,000	0	20,165,000
Refunding (Series E-5-A)	31,175,000	Variable (2)	8-7-08		29,695,000	395,000	29,300,000
Various Purposes (Series B-18-A)	4,380,000	2.5 to 5	3-2-09	6-1-19	4,050,000	300,000	3,750,000

<u>Tennessee State School Bond Authority</u>							
<u>Loan Agreement</u>							
Qualified Zone Academy Bonds - School Building: Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	265,755	40,546	225,209
Total Other Loans Payable					<u>\$ 136,390,755</u>	<u>\$ 2,600,546</u>	<u>\$ 133,790,209</u>

(Continued)

Exhibit K-1

Blount County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
<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	\$ 204,997	\$ 25,575	\$ 179,422
Motorola Radio System	3,007,000	3.97	9-1-10	9-1-20	2,756,196	260,761	2,495,435
Total Payable through General Debt Service Fund					\$ 2,961,193	\$ 286,336	\$ 2,674,857
Payable by School Department through General Purpose School Fund							
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	\$ 1,991,415	\$ 181,166	\$ 1,810,249
Total Payable by School Department through General Purpose School Fund					\$ 1,991,415	\$ 181,166	\$ 1,810,249
Total Capital Leases Payable					\$ 4,952,608	\$ 467,502	\$ 4,485,106
<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	\$ 4,585,000	\$ 585,000	\$ 4,000,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	3,580,000	460,000	3,120,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	10,040,000	1,260,000	8,780,000
Qualified School Construction Bond, Series 2010	14,855,000	2.6	10-7-10	9-14-27	14,014,300	884,687	13,129,613
General Obligation Refunding, Series 2011	46,390,000	4.5	5-5-11	6-1-30	46,080,000	300,000	45,780,000
Total Bonds Payable					\$ 78,299,300	\$ 3,489,687	\$ 74,809,613

- (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

Year Ending June 30	Other Loans			
	Principal	*Interest	Other Fees	Total
2014	\$ 2,735,501	\$ 4,569,535	\$ 988,636	\$ 8,293,672
2015	2,860,501	4,480,616	987,347	8,328,464
2016	3,020,501	4,379,882	986,110	8,386,493
2017	2,140,501	4,271,923	984,873	7,397,297
2018	1,380,501	4,133,563	983,636	6,497,700
2019	1,232,704	3,950,609	982,141	6,165,454
2020	325,000	3,759,668	982,141	5,066,809
2021	345,000	3,486,698	981,896	4,813,594
2022	150,000	3,198,614	981,896	4,330,510
2023	160,000	2,907,915	981,896	4,049,811
2024	8,455,000	2,601,078	981,896	12,037,974
2025	8,775,000	2,342,440	930,856	12,048,296
2026	9,105,000	2,047,289	879,816	12,032,105
2027	9,435,000	1,735,688	828,776	11,999,464
2028	9,900,000	1,423,686	782,891	12,106,577
2029	3,960,000	1,200,835	685,456	5,846,291
2030	8,645,000	977,408	646,793	10,269,201
2031	12,665,000	599,057	566,117	13,830,174
2032	7,100,000	174,350	445,900	7,720,250
2033	7,550,000	145,980	381,220	8,077,200
2034	7,900,000	22,295	312,130	8,234,425
2035	8,250,000	17,115	239,610	8,506,725
2036	8,650,000	11,690	163,660	8,825,350
2037	9,050,000	5,984	83,787	9,139,771
Total	\$ 133,790,209	\$ 52,443,918	\$ 17,769,480	\$ 204,003,607

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

(Continued)

Exhibit K-2

Blount County, Tennessee

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	1,596,363	548,352	2,144,715
2029	7,595,000	475,386	8,070,386
2030	3,180,000	143,100	3,323,100
Total	\$ 74,809,613	\$ 33,541,604	\$ 108,351,217

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2014	\$ 495,933	\$ 204,921	\$ 700,854
2015	525,954	182,256	708,210
2016	557,651	158,134	715,785
2017	591,118	132,470	723,588
2018	626,448	105,178	731,626
2019	663,652	75,039	738,691
2020	668,302	45,330	713,632
2021	356,048	14,135	370,183
Total	\$ 4,485,106	\$ 917,463	\$ 5,402,569

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2013

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-13
<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%	\$ 563,929
Motorola Radio System	The City of Maryville, Tennessee	918,996	9-1-10	9-1-20	0	692,729
"	The City of Alcoa, Tennessee	751,735	9-1-10	9-1-20	0	566,647
Total Notes Receivable						<u>\$ 1,823,305</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, 2013

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 899,520
General	General Debt Service	Debt service	1,643,428
General	Other Capital Projects	Capital projects	17,787
Self-Insurance	General	Payroll	219,888
Total Transfers Primary Government			<u>\$ 2,780,623</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 21,396</u>
Total Transfers Discretely Presented Blount County School Department			<u>\$ 21,396</u>

Exhibit K-5

Blount County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 104,340	\$ 50,000	Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, TCA	82,553	100,000	"
Director of Schools	Board of Education	114,880 (1)	50,000	"
Trustee	Section 8-24-102, TCA	75,048	4,121,800	"
Assessor of Property:				
Mike Morton (7-1-12 through 8-31-12)	Section 8-24-102, TCA	12,508	10,000	"
Tim Helton (9-1-12 through 6-30-13)	Section 8-24-102, TCA	62,540	50,000	"
Director of Accounts and Budgets:	County Commission	84,298 (2)	25,000	"
County Clerk	Section 8-24-102, TCA	75,048	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	75,048	50,000	"
Clerk and Master	Section 8-24-102, TCA	75,048	55,000	"
Register of Deeds	Section 8-24-102, TCA	75,048	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	99,063 (3)	25,000	"
Purchasing Agent	County Commission	52,250	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 \$9,250 for serving as assistant county mayor.
- (3) Includes \$8,255 for serving as director of the Juvenile Detention Center and \$8,255 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, 2013

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	Highway / Public Works
<u>Local Taxes</u>							
County Property Taxes							
Current Property Tax	\$ 22,287,296	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(318,814)	0	0	0	0	0	0
Trustee's Collections - Prior Year	546,122	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	239,900	0	0	0	0	0	0
Interest and Penalty	111,608	0	0	0	0	0	0
Pick-up Taxes	32,266	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	186,803
Payments in-Lieu-of Taxes - Other	716,691	0	0	0	0	0	0
County Local Option Taxes							
Local Option Sales Tax	0	0	0	0	0	0	2,613,120
Hotel/Motel Tax	581,083	0	0	0	0	0	0
Litigation Tax - General	293,690	0	0	0	0	47,538	0
Litigation Tax - Special Purpose	0	1,408	8,623	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	164,483	0	0	0	0	0
Litigation Tax - Courtroom Security	124,611	0	0	0	0	0	0
Business Tax	532,793	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	33,047
Statutory Local Taxes							
Bank Excise Tax	34,222	0	0	0	0	0	0
Wholesale Beer Tax	273,549	0	0	0	0	0	0
Interstate Telecommunications Tax	7,362	0	0	0	0	0	0
Total Local Taxes	\$ 25,462,379	\$ 165,891	\$ 8,623	\$ 0	\$ 0	\$ 47,538	\$ 2,832,970
<u>Licenses and Permits</u>							
Licenses							
Cable TV Franchise	\$ 70,632	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 340,000
Permits							
Building Permits	220,761	0	0	0	0	0	0
Other Permits	1,290	0	0	0	0	0	203,987
Total Licenses and Permits	\$ 292,683	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 543,987
<u>Fines, Forfeitures, and Penalties</u>							
Circuit Court							
Officers Costs	\$ 5,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	429	0	0
Drug Court Fees	0	0	0	0	0	22,677	0

(Continued)

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

	General	Special Revenue Funds					Highway / Public Works
		Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
DUI Treatment Fines							
Data Entry Fee - Circuit Court	\$ 79,510	0	0	0	0	1,057	0
<u>Criminal Court</u>							
Fines	6,227	0	0	0	0	0	0
Officers Costs	71,095	0	0	0	0	0	0
Victims Assistance Assessments	2,013	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	72,514	0	0	0	0	0	0
Officers Costs	662,604	0	0	0	0	0	0
Game and Fish Fines	786	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	14,131	0	0
Jail Fees	39,336	0	0	0	0	0	0
District Attorney General Fees	55,227	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	20,747	0
Courtroom Security Fee	44,610	0	0	0	0	0	0
Victims Assistance Assessments	36,566	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	7,432	0	0	0	0	0	0
Drug Court Fees	2,815	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,133	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	6,479	0	0	0	20,492	0	0
Other Fines, Forfeitures, and Penalties	4,534	0	0	0	12,892	0	0
Total Fines, Forfeitures, and Penalties	\$ 1,101,866	\$ 0	\$ 0	\$ 0	\$ 47,444	\$ 44,481	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other General Service Charges	\$ 143,183	\$ 0	\$ 0	\$ 7,366	\$ 0	\$ 0	\$ 0
<u>Fees</u>							
Copy Fees	3,808	0	0	23,619	0	0	0
Library Fees	0	0	0	84,197	0	0	0
Telephone Commissions	87,978	0	0	0	87,978	0	0
Data Processing Fee - Register	49,518	0	0	0	0	0	0
Probation Fees	611,606	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	16,800	0	0	0	0	0	0
Data Processing Fee - County Clerk	16,732	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	Other Special Revenue	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>							
Other Charges for Services							
Other Charges for Services							
Total Charges for Current Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	136 \$	0
	\$ 929,625 \$	0 \$	0 \$	115,182 \$	87,978 \$	136 \$	0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 38,596 \$	0 \$	0 \$	5,047 \$	7,322 \$	347 \$	4,387
Lease/Rentals	2	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	145
Commissary Sales	471,667	0	0	0	0	0	0
Sale of Maps	84	0	0	0	0	0	0
Sale of Recycled Materials	5,828	0	0	0	0	0	5,054
Miscellaneous Refunds	346	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	25,689	0	0	0	0	0	32,050
Sale of Property	0	0	0	0	0	0	0
Contributions and Gifts	1,125	0	0	1,336	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	166,405	0	0	97,515	0	0	157
Total Other Local Revenues	\$ 709,742 \$	0 \$	0 \$	103,898 \$	7,322 \$	347 \$	41,793
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 1,410,947 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	622,410	0	0	0	0	0	0
General Sessions Court Clerk	2,177,638	0	0	0	0	0	0
Clerk and Master	514,656	0	0	0	0	0	0
Register	789,067	0	0	0	0	0	0
Sheriff	37,212	0	0	0	0	0	0
Trustee	1,959,829	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 7,511,759 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>							
General Government Grants	\$ 9,000 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Juvenile Services Program	0	0	0	3,998	0	0	0
Other General Government Grants							

(Continued)

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

	General	Special Revenue Funds					
		Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	Highway / Public Works
<u>State of Tennessee (Cont.)</u>							
Health and Welfare Grants							
Health Department Programs							
Public Works Grants							
Bridge Program		0	0	0	0	0	0
State Aid Program		0	0	0	0	0	7,500
Litter Program		0	0	0	0	0	281,613
Other State Revenues		0	0	0	0	0	0
Income Tax		0	0	0	0	0	0
Beer Tax		0	0	0	0	0	0
Alcoholic Beverage Tax		0	0	0	0	0	0
Mixed Drink Tax		0	0	0	0	0	0
Contracted Prisoner Boarding		0	0	0	0	0	0
Gasoline and Motor Fuel Tax		0	0	0	0	0	2,482,932
Petroleum Special Tax		0	0	0	0	0	88,757
Registrar's Salary Supplement		0	0	0	0	0	0
Other State Grants		0	0	0	0	50,000	0
Other State Revenues		0	0	0	0	0	0
Total State of Tennessee	\$ 3,977,676	\$ 0	\$ 0	\$ 3,998	\$ 0	\$ 50,000	\$ 2,860,802
<u>Federal Government</u>							
Federal Through State							
Homeland Security Grants	\$ 332,574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	249,206	0	0	0	0	0	0
Direct Federal Revenue							
Asset Forfeiture Funds	0	0	0	0	36,770	0	0
Tax Credit Bond Rebate	720,170	0	0	0	0	0	0
Other Direct Federal Revenue	3,101,331	0	0	0	0	0	7,100
Total Federal Government	\$ 4,403,281	\$ 0	\$ 0	\$ 0	\$ 36,770	\$ 0	\$ 7,100
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Prisoner Board	\$ 9,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	67,031	0	0	899,521	0	0	0
Contracted Services	66,848	0	0	0	0	0	0
Citizens Groups							
Donations	16,413	0	0	4,000	0	0	6,000
Total Other Governments and Citizens Groups	\$ 159,412	\$ 0	\$ 0	\$ 903,521	\$ 0	\$ 0	\$ 6,000
Total	\$ 44,548,423	\$ 165,891	\$ 8,623	\$ 1,126,559	\$ 179,514	\$ 142,502	\$ 6,292,652

(Continued)

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

	Debt Service		Capital Projects Funds			Permanent	
	Fund		Highway	Other		Fund	
	General		Capital	Capital			
	Debt		Projects	Projects		Endowment	Total
	Service						
<u>Local Taxes</u>							
County Property Taxes							
Current Property Tax	\$ 13,133,523	\$	0	0	0	0	\$ 35,420,819
Discount on Property Taxes	(187,794)		0	0	0	0	(506,608)
Trustee's Collections - Prior Year	321,975		0	0	0	0	868,097
Circuit/Clerk & Master Collections - Prior Years	141,310		0	0	0	0	381,210
Interest and Penalty	65,756		0	0	0	0	177,364
Pick-up Taxes	19,055		0	0	0	0	51,321
Payments in-Lieu-of Taxes - Local Utilities	116,996		0	0	0	0	303,799
Payments in-Lieu-of Taxes - Other	0		0	0	0	0	716,691
County Local Option Taxes							
Local Option Sales Tax	0		0	0	0	0	2,613,120
Hotel/Motel Tax	0		0	0	0	0	581,083
Litigation Tax - General	0		0	0	0	0	341,228
Litigation Tax - Special Purpose	0		0	0	0	0	10,031
Litigation Tax - Jail, Workhouse, or Courthouse	0		0	0	0	0	164,483
Litigation Tax - Courtroom Security	0		0	0	0	0	124,611
Business Tax	314,694		0	0	0	0	847,487
Mineral Severance Tax	0		0	0	0	0	33,047
Statutory Local Taxes							
Bank Excise Tax	0		0	0	0	0	34,222
Wholesale Beer Tax	0		0	0	0	0	273,549
Interstate Telecommunications Tax	0		0	0	0	0	7,362
Total Local Taxes	\$ 13,925,515	\$	0	0	0	0	\$ 42,442,916
<u>Licenses and Permits</u>							
Licenses							
Cable TV Franchise	0	\$	285,000	\$	0	\$	695,632
Permits							
Building Permits	0		0		0		220,761
Other Permits	0		0		0		205,277
Total Licenses and Permits	0	\$	285,000	\$	0	\$	1,121,670
<u>Fines, Forfeitures, and Penalties</u>							
Circuit Court							
Officers Costs	0	\$	0	\$	0	\$	5,985
Drug Control Fines	0		0		0		429
Drug Court Fees	0		0		0		22,677

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Permanent Fund		Total
	General	Debt Service	Highway Capital Projects	Other Capital Projects	Endowment			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
DUI Treatment Fines		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,057
Data Entry Fee - Circuit Court		0	0	0	0	0	0	79,510
<u>Criminal Court</u>								
Fines		0	0	0	0	0	0	6,227
Officers Costs		0	0	0	0	0	0	71,095
Victims Assistance Assessments		0	0	0	0	0	0	2,013
<u>General Sessions Court</u>								
Fines		0	0	0	0	0	0	72,514
Officers Costs		0	0	0	0	0	0	662,604
Game and Fish Fines		0	0	0	0	0	0	786
Drug Control Fines		0	0	0	0	0	0	14,131
Jail Fees		0	0	0	0	0	0	39,336
District Attorney General Fees		0	0	0	0	0	0	55,227
DUI Treatment Fines		0	0	0	0	0	0	20,747
Courtroom Security Fee		0	0	0	0	0	0	44,610
Victims Assistance Assessments		0	0	0	0	0	0	36,566
<u>Juvenile Court</u>								
Fines		0	0	0	0	0	0	7,432
Drug Court Fees		0	0	0	0	0	0	2,815
<u>Chancery Court</u>								
Officers Costs		0	0	0	0	0	0	4,133
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property		0	0	0	0	0	0	26,971
Other Fines, Forfeitures, and Penalties		0	0	0	0	0	0	16,926
Total Fines, Forfeitures, and Penalties		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,193,791
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Other General Service Charges		0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	150,549
<u>Fees</u>								
Copy Fees		0	0	0	0	0	0	27,427
Library Fees		0	0	0	0	0	0	84,197
Telephone Commissions		0	0	0	0	0	0	175,956
Data Processing Fee - Register		0	0	0	0	0	0	49,518
Probation Fees		0	0	0	0	0	0	611,606
Sexual Offender Registration Fees - Sheriff		0	0	0	0	0	0	16,800
Data Processing Fee - County Clerk		0	0	0	0	0	0	16,732

(Continued)

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Permanent Fund		Total
	General Debt Service		Highway Capital Projects	Other Capital Projects		Endowment		
<u>State of Tennessee (Cont.)</u>								
Health and Welfare Grants								
Health Department Programs								
Public Works Grants								
Bridge Program								
State Aid Program								
Litter Program								
Other State Revenues								
Income Tax								
Beer Tax								
Alcoholic Beverage Tax								
Mixed Drink Tax								
Contracted Prisoner Boarding								
Gasoline and Motor Fuel Tax								
Petroleum Special Tax								
Registrar's Salary Supplement								
Other State Grants								
Other State Revenues								
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,892,476
<u>Federal Government</u>								
Federal Through State								
Homeland Security Grants								
Other Federal through State								
Direct Federal Revenue								
Asset Forfeiture Funds								
Tax Credit Bond Rebate								
Other Direct Federal Revenue								
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,212	\$ 0	\$ 0	\$ 4,463,363
<u>Other Governments and Citizens Groups</u>								
Other Governments								
Prisoner Board								
Contributions								
Contracted Services								
Citizens Groups								
Donations								
Total Other Governments and Citizens Groups	\$ 745,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,814,386
Total	\$ 14,783,306	\$ 285,000	\$ 16,212	\$ 4,396	\$ 67,553,118			

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds				Capital Projects Fund	
		School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total	
<u>Local Taxes</u>							
County Property Taxes							
Current Property Tax	\$ 18,655,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,655,615	
Discount on Property Taxes	(266,821)	0	0	0	0	(266,821)	
Trustee's Collections - Prior Year	456,642	0	0	0	0	456,642	
Circuit/Clerk & Master Collections - Prior Years	200,621	0	0	0	0	200,621	
Interest and Penalty	93,552	0	0	0	0	93,552	
Pick-up Taxes	27,602	0	0	0	0	27,602	
Payments in-Lieu-of Taxes - T.V.A.	13,279	0	0	0	0	13,279	
Payments in-Lieu-of Taxes - Local Utilities	172,376	0	0	0	0	172,376	
Payments in-Lieu-of Taxes - Other	7,755	0	0	0	0	7,755	
County Local Option Taxes							
Local Option Sales Tax	10,503,258	0	0	0	0	10,503,258	
Business Tax	447,684	0	0	0	0	447,684	
Statutory Local Taxes							
Interstate Telecommunications Tax	6,816	0	0	0	0	6,816	
Total Local Taxes	\$ 30,318,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,318,379	
<u>Licenses and Permits</u>							
Licenses							
Marriage Licenses	\$ 5,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,358	
Total Licenses and Permits	\$ 5,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,358	
<u>Charges for Current Services</u>							
Education Charges							
Contract for Instructional Services with Other LEAs	\$ 40,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,500	
Receipts from Individual Schools	0	0	1,981,129	0	0	1,981,129	
Community Service Fees - Children	0	0	0	1,321,589	0	1,321,589	
Total Charges for Current Services	\$ 40,500	\$ 0	\$ 1,981,129	\$ 1,321,589	\$ 0	\$ 3,343,218	
<u>Other Local Revenues</u>							
Recurring Items							
Investment Income	\$ 32,958	\$ 0	\$ 2,723	\$ 1,420	\$ 372	\$ 37,473	
Lease/Rentals	9,225	0	0	0	0	9,225	
Refund of Telecommunication and Internet Fees (E-Rate)	36,676	0	0	0	0	36,676	
Nonrecurring Items							
Sale of Equipment	229	0	73	0	0	302	

(Continued)

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

	General Purpose School	Special Revenue Funds				Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects			
Other Local Revenues (Cont.)								
Nonrecurring Items (Cont.)								
Damages Recovered from Individuals	\$ 8,969	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,969
Contributions and Gifts	87,480	0	0	0	0	0	0	87,480
Other Local Revenues								
Other Local Revenues	96,958	0	0	4,200	0	0	0	101,158
Total Other Local Revenues	\$ 272,495	\$ 0	\$ 2,796	\$ 5,620	\$ 372	\$ 0	\$ 0	\$ 281,283
State of Tennessee								
General Government Grants								
On-Behalf Contributions for OPEB	\$ 67,321	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,321
State Education Funds								
Basic Education Program	43,364,818	0	0	0	0	0	0	43,364,818
Early Childhood Education	512,068	0	0	0	0	0	0	512,068
School Food Service	0	0	52,877	0	0	0	0	52,877
Other State Education Funds	181,037	0	0	165,660	0	0	0	346,697
Career Ladder Program	377,943	0	0	0	0	0	0	377,943
Career Ladder - Extended Contract	99,200	0	0	0	0	0	0	99,200
Other State Revenues								
Mixed Drink Tax	64,947	0	0	0	0	0	0	64,947
State Revenue Sharing - T.V.A.	1,438,757	0	0	0	0	0	0	1,438,757
Other State Grants	127,770	0	0	0	0	0	0	127,770
Total State of Tennessee	\$ 46,233,861	\$ 0	\$ 52,877	\$ 165,660	\$ 0	\$ 0	\$ 0	\$ 46,452,398
Federal Government								
Federal Through State								
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,250,720	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,250,720
USDA - Commodities	0	0	261,280	0	0	0	0	261,280
Breakfast	0	0	891,062	0	0	0	0	891,062
USDA - Other	0	0	16,446	0	0	0	0	16,446
Adult Education State Grant Program	151,538	0	0	0	0	0	0	151,538
Vocational Education - Basic Grants to States	0	168,994	0	0	0	0	0	168,994
Title I Grants to Local Education Agencies	0	2,558,981	0	0	0	0	0	2,558,981
Special Education - Grants to States	189,053	2,589,789	0	0	0	0	0	2,778,842
English Language Acquisition Grants	0	20,922	0	0	0	0	0	20,922
Eisenhower Professional Development State Grants	0	390,508	0	0	0	0	0	390,508
Race-to-the-Top - ARRA	0	361,746	0	0	0	0	0	361,746
Other Federal through State	0	7,620	0	0	0	0	0	7,620

(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	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects		
Federal Government (Cont.)							
Direct Federal Revenue							
ROTC Reimbursement	\$ 130,445 \$	0 \$	0 \$	0 \$	0 \$	0 \$	130,445
Total Federal Government	\$ 471,036 \$	6,098,560 \$	3,419,508 \$	0 \$	0 \$	0 \$	9,989,104
Total	\$ 77,341,629 \$	6,098,560 \$	5,456,310 \$	1,492,869 \$	372 \$	372 \$	90,389,740

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General FundGeneral GovernmentCounty Commission

Secretary to Board	\$	42,330	
Temporary Personnel		2,509	
Board and Committee Members Fees		102,060	
Social Security		8,856	
State Retirement		4,805	
Employee and Dependent Insurance		6,600	
Life Insurance		114	
Medical Insurance		5,100	
Dental Insurance		227	
Unemployment Compensation		123	
Employer Medicare		2,109	
Dues and Memberships		2,200	
Operating Lease Payments		1,129	
Legal Notices, Recording, and Court Costs		2,417	
Printing, Stationery, and Forms		264	
Travel		3,206	
Tuition		915	
Data Processing Supplies		96	
Duplicating Supplies		408	
Office Supplies		210	
Other Supplies and Materials		183	
Workers' Compensation Insurance		221	
Total County Commission			\$ 186,082

Board of Equalization

Board and Committee Members Fees	\$	1,113	
Social Security		61	
Unemployment Compensation		14	
Employer Medicare		14	
Workers' Compensation Insurance		4	
Total Board of Equalization			1,206

Budget and Finance Committee

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

County Mayor/Executive

County Official/Administrative Officer	\$	104,340	
Assistant(s)		9,250	
Secretary(ies)		43,550	
Social Security		9,573	
State Retirement		5,779	
Employee and Dependent Insurance		6,600	
Life Insurance		143	
Medical Insurance		4,841	
Dental Insurance		152	
Unemployment Compensation		100	
Employer Medicare		2,179	
Dues and Memberships		2,700	
Gasoline		770	

(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 (Cont.)

Office Supplies	\$	715	
Periodicals		100	
Workers' Compensation Insurance		237	
Other Charges		<u>202</u>	
Total County Mayor/Executive			\$ 191,231

Personnel Office

Clerical Personnel	\$	48,683	
Social Security		2,845	
State Retirement		5,526	
Employee and Dependent Insurance		6,600	
Life Insurance		133	
Medical Insurance		5,100	
Dental Insurance		227	
Unemployment Compensation		90	
Employer Medicare		665	
Tuition		1,395	
Office Supplies		370	
Workers' Compensation Insurance		173	
Other Charges		<u>167</u>	
Total Personnel Office			71,974

Election Commission

County Official/Administrative Officer	\$	67,543	
Clerical Personnel		67,084	
Custodial Personnel		1,425	
Temporary Personnel		67,142	
Other Salaries and Wages		24,000	
Election Commission		25,450	
Election Workers		127,851	
In-Service Training		9,080	
Social Security		16,206	
State Retirement		15,280	
Employee and Dependent Insurance		8,250	
Life Insurance		295	
Medical Insurance		15,300	
Dental Insurance		680	
Unemployment Compensation		1,349	
Employer Medicare		4,176	
Dues and Memberships		250	
Operating Lease Payments		1,129	
Legal Notices, Recording, and Court Costs		11,128	
Printing, Stationery, and Forms		4,074	
Rentals		1,600	
Travel		2,758	
Tuition		1,625	
Other Contracted Services		38,532	
Office Supplies		5,090	
Workers' Compensation Insurance		<u>586</u>	
Total Election Commission			517,883

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)Register of Deeds

County Official/Administrative Officer	\$	75,048	
Clerical Personnel		273,119	
Part-time Personnel		8,316	
Social Security		21,486	
State Retirement		38,458	
Employee and Dependent Insurance		21,725	
Life Insurance		871	
Medical Insurance		42,500	
Dental Insurance		1,840	
Unemployment Compensation		785	
Employer Medicare		5,025	
Dues and Memberships		2,478	
Operating Lease Payments		4,397	
Maintenance and Repair Services - Office Equipment		742	
Printing, Stationery, and Forms		115	
Travel		1,845	
Tuition		450	
Other Contracted Services		3,299	
Data Processing Supplies		778	
Duplicating Supplies		17	
Office Supplies		2,373	
Other Supplies and Materials		486	
Workers' Compensation Insurance		533	
Other Charges		100	
Data Processing Equipment		9,201	
Total Register of Deeds			\$ 515,987

Development

Assistant(s)	\$	170,327
Supervisor/Director		61,025
Secretary(ies)		31,542
Clerical Personnel		5,170
Other Salaries and Wages		98,388
Social Security		21,990
State Retirement		41,720
Employee and Dependent Insurance		32,175
Life Insurance		880
Medical Insurance		33,150
Dental Insurance		1,510
Unemployment Compensation		630
Employer Medicare		5,143
Dues and Memberships		4,180
Operating Lease Payments		1,381
Legal Notices, Recording, and Court Costs		3,076
Maintenance and Repair Services - Vehicles		1,867
Postal Charges		23
Printing, Stationery, and Forms		574
Travel		9,235
Tuition		1,190
Other Contracted Services		5,366

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)Development (Cont.)

Custodial Supplies	\$	111	
Gasoline		9,151	
Office Supplies		3,546	
Uniforms		110	
Other Supplies and Materials		467	
Workers' Compensation Insurance		661	
Other Charges		1,568	
Health Equipment		909	
Total Development			\$ 547,065

Planning

Assistant(s)	\$	50,108	
Supervisor/Director		70,086	
Secretary(ies)		35,479	
Social Security		9,394	
State Retirement		17,669	
Employee and Dependent Insurance		6,600	
Life Insurance		342	
Medical Insurance		14,388	
Dental Insurance		626	
Unemployment Compensation		254	
Employer Medicare		2,197	
Dues and Memberships		1,778	
Operating Lease Payments		2,304	
Legal Notices, Recording, and Court Costs		1,126	
Maintenance and Repair Services - Vehicles		16	
Travel		1,231	
Gasoline		476	
Library Books/Media		657	
Office Supplies		314	
Other Supplies and Materials		17	
Workers' Compensation Insurance		234	
Total Planning			215,296

County Buildings

Supervisor/Director	\$	67,836	
Secretary(ies)		25,790	
Custodial Personnel		161,472	
Maintenance Personnel		83,420	
Part-time Personnel		31,099	
Social Security		22,125	
State Retirement		38,755	
Employee and Dependent Insurance		32,725	
Life Insurance		863	
Medical Insurance		55,675	
Dental Insurance		2,618	
Unemployment Compensation		1,293	
Employer Medicare		5,175	
Communication		400	
Maintenance Agreements		33,920	

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$	36,055	
Maintenance and Repair Services - Equipment		33,836	
Maintenance and Repair Services - Office Equipment		484	
Maintenance and Repair Services - Vehicles		7,052	
Pest Control		2,940	
Permits		1,305	
Custodial Supplies		32,516	
Gasoline		5,567	
Natural Gas		72,385	
Office Supplies		427	
Periodicals		45	
Uniforms		1,471	
Utilities		575,767	
Other Supplies and Materials		5,168	
Workers' Compensation Insurance		561	
Building Improvements		15,513	
Total County Buildings			\$ 1,354,258

Other General Administration

Local Retirement	\$	159,130	
Audit Services		36,903	
Communication		137,883	
Legal Services		48,888	
Legal Notices, Recording, and Court Costs		1,084,187	
Pauper Burials		6,150	
Postal Charges		164,374	
Other Contracted Services		197,212	
Liability Insurance		682,345	
Trustee's Commission		526,757	
Other Charges		4,758	
Total Other General Administration			3,048,587

Preservation of Records

Supervisor/Director	\$	41,624	
Other Salaries and Wages		24,174	
Social Security		3,832	
State Retirement		7,468	
Employee and Dependent Insurance		13,200	
Life Insurance		179	
Medical Insurance		10,200	
Dental Insurance		453	
Unemployment Compensation		180	
Employer Medicare		896	
Communication		1,593	
Consultants		5,000	
Dues and Memberships		20	
Operating Lease Payments		710	
Travel		365	
Tuition		65	
Other Contracted Services		640	

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)Preservation of Records (Cont.)

Data Processing Supplies	\$	191	
Gasoline		123	
Office Supplies		493	
Utilities		6,000	
Other Supplies and Materials		378	
Workers' Compensation Insurance		101	
Total Preservation of Records			\$ 117,885

Risk Management

Supervisor/Director	\$	61,992	
Clerical Personnel		39,680	
Other Salaries and Wages		43,000	
Social Security		8,509	
State Retirement		16,562	
Employee and Dependent Insurance		16,500	
Life Insurance		360	
Medical Insurance		15,300	
Dental Insurance		680	
Unemployment Compensation		270	
Employer Medicare		1,990	
Dues and Memberships		180	
Operating Lease Payments		1,620	
Maintenance and Repair Services - Vehicles		691	
Printing, Stationery, and Forms		484	
Travel		624	
Tuition		1,232	
Gasoline		2,954	
Office Supplies		638	
Workers' Compensation Insurance		218	
Other Charges		316	
Data Processing Equipment		778	
Furniture and Fixtures		681	
Total Risk Management			215,259

FinanceAccounting and Budgeting

Supervisor/Director	\$	75,048	
Accountants/Bookkeepers		329,452	
Clerical Personnel		51,224	
Social Security		27,229	
State Retirement		47,459	
Employee and Dependent Insurance		18,420	
Life Insurance		1,027	
Medical Insurance		42,439	
Dental Insurance		2,012	
Unemployment Compensation		890	
Employer Medicare		6,368	
Dues and Memberships		880	
Operating Lease Payments		4,225	
Printing, Stationery, and Forms		2,180	

(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.)

Travel	\$	1,385	
Tuition		1,120	
Office Supplies		1,087	
Workers' Compensation Insurance		704	
Other Charges		508	
Total Accounting and Budgeting			\$ 613,657

Purchasing

Supervisor/Director	\$	52,250	
Purchasing Personnel		117,137	
Social Security		9,638	
State Retirement		19,225	
Employee and Dependent Insurance		26,400	
Life Insurance		466	
Medical Insurance		25,500	
Dental Insurance		1,133	
Unemployment Compensation		450	
Employer Medicare		2,254	
Dues and Memberships		310	
Operating Lease Payments		1,381	
Legal Notices, Recording, and Court Costs		2,303	
Maintenance and Repair Services - Office Equipment		234	
Printing, Stationery, and Forms		1,719	
Travel		566	
Data Processing Supplies		120	
Office Supplies		1,265	
Other Supplies and Materials		88	
Workers' Compensation Insurance		267	
Total Purchasing			262,706

Property Assessor's Office

County Official/Administrative Officer	\$	75,048	
Assistant(s)		316,847	
Clerical Personnel		101,798	
Social Security		29,440	
State Retirement		43,347	
Employee and Dependent Insurance		42,075	
Life Insurance		1,175	
Medical Insurance		50,575	
Dental Insurance		2,168	
Unemployment Compensation		1,285	
Employer Medicare		6,899	
Data Processing Services		35,371	
Dues and Memberships		3,800	
Operating Lease Payments		3,277	
Legal Services		88	
Maintenance and Repair Services - Office Equipment		225	
Maintenance and Repair Services - Vehicles		355	
Printing, Stationery, and Forms		791	
Travel		3,700	

(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.)

Tuition	\$	1,424	
Data Processing Supplies		1,844	
Duplicating Supplies		378	
Gasoline		2,874	
Office Supplies		1,465	
Other Supplies and Materials		708	
Workers' Compensation Insurance		511	
Other Charges		23,586	
Total Property Assessor's Office			\$ 751,054

Reappraisal Program

Assistant(s)	\$	88,736	
Clerical Personnel		34,180	
Social Security		7,205	
State Retirement		13,951	
Employee and Dependent Insurance		20,900	
Life Insurance		331	
Medical Insurance		16,150	
Dental Insurance		730	
Unemployment Compensation		270	
Employer Medicare		1,685	
Travel		924	
Tuition		60	
Other Contracted Services		1,414	
Office Supplies		193	
Other Supplies and Materials		200	
Workers' Compensation Insurance		103	
Other Charges		79	
Total Reappraisal Program			187,111

County Trustee's Office

County Official/Administrative Officer	\$	75,048	
Clerical Personnel		224,611	
Temporary Personnel		2,947	
Social Security		18,097	
State Retirement		33,115	
Employee and Dependent Insurance		23,100	
Life Insurance		723	
Medical Insurance		28,050	
Dental Insurance		1,360	
Unemployment Compensation		649	
Employer Medicare		4,267	
Dues and Memberships		950	
Operating Lease Payments		1,381	
Legal Services		4,075	
Legal Notices, Recording, and Court Costs		144	
Printing, Stationery, and Forms		1,848	
Travel		515	
Tuition		265	
Other Contracted Services		620	

(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.)

Duplicating Supplies	\$	723	
Office Supplies		2,314	
Other Supplies and Materials		766	
Workers' Compensation Insurance		467	
Total County Trustee's Office			\$ 426,035

County Clerk's Office

County Official/Administrative Officer	\$	75,048	
Clerical Personnel		576,112	
Part-time Personnel		25,396	
Social Security		39,737	
State Retirement		73,907	
Employee and Dependent Insurance		75,350	
Life Insurance		1,658	
Medical Insurance		96,050	
Dental Insurance		3,876	
Unemployment Compensation		1,842	
Employer Medicare		9,293	
Dues and Memberships		774	
Operating Lease Payments		6,312	
Maintenance Agreements		13,901	
Maintenance and Repair Services - Vehicles		66	
Printing, Stationery, and Forms		5,329	
Travel		628	
Tuition		20	
Data Processing Supplies		1,647	
Duplicating Supplies		2,230	
Gasoline		1,131	
Office Supplies		6,596	
Periodicals		600	
Premiums on Corporate Surety Bonds		62	
Workers' Compensation Insurance		1,028	
Other Charges		80	
Data Processing Equipment		19,152	
Total County Clerk's Office			1,037,825

Data Processing

Supervisor/Director	\$	87,308	
Data Processing Personnel		278,041	
Social Security		22,283	
State Retirement		41,467	
Employee and Dependent Insurance		13,200	
Life Insurance		844	
Medical Insurance		35,700	
Dental Insurance		1,586	
Unemployment Compensation		630	
Employer Medicare		5,211	
Data Processing Services		2,544	
Maintenance and Repair Services - Equipment		11,413	
Printing, Stationery, and Forms		9,017	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Finance (Cont.)Data Processing (Cont.)

Other Contracted Services	\$	2,674	
Data Processing Supplies		6,581	
Equipment Parts - Light		16,091	
Office Supplies		278	
Workers' Compensation Insurance		551	
Data Processing Equipment		15,568	
Total Data Processing			\$ 550,987

Administration of JusticeCircuit Court Judge

Jury and Witness Expense	\$	28,870	
Operating Lease Payments		1,104	
Maintenance Agreements		1,200	
Printing, Stationery, and Forms		7,416	
Other Contracted Services		4,458	
Duplicating Supplies		100	
Office Supplies		129	
Other Supplies and Materials		4,782	
Furniture and Fixtures		53	
Total Circuit Court Judge			48,112

Circuit Court Clerk

County Official/Administrative Officer	\$	75,048	
Clerical Personnel		1,269,118	
Overtime Pay		6,908	
Social Security		80,072	
State Retirement		137,030	
Employee and Dependent Insurance		95,975	
Life Insurance		3,321	
Medical Insurance		192,100	
Dental Insurance		8,613	
Unemployment Compensation		4,445	
Employer Medicare		18,965	
Communication		187	
Dues and Memberships		2,594	
Operating Lease Payments		5,991	
Maintenance Agreements		6,421	
Maintenance and Repair Services - Office Equipment		30	
Maintenance and Repair Services - Vehicles		40	
Printing, Stationery, and Forms		14,519	
Travel		7,575	
Tuition		1,625	
Other Contracted Services		4,162	
Data Processing Supplies		4,381	
Duplicating Supplies		4,348	
Gasoline		1,255	
Library Books/Media		1,203	
Office Supplies		2,870	
Other Supplies and Materials		2,953	
Workers' Compensation Insurance		2,060	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court Clerk (Cont.)

Building Improvements	\$	985	
Data Processing Equipment		7,990	
Total Circuit Court Clerk			\$ 1,962,784

General Sessions Judge

Judge(s)	\$	612,924	
Secretary(ies)		110,934	
Other Salaries and Wages		4,200	
Social Security		34,636	
State Retirement		82,158	
Employee and Dependent Insurance		26,400	
Life Insurance		843	
Medical Insurance		35,700	
Dental Insurance		1,360	
Unemployment Compensation		270	
Employer Medicare		10,310	
Dues and Memberships		1,595	
Operating Lease Payments		1,104	
Maintenance and Repair Services - Office Equipment		508	
Printing, Stationery, and Forms		1,103	
Travel		4,964	
Tuition		860	
Other Contracted Services		1,686	
Library Books/Media		1,715	
Office Supplies		542	
Other Supplies and Materials		2,915	
Workers' Compensation Insurance		1,107	
Other Charges		196	
Total General Sessions Judge			938,030

Chancery Court

County Official/Administrative Officer	\$	75,048	
Clerical Personnel		251,024	
Social Security		19,350	
State Retirement		37,009	
Employee and Dependent Insurance		19,250	
Life Insurance		732	
Medical Insurance		40,800	
Dental Insurance		1,813	
Unemployment Compensation		720	
Employer Medicare		4,525	
Dues and Memberships		874	
Operating Lease Payments		3,687	
Printing, Stationery, and Forms		7,071	
Travel		237	
Duplicating Supplies		826	
Office Supplies		7,036	
Other Supplies and Materials		1,496	
Workers' Compensation Insurance		490	
Total Chancery Court			471,988

(Continued)

Exhibit K-8

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

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court

Youth Service Officer(s)	\$	197,599	
Secretary(ies)		26,286	
Temporary Personnel		7,500	
Other Salaries and Wages		67,940	
Social Security		17,687	
State Retirement		33,122	
Employee and Dependent Insurance		19,800	
Life Insurance		737	
Medical Insurance		35,700	
Dental Insurance		1,586	
Unemployment Compensation		630	
Employer Medicare		4,245	
Evaluation and Testing		1,551	
Operating Lease Payments		3,939	
Medical and Dental Services		2,925	
Printing, Stationery, and Forms		3,003	
Travel		5,340	
Tuition		329	
Other Contracted Services		3,003	
Library Books/Media		472	
Office Supplies		875	
Other Supplies and Materials		191	
Workers' Compensation Insurance		438	
Other Charges		2,680	
Furniture and Fixtures		3,681	
Total Juvenile Court			\$ 441,259

Office of Public Defender

Clerical Personnel	\$	25,200	
Social Security		1,562	
Unemployment Compensation		180	
Employer Medicare		366	
Operating Lease Payments		15,600	
Other Contracted Services		12,120	
Workers' Compensation Insurance		31	
Total Office of Public Defender			55,059

Other Administration of Justice

Captain(s)	\$	58,773	
Lieutenant(s)		48,339	
Attendants		192,791	
Longevity Pay		4,228	
Social Security		18,515	
State Retirement		44,425	
Employee and Dependent Insurance		16,696	
Life Insurance		776	
Medical Insurance		36,889	
Dental Insurance		1,730	
Unemployment Compensation		678	
Employer Medicare		4,330	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Administration of Justice (Cont.)Other Administration of Justice (Cont.)

Other Contracted Services	\$	750	
Workers' Compensation Insurance		8,403	
Total Other Administration of Justice			\$ 437,323

Probation Services

Supervisor/Director	\$	56,250	
Probation Officer(s)		162,614	
Accountants/Bookkeepers		28,903	
Secretary(ies)		21,082	
Other Salaries and Wages		6,828	
Social Security		16,613	
State Retirement		31,230	
Employee and Dependent Insurance		16,225	
Life Insurance		709	
Medical Insurance		29,893	
Dental Insurance		1,746	
Unemployment Compensation		833	
Employer Medicare		3,885	
Dues and Memberships		740	
Operating Lease Payments		1,381	
Printing, Stationery, and Forms		2,008	
Travel		943	
Tuition		2,385	
Other Contracted Services		17,783	
Drugs and Medical Supplies		2,039	
Duplicating Supplies		384	
Office Supplies		3,178	
Other Supplies and Materials		1,999	
Workers' Compensation Insurance		457	
Furniture and Fixtures		2,908	
Total Probation Services			413,016

Victims Assistance Programs

Contributions	\$	37,724	
Total Victims Assistance Programs			37,724

Public SafetySheriff's Department

County Official/Administrative Officer	\$	82,553	
Assistant(s)		113,799	
Supervisor/Director		229,084	
Deputy(ies)		3,435,203	
Detective(s)		300,431	
Investigator(s)		30,060	
Captain(s)		224,762	
Lieutenant(s)		269,656	
Sergeant(s)		394,861	
Mechanic(s)		38,035	
Clerical Personnel		201,404	
Attendants		187,083	

(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.)

Longevity Pay	\$	51,661	
Overtime Pay		444,426	
Other Salaries and Wages		12,423	
In-Service Training		87,000	
Social Security		366,665	
State Retirement		845,422	
Employee and Dependent Insurance		567,203	
Life Insurance		13,194	
Medical Insurance		722,960	
Dental Insurance		31,803	
Unemployment Compensation		13,824	
Employer Medicare		85,956	
Communication		20,643	
Dues and Memberships		5,440	
Evaluation and Testing		11,108	
Operating Lease Payments		19,122	
Legal Services		1,640	
Licenses		5,517	
Maintenance Agreements		73,135	
Maintenance and Repair Services - Equipment		43,861	
Maintenance and Repair Services - Vehicles		44,026	
Matching Share		23,750	
Printing, Stationery, and Forms		11,312	
Travel		33,162	
Tuition		25,257	
Other Contracted Services		10,055	
Basic Skills Materials		28,896	
Data Processing Supplies		19,162	
Duplicating Supplies		2,000	
Electricity		9,253	
Equipment and Machinery Parts		2,799	
Garage Supplies		1,053	
Gasoline		579,798	
Law Enforcement Supplies		23,833	
Lubricants		4,210	
Office Supplies		12,202	
Small Tools		420	
Tires and Tubes		29,510	
Uniforms		79,325	
Vehicle Parts		48,182	
Other Supplies and Materials		34,118	
Workers' Compensation Insurance		159,132	
Other Charges		2,747	
Communication Equipment		92,314	
Motor Vehicles		188,732	
Other Capital Outlay		500	
Total Sheriff's Department			\$ 10,395,682

Administration of the Sexual Offender Registry

Other Charges	\$	5,900	
Total Administration of the Sexual Offender Registry			5,900

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Jail

Assistant(s)	\$	48,363	
Supervisor/Director		37,937	
Captain(s)		61,712	
Lieutenant(s)		109,016	
Sergeant(s)		76,732	
Computer Programmer(s)		197,948	
Guards		120,946	
Clerical Personnel		187,138	
Attendants		2,277,724	
Cafeteria Personnel		78,705	
Part-time Personnel		159,785	
Longevity Pay		23,449	
Overtime Pay		195,867	
In-Service Training		31,500	
Social Security		215,672	
State Retirement		404,790	
Employee and Dependent Insurance		314,447	
Life Insurance		8,540	
Medical Insurance		492,855	
Dental Insurance		21,258	
Unemployment Compensation		11,092	
Employer Medicare		50,686	
Contracts with Private Agencies		10,800	
Dues and Memberships		780	
Evaluation and Testing		525	
Maintenance and Repair Services - Buildings		1,173	
Maintenance and Repair Services - Equipment		2,271	
Medical and Dental Services		1,072,532	
Printing, Stationery, and Forms		634	
Travel		10,388	
Tuition		3,399	
Other Contracted Services		13,116	
Custodial Supplies		69,946	
Data Processing Supplies		12,331	
Food Preparation Supplies		33,269	
Food Supplies		573,210	
Prisoners Clothing		9,242	
Uniforms		25,784	
Other Supplies and Materials		82,393	
Workers' Compensation Insurance		99,969	
Other Equipment		5,853	
Total Jail			\$ 7,153,777

Workhouse

County Official/Administrative Officer	\$	8,255	
Social Security		495	
State Retirement		1,226	
Life Insurance		11	
Employer Medicare		116	
Workers' Compensation Insurance		209	
Total Workhouse			10,312

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services

Captain(s)	\$	61,712	
Lieutenant(s)		39,851	
Sergeant(s)		95,373	
Medical Personnel		7,669	
Guards		59,416	
Attendants		512,034	
Part-time Personnel		2,752	
Overtime Pay		12,209	
Other Salaries and Wages		28,797	
Social Security		49,179	
State Retirement		96,069	
Employee and Dependent Insurance		75,796	
Life Insurance		2,067	
Medical Insurance		115,609	
Dental Insurance		4,602	
Unemployment Compensation		2,125	
Employer Medicare		11,501	
Maintenance Agreements		3,000	
Medical and Dental Services		144	
Travel		4,823	
Tuition		3,595	
Other Contracted Services		3,588	
Instructional Supplies and Materials		900	
Office Supplies		2,708	
Prisoners Clothing		641	
Uniforms		134	
Other Supplies and Materials		10,615	
Workers' Compensation Insurance		23,443	
Total Juvenile Services			\$ 1,230,352

Commissary

Other Supplies and Materials	\$	460,178	
Total Commissary			460,178

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	58,580	
Clerical Personnel		44,023	
Social Security		6,186	
State Retirement		11,645	
Employee and Dependent Insurance		6,600	
Life Insurance		255	
Medical Insurance		10,200	
Dental Insurance		453	
Unemployment Compensation		180	
Employer Medicare		1,447	
Operating Lease Payments		460	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Civil Defense (Cont.)

Maintenance and Repair Services - Vehicles	\$	46	
Other Contracted Services		12,140	
Gasoline		2,444	
Law Enforcement Supplies		312	
Office Supplies		102	
Workers' Compensation Insurance		155	
Data Processing Equipment		17,046	
Law Enforcement Equipment		277,798	
Total Civil Defense			\$ 450,072

Other Emergency Management

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

Public Health and WelfareLocal Health Center

Medical Personnel	\$	452,688	
Clerical Personnel		92,155	
Custodial Personnel		39,607	
Part-time Personnel		91,070	
Social Security		39,335	
State Retirement		64,583	
Employee and Dependent Insurance		74,250	
Life Insurance		2,509	
Medical Insurance		98,175	
Dental Insurance		4,081	
Unemployment Compensation		2,406	
Employer Medicare		9,341	
Communication		25,379	
Contracts with Government Agencies		96,810	
Maintenance and Repair Services - Buildings		3,617	
Maintenance and Repair Services - Equipment		598	
Pest Control		372	
Travel		3,999	
Other Contracted Services		2,679	
Custodial Supplies		2,223	
Electricity		47,862	
Office Supplies		792	
Workers' Compensation Insurance		1,119	
Other Charges		1,995	
Total Local Health Center			1,157,645

Rabies and Animal Control

Supervisor/Director	\$	4,167	
Part-time Personnel		15,190	
Overtime Pay		13,573	
Other Salaries and Wages		85,222	
Social Security		7,268	
State Retirement		10,248	
Life Insurance		209	

(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.)

Medical Insurance	\$	14,450	
Dental Insurance		630	
Unemployment Compensation		443	
Employer Medicare		1,700	
Maintenance and Repair Services - Vehicles		3,208	
Other Contracted Services		43,030	
Animal Food and Supplies		12,260	
Drugs and Medical Supplies		30,925	
Gasoline		6,168	
Office Supplies		2,280	
Uniforms		2,230	
Utilities		4,535	
Other Supplies and Materials		2,042	
Workers' Compensation Insurance		190	
Other Charges		12,717	
Total Rabies and Animal Control			\$ 272,685

Other Local Welfare Services

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

Social, Cultural, and Recreational ServicesParks and Fair Boards

Contracts with Government Agencies	\$	653,584	
Total Parks and Fair Boards			653,584

Agriculture and Natural ResourcesAgriculture Extension Service

Communication	\$	5,740	
Contracts with Government Agencies		139,484	
Operating Lease Payments		1,129	
Office Equipment		15,403	
Total Agriculture Extension Service			161,756

Soil Conservation

Supervisor/Director	\$	47,954	
Clerical Personnel		40,483	
Social Security		5,477	
State Retirement		10,038	
Life Insurance		238	
Medical Insurance		10,200	
Dental Insurance		453	
Unemployment Compensation		180	
Employer Medicare		1,281	
Communication		981	
Travel		74	
Office Supplies		219	
Workers' Compensation Insurance		133	
Total Soil Conservation			117,711

(Continued)

Exhibit K-8

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

General Fund (Cont.)Other OperationsIndustrial Development

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

Veterans' Services

Supervisor/Director	\$	44,750	
Clerical Personnel		64,474	
Social Security		6,432	
State Retirement		12,460	
Employee and Dependent Insurance		13,200	
Life Insurance		298	
Medical Insurance		15,300	
Dental Insurance		680	
Unemployment Compensation		270	
Employer Medicare		1,504	
Dues and Memberships		50	
Operating Lease Payments		1,381	
Maintenance Agreements		1,197	
Printing, Stationery, and Forms		235	
Travel		1,318	
Duplicating Supplies		494	
Gasoline		1,296	
Office Supplies		305	
Workers' Compensation Insurance		165	
Other Charges		122	
Total Veterans' Services			165,931

Contributions to Other Agencies

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

HighwaysLitter and Trash Collection

Attendants	\$	33,018	
Longevity Pay		250	
Social Security		1,960	
State Retirement		3,776	
Employee and Dependent Insurance		6,344	
Life Insurance		84	
Medical Insurance		4,781	
Dental Insurance		208	
Unemployment Compensation		87	
Employer Medicare		458	
Contracts with Government Agencies		4,544	
Licenses		15	
Other Contracted Services		24,660	
Tires and Tubes		539	
Other Supplies and Materials		2,486	
Workers' Compensation Insurance		821	
Total Litter and Trash Collection			84,031

(Continued)

Exhibit K-8

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

General Fund (Cont.)Capital ProjectsGeneral Administration Projects

Data Processing Equipment	\$ 76,870	
Total General Administration Projects		\$ 76,870

Public Safety Projects

Building Improvements	\$ 62,385	
Communication Equipment	34,104	
Total Public Safety Projects		96,489

Other General Government Projects

Communication Equipment	\$ 164,505	
Data Processing Equipment	24,086	
Motor Vehicles	479,000	
Total Other General Government Projects		667,591

Total General Fund \$ 40,162,660

Courthouse and Jail Maintenance FundGeneral GovernmentCounty Buildings

Maintenance Agreements	\$ 4,728	
Trustee's Commission	1,657	
Building Improvements	8,204	
Total County Buildings		\$ 14,589

Total Courthouse and Jail Maintenance Fund 14,589

Law Library FundOther OperationsOther Charges

Other Contracted Services	\$ 7,787	
Trustee's Commission	86	
Total Other Charges		\$ 7,873

Total Law Library Fund 7,873

Public Library FundGeneral GovernmentCounty Buildings

Supervisor/Director	\$ 3,724	
Custodial Personnel	48,516	
Maintenance Personnel	28,290	
Part-time Personnel	10,926	
Social Security	5,437	
State Retirement	7,679	
Employee and Dependent Insurance	13,200	
Life Insurance	225	
Medical Insurance	15,300	
Dental Insurance	688	
Unemployment Compensation	362	
Employer Medicare	1,271	

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$	27,746	
Maintenance and Repair Services - Equipment		6,476	
Other Supplies and Materials		3,349	
Workers' Compensation Insurance		163	
Total County Buildings			\$ 173,352

Social, Cultural, and Recreational ServicesLibraries

County Official/Administrative Officer	\$	77,066	
Supervisor/Director		308,410	
Part-time Personnel		218,145	
Other Salaries and Wages		202,750	
Social Security		48,421	
State Retirement		56,123	
Employee and Dependent Insurance		56,100	
Life Insurance		1,432	
Medical Insurance		86,700	
Dental Insurance		3,900	
Unemployment Compensation		3,587	
Employer Medicare		11,313	
Bank Charges		3,274	
Communication		8,526	
Data Processing Services		22,638	
Dues and Memberships		265	
Operating Lease Payments		6,737	
Maintenance Agreements		3,970	
Pest Control		696	
Postal Charges		2,151	
Travel		962	
Tuition		45	
Permits		210	
Other Contracted Services		22,502	
Custodial Supplies		14,955	
Data Processing Supplies		5,600	
Library Books/Media		240,581	
Office Supplies		15,779	
Periodicals		24,876	
Utilities		201,400	
Other Supplies and Materials		17,654	
Liability Insurance		27,000	
Trustee's Commission		1,130	
Workers' Compensation Insurance		1,286	
Data Processing Equipment		12,646	
Maintenance Equipment		1,285	
Total Libraries			1,710,115

Other Social, Cultural, and Recreational

Part-time Personnel	\$	28,378
Social Security		1,747
Unemployment Compensation		281

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Other Social, Cultural, and Recreational (Cont.)

Employer Medicare	\$	408	
Other Supplies and Materials		28,251	
Workers' Compensation Insurance		55	
Total Other Social, Cultural, and Recreational			\$ 59,120

Capital ProjectsSocial, Cultural, and Recreation Projects

Data Processing Equipment	\$	8,504	
Total Social, Cultural, and Recreation Projects			8,504

Total Public Library Fund \$ 1,951,091

Drug Control FundPublic SafetySheriff's Department

Other Contracted Services	\$	17,652	
Animal Food and Supplies		8,698	
Other Supplies and Materials		41,118	
Trustee's Commission		1,279	
Law Enforcement Equipment		106,891	
Total Sheriff's Department			\$ 175,638

Capital ProjectsAdministration of Justice Projects

Land	\$	235,000	
Total Administration of Justice Projects			235,000

Total Drug Control Fund 410,638

Other Special Revenue FundAdministration of JusticeCriminal Court

Supervisor/Director	\$	43,465	
Probation Officer(s)		69,300	
Secretary(ies)		25,329	
Social Security		8,455	
State Retirement		15,674	
Employee and Dependent Insurance		6,600	
Life Insurance		363	
Medical Insurance		15,300	
Dental Insurance		634	
Unemployment Compensation		311	
Employer Medicare		1,977	
Communication		1,698	
Dues and Memberships		700	
Travel		2,361	
Tuition		744	
Instructional Supplies and Materials		3,827	
Office Supplies		998	
Other Supplies and Materials		9,677	

(Continued)

Exhibit K-8

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

Other Special Revenue Fund (Cont.)Administration of Justice (Cont.)Criminal Court (Cont.)

Trustee's Commission	\$	927	
Workers' Compensation Insurance		206	
Total Criminal Court			\$ 208,546

Total Other Special Revenue Fund \$ 208,546

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	82,553	
Assistant(s)		71,719	
Supervisor/Director		59,226	
Accountants/Bookkeepers		40,881	
Clerical Personnel		41,000	
Social Security		17,659	
State Retirement		33,553	
Employee and Dependent Insurance		26,400	
Life Insurance		701	
Medical Insurance		25,929	
Dental Insurance		1,111	
Unemployment Compensation		144	
Employer Medicare		4,130	
Communication		8,228	
Dues and Memberships		3,965	
Maintenance Agreements		5,078	
Postal Charges		144	
Travel		104	
Tuition		360	
Electricity		4,525	
Office Supplies		2,294	
Uniforms		5,494	
Liability Insurance		128,041	
Trustee's Commission		56,678	
Workers' Compensation Insurance		3,555	
Other Charges		1,345	
Total Administration			\$ 624,817

Highway and Bridge Maintenance

Supervisor/Director	\$	126,051	
Foremen		208,365	
Equipment Operators		271,883	
Equipment Operators - Heavy		311,649	
Equipment Operators - Light		294,902	
Truck Drivers		449,077	
Overtime Pay		18,775	
Other Salaries and Wages		52,084	
Social Security		103,608	
State Retirement		196,683	
Employee and Dependent Insurance		182,600	
Life Insurance		4,011	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Medical Insurance	\$	229,496	
Dental Insurance		6,956	
Unemployment Compensation		1,607	
Local Retirement		61,194	
Employer Medicare		24,231	
Other Contracted Services		148,698	
Asphalt - Hot Mix		682,034	
Asphalt - Liquid		50,517	
Concrete		10,903	
Crushed Stone		51,510	
Pipe - Metal		71,859	
Road Signs		21,048	
Salt		18,834	
Structural Steel		24,290	
Uniforms		3,258	
Other Supplies and Materials		40,279	
Workers' Compensation Insurance		21,000	
Highway Equipment		5,616	
Total Highway and Bridge Maintenance			\$ 3,693,018

Operation and Maintenance of Equipment

Supervisor/Director	\$	62,545	
Foremen		52,105	
Mechanic(s)		269,383	
Social Security		22,911	
State Retirement		42,332	
Employee and Dependent Insurance		45,925	
Life Insurance		1,089	
Medical Insurance		45,900	
Dental Insurance		2,038	
Unemployment Compensation		324	
Local Retirement		20,621	
Employer Medicare		5,358	
Maintenance and Repair Services - Vehicles		3,500	
Diesel Fuel		94,123	
Equipment and Machinery Parts		95,236	
Gasoline		81,882	
Lubricants		7,013	
Propane Gas		2,294	
Tires and Tubes		21,447	
Uniforms		2,839	
Other Supplies and Materials		104	
Workers' Compensation Insurance		4,700	
Building Improvements		5,487	
Total Operation and Maintenance of Equipment			889,156

Other Charges

State Aid Projects	\$	374,804	
Total Other Charges			374,804

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Capital Outlay

Building Construction	\$	1,203	
Communication Equipment		9,883	
Highway Equipment		57,114	
Other Equipment		3,757	
Total Capital Outlay			\$ 71,957

Total Highway/Public Works Fund \$ 5,653,752

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	3,489,687	
Principal on Notes		921,260	
Principal on Capital Leases		286,336	
Principal on Other Loans		2,600,546	
Total General Government			\$ 7,297,829

Education

Principal on Capital Leases	\$	181,166	
Total Education			181,166

Interest on DebtGeneral Government

Interest on Bonds	\$	3,506,304	
Interest on Notes		1,998	
Interest on Capital Leases		118,646	
Interest on Other Loans		4,945,751	
Total General Government			8,572,699

Education

Interest on Capital Leases	\$	107,564	
Total Education			107,564

Other Debt ServiceGeneral Government

Financial Advisory Services	\$	5,000	
Trustee's Commission		275,775	
Other Charges		438,099	
Other Debt Service		1,132,825	
Total General Government			1,851,699

Total General Debt Service Fund 18,010,957

Highway Capital Projects FundHighwaysCapital Outlay

Trustee's Commission	\$	2,880	
Building Construction		35,000	
Highway Equipment		187,828	
Total Capital Outlay			\$ 225,708

Total Highway Capital Projects Fund 225,708

(Continued)

Exhibit K-8

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

Other Capital Projects FundCapital OutlayRegular Capital Outlay

Building Improvements	\$	194,405	
Other Capital Outlay		<u>12,350</u>	
Total Regular Capital Outlay			\$ 206,755

Capital ProjectsSocial, Cultural, and Recreation Projects

Other Charges	\$	<u>11,831</u>	
Total Social, Cultural, and Recreation Projects			11,831

Education Capital Projects

Heating and Air Conditioning Equipment	\$	87,800	
Other Capital Outlay		<u>23,447</u>	
Total Education Capital Projects			<u>111,247</u>

Total Other Capital Projects Fund			\$ 329,833
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Endowment FundOther OperationsMiscellaneous

Remittance of Revenue Collected	\$	<u>4,396</u>	
Total Miscellaneous			<u>\$ 4,396</u>

Total Endowment Fund			<u>4,396</u>
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Total Governmental Funds - Primary Government			<u><u>\$ 66,980,043</u></u>
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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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	26,874,125	
Career Ladder Program		254,808	
Career Ladder Extended Contracts		82,336	
Salary Supplements		432,244	
Educational Assistants		1,555,327	
Overtime Pay		6,885	
Certified Substitute Teachers		314,403	
Non-certified Substitute Teachers		232,124	
Social Security		1,772,583	
State Retirement		2,456,838	
Employee and Dependent Insurance		2,292,357	
Life Insurance		75,465	
Medical Insurance		2,847,698	
Dental Insurance		124,861	
Employer Medicare		418,495	
Printing, Stationery, and Forms		2,104	
Instructional Supplies and Materials		282,963	
Textbooks		76,156	
Other Charges		9,470	
Total Regular Instruction Program			\$ 40,111,242

Special Education Program

Teachers	\$	4,573,100	
Career Ladder Program		35,500	
Career Ladder Extended Contracts		2,400	
Educational Assistants		912,635	
Social Security		328,766	
State Retirement		465,303	
Employee and Dependent Insurance		430,765	
Life Insurance		12,829	
Medical Insurance		614,473	
Dental Insurance		21,913	
Employer Medicare		77,394	
Contracts with Other Public Agencies		179	
Contracts with Private Agencies		29,966	
Maintenance and Repair Services - Equipment		158	
Other Contracted Services		242,911	
Instructional Supplies and Materials		70,765	
Other Supplies and Materials		983	
Total Special Education Program			7,820,040

Vocational Education Program

Teachers	\$	2,498,527	
Career Ladder Program		15,975	
Social Security		150,088	
State Retirement		223,288	
Employee and Dependent Insurance		211,640	
Life Insurance		6,535	
Medical Insurance		243,340	

(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.)Vocational Education Program (Cont.)

Dental Insurance	\$	10,543	
Employer Medicare		35,101	
Maintenance and Repair Services - Equipment		3,573	
Instructional Supplies and Materials		37,245	
Liability Insurance		600	
Total Vocational Education Program			\$ 3,436,455

Adult Education Program

Teachers	\$	112,286	
Paraprofessionals		8,396	
Instructional Computer Personnel		31,920	
Social Security		8,581	
State Retirement		7,780	
Employee and Dependent Insurance		6,600	
Life Insurance		217	
Medical Insurance		10,200	
Dental Insurance		442	
Employer Medicare		2,179	
Instructional Supplies and Materials		2,672	
Total Adult Education Program			191,273

Other

Local Retirement	\$	1,309,588	
Total Other			1,309,588

Support ServicesAttendance

Supervisor/Director	\$	38,187	
Clerical Personnel		43,746	
Social Security		4,848	
State Retirement		8,356	
Employee and Dependent Insurance		6,600	
Life Insurance		193	
Medical Insurance		12,750	
Dental Insurance		460	
Employer Medicare		1,134	
Total Attendance			116,274

Health Services

Medical Personnel	\$	508,850	
Secretary(ies)		8,601	
Other Salaries and Wages		59,199	
Social Security		34,461	
State Retirement		39,531	
Employee and Dependent Insurance		30,250	
Life Insurance		889	
Medical Insurance		40,600	
Dental Insurance		1,769	
Employer Medicare		8,060	

(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.)Health Services (Cont.)

Travel	\$	3,069	
Other Contracted Services		2,225	
Drugs and Medical Supplies		14,974	
Instructional Supplies and Materials		41,386	
Total Health Services			\$ 793,864

Other Student Support

Guidance Personnel	\$	1,185,541	
Social Workers		37,744	
Secretary(ies)		53,248	
Social Security		76,904	
State Retirement		113,751	
Employee and Dependent Insurance		84,949	
Life Insurance		3,210	
Medical Insurance		131,228	
Dental Insurance		5,607	
Employer Medicare		17,996	
Evaluation and Testing		35,698	
Travel		739	
Other Supplies and Materials		4,480	
Data Processing Equipment		42,504	
Total Other Student Support			1,793,599

Regular Instruction Program

Supervisor/Director	\$	174,168	
Librarians		1,128,882	
Secretary(ies)		85,970	
Educational Assistants		203,642	
Social Security		93,770	
State Retirement		131,432	
Employee and Dependent Insurance		99,931	
Life Insurance		3,460	
Medical Insurance		143,766	
Dental Insurance		5,207	
Employer Medicare		22,298	
Contracts with Government Agencies		20,981	
Travel		6,871	
In Service/Staff Development		4,485	
Total Regular Instruction Program			2,124,863

Special Education Program

Psychological Personnel	\$	331,016	
Social Security		18,548	
State Retirement		27,267	
Employee and Dependent Insurance		20,075	
Life Insurance		798	
Medical Insurance		30,600	
Dental Insurance		854	
Employer Medicare		4,685	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	9,397	
Other Contracted Services		1,807	
In Service/Staff Development		950	
Total Special Education Program			\$ 445,997

Vocational Education Program

Supervisor/Director	\$	7,745	
Secretary(ies)		54,147	
Social Security		3,758	
State Retirement		6,833	
Employee and Dependent Insurance		550	
Life Insurance		159	
Medical Insurance		10,372	
Dental Insurance		452	
Employer Medicare		879	
Total Vocational Education Program			84,895

Adult Programs

Supervisor/Director	\$	53,378	
Clerical Personnel		20,591	
Social Security		4,428	
State Retirement		4,741	
Employee and Dependent Insurance		6,589	
Life Insurance		138	
Medical Insurance		5,083	
Dental Insurance		220	
Employer Medicare		1,036	
Other Contracted Services		1,860	
In Service/Staff Development		4,901	
Total Adult Programs			102,965

Other Programs

Educational Assistants	\$	13,231	
Social Security		850	
State Retirement		1,567	
Life Insurance		38	
Medical Insurance		5,100	
Dental Insurance		221	
Employer Medicare		199	
On-Behalf Payments to OPEB		67,321	
Other Contracted Services		38,768	
Total Other Programs			127,295

Board of Education

Other Salaries and Wages	\$	80,481	
Board and Committee Members Fees		37,450	
Social Security		6,800	
State Retirement		7,075	
Employee and Dependent Insurance		5,167	

(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.)

Medical Insurance	\$	1,968	
Dental Insurance		632	
Unemployment Compensation		14,537	
Employer Medicare		1,657	
Audit Services		32,000	
Dues and Memberships		8,922	
Legal Services		18,415	
Printing, Stationery, and Forms		871	
Travel		2,385	
Tuition		1,615	
Other Contracted Services		7,852	
Other Supplies and Materials		497	
Liability Insurance		514,382	
Trustee's Commission		624,126	
Workers' Compensation Insurance		160,820	
In Service/Staff Development		796	
Other Charges		3,228	
Total Board of Education	\$		1,531,676

Director of Schools

County Official/Administrative Officer	\$	113,880	
Assistant(s)		94,900	
Supervisor/Director		86,452	
Career Ladder Program		1,000	
Secretary(ies)		64,815	
Clerical Personnel		22,870	
Other Salaries and Wages		257	
Social Security		23,224	
State Retirement		34,700	
Employee and Dependent Insurance		19,250	
Life Insurance		1,721	
Medical Insurance		19,975	
Dental Insurance		885	
Disability Insurance		1,410	
Employer Medicare		5,505	
Dues and Memberships		4,053	
Postal Charges		5,154	
Printing, Stationery, and Forms		1,971	
Travel		497	
Other Contracted Services		10,768	
Office Supplies		11,145	
Other Supplies and Materials		500	
In Service/Staff Development		1,447	
Other Charges		2,000	
Total Director of Schools			528,379

Office of the Principal

Principals	\$	1,623,474	
Accountants/Bookkeepers		60,506	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	1,187,525	
Secretary(ies)		1,099,270	
Social Security		238,489	
State Retirement		375,750	
Employee and Dependent Insurance		282,077	
Life Insurance		8,310	
Medical Insurance		391,408	
Dental Insurance		17,226	
Employer Medicare		55,775	
Communication		242,960	
Dues and Memberships		1,450	
Other Contracted Services		5,419	
Other Supplies and Materials		1,999	
Other Charges		6,953	
Total Office of the Principal			\$ 5,598,591

Fiscal Services

Accountants/Bookkeepers	\$	130,379	
Social Security		7,333	
State Retirement		14,798	
Employee and Dependent Insurance		13,200	
Life Insurance		359	
Medical Insurance		15,300	
Dental Insurance		664	
Employer Medicare		1,715	
In Service/Staff Development		1,032	
Total Fiscal Services			184,780

Operation of Plant

Custodial Personnel	\$	2,235,655	
Social Security		132,432	
State Retirement		236,765	
Employee and Dependent Insurance		279,047	
Life Insurance		5,992	
Medical Insurance		391,067	
Dental Insurance		16,636	
Employer Medicare		31,055	
Evaluation and Testing		660	
Other Contracted Services		201,362	
Custodial Supplies		215,791	
Electricity		2,849,337	
Fuel Oil		49,371	
Natural Gas		180,269	
Water and Sewer		337,749	
Plant Operation Equipment		6,331	
Total Operation of Plant			7,169,519

Maintenance of Plant

Supervisor/Director	\$	65,881	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Secretary(ies)	\$	35,320	
Maintenance Personnel		684,924	
Social Security		47,147	
State Retirement		87,584	
Employee and Dependent Insurance		59,400	
Life Insurance		2,100	
Medical Insurance		91,761	
Dental Insurance		3,982	
Employer Medicare		11,027	
Maintenance and Repair Services - Buildings		33,280	
Maintenance and Repair Services - Equipment		17,452	
Maintenance and Repair Services - Vehicles		16,057	
Other Contracted Services		261,143	
Equipment and Machinery Parts		48,357	
Gasoline		67,255	
Other Supplies and Materials		176,403	
Other Charges		26,870	
Building Improvements		19,269	
Heating and Air Conditioning Equipment		21,133	
Other Equipment		30,444	
Total Maintenance of Plant			\$ 1,806,789

Transportation

Supervisor/Director	\$	38,187	
Clerical Personnel		40,936	
Social Security		4,871	
State Retirement		8,072	
Life Insurance		176	
Medical Insurance		7,650	
Dental Insurance		371	
Employer Medicare		1,139	
Contracts with Vehicle Owners		3,023,241	
Maintenance and Repair Services - Vehicles		5,733	
Medical and Dental Services		256	
Other Contracted Services		507,364	
Tires and Tubes		155	
Total Transportation			3,638,151

Central and Other

Computer Programmer(s)	\$	136,495	
Clerical Personnel		38,606	
Other Salaries and Wages		62,182	
Social Security		12,819	
State Retirement		24,014	
Employee and Dependent Insurance		26,400	
Life Insurance		592	
Medical Insurance		25,500	
Dental Insurance		1,107	
Employer Medicare		3,308	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Other Contracted Services	\$	78,949	
Data Processing Supplies		57,922	
Data Processing Equipment		271,097	
Total Central and Other			\$ 738,991

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	7,384	
Teachers		321,425	
Educational Assistants		75,671	
Social Security		23,942	
State Retirement		37,786	
Employee and Dependent Insurance		42,900	
Life Insurance		1,061	
Medical Insurance		61,669	
Dental Insurance		2,657	
Employer Medicare		5,599	
Other Contracted Services		29,956	
Instructional Supplies and Materials		2,697	
In Service/Staff Development		2,455	
Total Early Childhood Education			615,202

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	4,588	
Communication Equipment		15,636	
Data Processing Equipment		218,770	
Motor Vehicles		69,422	
Site Development		1,460	
Total Regular Capital Outlay			309,876

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	288,730	
Total Education			288,730

Total General Purpose School Fund \$ 80,869,034

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	951,349	
Educational Assistants		875,782	
Social Security		89,374	
State Retirement		99,301	
Employee and Dependent Insurance		96,250	
Life Insurance		2,862	
Medical Insurance		132,175	
Dental Insurance		7,775	

(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.)

Employer Medicare	\$	25,868	
Instructional Supplies and Materials		113,093	
Other Supplies and Materials		990	
Indirect Cost		400	
Workers' Compensation Insurance		5,827	
Regular Instruction Equipment		174,076	
Total Regular Instruction Program			\$ 2,575,122

Special Education Program

Teachers	\$	73,701	
Clerical Personnel		79,148	
Educational Assistants		1,133,587	
Speech Pathologist		40,442	
Social Security		78,223	
State Retirement		103,323	
Employee and Dependent Insurance		147,950	
Life Insurance		2,851	
Medical Insurance		276,650	
Dental Insurance		18,024	
Employer Medicare		18,396	
Maintenance and Repair Services - Equipment		150	
Other Contracted Services		9,364	
Instructional Supplies and Materials		7,500	
Workers' Compensation Insurance		3,892	
Special Education Equipment		3,246	
Total Special Education Program			1,996,447

Vocational Education Program

Social Security	\$	1,206	
State Retirement		2,207	
Life Insurance		54	
Medical Insurance		1,508	
Dental Insurance		300	
Employer Medicare		282	
Postal Charges		141	
Instructional Supplies and Materials		48,047	
Vocational Instruction Equipment		89,043	
Total Vocational Education Program			142,788

Support ServicesOther Student Support

Travel	\$	27,955	
Other Contracted Services		1,671	
In Service/Staff Development		2,220	
Other Charges		24,158	
Total Other Student Support			56,004

Regular Instruction Program

Supervisor/Director	\$	85,198	
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(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Secretary(ies)	\$	46,088	
Other Salaries and Wages		362,031	
Social Security		29,068	
State Retirement		43,064	
Employee and Dependent Insurance		25,850	
Life Insurance		924	
Medical Insurance		30,175	
Dental Insurance		1,775	
Employer Medicare		6,933	
Travel		36,111	
Other Contracted Services		63,144	
Other Supplies and Materials		1,568	
Indirect Cost		1,000	
Workers' Compensation Insurance		1,058	
In Service/Staff Development		51,444	
Other Charges		183	
Total Regular Instruction Program			\$ 785,614

Special Education Program

Supervisor/Director	\$	76,089	
Psychological Personnel		92,188	
Secretary(ies)		38,606	
Clerical Personnel		81,872	
Other Salaries and Wages		5,368	
Social Security		17,374	
State Retirement		28,617	
Employee and Dependent Insurance		13,200	
Life Insurance		726	
Medical Insurance		30,600	
Dental Insurance		1,650	
Employer Medicare		4,141	
Workers' Compensation Insurance		953	
In Service/Staff Development		34,935	
Total Special Education Program			426,319

Vocational Education Program

Travel	\$	2,200	
In Service/Staff Development		100	
Total Vocational Education Program			2,300

Transportation

Other Contracted Services	\$	204,093	
Total Transportation			204,093

Total School Federal Projects Fund \$ 6,188,687

(Continued)

Exhibit K-9

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

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	53,101	
Accountants/Bookkeepers		36,360	
Cafeteria Personnel		1,911,903	
Social Security		120,484	
State Retirement		136,418	
Employee and Dependent Insurance		195,800	
Life Insurance		3,607	
Medical Insurance		274,125	
Dental Insurance		11,808	
Unemployment Compensation		4,146	
Local Retirement		19,147	
Employer Medicare		28,179	
Dues and Memberships		4,921	
Maintenance and Repair Services - Equipment		139,000	
Printing, Stationery, and Forms		2,960	
Transportation - Other than Students		14,189	
Travel		8,210	
Other Contracted Services		90,689	
Custodial Supplies		45,388	
Food Supplies		1,983,994	
Office Supplies		2,859	
USDA - Commodities		261,280	
Other Supplies and Materials		83,964	
Workers' Compensation Insurance		39,651	
In Service/Staff Development		17,039	
Other Charges		1,680	
Data Processing Equipment		4,999	
Food Service Equipment		71,065	
Total Food Service			\$ 5,566,966

Total Central Cafeteria Fund

\$ 5,566,966

Extended School Program FundOperation of Non-Instructional ServicesCommunity Services

Assistant(s)	\$	69,995	
Clerical Personnel		40,936	
Custodial Personnel		25,000	
Part-time Personnel		895,683	
Social Security		62,406	
State Retirement		58,604	
Employee and Dependent Insurance		65,767	
Life Insurance		1,263	
Medical Insurance		76,560	
Dental Insurance		3,591	
Employer Medicare		14,591	
Contracts with Vehicle Owners		22,748	
Travel		494	
Other Contracted Services		39,006	

(Continued)

Exhibit K-9

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

Extended School Program Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Food Supplies	\$	65,719	
Instructional Supplies and Materials		9,808	
Other Supplies and Materials		6,402	
Trustee's Commission		13,109	
Workers' Compensation Insurance		3,378	
In Service/Staff Development		993	
Other Charges		4,934	
Data Processing Equipment		515	
Total Community Services			\$ 1,481,502

Total Extended School Program Fund \$ 1,481,502

Education Capital Projects Fund

Other Operations

ARRA Grant # 7

Other Contracted Services	\$	1,856	
Total ARRA Grant # 7			\$ 1,856

Capital Projects

Education Capital Projects

Architects	\$	15,650	
Building Improvements		370,139	
Total Education Capital Projects			385,789

Total Education Capital Projects Fund 387,645

Total Governmental Funds - Blount County School Department \$ 94,493,834

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, 2013

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,004,757	\$ 8,370,180	\$ 11,374,937
Trustee's Collections - Prior Years	0	83,602	232,889	316,491
Circuit/Clerk and Master Collections - Prior Years	0	32,947	91,776	124,723
Interest and Penalty	0	15,329	42,703	58,032
Pick-up Taxes	0	4,520	12,596	17,116
Payments in-Lieu-of Taxes - Local Utilities	0	26,875	74,864	101,739
Payments in-Lieu-of Taxes - Other	0	1,172	3,262	4,434
Local Option Sales Taxes	13,995,585	1,681,122	4,682,985	20,359,692
Business Taxes	0	74,005	206,151	280,156
Marriage Licenses	0	879	2,447	3,326
Other Local Revenue	0	75	210	285
Mixed Drink Taxes	0	10,877	30,300	41,177
Interstate Telecommunications Tax	0	1,003	2,795	3,798
Total Cash Receipts	\$ 13,995,585	\$ 4,937,163	\$ 13,753,158	\$ 32,685,906
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 13,855,629	\$ 4,858,929	\$ 13,535,178	\$ 32,249,736
Trustee's Commission	139,956	79,588	221,771	441,315
Total Cash Disbursements	\$ 13,995,585	\$ 4,938,517	\$ 13,756,949	\$ 32,691,051
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (1,354)	\$ (3,791)	\$ (5,145)
Cash Balance, July 1, 2012	0	3,795	10,591	14,386
Cash Balance, June 30, 2013	\$ 0	\$ 2,441	\$ 6,800	\$ 9,241

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements, and have issued our report thereon dated December 6, 2013. Our report includes a reference to other auditors who audited the financial statements of Blount Memorial Hospital, Inc., the Blount County Emergency Communications District, and the Blount County Public Building Authority as described in our report on Blount County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blount County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blount County's internal control. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

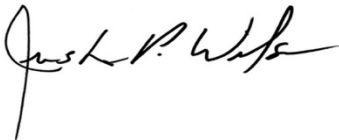
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blount County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blount County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 6, 2013

JPW/sb



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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Blount County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Blount County's major federal programs for the year ended June 30, 2013. Blount County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Blount County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of Blount County's compliance.

Opinion on Each Major Federal Program

In our opinion, Blount County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Blount County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Blount County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over compliance.

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

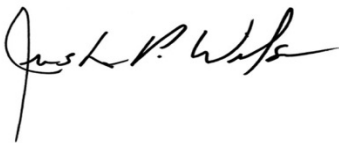
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements. We issued our report thereon dated December 6, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 6, 2013

JPW/sb

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

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	\$ 891,062
National School Lunch Program	10.555	N/A	2,250,720 (3)
Summer Food Service Program for Children	10.559	N/A	16,446
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	261,280 (3)
Total U.S. Department of Agriculture			<u>\$ 3,419,508</u>
U.S. Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 235,139
Total U.S. Department of the Interior			<u>\$ 235,139</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	N/A	\$ 235,000
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	N/A	141,637
Program/Grants to Units of Local Government			
Total U.S. Department of Justice			<u>\$ 376,637</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 16,212
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(4)	61,402
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(5)	37,702
Alcohol Open Container Requirements	20.607	(6)	34,499
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	3410123212	6,500
Total U.S. Department of Transportation			<u>\$ 156,315</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,558,405
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,710,158
Special Education - Preschool Grants	84.173	N/A	105,755
Career and Technical Education - Basic Grants to States	84.048	N/A	175,263
English Language Acquisition Grants	84.365	(2)	21,630
Improving Teacher Quality State Grants	84.367	N/A	390,508
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants,			
Recovery Act	84.395	N/A	437,417
Passed-through State Department of Labor and Workforce			
Development:			
Adult Education - Basic Grants to States	84.002	(2)	151,538
Total U.S. Department of Education			<u>\$ 6,550,674</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. National Archives and Records Administration:			
Passed-through State Library and Archives:			
National Historical Publications and Records Grants	89.003	N/A	\$ 5,000
Total U.S. National Archives and Records Administration			<u>\$ 5,000</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 56,350
Homeland Security Grant Program	97.067	(2)	269,127
Total U.S. Department of Homeland Security			<u>\$ 325,477</u>
Total Expenditures of Federal Awards			<u>\$ 11,068,750</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)	73,224
Health Department Program - State Department of Health	N/A	(2)	733,340
Adult Basic Education - State Department of Education	N/A	(2)	51,787
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)	512,068
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	<u>98,668</u>
Total State Grants			<u>\$ 1,528,087</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 \$2,512,000.
- (4) Z-12-GHSO29, \$769; Z-12-GHSO30, \$16,050; Z-12-GHSO31, \$20,300; Z-13-GHS032, \$21,652; Z-13-GHS034, \$2,632.
- (5) Z-12-GHSO30, \$16,050; Z-13-GHS032, \$21,652.
- (6) Z-12-GHSO29, \$768; Z-12-GHSO31, \$10,150; Z-13-GHS034, \$2,632; Z-13-GHS033, \$20,948.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unmodified.
2. The audit of the financial statements of Blount County disclosed no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Blount County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (CFDA No. 16.804), the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$332,063 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no findings as a result of our examination.

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, 2013

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