

COMPREHENSIVE ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2004

DEPARTMENT OF AUDIT:
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT:
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Assistant to the Comptroller

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State Auditors

DAVID R. BENNETT, CPA, CGFM
Director of Accounts and Budgets
Blount County, Tennessee

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Audit Highlights

Comprehensive Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2004

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2004.

Results

Our report on Blount County's financial statements was unqualified, and our audit resulted in two findings, which we have reviewed with Blount County management. The detailed findings are included in the Single Audit section of this report.

The following are summaries of the audit findings:

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND HIGHWAY SUPERINTENDENT:

- ◆ The failure to accurately budget and monitor available funding sources led to cash flow problems in the Highway/Public Works Fund.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS:

- ◆ A funding source had not been authorized for a portion of outstanding construction commitments.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*

INTRODUCTORY SECTION

341 COURT STREET
MARYVILLE, TN 37804-5906
PHONE (865) 273-5710
FAX (865) 273-5725

BLOUNT COUNTY GOVERNMENT

DAVID R. BENNETT, CPA, CGFM
DIRECTOR OF ACCOUNTS AND BUDGETS
ASSISTANT COUNTY EXECUTIVE



Letter of Transmittal

October 4, 2004

Honorable Beverley Woodruff, Blount County Mayor
Blount County Government
341 Court Street
Maryville, TN 37804-5906

Dear Madam:

We are pleased to submit to you the Comprehensive Annual Financial Report of Blount County, Tennessee for the year ended June 30, 2004. This report was prepared by the County's Accounting and Budgeting Office in conjunction with the County's independent auditors, the State of Tennessee's Office of the Comptroller of the Treasury -- Department of Audit -- Division of County Audit.

The reporting entity includes Blount County Government, Component Units Blount County School Department, Blount Memorial Hospital, Blount County Industrial Board, Blount County Emergency Communications District, Blount County Children's Home, and The Public Building Authority of Blount County, Tennessee. The component units were included in accordance with GASB Statement 14.

This report consists of management's representations concerning the finances of Blount County, Tennessee. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Blount County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Blount County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Blount County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Blount County's financial statements have been audited by the County's independent auditors, the State of Tennessee's Office of the Comptroller of the Treasury, Department

Blount County's financial statements have been audited by the County's independent auditors, the State of Tennessee's Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Blount County for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Blount County's financial statements for the fiscal year ended June 30, 2004, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Blount County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Blount County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Blount County, established in 1795, is located in the eastern part of the State of Tennessee. Blount County currently occupies a land area of 567 square miles and serves a population of approximately 111,500. Blount County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Blount County operates under a Commission/County Mayor form of government as provided by state statute. Policy-making and legislative authority are vested in a governing council called the County Commission that consists of twenty-one members elected in ten districts within the county. The County Commission is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The government's manager is the County Mayor. The County Mayor is elected to serve a four-year term. She is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for

appointing the heads of the various departments. Commission members serve four-year terms.

Blount County provides a full range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Blount County also is financially accountable for a legally separate school district, which is reported separately within its financial statements. Additional information on this legally separate entity along with the County's other discretely presented component units can be found in Note I. A in the notes of the financial statements.

The annual budget serves as the foundation for Blount County's financial planning and control. All agencies of Blount County are required to submit requests for appropriation to the Budget Office before the beginning of February of each year. The Budget Director uses these requests as the starting point for developing a proposed budget. The Budget Director then presents this proposed budget to the Budget Committee for review prior to June 30. The Budget Committee is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of Blount County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). Elected Officials and department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the County Commission. Also, transfers that effect salary or benefit line items require approval of the Budget Committee. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general and highway public works funds, these comparisons are presented as required supplementary information. For other governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund subsection of this report. Please see the Table of Contents for specific page numbers.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Blount County operates.

Local economy. Blount County currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include Denso Manufacturing, ALCOA Inc., Blount Memorial Hospital, Ruby Tuesdays, Marriott, Clayton Homes, Peninsula Hospital, Air National Guard, Blount County Government, Staffing Solutions, Maryville City Schools, IJ Company, Proffitt's Department Store, Wal-Mart, Eldon, Ceramaspeed, Inc., APAC-

Honorable Beverley Woodruff

County Mayor

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Tenn, Twin City Auto Dealerships, U.S. Food Service, City of Maryville, and Rockford Manufacturing. Denso Manufacturing has been named one of the “World’s 100 Best-Managed Companies” by the Industry Week magazine. Denso is listed as the top employer of Blount County and has approximately 2,200 employees.

The region (which includes Blount County Government and the surrounding unincorporated area within the same county) has an employed labor force of approximately 56,250, which is anticipated to grow at a rate of between 3 percent and 4 percent each year for the next several years. The government’s central business district is expected to maintain its current 97 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses along with the steady residential growth.

Long–Term Financial Planning. Blount County is facing opportunities unparalleled in its history. As the County continues to grow at a pace not likely to slow down in the near future, schools continue to be our greatest need. With this in mind, the County Commission has taken several steps toward ensuring an excellent education for the children of our community. First, the Commission has continued its’ efforts in ensuring that our existing structures continue to be maintained properly. This has been done by approving appropriations in the fiscal year to continue the operations and maintenance program for our facilities that was implemented two years ago. As we finished the largest capital improvements program in the County’s history last year, we have continued to prepare for the future by working on our new six-year capital improvements plan. In conjunction with anticipated future needs, the County Commission continued its’ forward thinking by approving a tax increase for next fiscal year to provide funding for these projects. While the exact projects to be funded have yet to be approved, County Commission has proved again that it will do what it takes for the good of Blount County by approving the funding mechanism for the new projects. The County Commission has unanimously endorsed the concept of long-term capital planning as described above. This process will include input from staff, elected officials, school board members, county commissioners and the general public. The County Commission along with the elected leadership of the County recognizes the importance of long-term planning and has placed this as a high priority item.

Items that will be addressed as needs in the future will be the construction of two more elementary schools, construction of a new high school, an innovative and effective indoor air quality program at all schools, and infrastructure needs such as roads and bridges. Blount County citizens should be proud of the foresight and work to-date of the County Commissioners, County Officials and County Employees. The planning accomplishments will pay “dividends” to the County for years to come.

The Public Building Authority (PBA) has been extremely active again this year. What a great asset the PBA has proven to be in managing and coordinating the building projects. The PBA has been most active this year in the implementation of an indoor air quality program for our schools. While this was an unexpected and unforeseeable issue, it has

helped again to show that when needed, our leaders will “step up” to the plate and do the right thing.

Risk Management. In 1995, the County Commission expanded the scope of the Risk Management (the former Insurance) Committee to include risk prevention and loss control activities. The County contracts a Risk Management Consultant and a full-time Risk Management Coordinator as part of the comprehensive risk management program. The County has four proprietary funds included as Internal Service Funds: the Self-Insurance (General Liability and Casualty) Fund, the Employee Insurance -- Health Fund, Employee Insurance -- Dental Fund and the Workers’ Compensation Fund. All of these funds are under the supervision of the Committee. All of these funds continue to be very positive forces within Blount County’s financial position. Additional information about Risk Management activity can be found in the notes to financial statements.

Cash Management Policies and Practices. The County Trustee is charged with maximizing returns on the County’s funds, and complying with State law regarding investments that help ensure the protection of these funds. The Budget Committee has been appointed to act as the Investment Committee for the County, and has adopted a written investment policy. The County Trustee has not made any investments in derivatives, nor does he intend to do so.

Pension and Other Post-Employment Benefits. Most Blount County employees are enrolled in the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the state. It is the policy of the Board of Trustees of the TCRS to fund pension benefits by actuarially determined contributions which are actuarial accrued liability cost, so that sufficient assets will be available to pay benefits when due. For more information on the status of expected pension benefits, see the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Blount County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the eleventh consecutive year that Blount County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Honorable Beverley Woodruff
County Mayor
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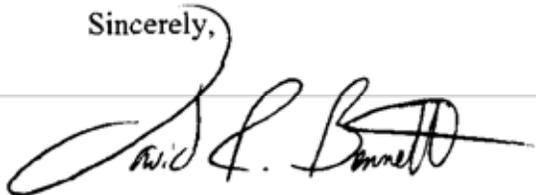
the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Also, Blount County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual condensed financial report. In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Thank You. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and budgeting department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the County Mayor and the County Commission for their unfailing support for maintaining the highest standards of professionalism in the management of Blount County's finances.

Especially important is to recognize the people of the Accounting and Budgeting Office who helped make this report possible: Dorothy Arnold, Joey Bailey, Joyce Bott, Susan Gennoe, Pat James, Dana Lamson, Faye McDaniel, Renae Mize, Sherry Sheffey, Sharon Stinnett, Julie Talbott, Kay Whitehead, and Virginia Whitehead. Each greatly contributed to the many daily efforts required to operate our Accounting and Budgeting Office. They provide top-quality work in an extremely efficient manner for the benefit of all the Citizens of Blount County. Without their help, expertise, energy and perseverance none of this would be possible.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Bennett". The signature is fluid and cursive, with a large initial "D" and "B".

David R. Bennett, CPA, CGFM
Director of Accounts and Budgets/Assistant County Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Blount County,
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Edward H. Hanger

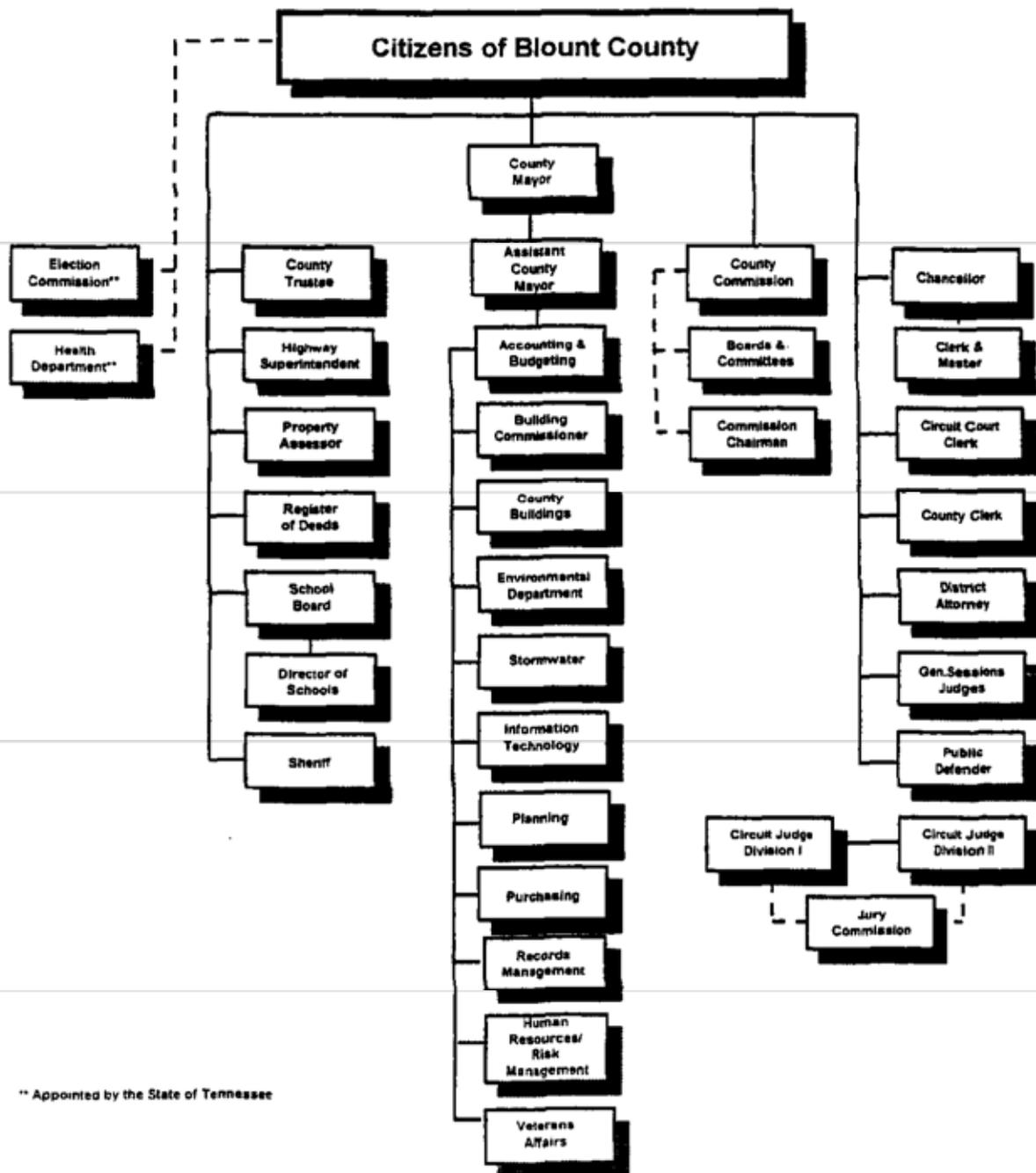
President

Jeffrey R. Emmer

Executive Director

Blount County, Tennessee

ORGANIZATION CHART



Blount County Officials

June 30, 2004

Officials:

Beverley D. Woodruff, County Mayor
Bill Dunlap, Highway Superintendent
Alvin Hord, Director of Schools
Scott Graves, Trustee
Mike Morton, Assessor of Property
Roy Crawford, Jr., County Clerk
Thomas E. Hatcher, Circuit and General Sessions Courts Clerk
James A. Carroll, Clerk and Master
Penny H. Whaley, Register
James L. Berrong, Sheriff
David R. Bennett, Director of Accounts and Budgets
Judy Hackney, Purchasing Agent

Board of County Commissioners:

Robert Ramsey, Chairman	Bob Kidd
Keith Brock	Jeff McCall
Dennis Cardin	Kenneth Melton
Donna Dowdy	Geneva Williams Harrison
W. C. Evans	Dan Neubert, Sr.
Joe Everett	Otto Slater
Gary Farmer	Shirley Townsend
David Graham	Mike Walker
Steve Gray	Robby Kirkland
Steve Hargis	Bob Arwood
John T. Keeble	

Board of Education:

William Miller, Chairman	John Paul Davis, Jr.
Charles Finley	Charles Cantrell
Dr. Don McNelly	Donald Talbott
Mike Treadway	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

September 27, 2004

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

To the County Mayor and County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2004, which collectively comprise Blount County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blount County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Industrial Development Board of Blount County (which represent 3.6 percent and 0.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Children's Home (which represent 0.2 percent and 0.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc. (which represent 46.1 percent and 63.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent 0.3 percent and 0.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 30.1 percent and 0.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units) as of June 30, 2004, and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented Industrial Development Board of Blount County; Blount County Children's Home; 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 the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 19 through 28 and 123 through 129 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and schedules, budgetary comparison schedules of nonmajor governmental funds and the debt service fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules of nonmajor governmental funds and the debt service fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2004, on our consideration of Blount County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2004

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, 2004. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A separate set of financial statements is not issued for the Blount County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. Also, readers should review the separately issued discretely presented component unit financial statements for their MD&A.

FINANCIAL HIGHLIGHTS FOR FY 2004

Key financial highlights for 2004 are as follows:

In total, net assets of the Primary Government decreased by \$14.7 million. Net assets of the DPCU School Department increased \$7.2 million. A major portion of these differences is related to the fact that school buildings constructed with County debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the primary government. All net assets of the Primary Government and the DPCU School Department are related to governmental activities.

General revenues of the Primary Government accounted for \$27.7 million in revenue or 48 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$29.3 million or 52 percent of total revenues of \$57 million. General revenues of the DPCU School Department were \$55.7 million.

Total assets of governmental activities in the Primary Government were \$151.8 million as taxes receivable ended at \$24.3 million, cash ended at \$16.5 million, and capital assets, net of accumulated depreciation, ended at \$104 million. Total assets in the DPCU School Department were \$111 million as taxes receivable ended at \$15.7 million, cash ended at \$8.8 million, and capital assets, net of accumulated depreciation, ended at \$84.4 million.

The county had \$72 million in expenses with \$29.3 million of these expenses offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes of \$20.5 million) were adequate to provide current funding for these programs. The DPCU School Department had \$68.9 million in expenses related to governmental activities; \$20.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of the DPCU School Department (primarily state shared contributions not restricted to specific programs, property taxes, and sales taxes of \$32.6, \$13.3 and \$9 million, respectively) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$28.8 million in revenues and \$29.9 million in expenditures. The Highway/Public Works Fund had \$5.3 million in revenue and \$5.4 million in expenditures. The General Debt Service Fund had \$8.2 million in revenue and \$9 million in expenditures. The Other Capital Projects Fund had \$.4 million in revenues and \$14.3 million in expenditures. Major funding for this fund was provided by long-term loan proceeds. Fund balance for the General Fund decreased by \$1.6 million to \$6.4 million and decreased by \$.9 million to \$6.9 million in the General Debt Service Fund. Fund balances decreased for the Highway/Public Works Fund and other Capital Projects Fund by \$.16 million and \$.18 million to \$.1 million and (\$.5) million, respectively.

Using this Comprehensive Annual Financial Report (CAFR):

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Blount County as a financial whole (and entire operating entity). The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statements of Activities present an aggregate view of the entire County's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the county's most significant funds with all other non-major funds presented in total in one column. In the case of Blount County, the General Fund is by far the most significant fund. Other major funds include the Highway/Public Works Fund, General Debt Service Fund, and the Other Capital Projects Fund. In the case of the DPCU School Department, the General Purpose School Fund is the only major fund.

Reporting the county as a whole:

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the county and the DPCU School Department to provide programs and activities financed during 2004, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2004. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the county's net assets and changes in those assets as well as those of the county's discretely presented component units. This change in assets is important because it tells the reader that, for the county and its discretely presented component units as a whole, the financial position of the county and the discretely presented component units has improved or diminished. The cause of this change may be the result of many factors, some financial, some not.

In the Statement of Net Assets and the Statement of Activities, the county reports its activities as governmental activities. The county's programs and services are reported here including general government, finance, administration of justice, public safety, public

health and welfare, social, cultural and recreational services, highways, and other operations. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues. For the DPCU School Department, its activities are also reported as governmental activities. The DPCU School Department's programs and services are reported there. These services are also funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting on the county's Most Significant Funds:

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county, and its DPCU School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county and the DPCU School Department can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the county's major funds. The county uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the county's most significant funds. The county's major governmental funds are the General Fund, Highway/Public Works Fund, General Debt Service Fund, and Other Capital Projects Fund. The DPCU School Department's major governmental fund is the General Purpose School Fund.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county and the DPCU School Department maintain a multitude of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining

statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

Proprietary funds - The county maintains one set of proprietary funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the county's various functions. Specifically, the Insurance Funds account for risk management activities related to general liability, property and casualty risks, workers' compensation risks, and also for health and dental insurance provided to county employees and their dependents. Please refer to the Table of Contents to locate these statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used to report fiduciary funds is much like that used to report proprietary funds. Please refer to the Table of Contents to locate these statements.

Notes to the Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Please refer to the Table of Contents to locate these notes.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and individual fund statements and schedules. Please refer to the Table of Contents to locate these statements and schedules.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the county, liabilities exceeded assets by \$10.7 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$89 million at the close of the most recent fiscal year.

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

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

Table 1 provides a summary of the county's and the DPCU School Department's net assets for 2004 and a comparison to the prior year.

An additional portion of the county's net assets, \$8.7 million, represent resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$1 million of net assets are subject to external restriction.

Tables 2 a & b show the changes in net assets for fiscal year 2004 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to prior year.

Table 1

Blount County Government and DPCU School Department Net Assets
Governmental Activities

	Blount County Government	
	2004	2003
Current and Other Assets	\$ 47,804,105	\$ 50,735,915
Capital Assets	103,985,366	103,913,893
Total Assets	<u>\$ 151,789,471</u>	<u>\$ 154,649,808</u>
Long-term liabilities outstanding	\$ 133,533,264	\$ 123,422,268
Other Liabilities	28,906,714	27,207,880
Total Liabilities	<u>\$ 162,439,978</u>	<u>\$ 150,630,148</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 59,706,540	\$ 57,351,592
Restricted	8,653,731	9,911,031
Unrestricted	(79,010,778)	(63,242,963)
Total Net Assets	<u><u>\$ (10,650,507)</u></u>	<u><u>\$ 4,019,660</u></u>
	DPCU School Department	
	2004	2003
Current and Other Assets	\$ 26,507,171	\$ 23,596,727
Capital Assets	84,444,679	78,058,266
Total Assets	<u>\$ 110,951,850</u>	<u>\$ 101,654,993</u>
Long-term liabilities outstanding	\$ 1,728,274	\$ 2,153,172
Other Liabilities	20,667,291	18,175,905
Total Liabilities	<u>\$ 22,395,565</u>	<u>\$ 20,329,077</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 82,774,679	\$ 75,973,266
Restricted	1,017,010	721,330
Unrestricted	4,764,596	4,631,320
Total Net Assets	<u><u>\$ 88,556,285</u></u>	<u><u>\$ 81,325,916</u></u>

Education expenditures of \$20.5 million accounted for approximately 28 percent of the \$72 million total expenses for governmental activities. Of that \$72 million in governmental activities expenses, \$18.7 million was covered by direct charges to users of the services. A significant portion of those charges is for Constitutional Officers fees and commission and for premiums charged to the DPCU School Department for health insurance. Public safety charges for service include things like fees for boarding of prisoners in the county jail.

While sales taxes are not levied for a particular program or function, approximately \$2 million annually has been designated for roads and bridges, a public works function.

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

	<u>Blount County Government</u>	
	<u>2004</u>	<u>2003</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 18,711,606	\$ 16,353,486
Operating Grants and Contributions	4,475,670	4,657,436
Capital Grants and Contributions	6,109,157	7,523,806
General Revenues:		
Property Taxes	20,519,109	20,495,228
Sales Taxes	2,051,999	2,051,371
Other Taxes	2,940,085	2,635,443
Grants and Contributions not restricted to specific programs	1,786,291	1,832,348
Unrestricted Investment Income	315,668	468,279
Gain on Sale of Capital Assets	0	15,751
Miscellaneous	67,025	29,342
Total Revenues	<u>\$ 56,976,610</u>	<u>\$ 56,062,490</u>
Expenses:		
General Government	\$ 5,430,866	\$ 4,399,856
Finance	3,563,683	3,311,723
Administration of Justice	4,673,361	4,011,613
Public Safety	14,205,852	13,332,303
Public Health and Welfare	2,382,789	685,915
Social, Cultural and Recreational Services	3,449,953	1,865,186
Agricultural and Natural Resources	228,265	195,594
Other Operations	2,814,754	2,647,369

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

	Blount County Government	
	2004	2003
Expenses (Cont.):		
Highways	\$ 9,049,039	\$ 8,460,227
Education	20,527,255	18,534,543
Interest	5,393,155	5,014,825
Other Debt Service	222,176	213,838
Total Expenses	<u>\$ 71,941,148</u>	<u>\$ 62,672,992</u>
Increase/(decrease) in Net Assets	\$ (14,964,538)	\$ (6,610,502)
Net Assets - 7/1/2003	4,019,660	10,630,162
Prior Period Adjustment	294,371	0
Net Assets - 6/30/2004	<u>\$ (10,650,507)</u>	<u>\$ 4,019,660</u>

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

	Blount County School Department	
	2004	2003
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,729,497	\$ 3,356,636
Operating Grants and Contributions	8,370,664	8,194,721
Capital Grants and Contributions	8,372,823	4,776,681
General Revenues:		
Property Taxes	13,276,553	13,353,250
Sales Taxes	9,047,945	8,608,959
Other Taxes	380,830	350,531
Grants and Contributions not restricted to specific programs	32,586,709	31,727,487
Unrestricted Investment Income	141,350	164,922
Miscellaneous	220,158	172,641
Total Revenues	<u>\$ 76,126,529</u>	<u>\$ 70,705,828</u>

Table 2b
Blount County School Department
Changes in Net Assets
Governmental Activities (Cont.)

	Blount County School Department	
	2004	2003
Expenses:		
Education	\$ 68,896,160	\$ 68,009,114
Total Expenses	<u>\$ 68,896,160</u>	<u>\$ 68,009,114</u>
Increase/(decrease) in Net Assets	\$ 7,230,369	\$ 2,696,714
Net Assets - 7/1/2003	<u>81,325,916</u>	<u>78,629,202</u>
Net Assets - 6/30/2004	<u><u>\$ 88,556,285</u></u>	<u><u>\$ 81,325,916</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the county and DPCU School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the county's and the DPCU School Department's financing requirements. In particular, unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$14 million. Approximately \$10.8 million of this total amount constitutes unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. In the DPCU School Department's governmental funds, combined ending fund balances were \$5 million. Approximately \$4.1 million of this total amount constitutes unreserved fund balance.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5 million, while total fund balance reached \$6.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 17 percent of total general fund expenditures, while total fund balance represents 21 percent of that same amount.

The Highway/Public Works Fund continues to hold its own in terms of funding the needs of the department. Expenditures exceeded revenues by \$.16 million. Fund balance is dangerously low at \$.1 million. Commissioners continue to discuss ways to adequately address highway funding; however, a resolution has not yet been adopted.

The General Debt Service Fund again finished very strong at June 30, 2004. A net decrease of \$.9 million in fund balance was tremendous considering original budgeted plans had the fund using approximately \$2.3 million out of the fund balance. These savings were realized due to the use of variable rate debt instruments and the extremely favorable market conditions of these debt instruments.

The Other Capital Projects Fund reports all activity related to the county's capital building program. Funding sources in this fund include proceeds from the issuance of long-term debt as well as contributions from other governments towards specific projects.

Blount County's budgeting process is prescribed by Tennessee Code Annotated. Essentially the budget is the county's appropriations that are restricted by the amounts of anticipated revenues, therefore the county's plans and desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

The fund balance of the county's General Fund decreased by \$1.6 million during the current fiscal year. The most significant changes between the General Fund's original budget and final budget was in the area of public safety, which increased from \$13.2 million to \$14.8 million. These changes were primarily the result of mid-year grant awards and increased medical costs in the jail. All increases in appropriations that were not funded by grants were taken from accumulated fund balance. However, it should be noted that at the end of the fiscal year, unspent appropriations resulted in only \$1.6 million actual use of fund balance during the fiscal year ended June 30, 2004. All elected officials worked closely with the county Commissioners to reduce, maintain, or hold down increases in departmental expenditures. The General Fund expenditures held at \$1.7 million below budget.

Proprietary funds. The financial statements of the Internal Service Funds reflect operating of the county's self-insured risk financing activities. These activities have been consolidated under the revenue and expenses for governmental activities on the government-wide financial statements.

Financial Comparison - DPCU School Department

The General Purpose School Fund is the chief operating fund of the DPCU School Department. At the end of the current fiscal year, unreserved fund balance of the General Purpose School Fund was \$3.1 million, while total fund balance was \$3.3 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 5.5 percent of total General Purpose School Fund expenditures, while total fund balance represents 5.8 percent of that same amount.

Capital Asset and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$60 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways, and bridges. The DPCU School Department's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$83 million (net of accumulated depreciation and related debt).

Note IV. C. (Capital Assets) provides capital asset activity during the 2004 fiscal year. During 2004, the county completed several capital projects. These included primarily projects related to the new indoor air quality program with the DPCU School Department and completion of renovations of Fairview Elementary.

Long-term debt. At the end of the 2004 fiscal year, the county had total loan agreements outstanding of \$131.5 million. Of this amount, all is backed by the full faith and credit of the county. The county's long-term loan agreements increased by \$10.5 million during the 2004 fiscal year. The county maintains an A1 rating for Moody's and an AA- rating for Standard and Poor's for general obligation debt.

In addition to the loan agreements, the county long-term obligations include compensated absences and notes payable. Additional information on the county's long-term debt can be found in Note IV. F. of this report. Notes I. D. 5. and IV. F. discuss compensated absences and notes payable. Note IV. G. provides information regarding revenue anticipation notes.

Interest and fiscal charges amounted to 7 percent of the total expenses for governmental activities.

The DPCU School Department has a note payable in the amount of \$1.7 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 2.9 percent, slightly below the rate a year ago. The state's average unemployment rate is currently 4.9 percent and the national average is 5.4 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the county's budget for the 2004 fiscal year. At the end of the 2004 fiscal year, unreserved fund balance in the general fund was at \$5 million. The county has budgeted to use \$2 million of this fund balance for spending on fiscal year 2004.

Request for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Accounting and Budgeting Office at 341 Court Street, Maryville, Tennessee, 37804.

**BASIC
FINANCIAL STATEMENTS**

Exhibit A

Blount County, Tennessee
Statement of Net Assets
June 30, 2004

	Primary Government						
	Governmental Activities and Total	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communica-tions District	Public Building Authority
ASSETS							
Cash	\$ 8,272	\$ 0	\$ 1,977,547	\$ 772,779	\$ 3,195,177	\$ 375,743	\$ 44,549,836
Equity in Pooled Cash and Investments	16,654,230	8,758,253	0	0	0	0	0
Inventories	0	0	0	0	1,787,093	0	0
Investments	0	0	0	108,812	0	0	0
Accounts Receivable	687,085	68,356	0	0	15,325,181	117,154	4,353,245
Due from Other Governments	2,038,192	2,198,771	11,308	12,659	0	0	0
Due from Primary Government	0	13,573	0	0	0	0	0
Due from Component Units	1,184,724	0	0	0	0	0	0
Property Taxes Receivable	24,299,922	15,703,411	0	0	0	0	0
Allowance for Uncollectible Property Taxes	(364,110)	(235,193)	0	0	0	0	0
Prepaid Items	172,699	0	0	5,794	775,453	13,822	0
Notes Receivable - Current	415,000	0	228,000	0	0	0	0
Lease Payments Receivable - Current	0	0	190,412	0	0	0	0
Intergovernmental Receivable - Current	0	0	1,123,889	0	0	0	0
Restricted Assets:							
Restricted for Foundation	0	0	0	0	1,008,866	0	0
Other Restricted Assets	0	0	0	0	143,424,465	0	0
Notes Receivable - Noncurrent	1,255,000	0	15,000	0	0	0	0
Unamortized Debt Issuance Cost	1,453,091	0	0	0	1,908,414	0	489,902
Lease Payments Receivable - Noncurrent	0	0	2,500,687	0	0	0	0
Intergovernmental Receivable - Noncurrent	0	0	4,076,919	0	0	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	0	121,260,000
Capital Assets:							
Assets Not Depreciated:							
Land	5,842,424	7,335,371	8,727,182	0	3,708,169	40,000	0
Construction in Progress	36,639	9,632,807	0	0	7,816,064	0	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	29,400,557	66,553,070	1,685,506	122,312	82,176,553	562,968	0
Other Capital Assets	3,603,665	923,431	26,505	72,700	0	612,505	13,466
Infrastructure - Roads, Streets and Bridges	65,102,081	0	12,857	0	0	0	0
Total Assets	\$ 151,789,471	\$ 110,951,850	\$ 20,575,812	\$ 1,095,056	\$ 261,125,435	\$ 1,722,192	\$ 170,666,449

(Continued)

Exhibit A

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

	Component Units						
	Primary Government	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
<u>LIABILITIES</u>							
Accounts Payable	\$ 1,884,881	\$ 369,172	\$ 10,327	\$ 0	\$ 3,606,743	\$ 130	\$ 3,605
Accrued Payroll	253,256	3,610,787	0	0	6,040,583	46,674	0
Accrued Interest Payable	423,977	0	0	0	881,929	0	0
Payroll Deductions Payable	13,614	1,033	0	0	0	0	0
Cash Overdraft	180,878	0	0	0	0	0	0
Contracts Payable	1,136,389	0	0	0	0	0	0
Due to Component Units	13,573	0	0	0	0	0	0
Due to Primary Government	0	1,184,724	0	0	0	0	0
Other Current Liabilities	1,335,044	514,327	27,465	0	2,541,080	0	46,050,098
Deferred Revenue - Property Taxes	23,190,775	14,987,248	0	0	0	0	0
Other Deferred Revenues	474,327	0	2,691,099	0	0	0	0
Noncurrent Liabilities:							
Due Within One Year	3,670,766	421,372	1,123,889	23,130	2,675,000	0	2,245,000
Due in More than One Year	129,862,498	1,306,902	4,076,919	53,492	122,201,431	0	121,260,000
Total Liabilities	\$ 162,439,978	\$ 22,395,565	\$ 7,929,699	\$ 76,622	\$ 137,946,766	\$ 46,804	\$ 169,558,703
<u>NET ASSETS</u>							
Invested in Capital Assets, net of related debt	\$ 59,706,540	\$ 82,774,679	\$ 5,251,242	\$ 125,678	\$ 17,606,634	\$ 0	\$ 13,466
Invested in Capital Assets Restricted for:	0	0	0	0	0	1,215,473	0
Highways	448,299	0	0	0	0	0	0
Debt Service	6,688,813	0	0	0	0	0	0
Other Purposes	1,031,216	1,017,010	1,483,586	878,061	672,813	0	0
Permanent Endowment:							
Nonexpendable	485,403	0	0	0	0	0	0
Unrestricted	(79,010,778)	4,764,596	5,911,285	14,695	104,899,222	459,915	1,094,280
Total Net Assets	\$ (10,650,507)	\$ 88,556,285	\$ 12,646,113	\$ 1,018,434	\$ 123,178,669	\$ 1,675,388	\$ 1,107,746

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, 2004

	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues				Primary Government	Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental and Total	Blount County School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
Functions/Programs											
Primary Government:											
Governmental Activities:											
General Government	\$ 5,430,866	\$ 1,735,416	\$ 38,712	\$ 0	\$ (3,656,738)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	3,563,683	2,242,694	27,801	0	(1,293,188)	0	0	0	0	0	0
Administration of Justice	4,673,361	2,462,591	164,441	0	(2,046,329)	0	0	0	0	0	0
Public Safety	14,205,852	4,009,453	627,675	0	(9,568,724)	0	0	0	0	0	0
Public Health and Welfare	2,382,789	229,657	310,748	246,562	(1,595,822)	0	0	0	0	0	0
Social, Cultural and Recreational Services	3,449,953	137,777	637,916	0	(2,674,260)	0	0	0	0	0	0
Agricultural and Natural Resources	228,265	0	0	0	(228,265)	0	0	0	0	0	0
Other Operations	2,814,754	0	17,160	0	(2,797,594)	0	0	0	0	0	0
Highways	9,049,039	240,798	2,509,217	5,862,595	(436,429)	0	0	0	0	0	0
Education	20,527,255	7,653,220	142,000	0	(12,732,035)	0	0	0	0	0	0
Debt Service:											
Interest	5,393,155	0	0	0	(5,393,155)	0	0	0	0	0	0
Other Debt Service	222,176	0	0	0	(222,176)	0	0	0	0	0	0
Total Primary Government	\$ 71,941,148	\$ 18,711,606	\$ 4,475,670	\$ 6,109,157	\$ (42,644,715)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:											
Blount County School Department	\$ 68,896,160	\$ 3,729,497	\$ 8,370,664	\$ 8,372,823	\$ 0	\$ (48,423,176)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Industrial Development Board	1,483,901	524,558	1,190,196	0	0	0	230,853	0	0	0	0
Blount County Children's Home	401,587	0	215,783	0	0	0	(185,804)	0	0	0	0
Blount Memorial Hospital	137,000,821	127,520,906	10,688,078	0	0	0	0	1,208,163	0	0	0
Emergency Communications District	1,504,762	630,543	152,458	0	0	0	0	0	(721,761)	0	0
Public Building Authority	146,515	572,788	0	0	0	0	0	0	0	0	426,273
Total Component Units	\$ 209,433,746	\$ 132,978,292	\$ 20,617,179	\$ 8,372,823	\$ 0	\$ (48,423,176)	\$ 230,853	\$ (185,804)	\$ 1,208,163	\$ (721,761)	\$ 426,273
General Revenues:											
Property Taxes	\$ 20,519,109	\$ 13,276,553	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sales Taxes	2,051,999	9,047,945	0	0	0	0	0	0	0	0	0
Other Taxes	2,940,085	380,830	0	0	0	0	0	0	0	0	0
Grants and Contributions not restricted to specific programs	1,786,291	32,586,709	5,733	122,015	1,132,710	547,260	0	0	0	0	0
Unrestricted Investment Income	315,668	141,350	16,326	47,382	1,409,174	4,741	442,846	0	0	0	0
Miscellaneous	67,025	220,158	21,617	8,475	0	55,392	0	0	0	0	0
Total General Revenues	\$ 27,680,177	\$ 55,653,545	\$ 43,676	\$ 177,872	\$ 2,541,884	\$ 607,393	\$ 442,846	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Assets											
Net Assets - Beginning	\$ (14,964,538)	\$ 7,230,369	\$ 274,529	\$ (7,932)	\$ 3,750,047	\$ (114,368)	\$ 869,119	\$ 4,019,660	\$ 81,325,916	\$ 12,371,584	\$ 1,026,366
Prior Period Adjustment	294,371	0	0	0	0	0	0	0	0	0	0
Net Assets - Ending	\$ (10,650,507)	\$ 88,556,285	\$ 12,646,113	\$ 1,018,434	\$ 123,178,669	\$ 1,675,388	\$ 1,107,746	\$ 0	\$ 0	\$ 0	\$ 0

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

Exhibit C-1

Blount County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2004

	Major Funds			Nonmajor	Total	
	General	Highway/ Public Works	General Debt Service	Other Capital Projects		Other Govern- mental Funds
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 8,172	\$ 8,272
Equity in Pooled Cash and Investments	5,728,713	0	4,493,150	244,811	1,465,971	11,932,645
Accounts Receivable	161,787	0	37,541	335,531	2,577	537,436
Due from Other Governments	1,135,734	850,040	32,254	0	20,164	2,038,192
Due from Other Funds	89,946	474	50,899	0	70	141,389
Due from Component Units	0	0	561,035	142,000	0	703,035
Property Taxes Receivable	15,535,600	0	8,764,322	0	0	24,299,922
Allowance for Uncollectible Property Taxes	(232,715)	0	(131,395)	0	0	(364,110)
Notes Receivable	0	0	1,670,000	0	0	1,670,000
Total Assets	<u>\$ 22,419,165</u>	<u>\$ 850,514</u>	<u>\$ 15,477,806</u>	<u>\$ 722,342</u>	<u>\$ 1,496,954</u>	<u>\$ 40,966,781</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 488,318	\$ 44,945	\$ 1,060	\$ 84,230	\$ 64,528	\$ 683,081
Accrued Payroll	141,278	115,306	0	0	0	256,584
Payroll Deductions Payable	771	13,393	0	140	0	14,304
Cash Overdraft	0	180,878	0	0	0	180,878
Contracts Payable	0	0	0	1,136,389	0	1,136,389
Due to Other Funds	83,236	40	70	15,113	111,203	209,662
Other Current Liabilities	3,590	0	0	0	107,365	110,955
Deferred Revenue - Current Property Taxes	14,826,889	0	8,363,886	0	0	23,190,775
Deferred Revenue - Delinquent Property Taxes	449,665	0	254,158	0	0	703,823
Other Deferred Revenues	62,937	391,432	0	0	0	454,369
Total Liabilities	<u>\$ 16,056,684</u>	<u>\$ 745,994</u>	<u>\$ 8,619,174</u>	<u>\$ 1,235,872</u>	<u>\$ 283,096</u>	<u>\$ 26,940,820</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total	
	General	Highway/ Public Works	General Debt Service	Other Govern- mental Funds		Govern- mental Funds
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 1,080,851	\$ 76,906	\$ 0	\$ 1,880,829	\$ 107,653	\$ 3,146,239
Reserved for Computer System - Register	82,354	0	0	0	0	82,354
Reserved for Other General Purposes	220,407	0	1,670,000	0	485,403	2,375,810
Unreserved, Reported In:						
General Fund	4,978,869	0	0	0	0	4,978,869
Special Revenue Funds	0	27,614	0	0	620,802	648,416
Debt Service Funds	0	0	5,188,632	0	0	5,188,632
Capital Projects Funds (Deficit)	0	0	0	(2,394,359)	0	(2,394,359)
Total Fund Balances	<u>\$ 6,362,481</u>	<u>\$ 104,520</u>	<u>\$ 6,858,632</u>	<u>\$ (513,530)</u>	<u>\$ 1,213,858</u>	<u>\$ 14,025,961</u>
Total Liabilities and Fund Balances	<u>\$ 22,419,165</u>	<u>\$ 850,514</u>	<u>\$ 15,477,806</u>	<u>\$ 722,342</u>	<u>\$ 1,496,954</u>	<u>\$ 40,966,781</u>

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

Blount County, Tennessee
Reconciliation of the Governmental Funds Balance Sheet to
the Government-wide Statement of Net Assets - Governmental Activities
June 30, 2004

Fund Balances - Total Governmental Funds (Exhibit C-1)		\$ 14,025,961
Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:		
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		103,985,366
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,158,192
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		2,684,124
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges is reflected on the statement of net assets.		1,453,091
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(423,977)
(6) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes Payable	\$ 1,435,000	
Other Loans Payable	131,538,817	
Compensated Absences	<u>559,447</u>	<u>(133,533,264)</u>
Net Assets of Governmental Activities (Exhibit A)		<u>\$ (10,650,507)</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, 2004

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 16,068,164	\$ 2,321,727	\$ 7,727,853	\$ 0	\$ 77,157	\$ 26,194,901
Licenses and Permits	595,562	0	0	0	0	595,562
Fines, Forfeitures and Penalties	696,405	0	0	0	123,902	820,307
Charges for Current Services	345,370	0	0	0	101,082	446,452
Other Local Revenues	1,077,444	232,342	106,130	46,275	90,409	1,552,600
Fees Received from County Officials	4,968,786	0	0	0	0	4,968,786
State of Tennessee	1,694,730	2,705,514	0	0	0	4,400,244
Federal Government	3,220,052	0	0	246,562	38,534	3,505,148
Other Governments and Citizens Groups	121,715	11,743	348,284	147,160	655,928	1,284,830
Total Revenues	\$ 28,788,228	\$ 5,271,326	\$ 8,182,267	\$ 439,997	\$ 1,087,012	\$ 43,768,830
Expenditures						
Current:						
General Government	\$ 3,024,154	\$ 0	\$ 0	\$ 0	\$ 121,349	\$ 3,145,503
Finance	3,532,804	0	0	0	501	3,533,305
Administration of Justice	3,448,043	0	0	0	250,972	3,699,015
Public Safety	13,827,127	0	0	0	100,028	13,927,155
Public Health and Welfare	1,481,066	0	0	0	0	1,481,066
Social, Cultural, and Recreational Services	510,033	0	0	0	1,338,436	1,848,469
Agricultural and Natural Resources	207,467	0	0	0	0	207,467
Other Operations	2,784,633	0	0	3,871,492	15,164	6,671,289
Highways	67,763	5,432,875	0	0	0	5,500,638
Debt Service:						
Principal	0	0	3,490,000	0	0	3,490,000
Interest	0	0	5,238,355	0	0	5,238,355
Other Debt Service	0	0	305,951	0	0	305,951
Capital Projects	972,989	0	0	10,426,335	0	11,399,324
Total Expenditures	\$ 29,856,079	\$ 5,432,875	\$ 9,034,306	\$ 14,297,827	\$ 1,826,450	\$ 60,447,537
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,067,851)	\$ (161,549)	\$ (852,039)	\$ (13,857,830)	\$ (739,438)	\$ (16,678,707)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 13,574,600	\$ 0	\$ 13,574,600
Transfers In	228,216	0	0	99,062	676,895	1,004,173
Transfers Out	(775,957)	0	0	0	0	(775,957)
Total Other Financing Sources (Uses)	\$ (547,741)	\$ 0	\$ 0	\$ 13,673,662	\$ 676,895	\$ 13,802,816
Net Change in Fund Balances	\$ (1,615,592)	\$ (161,549)	\$ (852,039)	\$ (184,168)	\$ (62,543)	\$ (2,875,891)
Fund Balance, July 1, 2003	7,978,073	266,069	7,710,671	(329,362)	1,276,401	16,901,852
Fund Balance, June 30, 2004	\$ 6,362,481	\$ 104,520	\$ 6,858,632	\$ (513,530)	\$ 1,213,858	\$ 14,025,961

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

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3) \$ (2,875,891)

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

- | | | | |
|-----|--|--|--------------|
| (1) | Governmental funds report capital outlay 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 outlays in the current period
Less: Current year depreciation | \$ 862,645
<u>(6,457,471)</u> | (5,594,826) |
| (2) | Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period. | | 5,666,298 |
| (3) | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
For the year ended June 30, 2003
For the year ended June 30, 2004 | \$ (1,366,510)
<u>1,158,192</u> | (208,318) |
| (4) | The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.
Less: Other Loan Proceeds Issued
Add: Principal Payment on Notes
Add: Principal Payment on Other Loans | \$ (13,574,600)
490,000
<u>3,000,000</u> | (10,084,600) |
| (5) | Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects amounts expensed during the year recorded in the statement of activities.
Less: Debt issuance cost amortized during year | \$ <u>83,775</u> | 83,775 |
| (6) | 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
Change in compensated absences | \$ (154,800)
<u>(26,396)</u> | (181,196) |

(Continued)

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

(7) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee health and dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.	<u>\$ (1,769,780)</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u><u>\$ (14,964,538)</u></u>

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Assets - Internal Service Funds
June 30, 2004

	<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 4,721,585
Accounts Receivable	150,886
Due from Other Funds	100,746
Due from Component Units	481,689
Prepaid Items	172,699
Total Assets	<u>\$ 5,627,605</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,199,019
Due to Other Funds	32,473
Due to Component Units	13,573
Other Current Liabilities	1,224,089
Other Deferred Revenues	474,327
Total Liabilities	<u>\$ 2,943,481</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 2,684,124</u>
Total Net Assets	<u>\$ 2,684,124</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 Fund Net Assets - Internal Service Funds
For the Year Ended June 30, 2004

	<u>Governmental Activities- Internal Service Funds</u>
Operating Revenues:	
Self-Insurance Premiums	\$ 11,424,113
Total Operating Revenues	<u>\$ 11,424,113</u>
Operating Expenses:	
Fiscal Agent Charges	\$ 412,901
Insurance Premiums	526,386
Building and Contents Insurance	133,616
Other Administrative Expenses	66,504
Medical Claims	11,361,667
Liability Insurance	561,183
Total Operating Expenses	<u>\$ 13,062,257</u>
Operating Income (Loss)	<u>\$ (1,638,144)</u>
Nonoperating Revenues (Expenses):	
Investment Income	\$ 96,580
Total Nonoperating Revenues (Expenses)	<u>\$ 96,580</u>
Income (Loss) Before Operating Transfers	\$ (1,541,564)
Transfers In (Out)	<u>(228,216)</u>
Change in Net Assets	\$ (1,769,780)
Net Assets, July 1, 2003	4,159,534
Prior Period Adjustment	<u>294,370</u>
Net Assets, June 30, 2004	<u><u>\$ 2,684,124</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 - Internal Service Funds
For the Year Ended June 30, 2004

	<u>Governmental Activities- Internal Service Funds</u>
Cash Flows from Operating Activities:	
Receipts for self-insurance premiums	\$ 11,335,368
Payments to fiscal agents	(410,631)
Payments to insurers	(863,045)
Payments for claims	(12,775,780)
Payments for administrative costs	(66,504)
Net cash provided by (used in) operating activities	<u>\$ (2,780,592)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>\$ 96,580</u>
Net cash provided by (used in) investing activities	<u>\$ 96,580</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to other funds	<u>\$ (228,216)</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ (228,216)</u>
Increase (decrease) in cash and cash equivalents	\$ (2,912,228)
Cash and cash equivalents, July 1, 2003	<u>7,633,813</u>
Cash and cash equivalents, June 30, 2004	<u><u>\$ 4,721,585</u></u>
Operating Income (Loss)	\$ (1,638,144)
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	(88,745)
(Increase) decrease in prepaid expenses	(5,237)
Increase (decrease) in other current liabilities	<u>(1,048,466)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (2,780,592)</u></u>

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

Exhibit E-1

Blount County, Tennessee
Statement of Assets and Liabilities - Agency Funds
June 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,218,253
Equity in Pooled Cash and Investments	673,914
Accounts Receivable	5,481
Taxes Receivable	8,396,361
Allowance for Uncollectible Taxes	(125,754)
Due from Other Governments	<u>2,925,075</u>
Total Assets	<u>\$ 14,093,330</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 6,609
Payroll Deductions Payable	44,627
Contracts Payable	25,830
Due to Other Taxing Units	11,242,010
Due to Litigants, Heirs and Others	2,222,164
Due to Joint Ventures	540,697
Other Current Liabilities	<u>11,393</u>
Total Liabilities	<u>\$ 14,093,330</u>

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

BLOUNT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2004

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 more significant accounting policies of Blount County are described as follows:

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.

Blended Component Units – There are no legally separate component units of Blount County that meet the criteria for being reported as part of the primary government by the blending method.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in a separate column to emphasize that they are legally separate from the county.

The Blount County School Department operates the public school system in the county, and the voters of Blount County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to County Commission 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 non-profit 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, of whom four are appointed by the Blount County Board of County Commissioners, 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, and title to the land and buildings remains with the county.

The Industrial Development Board of Blount County was organized to promote industrial development and provide additional job opportunities in

Blount County and the surrounding counties in accordance with Title 7, Chapter 53, of Tennessee Code Annotated. The Industrial Development Board of Blount County is governed by a seven-member Board of Directors appointed by the Blount County Board of County Commissioners. The Blount County Industrial Development Board has acted upon approval of the Blount County Commission to provide incentives toward the location of certain industrial facilities in the county. 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 \$716,862 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board.

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

The Blount County Children's Home is chartered as a Tennessee non-profit corporation. The county approves all board members and has financial accountability for the home. The county maintains an endowment fund (permanent fund of the primary government) for which interest earnings are earmarked for the Children's Home. The county also provided \$23,751 in other operating funds to the Children's Home during the 2003-04 year.

The Blount County Public Building Authority serves as a financing mechanism to provide capital loans to local governments throughout the state. The Public Building Authority also manages construction projects of the primary government and the discretely presented Blount County School Department. The Blount County Public Building Authority is a public, nonprofit organization whose board is appointed by the County Commission. The county is entitled to the net earnings of the authority after provisions have been made for obligations and any reserves which are determined by the board.

The Blount County School Department does not issue separate financial statements from those of the county. Therefore, financial statements of the Blount County School Department are included in this report as listed in the table of contents. The notes to the financial statements for Blount County and the Blount County School Department are included in Notes I through V. The notes to the financial statements for the discretely presented component units listed below, which have separately issued financial statements, are included in Note VI. Complete financial statements of Blount Memorial Hospital, Inc., the Industrial Development Board of Blount County, the

Blount County Emergency Communications District, the Blount County Children's Home, 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

Industrial Development Board of Blount County
201 South Washington Street
Maryville, Tennessee 37804

Blount County Emergency Communications District
836 Louisville Road
Alcoa, Tennessee 37801

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. All revenues from fines, forfeitures, and penalties are classified as charges for services of the Administration of Justice function.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service funds are 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 funds and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Blount County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental categories. Blount County reports four proprietary funds, all internal service funds. 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 funds and the fiduciary funds in total are reported in a single column by fund types.

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 30 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 grant 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 general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, external 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. 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 fund and fiduciary fund financial statements are reported using the economic resources 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.

Highway/Public Works Fund – This fund accounts for transactions of the county Highway Department. The major source of funding for this account is state gasoline taxes.

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.

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

Additionally, Blount County reports the following fund types:

Internal Service Funds – These funds account for the self-insured general liability, property and casualty, employee health and dental, and workers’ compensation programs managed by the county for the primary government and the discretely presented School Department.

Agency Funds – These funds account for assets held by the county as an agent for state and city governments, a joint venture, and

litigants, heirs, and others. The county also maintains an Agency Fund for its payroll clearing account. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Permanent Fund – This fund, the Endowment Principal 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.

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

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

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

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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 four proprietary funds. 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 funds are self-insurance premiums. Operating expenses for the internal service funds include medical claims and fiscal agent charges.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows of the internal service funds, cash includes cash on hand, demand deposits, equity in pooled

cash and investments, and cash equivalents. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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 as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund, General Debt Service Fund, and the General Purpose School Fund of the School Department. Blount County and the Blount County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections or that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 0.94 percent of the total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 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 assessed and a lien becomes attached to the property effective January 1 of the tax year. 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.

3. Prepaid Items

Prepaid items in the Self-Insurance Fund (\$88,401), the Employee Insurance – Health Fund (\$33,874), and the Workers' Compensation Fund (\$50,424) represent amounts paid for insurance for the 2004-05 year.

4. Capital Assets

Governmental funds do not capitalize the cost of capital outlays. Governmental 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 exceeding 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, and equipment 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 Fixed Assets	5 – 20
Infrastructure	30

5. Compensated Absences

The county's and 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 its discretely presented component units. 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.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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, claims and judgments, and special termination 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. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements. See Note IV-F for details of the swap agreements.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

- a. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Blount County had outstanding debt totaling \$87,241,900 on June 30, 2004, related to capital purposes of the discretely presented Blount County School Department. This debt is a liability of Blount County; however, the corresponding capital assets acquired are reported in the financial statements of the School Department. Therefore, Blount County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 in the basic financial statements includes explanations of the nature of individual elements of items required to reconcile fund balances reported on the Governmental Funds Balance Sheet (Exhibit C-1) to net assets reported in the primary government-governmental activities column of the Statement of Net Assets (Exhibit A).

Discretely Presented Blount County School Department

A condensed balance sheet-governmental funds for the discretely presented Blount County School Department governmental funds is presented below:

Total Assets	<u>\$ 26,633,860</u>
<u>Liabilities and Fund Balances</u>	
Total Liabilities	\$ 22,042,552
Total Fund Balances	<u>4,591,308</u>
Total Liabilities and Fund Balances	<u>\$ 26,633,860</u>

An explanation of the nature and the related individual amounts to reconcile the total fund balances of the governmental funds of the discretely presented Blount County School Department to net assets reported in the Blount

County School Department column of the Statement of Net Assets (Exhibit A) is presented below:

Fund Balances - Total Governmental Funds		\$ 4,591,308
<p style="padding-left: 40px;">Amounts reflected for governmental activities in the statements of net assets are different because:</p>		
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		84,444,679
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds		1,248,572
(3) Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds		
Notes Payable	\$1,670,000	
Compensated Absences	58,274	(1,728,274)
Net Assets of Governmental Activities (Exhibit A)		\$ 88,556,285

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 in the basic financial statements includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit C-3) to changes in net assets reported in the primary government-governmental activities column of the Statement of Activities (Exhibit B).

Discretely Presented Blount County School Department

A condensed statement of revenues, expenditures, and changes in fund balances – governmental funds of the discretely presented Blount County School Department is presented on the following page.

Total Revenues	\$ 67,643,668
Total Expenditures	<u>67,092,290</u>
Excess(Deficiency) of Revenues Over Expenditures	\$ 551,378
Total Other Financing Sources (Uses)	<u>0</u>
Net Change in Fund Balances	\$ 551,378
Fund Balance, July 1, 2003	<u>4,039,930</u>
Fund Balance, June 30, 2004	<u><u>\$ 4,591,308</u></u>

An explanation of the nature and the related individual amounts to reconcile the net change in fund balances of the governmental funds of the discretely presented Blount County School Department to change in net assets reported in the Blount County School Department column of the Statement of Activities (Exhibit B) is presented below:

Net Change in Fund Balances - Total Governmental Funds \$ 551,378

Amounts reported for governmental activities are different because:

- (1) Governmental funds report capital outlay 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 amount that depreciation exceeded capital outlays is itemized as follows:
- | | | | |
|--|----|--------------------|-------------|
| Add: Capital outlays in the current period | \$ | 0 | |
| Less: Current-year depreciation | | <u>(1,986,410)</u> | (1,986,410) |
- (2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.
- | | | | |
|--|--|--|-----------|
| | | | 8,372,823 |
|--|--|--|-----------|
- (3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
- | | | | |
|----------------------------------|----|------------------|-----------|
| For the year ended June 30, 2003 | \$ | (1,380,892) | |
| For the year ended June 30, 2004 | | <u>1,248,572</u> | (132,320) |

(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Less: Debt Proceeds	\$	0	
Add: Principal Payment on Notes		<u>415,000</u>	\$ 415,000

(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 Compensated Absences	<u>9,898</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u><u>\$ 7,230,369</u></u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary information is presented in the notes to required supplementary information.

B. Deficit Fund Equity

The Other Capital Projects Fund had a fund deficit of \$2,394,359 on June 30, 2004, due to liabilities and outstanding commitments for construction contracts. There were undrawn loan proceeds of \$1,586,600 available on June 30, 2004, to cover a portion of these liabilities and commitments. However, no funding was available or authorized for the remaining balance of \$807,759. Management expects the County Commission to fund the remaining balance (\$807,759) through additional loan agreements. Otherwise, these construction commitments will have to be funded from the county's available governmental fund balances.

C. Cash Overdraft

As of June 30, 2004, the Highway/Public Works Fund had a cash overdraft of \$180,878. This cash overdraft was a result of checks that exceeded cash on deposit with the county trustee. In July 2004, the cash overdraft was liquidated with tax anticipation note proceeds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The captions on the Statement of Net Assets in the government-wide statements (Exhibit A) and the Statement of Assets and Liabilities – Agency Funds (Exhibit E-1) related to cash and investments are as follows for Blount County and the discretely presented Blount County School Department component unit:

	<u>Blount County</u>		<u>Exhibit A</u>
	<u>Exhibit A</u>	<u>Exhibit E-1</u>	<u>Blount</u>
	<u>Governmental</u>	<u>Agency</u>	<u>County</u>
	<u>Funds</u>	<u>Funds</u>	<u>School</u>
			<u>Department</u>
Equity in Pooled Cash and Investments	\$ 16,654,230	\$ 673,914	\$ 8,758,253
Cash	8,272	2,218,253	0
Total	<u>\$ 16,662,502</u>	<u>\$ 2,892,167</u>	<u>\$ 8,758,253</u>

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, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Cash includes cash on hand, demand deposits, certificates of deposit, and passbook savings accounts. Cash is analyzed as follows:

	<u>Blount County</u>	
	<u>Exhibit A</u>	<u>Exhibit E-1</u>
	<u>Governmental</u>	<u>Agency</u>
	<u>Activities</u>	<u>Funds</u>
Cash on Hand	\$ 5,787	\$ 2,686
Cash in Bank	2,485	2,215,567
Total	<u>\$ 8,272</u>	<u>\$ 2,218,253</u>

Deposits – 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 the 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.

Separate disclosures concerning carrying amounts and bank balances of pooled deposits 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. The carrying amount of Blount County's and the Blount County School Department's deposits with financial institutions was \$28,004,417, and the bank balance was \$30,626,307. These deposits are categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes deposits insured or collateralized either by securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's agent or its trust department in the entity's name. Category 3 includes deposits uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name. Category 1 deposits were \$30,626,307.

Investments – 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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.

Pooled investments are separately categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the entity's name. Funds invested in the State Treasurer's Investment Pool are not required to be categorized by generally accepted accounting principles. Separate disclosures for internally pooled investments cannot be made for Blount County and the discretely presented Blount County School Department, as noted for deposits.

POOLED INVESTMENTS

	Reported Amount	Fair Value
Investment in State Treasurer's Investment Pool	\$ 119,153	\$ 119,153
Total Pooled Investments	\$ 119,153	\$ 119,153

B. Note Receivable

The General Debt Service Fund had an intergovernmental long-term note receivable totaling \$1,670,000 at June 30, 2004. This note receivable resulted from the use of idle General Debt Service Funds loaned to the discretely presented Blount County School Department in the form of a capital outlay note. The amount of the note not expected to be received within one year is \$1,255,000.

C. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2004, was as follows:

Governmental Activities:

	Balance 7-1-2003	Increases	Decreases	Balance 6-30-2004
Capital Assets Not Being Depreciated:				
Land	\$ 5,842,424	\$ 0	\$ 0	\$ 5,842,424
Construction in Progress	473,265	36,639	(473,265)	36,639
Total Capital Assets, Not Being Depreciated	\$ 6,315,689	\$ 36,639	\$ (473,265)	\$ 5,879,063
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 44,016,147	\$ 520,172	\$ (473,265)	\$ 44,063,054
Roads, Streets, and Bridges	91,382,788	5,666,299	0	97,049,087
Other Capital Assets	9,458,536	779,099	(69,196)	10,168,439
Total Capital Assets Being Depreciated	\$ 144,857,471	\$ 6,965,570	\$ (542,461)	\$ 151,280,580
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,929,197	\$ 1,733,300	\$ 0	\$ 14,662,497
Roads, Streets, and Bridges	28,709,604	3,237,402	0	31,947,006
Other Capital Assets	5,620,466	1,013,504	(69,196)	6,564,774
Total Accumulated Depreciation	\$ 47,259,267	\$ 5,984,206	\$ (69,196)	\$ 53,174,277
Total Capital Assets Being Depreciated Net	\$ 97,598,204	\$ 981,364	\$ (473,265)	\$ 98,106,303
Governmental Activities Capital Assets, Net	\$ 103,913,893	\$ 1,018,003	\$ (946,530)	\$ 103,985,366

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

Governmental Activities:

General Government	\$ 207,673
Finance	595
Administration of Justice	927,620
Public Safety	648,671
Public Health and Welfare	574,395
Social, Cultural, and Recreational	152,251
Highways	<u>3,473,001</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 5,984,206</u></u>

Discretely Presented Blount County School Department

Capital asset activity for the year ended June 30, 2004, was as follows:

Governmental Activities:

	Balance 7-1-2003	Increases	Decreases	Balance 6-30-2004
Capital Assets Not Being Depreciated:				
Land	\$ 7,322,909	\$ 12,462	\$ 0	\$ 7,335,371
Construction in Progress	<u>1,754,858</u>	<u>7,877,949</u>	<u>0</u>	<u>9,632,807</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 9,077,767</u>	<u>\$ 7,890,411</u>	<u>\$ 0</u>	<u>\$ 16,968,178</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 92,255,176	\$ 447,979	\$ 0	\$ 92,703,155
Other Capital Assets	<u>3,255,720</u>	<u>34,433</u>	<u>(25,059)</u>	<u>3,265,094</u>
Total Capital Assets Being Depreciated	<u>\$ 95,510,896</u>	<u>\$ 482,412</u>	<u>\$ (25,059)</u>	<u>\$ 95,968,249</u>

Governmental Activities (Cont.):

	Balance 7-1-2003	Increases	Decreases	Balance 6-30-2004
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 24,337,678	\$ 1,812,407	\$ 0	\$ 26,150,085
Other Capital Assets	2,192,719	174,003	(25,059)	2,341,663
Total Accumulated Depreciation	\$ 26,530,397	\$ 1,986,410	\$ (25,059)	\$ 28,491,748
Total Capital Assets Being Depreciated Net	\$ 68,980,499	\$ (1,503,998)	\$ 0	\$ 67,476,501
Governmental Activities Capital Assets, Net	\$ 78,058,266	\$ 6,386,413	\$ 0	\$ 84,444,679

Depreciation expense totaling \$1,986,410 was charged by the discretely presented Blount County School Department.

Construction Commitments

At June 30, 2004, the county had various uncompleted construction projects of approximately \$1,880,829 in the Other Capital Projects Fund. Funding has been partially provided through authorized loan agreements, discussed in Note IV-F, which the county draws as the projects progress. The remaining unfunded portion is discussed further in Note III-B.

Blount County has entered into operating agreements with the Public Building Authority of Blount County (PBA) whereby the PBA has contracted with construction managers for these projects and oversees the construction on behalf of the county and Board of Education.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2004, is as follows:

Due to/from other funds:

Primary Government:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 89,906
"	Highway/Public Works	40
Highway/Public Works	Internal Service	404
"	General Debt Service	70

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Debt Service	General	\$ 16,884
"	Nonmajor governmental	1,297
"	Other Capital Projects	10,743
"	Internal Service	21,975
Nonmajor governmental	Internal Service	70
Internal Service	General	66,352
"	Other Capital Projects	4,370
"	Nonmajor governmental	20,000
"	Internal Service	10,024
Total		<u>\$ 242,135</u>

Discretely Presented Blount County School Department:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor governmental	\$ 77,912
Nonmajor governmental	General Purpose School	48,777
Total		<u>\$ 126,689</u>

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

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government- General Debt Service	Component Unit- Blount County School Department	\$ 561,035
Primary Government- Other Capital Projects	Component Unit- Blount County School Department	142,000
Primary Government- Internal Services	Component Unit- Blount County School Department	481,689
Component Unit- Blount County School Department	Primary Government- Internal Service	13,573
Total		<u>\$ 1,198,297</u>

Interfund Transfers:

Interfund transfers for the year ended June 30, 2004, consisted of the following amounts:

Primary Government:

	<u>Transfers In:</u>	
	General Fund	
Transfer Out:		
General Fund	\$	0
Internal Service Funds		228,216
Total Transfers	<u>\$</u>	<u>228,216</u>

	<u>Transfer In:</u>	
	Other Capital Projects Fund	Nonmajor Governmental Funds
Transfer Out:		
General Fund	\$ 99,062	\$ 676,895
Internal Service Funds	0	0
Total Transfers	<u>\$ 99,062</u>	<u>\$ 676,895</u>

	<u>Transfer In:</u>	
	Total	
Transfer Out:		
General Fund	\$	775,957
Internal Service Funds		228,216
Total Transfers	<u>\$</u>	<u>1,004,173</u>

Discretely Presented Blount County School Department:

	<u>Transfer In:</u>	
	General Purpose School	Nonmajor Governmental
Transfer Out:		
General Purpose School	\$ 0	\$ 35,718
Nonmajor governmental	67,519	0
Total Transfers	<u>\$ 67,519</u>	<u>\$ 35,718</u>

	<u>Transfer In:</u>	
	Total	
Transfer Out:		
General Purpose School	\$	35,718
Nonmajor governmental		67,519
Total Transfers	<u>\$</u>	<u>103,237</u>

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 accordance with budgetary authorizations.

E. Payables

Most payables are disaggregated on the face of the financial statements. The balance in the account Other Current Liabilities (\$1,335,044) on the Statement of Net Assets consists of Internal Service Fund liabilities for self-insured claims (\$1,224,089), law enforcement seizures pending disposition in nonmajor governmental funds (\$107,365), and various other accrued liabilities in the General Fund (\$3,590).

F. Long-term Debt

Primary Government

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2004:

	<u>Notes</u>	<u>Other Loans Payable</u>
Balance, July 1, 2003	\$ 1,925,000	\$ 120,964,217
Additions	0	13,574,600
Deductions	490,000	3,000,000
Balance, June 30, 2004	<u>\$ 1,435,000</u>	<u>\$ 131,538,817</u>
Balance Due Within One Year	<u>\$ 210,000</u>	<u>\$ 3,206,251</u>
		<u>Accrued Leave</u>
Balance, July 1, 2003		\$ 533,051
Additions		1,167,344
Deductions		1,140,948
Balance, June 30, 2004		<u>\$ 559,447</u>
Balance Due Within One Year		<u>\$ 254,515</u>

The county issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment. The loan agreements were issued to provide funds for various capital projects.

Capital outlay notes and other loans payable are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of up to 12 years for notes and up to 29 years for the other loans payable. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

Capital outlay notes and loans payable outstanding as of June 30, 2004, are as follows:

Purpose	Interest Rate	Amount
Capital Outlay Notes	4.2 to 6.0%	\$ 1,435,000
Other Loans Payable - Variable Rate	Variable	40,133,817
Other Loans Payable - Fixed Rate	4.0 to 5.4	32,405,000
Other Loans Payable - Synthetic Fixed Rate by Swap	Variable	59,000,000

The capital outlay notes above include \$1,435,000, which the county issued for industrial purposes. The Cities of Maryville and Alcoa have entered into an agreement with the county whereby each city will contribute 30 percent of the costs to retire those notes.

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 loan agreements outstanding at June 30, 2004:

Description	Original Amount of Loan Agreement	Outstanding Principal 6/30/2004	Interest Type	Interest Rates as of 6/30/2004	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Jail Project (Series B-2)	\$ 5,000,000	\$ 1,155,417	Variable	1.10%	.52%
Jail Project (Series II B)	10,000,000	8,465,000	Variable	1.1	.50
Various Purpose (Series IV-C-1)	39,000,000	39,000,000	Synthetic Fixed by Swap	4.27	.43

Description	Original Amount of Loan Agreement	Outstanding Principal 6/30/2004	Interest Type	Interest Rates as of 6/30/2004	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u>					
School and Library	\$ 10,000,000	\$ 8,045,000	Fixed	4.0 to 5.2	% N/A
School, Jail and Courthouse	20,000,000	18,155,000	Fixed	4.0 to 5.2	N/A
Various Purpose	7,000,000	6,205,000	Fixed	4.15 to 5.40	N/A
Library	4,100,000	3,500,000	Variable	1.07	.37%
Various Purpose (Series A-1-A)	20,000,000	20,000,000	Synthetic Fixed by Swap	4.27	.42
Various Purpose (Series A-5-A)	10,000,000	10,000,000	Variable	1.08	.49
Various Purpose (Series B-1-C)	9,100,000	8,600,000	Variable	4.1	.46
Various Purpose (Series B-4-A)	10,000,000	8,413,400	* Variable	5.35	.51
		<u>\$ 131,538,817</u>			

*\$1,586,600 remains available for future draws under this loan agreement at June 30, 2004.

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: In order 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.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.31 percent and receives a variable payment computed as 70 percent of the three-month 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. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-1-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (the "BMA"). The bonds and the

related swap agreement mature on June 1, 2031. As of June 30, 2004, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.31%
Variable payment from counterparty	70% of LIBOR	<u>-1.13%</u>
Net interest rate swap payments		3.18%
Variable-rate bond payments		<u>1.08%</u>
Synthetic interest rate on bonds		<u><u>4.26%</u></u>

Fair value. As of June 30, 2004, the swap had a negative fair value of \$1,234,727. 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 using the zero coupon method.

Credit risk. As of June 30, 2004, 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. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated "AAA" by Standard and Poor's and Fitch and "Aaa" by Moody's Investor Service as of June 30, 2004. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk should BMA increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.31 percent and the synthetic rate of 4.26 percent at June 30, 2004. Also, as of June 30, 2004, the BMA rate was 1.08 percent, whereas 70 percent of LIBOR was 1.13 percent.

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, 2004, 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	Variable Rate Bonds		Net Interest Rate Swap	Total
	Principal	Interest		
2005	\$ 0	\$ 216,000	\$ 636,000	\$ 852,000
2006	0	216,000	636,000	852,000
2007	0	216,000	636,000	852,000
2008	0	216,000	636,000	852,000
2009	0	216,000	636,000	852,000
2010-2014	0	1,080,000	3,180,000	4,260,000
2015-2019	0	1,080,000	3,180,000	4,260,000
2020-2024	0	1,080,000	3,180,000	4,260,000
2025-2029	0	1,080,000	3,180,000	4,260,000
2030-2031	20,000,000	351,918	1,036,203	21,388,121
	<u>\$ 20,000,000</u>	<u>\$ 5,751,918</u>	<u>\$ 16,936,203</u>	<u>\$ 42,688,121</u>

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: In order 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.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$39 million, and the associated variable-rate bond has a \$39 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-C-1 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (the "BMA"). The bonds and the

related swap agreement mature on June 1, 2023. As of June 30, 2004, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty	70% of LIBOR	<u>-1.13%</u>
Net interest rate swap payments		3.14%
Variable-rate bond payments		<u>1.08%</u>
Synthetic interest rate on bonds		<u><u>4.22%</u></u>

Fair value. As of June 30, 2004, the swap had a negative fair value of \$2,211,010. 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 using the zero coupon method.

Credit risk. As of June 30, 2004, 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. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated "AAA" by Standard and Poor's and Fitch and "Aaa" by Moody's Investor Service as of June 30, 2004. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk should BMA increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.27 percent and the synthetic rate of 4.22 percent as of June 30, 2004. Also, as of June 30, 2004, the BMA rate was 1.08 percent, whereas 70 percent of LIBOR was 1.13 percent.

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, 2004, 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	Variable Rate Bonds		Net Interest Rate Swap	Total
	Principal	Interest		
2005	\$ 0	\$ 421,200	\$ 1,224,600	\$ 1,645,800
2006	0	421,200	1,224,600	1,645,800
2007	0	421,200	1,224,600	1,645,800
2008	0	421,200	1,224,600	1,645,800
2009	0	421,200	1,224,600	1,645,800
2010-2014	0	2,106,000	6,123,000	8,229,000
2015-2019	8,645,000	2,035,800	5,918,900	16,599,700
2020-2023	30,355,000	841,536	2,446,688	33,643,224
	<u>\$ 39,000,000</u>	<u>\$ 7,089,336</u>	<u>\$ 20,611,588</u>	<u>\$ 66,700,924</u>

The annual requirements to amortize all notes outstanding as of June 30, 2004, including interest payments of \$231,772, are presented in the following table. Estimated annual requirements for the loans payable are also reflected in the table. Amounts reflected for loans payable are based on the outstanding principal and undrawn proceeds totaling \$133,125,417.

Estimated interest payments of \$81,858,963 and estimated other fees of \$9,599,473 are included for the loan agreements. The Series B-2, Series II-B, and four PBA of Blount County loan 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, 2004.

Year Ending June 30	Notes		Loans Payable		
	Principal	Interest	Principal	Interest	Other Fees
2005	\$ 210,000	\$ 63,159	\$ 3,210,417	\$ 4,901,663	\$ 582,096
2006	220,000	54,129	4,150,000	4,812,701	567,919
2007	235,000	44,559	3,475,000	4,710,936	549,132
2008	770,000	69,925	3,685,000	4,613,945	533,803
2009	0	0	3,835,000	4,512,198	517,628
2010-2014	0	0	16,390,000	20,921,054	2,347,173
2015-2019	0	0	23,400,000	17,755,946	2,014,076
2020-2024	0	0	30,355,000	11,066,559	1,361,431
2025-2029	0	0	20,155,000	7,124,125	967,725
2030-2031	0	0	24,470,000	1,439,836	158,490
Total	\$ 1,435,000	\$ 231,772	\$ 133,125,417	\$ 81,858,963	\$ 9,599,473

There is \$5,188,632 available in the General Debt Service Fund to service general long-term debt. Total debt per capita, including notes and other loans payable, amounted to \$1,257, based on the 2000 federal census.

The county has also issued Hospital Revenue Bonds on behalf of Blount Memorial Hospital, Inc. Total Hospital Revenue Bonds outstanding at June 30, 2004, amounted to \$124,876,431. The county is not liable for these bonds in case of default by the hospital. These bonds are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

Compensated absences are liquidated from the individual funds from which the related salaries and wages are paid.

Blount County School Department

The following is a summary of changes in long-term liabilities for the discretely presented Blount County School Department for the year ended June 30, 2004:

	Notes	Accrued Leave
Balance, July 1, 2003	\$ 2,085,000	\$ 68,172
Additions	0	0
Deductions	415,000	9,898
Balance, June 30, 2004	<u>\$ 1,670,000</u>	<u>\$ 58,274</u>
Balance Due Within One Year	<u>\$ 415,000</u>	<u>\$ 6,372</u>

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

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of six years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding as of June 30, 2004, are as follows:

Purpose	Interest Rate	Amount
Capital Outlay Notes	4.00%	\$ 1,670,000

These capital outlay notes are to be retired from the General Purpose School Fund of the discretely presented Blount County School Department.

The annual requirements to amortize all notes outstanding as of June 30, 2004, including interest payments of \$167,400, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2005	\$ 415,000	\$ 66,800
2006	415,000	50,200
2007	420,000	33,600
2008	420,000	16,800
Total	\$ 1,670,000	\$ 167,400

Compensated absences are liquidated from the individual funds from which the related salaries and wages are paid.

G. Short-term Debt

During the year, Blount County issued revenue anticipation notes of \$500,000 to provide temporary operating funds for the Highway/Public Works Fund and \$300,000 for the School Federal Projects Fund. These notes were retired prior to June 30, 2004, as required by state statutes, and therefore have not been reflected in the financial statements of this report. A schedule of this short-term debt activity for the year ended June 30, 2004, follows:

	Balance		Balance	
	July 1, 2003	Issued	Redeemed	June 30, 2004
Revenue Anticipation Notes	\$ 0	\$ 500,000	\$ 500,000	\$ 0
Revenue Anticipation Notes	0	300,000	300,000	0

H. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal is to be expended to benefit the Blount County Children's Home. During the year ended June 30, 2004, interest earned and expended totaled \$9,078.

I. Other Restricted Net Assets, Reserved Fund Balances, and Designations

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the Primary Government consists of various restrictions totaling \$1,031,216, with the primary restrictions being for: (1) Library (\$312,768), (2) Drug Control (\$147,455), (3) Tourism (\$220,407), (4) Drug Court (\$166,342), (5) District Attorney General (\$48,373), and (6) Register Computer System (\$82,354). For the discretely presented Blount County School Department, the account balance in Restricted for Other Purposes (\$1,017,010) consists of restrictions for various federal assistance programs, with the primary restrictions being for: (1) School Lunch and Breakfast Program (\$768,226) and (2) IDEA (\$129,272).

On the Balance Sheet – Governmental Funds (Exhibit C-1), the account Reserved for Other General Purposes consists of: (1) a reserve of Hotel-Motel Tax revenues for tourism expenditures in the General Fund (\$220,407) and (2) a reserve for a long-term note receivable in the General Debt Service Fund (\$1,670,000).

J. Prior-year Restatement

Net assets as of June 30, 2003, were restated by \$180,680 and \$113,690 in the Self-insurance Fund and the Workers' Compensation Fund, respectively. These restatements were necessary to correct the inclusion of large individual claims that were actually settled prior to June 30, 2003.

V. OTHER INFORMATION

A. Risk Management

Blount County has chosen to establish four self-insurance funds for risks associated with the general liability, property, casualty, employees' health and dental plans, and risks associated with workers' compensation claims. The self-insurance funds are accounted for as internal service funds where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$100,000 for each occurrence for general liability, property, and casualty coverage. The county retains the risk of loss to a limit of \$150,000 for each employee in any plan year for health coverage. The county also retains the risk of loss to a limit of \$350,000 for each employee and

approximately \$1,000,000 for all claims in any plan year for workers' compensation coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All full-time employees of the primary government and the discretely presented Blount County School Department are eligible to participate in the health and dental programs. A premium charge for the general liability, property and casualty, health, dental, and workers' compensation programs is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophe losses. That reserve was \$475,631 for general liability, property, and casualty coverage; \$241,540 for health coverage; \$174,630 for dental coverage; and \$1,792,323 for workers' compensation coverage at June 30, 2004, and has been designated by management for future catastrophe losses. Liabilities of these funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance funds establish 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. 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, and Casualty

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2002-2003	\$ 446,433	\$ 0	\$ 31,148	\$ (95,690)	\$ 381,891
2003-2004	381,891	(180,680)	506,538	(574,342)	133,407

Health

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2002-2003	\$ 1,687,472	\$ 0	\$ 8,224,060	\$ (8,084,622)	\$ 1,826,910
2003-2004	1,826,910	0	10,042,558	(11,269,590)	599,878

Dental

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2002-2003	\$ 38,707	\$ 0	\$ 478,378	\$ (478,520)	\$ 38,565
2003-2004	38,565	0	609,463	(627,163)	20,865

Workers' Compensation

	Beginning of Fiscal Year Liability	Adjustment to Prior Year Claims	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2002-2003	\$ 547,416	\$ 0	\$ 821,994	\$ (400,976)	\$ 968,434
2003-2004	968,434	(113,690)	0	(384,805)	\$ 469,939

B. Subsequent Event

On August 19, 2004, the Blount County Commission approved a resolution authorizing a loan agreement between Blount County, Tennessee, and the Tennessee State School Bond Authority in an aggregate principal amount of not to exceed \$855,000 to provide funds to renovate, repair, and equip schools located in the county.

C. Litigation

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

D. Joint Ventures

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. Complete financial statements for the DTF can be obtained from its administrative office at 942 East Lamar Alexander Parkway, Maryville, Tennessee 37804.

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 bond 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 bond is \$8,168,615, 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. Complete financial statements for the Blount County Cable Television authority can be obtained from its administrative office at P. O. Box 4338, Maryville, Tennessee 37802, or from the County Clerk's Office at the courthouse.

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 \$510,033 to the operations of the commission during the year ended June 30, 2004. Complete financial statements for the Recreation and Parks Commission of Blount County,

Maryville, and Alcoa can be obtained from its administrative office at 316 South Everett High Road, Maryville, Tennessee, 37804 or from the County Clerk's Office at the courthouse. The county does not retain an equity interest in any of the noted joint ventures.

E. Retirement Commitments

Plan Description

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

Funding Policy

General County Employees

Blount County requires employees to contribute 5.0 percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2004, was 7.25 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Blount County is established and may be amended by the TCRS Board of Trustees.

Library System Employees

Blount County requires employees to contribute 5.0 percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2004, was 6.20 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Blount County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

General County Employees

For the year ended June 30, 2004, Blount County's annual pension cost of \$1,667,095 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2001, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Blount County's unfunded actuarial accrued liability is amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2001, was 14 years. An actuarial valuation was performed as of July 1, 2003, which established contribution rates effective July 1, 2004.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2004	\$ 1,667,095	100%	\$ 0
June 30, 2003	1,567,403	100	0
June 30, 2002	1,206,312	100	0

Library System Employees

For the year ended June 30, 2004, Blount County's annual pension cost of \$37,393 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2001, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of

return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Blount County's unfunded actuarial accrued liability is amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2001, was 17 years. An actuarial valuation was performed as of July 1, 2003, which established contribution rates effective July 1, 2004.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2004	\$ 37,393	100%	\$ 0
June 30, 2003	30,973	100	0
June 30, 2002	23,949	100	0

Required Supplementary Information

Schedule of Funding Progress for Blount County

General County Employees

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6/30/2003	\$ 36,111	\$ 42,992	\$ 6,881	83.99%	\$ 22,017	31.25%
6/30/2001	30,451	38,087	7,636	79.95	18,416	41.46
6/30/1999	25,160	30,722	5,562	81.90	14,822	37.53

Library System Employees

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2003	\$ 872	\$ 994	\$ 122	87.73%	\$ 608	20.07%
6/30/2001	735	863	128	85.17	330	38.79
6/30/1999	606	743	137	81.56	440	31.13

SCHOOL TEACHERS

Plan Description

Blount County 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.treasury.state.tn.us.

Funding Policy

Most teachers are required by state statute to contribute 5.0 percent of their salaries to the plan. The employer contribution rate for Blount County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2004, was 3.39 percent of annual covered payroll. The employer contribution requirement for Blount County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2004, 2003, and 2002, were \$1,110,858, \$1,080,819, and \$1,130,859, respectively, equal to the required contributions for each year.

F. Other Post-employment Benefits

In addition to the retirement commitments described in Note V-E, Blount County and the discretely presented Blount County School Department provide post-retirement health, life, and dental insurance benefits in accordance with a resolution of the County Commission to employees who retire after attaining age 60 and/or with at least 30 years of service. As of June 30, 2004, 14 retirees of the primary government and 123 retirees from the discretely presented Blount County School Department were participating in the program. Blount County and the discretely presented Blount County School Department pay health, life, and dental insurance premiums for the retirees until age 65 with the option to continue dependent coverage at the retiree's expense. Expenditures for post-retirement health care benefits are recognized as premiums and are paid from the various funds to the county's Self-Insurance Funds. During the year, expenditures were recognized for post-employment health (\$44,138) and life insurance (\$541,065) premiums for Blount County and the discretely presented Blount County School Department. Also during the year, expenditures were recognized for post-employment dental insurance premiums for Blount County (\$1,839) and the discretely presented Blount County School Department (\$24,786).

G. Office of Central Accounting

Blount County operates under the Local Option Budgeting Law of 1993, the County Budgeting Law of 1957, the County Fiscal Procedures Law of 1957, and Chapter 229, Private Acts of 1972. These acts provide for a system of central accounting and budgeting covering all funds of the county. Funds were maintained in the Office of Central Accounting under the supervision of the director of accounts and budgets.

H. Purchasing Laws

Purchasing procedures for the Offices of County Mayor 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 acts provide for a purchasing agent and require competitive bids on all purchases exceeding \$5,000 for the Office of County Mayor and \$5,000 for the Highway Superintendent's Office.

Purchasing procedures for the discretely presented Blount County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$5,000.

VI. COMPONENT UNITS

A. Industrial Development Board

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

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

Receivables

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

In the financial statements, material receivables in governmental funds include intergovernmental revenues since they are both measurable and available. Nonexchange 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, 2004. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Fixed Assets

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

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

Buildings	40 years
Improvements	15 years
Furniture, fixtures, equipment, and signs	5-15 years

B. BUDGETARY ACCOUNTING

The Industrial Development Board's Board of Directors adopts an Operating Fund annual budget, which provides the basis for control of financial operations during the fiscal year. The same basis of accounting is used to reflect actual revenues and expenditures. All unencumbered budget appropriations lapse at the end of the fiscal year. The budgetary level of control is each major fund. Management can make budget revisions within each major fund, but only the Board of Directors may transfer appropriations between major funds.

C. 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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

A. FUND ACCOUNTING REQUIREMENTS

The Industrial Development Board complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds that must be used by the Industrial Development Board.

B. 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.

C. FUND EQUITY RESTRICTIONS

Deficit Prohibition

State of Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund. The Industrial Development Board complied with this statute in all material respects for the year ended June 30, 2004.

NOTE 3. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

A. CASH AND INVESTMENTS

In accordance with the Board of Directors' approval, the Industrial Development Board maintains a checking account to handle the day-to-day operations. Savings accounts, certificates of deposit, and investments are authorized by the Board of Directors, and excess funds of the Industrial Development Board are placed in insured accounts.

Investments are carried at fair value.

The Industrial Development Board's cash is categorized below to give an indication of the level of risk assumed by the Industrial Development Board at year-end. The risk categories are described as follows in accordance with Governmental Accounting Standards Board (GASB) Statement 3:

On Deposit at
June 30, 2004

Category 1 - Insured or collateralized with securities held by the Industrial Development Board or its agent in the Industrial Development Board's name (or through the Tennessee Collateral Pool)	\$ 1,749,201
Category 2 - Collateralized with securities held by the pledging financial institution's agent in the Industrial Development Board's name	0
Category 3 - Uncollateralized (including any bank balance that is collateralized with securities held by pledging financial institution or its agent, but not in the Industrial Development Board's name)	0

The carrying amount of the Industrial Development Board's cash deposits and investments at June 30, 2004, is summarized as follows:

Checking Accounts	\$ 1,927,541
Savings Account	6
Certificates of Deposit	<u>50,000</u>
Total Cash	<u>\$ 1,977,547</u>

B. ACCOUNTS RECEIVABLE

Due From Other Governments

The Industrial Development Board was the administrator of TIIP Grant #Z-00-97790-00. This grant is used for construction being performed for the AirCel Corporation. The Industrial Development Board is reimbursed for expenses related to this project. At June 30, 2004, the amount of reimbursement due from the State of Tennessee for this project was \$11,308.

C. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2004, were as follows:

	Balance at 7/1/2003	Additions	Retirements	Balance at 6/30/2004
Governmental activities:				
Land	\$ 8,711,609	\$ 205,467	\$ (189,894)	\$ 8,727,182
Building and improvements	1,948,638	92,862	0	2,041,500
Furniture, fixtures, and equipment	166,902	2,276	0	169,178
Signs	17,112	0	0	17,112
Totals at historical cost	<u>\$ 10,844,261</u>	<u>\$ 300,605</u>	<u>\$ (189,894)</u>	<u>\$ 10,954,972</u>
Less: accumulated depreciation				
Buildings and improvements	\$ (288,346)	\$ (67,648)	\$ 0	\$ (355,994)
Furniture, fixtures, and equipment	(132,163)	(10,510)	0	(142,673)
Signs	(3,115)	(1,140)	0	(4,255)
Total accumulated depreciation	<u>\$ (423,624)</u>	<u>\$ (79,298)</u>	<u>\$ 0</u>	<u>\$ (502,922)</u>
Governmental activities Capital assets, net	<u>\$ 10,420,637</u>	<u>\$ 221,307</u>	<u>\$ 189,894</u>	<u>\$ 10,452,050</u>

D. LONG-TERM DEBT

Long-term debt consists of the following notes:

Note payable to First Tennessee Bank with interest at 6.15%, due \$4,500 monthly, including interest, until May 15, 2007, collateralized by property	\$ 597,500
Note payable to AmSouth Bank with interest at 8.0%, due \$7,559 monthly, including interest, until February 2005, collateralized by property	405,164
Note payable to SunTrust Bank with interest at 5.25%, due \$8,405 monthly, including interest, until November 2007 collateralized by property	984,639

Two notes payable to individuals with interest at 6%, due annually in installments of \$371,484, until January 2008, secured by deed of trust \$ 1,287,231

Five notes payable to individuals with interest at 6%, due annually in installments of \$444,323 installments due August 2008, secured by deed of trust 1,871,650

Note payable to SunTrust Bank with interest at 3.50%, due \$2,155 monthly, including interest, until March 2009, secured by receivables 54,624

\$ 5,200,808

Less: Current portion (1,123,889)

Total \$ 4,076,919

The debt to local banking institutions is collateralized by various properties under direct financing leases and land owned by the Board in the Stock Creek Development Center and the Blount County and Big Springs Industrial Parks.

Future Debt Service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2005	\$ 1,123,889	\$ 298,492	\$ 1,422,381
2006	760,998	235,529	996,527
2007	1,325,579	188,236	1,513,815
2008	1,571,169	87,746	1,658,915
2009	419,173	25,150	444,323
	<u>\$ 5,200,808</u>	<u>\$ 835,153</u>	<u>\$ 6,035,961</u>

E. NET ASSETS

Restricted Net Assets:

Restricted for development and maintenance	\$ 1,380,097
Restricted for training	<u>103,489</u>
Total Restricted	<u><u>\$ 1,483,586</u></u>

NOTE 4. OTHER NOTES

RISK-FINANCING ACTIVITIES

It is the policy of the Industrial Development Board to purchase commercial insurance for the risks of losses to which it is exposed. These risks include property and casualty. Settled claims, if any, have not exceeded this commercial coverage in any of the past three fiscal years.

B. Blount County Children's Home

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

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

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

Receivables

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

Fixed Assets

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. This range of estimated useful lives by type of assets is as follows:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	03-20 years

Compensated Absences

Annual Leave

Full-time employees receive annual leave from the first month of employment at $\frac{5}{6}$ days per month. Accrued time is lost if the employee resigns or is terminated before the first six-month period of employment is completed. The $\frac{5}{6}$ day per month accrual is effective through year five of employment. In years six through 15, annual leave accrues at a rate of $1\frac{1}{4}$ days per month. In years 16 and beyond, the employee earns $1\frac{2}{3}$ days per month. All annual leave must be used within six months after the end of the calendar year in which it is earned. The liability for accrued compensated absences as of June 30, 2004, is \$7,288.

Sick Leave

All full-time employees will be allowed six days per year with full pay. Sick leave can be cumulative up to 18 days, with no reimbursement for unused accumulated sick leave upon resignation or termination of an employee.

B. BUDGETARY ACCOUNTING

The Blount County Children's Home Board of Directors adopts an Operating Fund annual budget, which provides the basis for control of financial operations during the fiscal year. The same basis of accounting is used to reflect actual revenues and expenditures. All unencumbered budget appropriations lapse at the end of the fiscal year. The budgetary level of control is each major fund. Management can make budget revisions within each major fund, but only the Board of Directors may transfer appropriations between major funds.

C. 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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

A. FUND ACCOUNTING REQUIREMENTS

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

B. 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.

C. FUND EQUITY RESTRICTIONS

Deficit Prohibition

State of Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund. The home complied with this statute in all material respects for the year ended June 30, 2004.

NOTE 3. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

A. CASH AND INVESTMENTS

In accordance with the Board of Directors' approval, the Blount County Children's Home maintains a checking account to handle the day-to-day operations. Savings accounts, certificates of deposit, and investments are board-authorized, and excess funds of the home are placed in insured accounts.

Investments are carried at fair value.

The Blount County Children's Home's cash is categorized below to give an indication of the level of risk assumed by the home at year-end. The risk categories are described as follows in accordance with Governmental Accounting Standards Board (GASB) Statement 3:

	<u>On Deposit at 6/30/2004</u>
Category 1 - Insured or collateralized with securities held by the home or its agent in the home's name (or through the Tennessee Collateral Pool)	\$ 783,138
Category 2 - Collateralized with securities held by the pledging financial institution's agent in the home's name	0
Category 3 - Uncollateralized (including any bank balance that is collateralized with securities held by pledging financial institution or its agent, but not in the home's name)	0

The carrying amount of the home's cash deposits and investments at June 30, 2004, is summarized as follows:

Checking Accounts	\$ 577,700
Savings Account	16,026
Certificates of Deposit	178,903
Total Cash Deposits	<u>\$ 772,629</u>
Petty Cash on Hand	150
Investments in Mutual Funds	108,812
Total Cash and Investments	<u><u>\$ 881,591</u></u>

B. ACCOUNTS RECEIVABLE

State of Tennessee

The Blount County Children's Home contracts with the State of Tennessee to provide residential care/treatment of children based on a per-day reimbursement rate per child per days domiciled in the home. The amount due from the state at June 30, 2004, amounts to \$12,659.

C. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2004, were as follows:

	Balance at 7/1/2003	Additions	Balance at 6/30/2004
Governmental activities:			
Building and improvements	\$ 632,526	\$ 0	\$ 632,526
Equipment	171,906	35,000	206,906
Furniture and fixtures	41,085	0	41,085
Totals at historical cost	<u>\$ 845,517</u>	<u>\$ 35,000</u>	<u>\$ 880,517</u>

Less: accumulated depreciation			
Buildings and improvements	\$ (494,003)	\$ (16,211)	\$ (510,214)
Equipment	(116,025)	(19,067)	(135,092)
Furniture and fixtures	(39,858)	(341)	(40,199)
Total accumulated depreciation	<u>\$ (649,886)</u>	<u>\$ (35,619)</u>	<u>\$ (685,505)</u>

	Balance at 7/1/2003	Additions	Balance at 6/30/2004
Governmental activities			
Capital assets, net	<u>\$ 195,631</u>	<u>\$ (619)</u>	<u>\$ 195,012</u>

Depreciation expense was charged to governmental activities as follows:

Residential care of children	<u>\$ 35,619</u>
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D. ACCRUED EXPENSES

Payables in the governmental funds comprise accrued payroll taxes.

E. NOTES PAYABLE

Long-term debt consists of the following at June 30, 2004:

Note payable to bank in monthly installments including interest at 4.95%, due in April, 2008, secured by vehicles	\$ 38,040
Note payable to bank in monthly installments including interest at 4.4%, due in November 2008 secured certificates of deposit	<u>31,294</u>
Total notes payable	<u>\$ 69,334</u>
Less: Current portion	<u>\$ (15,842)</u>
Total long-term debt, less current portion	<u><u>\$ 53,492</u></u>

Future maturities of long-term debt are as follows as of June 30, 2004:

2005	\$ 15,842
2006	16,600
2007	17,395
2008	16,285
2009	<u>3,212</u>
	<u><u>\$ 69,334</u></u>

F. NET ASSETS

Restricted Net Assets

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

Activity	Restricted by	Amount
Home Improvements	Contributors	\$ 12,447
Discretionary Reserve	Contributors	162,481
Memorial Scholarship	Contributors	22,339
Building	Contributors	145,897
Webb	Contributors	<u>534,897</u>
Total Restricted Net Assets for Other Purposes		<u><u>\$ 878,061</u></u>

NOTE 4. OTHER NOTES

A. RETIREMENT BENEFITS

The home has established a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). Eligibility is limited to those employees with annual compensation exceeding \$5,000. Employees can elect to reduce their salary by a percentage and contribute that to the plan. Employee contributions cannot exceed

\$6,000. For each calendar year the employer will contribute a matching contribution to each employee's account equal to the employee's salary reduction up to a limit of three percent of the employer's compensation.

B. RISK-FINANCING ACTIVITIES

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

**C. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS
- STATE OF TENNESSEE REIMBURSEMENTS**

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

Also, the state may reduce the number of children the home is allowed to care for. This would reduce the reimbursement revenues to the home. The loss of these revenues would significantly impact the home's operations.

C. Blount Memorial Hospital

1. Description of Reporting Entity and Significant Accounting Policies

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

The hospital also has ownership interests in other entities which are involved in activities related to the hospital's mission of providing health care services. The hospital has not included these entities in its financial statements or presented summarized disclosures in its financial statements due to the relative insignificance of the financial activities of these entities through June 30, 2004.

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.

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 income when earned except for earnings on trustee-held investments from borrowed funds that are included in other operating revenues.

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. The cash and investments held by the foundation are in trust accounts and classified as assets limited as to use.

Inventories

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

Property and Equipment

Land, buildings, and equipment are stated on the basis of cost or fair value at 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.

Land improvements	8-25 years
Buildings, improvements and fixed equipment	10-30 years
Equipment	3-15 years

Deferred Debt Expense

Deferred debt expense represents costs related to the issuance of bonds. These costs are 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

Revenue and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Nonoperating income consists primarily of earnings on investments (other than trustee-held investments related to borrowed funds) and general contributions to the hospital.

Income Taxes

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

Charity Care

The hospital accepts all 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 which reflect the amount expected to be collected. Net patient service revenue includes amounts estimated by management to be reimbursable by various third-party payers 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 (Note 6). 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 that exceeded insurance coverage during the last three years.

Use of Estimates

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

Certain 2003 amounts have been reclassified to conform with 2004 classifications.

2. Net Patient Service Revenue

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

	<u>Year Ended June 30, 2004</u>
Gross patient service charges	\$ 335,038,286
Charity care charges foregone	(5,703,447)
Contractual adjustments and discounts	(195,227,952)
Provision for bad debts	<u>(6,585,981)</u>
Net patient service revenue	<u><u>\$ 127,520,906</u></u>

3. Third-party Payer Agreements

The hospital renders services to patients under contractual arrangements with the Medicare and TennCare programs. Laws, regulations, and contracts governing third-party payer 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 that 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 received 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 45 percent and 16 percent, respectively, for 2004 (47 percent and 16 percent, respectively, for 2003).

The hospital has also entered into reimbursement agreements with certain 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.

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

The hospital's balances of cash (\$3,195,177 at June 30, 2004) 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 (credit risk category insured or collateralized with securities held by the entity or its agent in the entity's name).

Foundation assets limited as to use include the following:

	<u>June 30, 2004</u>
Cash	\$ 107,221
U.S. government portfolio mutual funds	20,032
Bond mutual funds	391,726
Equity mutual funds	489,887
	<u>\$ 1,008,866</u>

The foundation's cash balances at financial institutions are covered up to \$100,000 by Federal Deposit Insurance Corporation insurance (credit risk category insured). As of June 30, 2004, the foundation's cash balances exceeded those coverage limits by \$6,830 (risk category uncollateralized).

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

	<u>June 30, 2004</u>
U.S. Treasury portfolio (cash equivalents)	\$ 5,022,610
U.S. Treasury notes	20,371,898
U.S. government agency securities	64,022,086
Corporate bonds	42,474,239
Common stocks	11,533,632
	<u>\$ 143,424,465</u>

5. Property and Equipment

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

	Balance at 7/1/2003	Additions	Retire- ments	Balance at 6/30/2004
Land	\$ 3,764,122	\$ 94,047	\$ (150,000)	\$ 3,708,169
Land improvements	2,681,684	188,732	(28,923)	2,841,493
Buildings, improvements, and fixed equipment	102,046,156	1,254,666	0	103,300,822
Equipment	65,438,608	11,593,047	(77,639)	76,954,016
Construction in progress	2,474,420	5,341,644	0	7,816,064
	<u>\$ 176,404,990</u>	<u>\$ 18,472,136</u>	<u>\$ (256,562)</u>	<u>\$ 194,620,564</u>
Less: allowances for depreciation	(90,667,238)	(10,321,258)	68,718	(100,919,778)
	<u>\$ 85,737,752</u>	<u>\$ 8,150,878</u>	<u>\$ (187,844)</u>	<u>\$ 93,700,786</u>

Construction in progress at June 30, 2004, consists primarily of costs related to facility additions with total estimated costs to complete of approximately \$13,000,000.

6. Malpractice Trust Fund and Employee Group Health Claims

The hospital is covered under the Tennessee Governmental Tort Liability Act, Section 23-3301, et seq. Tennessee Code Annotated. In addition to requiring claims be made in conformance with this act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one-year statute of limitations, and a requirement that the governmental entity purchase insurance or be self-insured with certain limits. This act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the act or the amount of insurance purchased by the governmental entity.

The hospital provides professional liability coverage through a self-insurance malpractice trust fund. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust. The assets

of, and contributions to, the trust are reported in the balance sheets; income from the trust assets, claims, and administrative costs are reported in the statements of revenues, expenses, and changes in net assets.

Claims and expenses of \$105,522 and \$133,617 were paid from the fund during the years ended June 30, 2004, and 2003, respectively. At June 30, 2004, 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 that 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 \$355,000 and \$680,000 at both June 30, 2004, and 2003, respectively. The provision for employee group health claims (net of employee-paid premiums) was approximately \$7,323,000 and \$5,741,000 for 2004 and 2003, respectively.

7. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance at 7/1/2003	Additions	Principal Payments	Balance at 6/30/2004
Series 1998A Bonds	\$ 12,555,000	\$ 0	\$ (1,035,000)	\$ 11,520,000
Series 1998B Bonds	14,475,000	0	(550,000)	13,925,000
Series A-3-A Bonds	40,000,000	0	0	40,000,000
Series C-2-A Bonds	0	60,000,000		60,000,000
Total outstanding	\$ 67,030,000	<u>\$ 60,000,000</u>	<u>\$ (1,585,000)</u>	\$ 125,445,000
Less current portion	(1,585,000)			(2,675,000)
Less unamortized loss on bonding refund	(639,639)			<u>(568,569)</u>
Long-term portion	<u>\$ 64,805,361</u>			<u>\$ 122,201,431</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 advance refund the previously issued Blount County, Hospital Revenue Bonds, Series 1992 and 1996B, and Hospital Revenue Refunding Bonds, Series 1996A (collectively, the Refunded Bonds). The hospital

computed a loss on the refunding in 1999 of \$959,455, which has been deferred and is amortized over the life of the refunding debt (\$71,070 amortized in both 2004 and 2003). The proceeds of the Series 1998B Bonds provided funds for expansions and improvements of the hospital's facilities and equipment.

The Series 1998A Bonds mature in increasing annual amounts ranging from \$1,075,000 in 2005 to \$1,515,000 in 2013 at interest rates ranging from 4.00 to 4.60 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$575,000 in 2005 to \$4,610,000 in 2020 at interest rates ranging from 5 to 5.25 percent. The Series 1998A Bonds maturing on or after July 1, 2008, shall be subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The Series 1998B Bonds maturing on or after July 1, 2010, shall be subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The Series 1998B Bonds maturing on July 1, 2009, and July 1, 2019, are subject to mandatory sinking fund redemptions prior to maturity beginning on July 1, 2006, and July 1, 2016, respectively.

In November 2001, Blount County issued on behalf of the hospital, \$40,000,000 of Local Government Public Improvement Bonds, Series A-3-A. The proceeds of these bonds were used to provide funds for capital equipment and additions to the hospital's facilities. Scheduled principal reductions on the Series A-3-A Bonds increase in annual amounts ranging from \$1,625,000 in 2014 to \$5,000,000 in 2026. The Series A-3-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.

In October 2003, Blount County issued on behalf of the hospital, \$60,000,000 of Local Government Public Improvement Bonds, Series C-2-A. The proceeds of these bonds are used to provide funds for capital equipment and additions to the hospital's facilities. Scheduled principal reductions on the Series C-2-A Bonds increase in annual amounts ranging from \$1,025,000 in 2005 to \$8,425,000 in 2029. The Series C-2-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.

The series A-3-A and C-2-A bonds bear interest at a variable rate, and the hospital has entered into separate interest rate swap agreements to effectively fix the interest rate. In connection with the Series A-3-A bonds, the hospital owes interest at an effective rate of 4.90 percent on a portion of the bonds totaling \$25,000,000. In connection with the Series C-2-A bonds, the hospital owes interest at an effective rate of 4.33 percent on a portion of the bonds totaling \$30,700,000. In return,

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, continues 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 the bondholders and the variable rate received from the counterparty. The hospital would be exposed to variable rates if the counterparties to the swap default, if the variable rate received from the counterparties is less than that due to bondholders or if the swaps are terminated. The termination of the swap agreements could also result in the hospital making or receiving a termination payment. The fair value of the swap agreements was approximately (\$1,915,000) and (\$4,146,000) as of June 30, 2004, and 2003, respectively. These amounts, which were estimated by obtaining quotes from the financial institution, have not been recorded in the accompanying financial statements. The debt service requirements for the portions of the bonds subject to the swap agreements, as presented below, are based solely on the effective fixed rates. Other than the net interest expenditures resulting from the swap agreements, no other amounts are recorded in the financial statements.

Maturities and mandatory sinking fund payments related to the bonds are summarized as follows:

	Series C-2-A	Series A-3-A	Series 1998A and B	Total
2005	\$ 1,025,000	\$ 0	\$ 1,650,000	\$ 2,675,000
2006	1,075,000	0	1,725,000	2,800,000
2007	1,125,000	0	1,810,000	2,935,000
2008	1,200,000	0	1,890,000	3,090,000
2009	1,250,000	0	1,980,000	3,230,000
2010-2014	7,225,000	1,625,000	9,805,000	18,655,000
2015-2019	8,475,000	9,825,000	5,340,000	23,640,000
2020-2024	10,025,000	18,800,000	1,245,000	30,070,000
2025-2029	28,600,000	9,750,000	0	38,350,000
	<u>\$ 60,000,000</u>	<u>\$ 40,000,000</u>	<u>\$ 25,445,000</u>	<u>\$ 125,445,000</u>

Interest payments related to the bonds are as follows (interest for variable rate portion of the Series C-2-A and Series A-3-A Bonds is determined using the rate in effect at June 30, 2004, which was 1.03 percent):

	Series C-2-A	Series A-3-A	Series 1998A and B	Total
2005	\$ 1,630,988	\$ 1,379,500	\$ 1,171,983	\$ 4,182,471
2006	1,620,387	1,379,500	1,098,022	4,097,909
2007	1,609,272	1,379,500	1,018,860	4,007,632
2008	1,597,620	1,379,500	934,575	3,911,695
2009	1,585,217	1,379,500	845,743	3,810,460
2010-2014	7,717,446	6,896,105	2,758,843	17,372,394
2015-2019	7,318,793	6,615,344	1,031,411	14,965,548
2020-2024	6,843,806	5,135,957	31,903	12,011,666
2025-2029	4,401,459	682,938	0	5,084,397
	<u>\$ 34,324,988</u>	<u>\$ 26,227,844</u>	<u>\$ 8,891,340</u>	<u>\$ 69,444,172</u>

The revenues of the hospital are pledged as collateral for the bonds outstanding. Payment of principal and interest for the Series 1998A, Series A-3-A, and Series C-2-A bonds are insured by municipal bond insurance policies. In addition, the bond agreements contain certain covenants that include deposits to trusteed funds and maintenance of rates.

Interest costs incurred on the bonds totaled \$4,008,862 in 2004.

Funds held by trustees as of June 30, 2004, for the outstanding bond issues consisted of the following:

	June 30 2004
Debt service reserve funds	\$ 2,876,608
Bond funds	2,090,151
Project fund	<u>42,475,675</u>
	<u>\$ 47,442,434</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. The project fund relates to the Series C-2-A bonds and is used to fund the hospital's capital acquisitions and construction. Funds held by the trustees are invested primarily in obligations of the United States government or its agencies as allowed by the trust agreements.

8. Pension Plan

The Blount Memorial Hospital Retirement Plan is a defined contribution plan available to all employees who are age 21 or older and have completed one year of service. Participants are 100 percent vested after five years of service. The plan provides for the hospital to contribute an amount equal to four percent of each eligible employee's compensation plus a matching contribution (limited to two percent of compensation) based upon voluntary employee contributions to the plan. Pension contributions are made biweekly. Hospital contributions to the plan totaled \$2,702,556 and \$2,241,836 in 2004 and 2003, respectively. Employee contributions were \$2,956,186 and \$2,622,960 in 2004 and 2003, respectively. Participants in the plan are permitted to direct investments into various investment funds offered through the insurance company administering the plan.

9. Foundation

At June 30, 2004, the foundation's assets total \$1,008,866 and consist of cash and investments. A portion of the investments at June 30, 2004, totaling \$672,823, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. Net assets at June 30, 2004, total \$1,008,866, and the 2004 statement of revenues, expenses, and changes in net assets includes foundation contribution revenue of \$580,631, net investment income of \$104,023 and expenses of \$543,751. 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.

D. Blount County Emergency Communications District

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

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

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, fixed assets are accounted for and capitalized as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed 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. 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:

Buildings	25-50 years
Improvements	10-50 years
Machinery and equipment	03-20 years

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2004, 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.

B. REVENUES AND EXPENSES

Operating revenues and expense or 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 (\$0.65) and another rate for business exchange access service (\$2.00) within the base rate area governed by the boundaries of the district. Revenue is collected by BellSouth and remitted monthly to the district. Wireless fees are collected and remitted monthly to the

district through the State of Tennessee. Operating expenses include salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and nonoperating.

Nonoperating Revenues/Expenses

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

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as an Emergency Communications District (E-911) unit, the entity 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 follow.

Fund Accounting Requirements

The E-911 complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts issued by the State of Tennessee, Comptroller of the Treasury, Division of County Audit, effective July 1, 2001.

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.

NOTE 2 - 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. Fixed assets and depreciation are as follows:

Description	Estimated Useful Life	Cost	Accumulated Depreciation	Book Value 6/30/2003
Land	0	\$ 40,000	\$ 0	\$ 40,000
Building and improvements	30 years	957,608	394,640	562,968
Furniture and equipment	10 years	1,393,796	781,291	612,505
Totals		<u>\$ 2,391,404</u>	<u>\$ 1,175,931</u>	<u>\$ 1,215,473</u>

Depreciation expense for the fiscal year ended June 30, 2004, amounted to \$154,786.

NOTE 3 - CASH

In accordance with Governmental Accounting Standards Board Statement No. 3, the level of risk associated with amounts on deposit with financial institutions is described in the following categories:

Category 1 - Insured or collateralized with securities held by Blount County Emergency Communications District or by the district's agent in the name of the district.

Category 2 - Collateralized with securities held by the financial institution's trust department or agent in the district's name.

Category 3 - Uncollateralized - This includes any collateral securities pledged and held by the financial institution or by its trust department or agent, but not in the district's name.

The carrying amount of the district's deposits at June 30, 2004, is \$375,743.

Amounts on deposit with financial institutions (\$376,143) as of June 30, 2004, are categorized as follows:

	Category
	<u>1</u>
Cash in bank	\$ 90,563
Certificates of deposit	<u>285,580</u>
Total Cash	<u>\$ 376,143</u>

Cash exceeding FDIC coverage is collateralized through the State of Tennessee Bank Collateral Pool.

NOTE 4 - COMMITMENT - BELLSOUTH

BellSouth furnishes Stand Alone Location Identification (SALI) equipment to the Blount County Emergency Communications District at the rates prescribed by the tariffs of the Tennessee Public Service Commission (TPSC). These rates charged by BellSouth 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 BellSouth is indefinite as to time and is currently at a rate of \$8,871 per month through December 31, 2004.

NOTE 5 - EMPLOYEES' RETIREMENT PLAN

During the fiscal year, employees of the Blount County Emergency Communications District were members of the Tennessee Consolidated Retirement System (TCRS). The TCRS is a defined benefit retirement plan covering general employees and teachers of the State of Tennessee as well as employees of political subdivisions that have elected coverage. Benefits are determined by a formula using the high five-year average salary and years of service of each employee.

Contributions to the system are determined on an actuarial basis and provide funding for both normal and supplemental liability costs. The frozen initial liability method, a projected benefit cost method, is used to value the plan. All supplemental liabilities are amortized over a 40-year period which began July 1, 1975, (or the political subdivision's date of participation, if later). The supplemental liability for the basic benefits and cost-of-living benefits is amortized as a level dollar amount. It is the policy of the plan to fund pension costs accrued.

Political subdivisions, such as the Blount County Emergency Communications District, participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan.

For the fiscal year ended June 30, 2004, the Blount County Emergency Communications District contributed \$51,762 to the plan, in addition to \$36,310 withheld from employees.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2003. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities were valued at amortized cost.

An experience study of the system is conducted every four years, the most recent as of June 30, 2003. Amounts pertaining to the supplemental liability for the pension plan and accumulated assets in the plan, and the actuarially computed present value of vested benefits exceeding net assets of the pension fund, are not identifiable for the Blount County Emergency Communications District, since they are a department of the City of Maryville, Tennessee's TCRS plan.

NOTE 6 - LEASE

Tennessee Emergency Management Agency (TEMA) leases the first floor of the Blount County Emergency Communications District's operations building. Either party may terminate the lease without cause, with written notice given at least 180 days prior to termination. The lease is payable monthly, plus 40 percent of the building's utilities. A new five-year lease was effective for July 1, 2000, at \$3,100 per month.

Following is a schedule of monthly lease rates, excluding utilities:

	Monthly Rate	Annual Rate
July 1, 2002 - June 30, 2005	\$ 3,100	\$ 37,200

NOTE 7 – 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, casualty, workers' compensation, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

E. Blount County Public Building Authority

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

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

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

Receivables

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

B. BUDGETARY ACCOUNTING

The PBA's Board of Directors adopts an Operating Fund annual budget, which provides the basis for control of financial operations during the fiscal year. The same basis of accounting is used to reflect actual revenues and expenditures. All unencumbered budget appropriations lapse at the end of the fiscal year. The budgetary level of control is each major fund. Management can make budget revisions within each major fund, but only the Board of Directors may transfer appropriations between major funds.

C. 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.

NOTE 2. 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:

A. 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 that must be used by the PBA.

B. DEPOSIT AND INVESTMENT 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.

C. FUND EQUITY 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, 2004.

NOTE 3. CASH AND INVESTMENTS

Cash – 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 treasurer of the State of Tennessee. 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 be equal to at least 105 percent of the average daily balance of public deposits held. The bank balance of the PBA's cash and investments with financial institutions at June 30, 2004, was \$44,570,261. The carrying amount of the PBA's cash and investments at June 30, 2004, was \$44,549,836. These deposits are categorized as follows to give an indication of the level of risk assumed at year-end:

	<u>Amount</u>
Category 1 – Deposits insured or collateralized either by securities held by the entity or its agent in the entity's name or with State of Tennessee Collateral Pool	\$44,570,261
Category 2 – Deposits collateralized with securities held by the pledging financial institution agent or trust department in the entity's name	0
Category 3 – Deposits uncollateralized or collateralized with securities held by the pledging financial institution or its trust department or agent, but not in the entity's name	0

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 exceeding current requirements is on deposit with a financial institution in obligations guaranteed by the U.S. government. Cash and cash equivalents consist of demand deposits and obligations of the U.S. Treasury with an original maturity of 90 days or less. At June 30, 2004, cash and cash equivalents amounted to \$44,549,836.

NOTE 4. GENERAL LONG-TERM DEBT/BONDS PAYABLE/LOAN AGREEMENT

A summary of bond transactions of the authority for the period July 1, 2003, through June 30, 2004, is as follows:

	<u>Public Facility Bonds</u>
Debt payable - July 1, 2003	\$ 115,655,000
Issued during the period	10,000,000
Debt retired	<u>(2,150,000)</u>
Debt payable - June 30, 2004	<u>\$ 123,505,000</u>

Bonds payable at June 30, 2004, include the following issues:

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$10,000,000 - 1997 Public Facility Bonds due in installments of \$375,000 to \$745,000 through March 1, 2019; interest ranging from 4% to 5.2%	\$ 8,045,000
\$20,000,000 - 1998 Public Facility Bonds due in installments of \$855,000 to \$1,660,000 beginning April 1, 2002, to April 1, 2019; interest from 4% to 5.2%	18,155,000
\$7,000,000 - 1999 Public Facility Bonds due in installments of \$200,000 to \$575,000 through June 30, 2019; interest ranging from 4.15% to 5.40%	6,205,000
\$4,100,000 - 2000 Public Facility Bonds due in installments of \$200,000 to \$400,000 through December 1, 2015, interest (variable) estimated at 6%	3,500,000
\$39,000,000 - 2001 Public Facility Bonds due in installments of \$1,515,000 to \$8,210,000 through June 1, 2023, interest (variable) estimated at 6%	39,000,000

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$20,000,000 - 2001 Public Facility Bonds due in installments of \$2,380,000 to \$3,380,000 through June 1, 2030, interest LIBOR based SWAP of 4.74%	\$ 20,000,000
\$10,000,000 - 2001 Public Facility Bonds due in installments of \$6,430,000 to \$3,570,000 through June 1, 2030, and June 2031, respectively, interest at 5%	10,000,000
\$9,100,000 - 2002 Public Facility Bonds due in installments of \$500,000 to \$900,000 through June 2030, interest at variable rate-estimated at 5%	8,600,000
\$10,000,000 - 2003 Public Facility Bonds due in installments of \$1,500,000 and \$8,500,000 in June 2027 and June 2028, respectively, interest at variable rate - estimated at 5%	<u>10,000,000</u>
Total Bonds Outstanding	<u><u>\$ 123,505,000</u></u>

The annual requirements to amortize all bonds outstanding as of June 30, 2004, including interest payments, are \$228,489,359 as follows:

<u>Year Ending June 30</u>	
2005	\$ 8,357,612
2006	8,346,296
2007	8,060,095
2008	8,124,958
2009	8,116,925
2010-2014	40,016,274
2015-2019	45,914,953
2020-2024	47,609,330
2025-2029	44,451,250
2030-2031	<u>9,491,666</u>
Total	<u><u>\$ 228,489,359</u></u>

All of the Public Facility Bond issues were loaned to Blount County, Tennessee, in separate loan agreements dated in 1997, 1998, 1999, 2000, 2001, 2002, and 2003. 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. See Notes 8 and 9 for Local Government Public Improvement Bonds Issued and Conduit Debt.

NOTE 5. RISK MANAGEMENT

The authority is exposed to various risks of losses related to torts, theft of assets, errors and omissions, and natural disasters. Commercial insurance for the risks of losses to which the entity is exposed are provided through policies issued jointly with Blount County, Tennessee. For the year ended June 30, 2004, no insurance claims are pending or payable. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6. AGREEMENTS AND CONTRACTUAL OBLIGATIONS

During the years ended June 30, 2001, through June 30, 2004, the PBA entered into five loan agreements with Blount County, Tennessee, whereby PBA has issued revenue bonds amounting to \$20,000,000, \$39,000,000, \$4,100,000, \$10,000,000, and \$9,100,000. The proceeds are available for loan to Blount County for various capital projects. The bond issued and loans drawn by Blount County, Tennessee, as of June 30, 2004, are as follows:

Bond Issue Amount	Loaned to Blount County, TN
\$ 39,000,000	\$39,000,000
20,000,000	20,000,000
4,100,000	4,100,000
10,000,000	10,000,000
9,100,000	9,100,000
10,000,000	8,537,102

During the year ended June 30, 2004, 14 projects were completed, and three projects were initiated for the benefit of Blount County, Tennessee. The school projects completed were funded by the Blount County Board of Education under supervision of the PBA. Courthouse renovations were funded by Blount County, Tennessee. All intergovernmental revenue was received from Blount County, Tennessee, for the project costs under the direction of the PBA.

Expenditures were as follows:

Construction:

Alcoa City Schools	\$ 2,278,383
Maryville Downtown Private Development	4,892
Highway Dept.-Salt Storage Facility	6,170
Health Department Dental Clinic	82,195
Alcoa Basketball Courts	57,010
School Roads Improvements	6,548
Facility Upgrade - Schools	36,089
Health Department Addition	19,675
Greenway Extension	81,253
Parks & Recreation - Sr. Citizen Center	1,279,886
Maryville Parking Garage	27,198
Fairview Elementary Renovations	3,536,391
Mold Remediation Projects	27,131
Schools - Operations & Maintenance Improvements	4,459,912
Total Construction	<u>\$ 11,902,733</u>

Administration:

Salaries	\$ 175,515
Other Administrative Expense	40,963
Total Administration	<u>\$ 216,478</u>

NOTE 7. LITIGATION

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

NOTE 8. LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS

The Public Building Authority of Blount County, Tennessee, approved a resolution authorizing the issuance and sale of Local Government Improvement Bonds of the authority not to exceed \$750,000,000. 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 \$540,715,000 has been issued on behalf of the following entities: Cities of Oak Ridge, Fayetteville, Hendersonville, Alcoa, Etowah, Greenville, Lexington, Maryville, Morristown, Cleveland, Sevierville, Erwin and Red Bank; Counties of Blount, Roane, Monroe, Coffee, Hamblen, Morgan, Warren, Greene, Campbell,

Cumberland, White, Bradley and Johnson; Cleveland Utilities Board and Hamblen (MHH).

NOTE 9. CONDUIT DEBT/FUNDS HELD BY TRUSTEE

The Public Building Authority has issued conduit debt (Note 8) to provide capital financing for specified third parties that is not a part of the Public Building Authority's financial reporting entity. The authority has issued bonds totaling \$540,715,000 to other governmental entities (Note 8) as of June 30, 2004. 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 loans pursuant to a loan agreement, whereas the borrower pledges revenues and receipts there from, which are pledged by the authority to the bond trustee. The authority has no obligation for the issued debt beyond the resources provided by related loan agreements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Blount County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 16,068,164	\$ 0	\$ 0	\$ 16,068,164	\$ 15,647,991	\$ 15,653,779	\$ 414,385
Licenses and Permits	595,562	0	0	595,562	600,650	600,650	(5,088)
Fines, Forfeitures and Penalties	696,405	0	0	696,405	428,950	455,650	240,755
Charges for Current Services	345,370	0	0	345,370	342,801	346,801	(1,431)
Other Local Revenues	1,077,444	0	0	1,077,444	544,350	1,013,679	63,765
Fees Received from County Officials	4,968,786	0	0	4,968,786	4,392,762	4,403,012	565,774
State of Tennessee	1,694,730	0	0	1,694,730	2,355,165	2,644,658	(949,928)
Federal Government	3,220,052	0	0	3,220,052	2,145,012	3,228,978	(8,926)
Other Governments and Citizens Groups	121,715	0	0	121,715	36,014	121,684	31
Total Revenues	\$ 28,788,228	\$ 0	\$ 0	\$ 28,788,228	\$ 26,493,695	\$ 28,468,891	\$ 319,337
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 317,141	\$ (5,132)	\$ 6,270	\$ 318,279	\$ 319,355	\$ 324,373	\$ 6,094
Board of Equalization	556	(230)	230	556	2,664	2,664	2,108
Beer Board	0	0	0	0	530	530	530
Budget and Finance Committee	3,347	0	0	3,347	3,484	3,484	137
County Mayor	234,991	(888)	421	234,524	237,301	237,425	2,901
Personnel Office	115,717	(3,216)	3,689	116,190	126,833	126,892	10,702
Election Commission (Including Voter Registration)	269,303	(2,059)	7,097	274,341	288,145	288,145	13,804
Register of Deeds	443,206	(4,514)	12,521	451,213	460,835	465,012	13,799
Planning	175,452	(2,616)	2,064	174,900	181,812	181,842	6,942
Building	47,542	(1,567)	283	46,258	54,564	54,578	8,320
Codes Compliance	63,620	0	7,429	71,049	99,845	99,897	28,848
County Buildings	932,854	(28,729)	29,479	933,604	921,517	937,038	3,434
Other General Administration	180,908	0	0	180,908	118,286	184,761	3,853
Preservation of Records	79,197	(12,353)	13,011	79,855	87,361	89,282	9,427
Risk Management	160,320	(27,215)	28,775	161,880	196,140	196,142	34,262
<u>Finance</u>							
Accounting and Budgeting	539,912	(4,876)	3,826	538,862	548,926	549,043	10,181

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Purchasing	\$ 217,046	\$ (2,026)	\$ 3,519	\$ 218,539	\$ 216,905	\$ 219,574	\$ 1,035
Property Assessor's Office	864,831	(190,793)	110,374	784,412	793,441	784,110	(302)
Reappraisal Program	160,721	(2,727)	3,285	161,279	153,472	163,069	1,790
County Trustee's Office	325,125	(2,776)	1,260	323,609	325,710	325,810	2,201
County Clerk's Office	857,922	(14,117)	6,626	850,431	885,712	886,119	35,688
Data Processing	567,247	(58,020)	27,767	536,994	551,527	551,693	14,699
<u>Administration of Justice</u>							
Circuit Court	174,868	(30,136)	8,061	152,793	206,382	206,382	53,589
Circuit Court Clerk	1,443,393	(46,660)	34,792	1,431,525	1,408,378	1,451,960	20,435
General Sessions Court	636,702	(11,669)	5,311	630,344	638,572	638,633	8,289
Chancery Court	396,630	(3,404)	8,088	401,314	417,248	417,418	16,104
Juvenile Court	568,442	(14,186)	23,440	577,696	658,586	658,600	80,904
Other Administration of Justice	228,008	0	0	228,008	218,230	235,022	7,014
<u>Public Safety</u>							
Sheriff's Department	7,143,700	(68,970)	73,919	7,148,649	6,748,369	7,559,554	410,905
Special Patrols	33,976	0	185	34,161	37,635	35,405	1,244
Traffic Control	39,779	0	200	39,979	34,775	41,484	1,505
Drug Enforcement	42,372	0	0	42,372	40,484	42,243	(129)
Jail	4,846,351	(58,219)	23,623	4,811,755	4,695,914	4,887,124	75,369
Workhouse	8,034	0	0	8,034	8,034	8,034	0
Juvenile Services	1,091,870	(24,806)	7,645	1,074,709	1,244,785	1,127,794	53,085
Fire Prevention and Control	4,500	0	0	4,500	4,774	4,774	274
Civil Defense	97,644	(37,088)	3,187	63,743	91,493	173,459	109,716
Disaster Relief	200,290	0	50,115	250,405	0	645,175	394,770
Other Emergency Management	260,994	0	0	260,994	260,994	260,994	0
County Coroner/Medical Examiner	57,617	0	0	57,617	41,700	57,700	83
<u>Public Health and Welfare</u>							
Local Health Center	678,667	(10,911)	12,878	680,634	820,088	901,479	220,845
Rabies and Animal Control	138,348	0	0	138,348	138,349	138,349	1

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Ambulance/Emergency Medical Services	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 60,000	\$ 60,000	\$ 0
General Welfare Assistance	214,436	0	0	214,436	215,149	215,149	713
Other Local Welfare Services	106,352	0	0	106,352	145,771	145,771	39,419
Sanitation Management	25,538	0	0	25,538	42,385	26,385	847
Other Public Health and Welfare	257,725	(7,452)	3,555	253,828	260,145	261,320	7,492
<u>Social, Cultural and Recreational Services</u>							
Parks and Fair Boards	510,033	0	0	510,033	505,033	510,033	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	127,111	(105)	105	127,111	132,373	138,433	11,322
Soil Conservation	80,356	(58)	78	80,376	80,386	80,414	38
<u>Other Operations</u>							
Tourism	761,230	(190,529)	64,325	635,026	608,972	650,972	15,946
Industrial Development	716,862	0	0	716,862	716,862	716,862	0
Other Economic and Community Development	158,934	(14,517)	12,612	157,029	169,900	169,900	12,871
Veterans' Services	138,546	0	265	138,811	139,022	139,063	252
Other Charges	34,624	(1,378)	2,281	35,527	38,442	35,042	(485)
Contributions to Other Agencies	9,457	0	0	9,457	9,457	9,457	0
Miscellaneous	964,980	(14,006)	187,302	1,138,276	805,392	1,141,179	2,903
<u>Highways</u>							
Litter and Trash Collection	67,763	(483)	1,338	68,618	69,529	68,910	292
<u>Capital Projects</u>							
Other General Government Projects	972,989	(75,548)	289,620	1,187,061	1,074,675	1,163,281	(23,780)
Total Expenditures	\$ 29,856,079	\$ (973,979)	\$ 1,080,851	\$ 29,962,951	\$ 29,362,648	\$ 31,695,237	\$ 1,732,286
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (1,067,851)	\$ 973,979	\$ (1,080,851)	\$ (1,174,723)	\$ (2,868,953)	\$ (3,226,346)	\$ 2,051,623
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 550,000	\$ (550,000)

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 228,216	\$ 0	\$ 0	\$ 228,216	\$ 3,563,461	\$ 298,700	\$ (70,484)
Transfers Out	(775,957)	0	0	(775,957)	(694,508)	(793,570)	17,613
Total Other Financing Sources (Uses)	\$ (547,741)	\$ 0	\$ 0	\$ (547,741)	\$ 2,868,953	\$ 55,130	\$ (602,871)
Net Change in Fund Balance	\$ (1,615,592)	\$ 973,979	\$ (1,080,851)	\$ (1,722,464)	\$ 0	\$ (3,171,216)	\$ 1,448,752
Fund Balance, July 1, 2003	7,978,073	(973,979)	0	7,004,094	6,770,143	6,770,143	233,951
Fund Balance, June 30, 2004	\$ 6,362,481	\$ 0	\$ (1,080,851)	\$ 5,281,630	\$ 6,770,143	\$ 3,598,927	\$ 1,682,703

Exhibit F-2

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,321,727	\$ 0	\$ 0	\$ 2,321,727	\$ 2,300,000	\$ 2,300,000	\$ 21,727
Other Local Revenues	232,342	0	0	232,342	231,500	231,918	424
State of Tennessee	2,705,514	0	0	2,705,514	3,035,000	3,035,000	(329,486)
Other Governments and Citizens Groups	11,743	0	0	11,743	0	0	11,743
Total Revenues	\$ 5,271,326	\$ 0	\$ 0	\$ 5,271,326	\$ 5,566,500	\$ 5,566,918	\$ (295,592)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 492,192	\$ (5,564)	\$ 544	\$ 487,172	\$ 514,853	\$ 508,223	\$ 21,051
Highway and Bridge Maintenance	3,790,723	(85,606)	34,470	3,739,587	3,711,293	3,912,022	172,435
Operation and Maintenance of Equipment	1,059,968	(5,170)	3,497	1,058,295	1,055,354	1,101,216	42,921
Capital Outlay	89,992	(86,526)	38,395	41,861	285,000	45,480	3,619
Total Expenditures	\$ 5,432,875	\$ (182,866)	\$ 76,906	\$ 5,326,915	\$ 5,566,500	\$ 5,566,941	\$ 240,026
Excess (Deficiency) of Revenues Over Expenditures	\$ (161,549)	\$ 182,866	\$ (76,906)	\$ (55,589)	\$ 0	\$ (23)	\$ (55,566)
Net Change in Fund Balance	\$ (161,549)	\$ 182,866	\$ (76,906)	\$ (55,589)	\$ 0	\$ (23)	\$ (55,566)
Fund Balance, July 1, 2003	266,069	(182,866)	0	83,203	447,646	447,646	(364,443)
Fund Balance, June 30, 2004	\$ 104,520	\$ 0	\$ (76,906)	\$ 27,614	\$ 447,646	\$ 447,623	\$ (420,009)

BLOUNT COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2004

A. BUDGETARY INFORMATION

Annual budgets are adopted for all governmental funds except the Constitutional Officers – Fees special revenue fund and the capital projects funds. 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 State 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 governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations at the major category level of control in the General Fund (5 of 59 categories overspent in amounts ranging from \$129 to \$23,780). Such over-expenditures are a violation of state law. These over-expenditures were caused by the failure to properly amend the budget between major categories. Expenditures for this fund were well within appropriations.

C. OVERESTIMATES OF BEGINNING FUND BALANCE AND REVENUES

Beginning fund balance of the Highway Public Works Fund was overestimated by approximately \$364,000, and revenues were overestimated by approximately \$295,000. The Highway Department budget was never amended for these overestimates, which contributed to a cash flow problem in this fund.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

Permanent Fund

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

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Due to Other Funds
 Other Current Liabilities
 Total Liabilities

Fund Balances

Reserved for Encumbrances
 Reserved for Other General Purposes
 Unreserved
 Total Fund Balances

Total Liabilities And Fund Balances

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
Cash	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0
Equity in Pooled Cash and Investments	34,618	18,899	360,469	256,234	73,430
Accounts Receivable	0	0	600	0	0
Due from Other Governments	0	0	0	0	0
Due from Other Funds	0	0	70	0	0
Total Assets	\$ 34,618	\$ 18,899	\$ 361,239	\$ 256,234	\$ 73,430
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 28,318	\$ 828	\$ 25,000
Due to Other Funds	0	0	20,153	586	57
Other Current Liabilities	0	0	0	107,365	0
Total Liabilities	\$ 0	\$ 0	\$ 48,471	\$ 108,779	\$ 25,057
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 850	\$ 62,204	\$ 9,537	\$ 144
Reserved for Other General Purposes	0	0	0	0	0
Unreserved	34,618	18,049	250,564	137,918	48,229
Total Fund Balances	\$ 34,618	\$ 18,899	\$ 312,768	\$ 147,455	\$ 48,373
Total Liabilities And Fund Balances	\$ 34,618	\$ 18,899	\$ 361,239	\$ 256,234	\$ 73,430

(Continued)

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Permanent</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Other</u> <u>Special</u> <u>Revenue</u>	<u>Constitu-</u> <u>tional</u> <u>Officers -</u> <u>Fees</u>	<u>Total</u>	<u>Fund</u> <u>Endowment</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 8,072	\$ 8,172	\$ 0	\$ 8,172
Equity in Pooled Cash and Investments	236,918	0	980,568	485,403	1,465,971
Accounts Receivable	150	1,827	2,577	0	2,577
Due from Other Governments	20,164	0	20,164	0	20,164
Due from Other Funds	0	0	70	0	70
Total Assets	<u>\$ 257,232</u>	<u>\$ 9,899</u>	<u>\$ 1,011,551</u>	<u>\$ 485,403</u>	<u>\$ 1,496,954</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 10,382	\$ 0	\$ 64,528	\$ 0	\$ 64,528
Due to Other Funds	80,508	9,899	111,203	0	111,203
Other Current Liabilities	0	0	107,365	0	107,365
Total Liabilities	<u>\$ 90,890</u>	<u>\$ 9,899</u>	<u>\$ 283,096</u>	<u>\$ 0</u>	<u>\$ 283,096</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 34,918	\$ 0	\$ 107,653	\$ 0	\$ 107,653
Reserved for Other General Purposes	0	0	0	485,403	485,403
Unreserved	131,424	0	620,802	0	620,802
Total Fund Balances	<u>\$ 166,342</u>	<u>\$ 0</u>	<u>\$ 728,455</u>	<u>\$ 485,403</u>	<u>\$ 1,213,858</u>
Total Liabilities and Fund Balances	<u>\$ 257,232</u>	<u>\$ 9,899</u>	<u>\$ 1,011,551</u>	<u>\$ 485,403</u>	<u>\$ 1,496,954</u>

Exhibit G-2

Blount County, Tennessee
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Revenues</u>					
Local Taxes	\$ 9,033	\$ 9,023	\$ 0	\$ 0	\$ 0
Fines, Forfeitures and Penalties	0	0	0	64,339	21,643
Charges for Current Services	0	0	97,765	0	0
Other Local Revenues	0	0	64,532	4,334	1,060
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	637,916	18,012	0
Total Revenues	<u>\$ 9,033</u>	<u>\$ 9,023</u>	<u>\$ 800,213</u>	<u>\$ 86,685</u>	<u>\$ 22,703</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 121,349	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	26,691
Public Safety	0	0	0	100,028	0
Social, Cultural, and Recreational Services	0	0	1,338,436	0	0
Other Operations	90	5,996	0	0	0
Total Expenditures	<u>\$ 90</u>	<u>\$ 5,996</u>	<u>\$ 1,459,785</u>	<u>\$ 100,028</u>	<u>\$ 26,691</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,943</u>	<u>\$ 3,027</u>	<u>\$ (659,572)</u>	<u>\$ (13,343)</u>	<u>\$ (3,988)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 636,895	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 636,895</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 8,943	\$ 3,027	\$ (22,677)	\$ (13,343)	\$ (3,988)
Fund Balance, July 1, 2003	<u>25,675</u>	<u>15,872</u>	<u>335,445</u>	<u>160,798</u>	<u>52,361</u>
Fund Balance, June 30, 2004	<u>\$ 34,618</u>	<u>\$ 18,899</u>	<u>\$ 312,768</u>	<u>\$ 147,455</u>	<u>\$ 48,373</u>

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Permanent</u>	<u>Total</u>
	<u>Other</u>	<u>Constitu-</u>	<u>Total</u>	<u>Fund</u>	
	<u>Special</u>	<u>tional</u>			
	<u>Revenue</u>	<u>Officers -</u>		<u>Endowment</u>	<u>Nonmajor</u>
		<u>Fees</u>			<u>Governmental</u>
					<u>Funds</u>
<u>Revenues</u>					
Local Taxes	\$ 59,101	\$ 0	\$ 77,157	\$ 0	\$ 77,157
Fines, Forfeitures and Penalties	37,920	0	123,902	0	123,902
Charges for Current Services	2,816	501	101,082	0	101,082
Other Local Revenues	11,405	0	81,331	9,078	90,409
Federal Government	38,534	0	38,534	0	38,534
Other Governments and Citizens Groups	0	0	655,928	0	655,928
Total Revenues	\$ 149,776	\$ 501	\$ 1,077,934	\$ 9,078	\$ 1,087,012
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 121,349	\$ 0	\$ 121,349
Finance	0	501	501	0	501
Administration of Justice	224,281	0	250,972	0	250,972
Public Safety	0	0	100,028	0	100,028
Social, Cultural, and Recreational Services	0	0	1,338,436	0	1,338,436
Other Operations	0	0	6,086	9,078	15,164
Total Expenditures	\$ 224,281	\$ 501	\$ 1,817,372	\$ 9,078	\$ 1,826,450
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (74,505)	\$ 0	\$ (739,438)	\$ 0	\$ (739,438)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 40,000	\$ 0	\$ 676,895	\$ 0	\$ 676,895
Total Other Financing Sources (Uses)	\$ 40,000	\$ 0	\$ 676,895	\$ 0	\$ 676,895
Net Change in Fund Balances	\$ (34,505)	\$ 0	\$ (62,543)	\$ 0	\$ (62,543)
Fund Balance, July 1, 2003	200,847	0	790,998	485,403	1,276,401
Fund Balance, June 30, 2004	\$ 166,342	\$ 0	\$ 728,455	\$ 485,403	\$ 1,213,858

Exhibit G-3

Blount County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,033	\$ 10,517	\$ 10,517	\$ (1,484)
Total Revenues	<u>\$ 9,033</u>	<u>\$ 10,517</u>	<u>\$ 10,517</u>	<u>\$ (1,484)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 9,710	\$ 9,710	\$ 9,710
<u>Other Operations</u>				
Other Charges	90	750	750	660
Total Expenditures	<u>\$ 90</u>	<u>\$ 10,460</u>	<u>\$ 10,460</u>	<u>\$ 10,370</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,943</u>	<u>\$ 57</u>	<u>\$ 57</u>	<u>\$ 8,886</u>
Net Change in Fund Balance	\$ 8,943	\$ 57	\$ 57	\$ 8,886
Fund Balance, July 1, 2003	<u>25,675</u>	<u>17,303</u>	<u>17,303</u>	<u>8,372</u>
Fund Balance, June 30, 2004	<u>\$ 34,618</u>	<u>\$ 17,360</u>	<u>\$ 17,360</u>	<u>\$ 17,258</u>

Exhibit G-4

Blount County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Law Library Fund
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,023	\$ 0	\$ 0	\$ 9,023	\$ 6,700	\$ 6,700	\$ 2,323
Total Revenues	\$ 9,023	\$ 0	\$ 0	\$ 9,023	\$ 6,700	\$ 6,700	\$ 2,323
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 5,996	\$ (442)	\$ 850	\$ 6,404	\$ 6,325	\$ 6,475	\$ 71
Total Expenditures	\$ 5,996	\$ (442)	\$ 850	\$ 6,404	\$ 6,325	\$ 6,475	\$ 71
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,027	\$ 442	\$ (850)	\$ 2,619	\$ 375	\$ 225	\$ 2,394
Net Change in Fund Balance	\$ 3,027	\$ 442	\$ (850)	\$ 2,619	\$ 375	\$ 225	\$ 2,394
Fund Balance, July 1, 2003	15,872	(442)	0	15,430	13,236	13,236	2,194
Fund Balance, June 30, 2004	\$ 18,899	\$ 0	\$ (850)	\$ 18,049	\$ 13,611	\$ 13,461	\$ 4,588

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 97,765	\$ 0	\$ 0	\$ 97,765	\$ 91,200	\$ 91,200	\$ 6,565
Other Local Revenues	64,532	0	0	64,532	94,000	94,000	(29,468)
Other Governments and Citizens Groups	637,916	0	0	637,916	637,395	637,395	521
Total Revenues	\$ 800,213	\$ 0	\$ 0	\$ 800,213	\$ 822,595	\$ 822,595	\$ (22,382)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 121,349	\$ (7,221)	\$ 8,446	\$ 122,574	\$ 0	\$ 144,041	\$ 21,467
<u>Social, Cultural and Recreational Services</u>							
Libraries	1,338,436	(25,351)	53,758	1,366,843	1,638,000	1,493,959	127,116
Total Expenditures	\$ 1,459,785	\$ (32,572)	\$ 62,204	\$ 1,489,417	\$ 1,638,000	\$ 1,638,000	\$ 148,583
Excess (Deficiency) of Revenues Over Expenditures	\$ (659,572)	\$ 32,572	\$ (62,204)	\$ (689,204)	\$ (815,405)	\$ (815,405)	\$ 126,201
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 636,895	\$ 0	\$ 0	\$ 636,895	\$ 815,405	\$ 711,895	\$ (75,000)
Total Other Financing Sources (Uses)	\$ 636,895	\$ 0	\$ 0	\$ 636,895	\$ 815,405	\$ 711,895	\$ (75,000)
Net Change in Fund Balance	\$ (22,677)	\$ 32,572	\$ (62,204)	\$ (52,309)	\$ 0	\$ (103,510)	\$ 51,201
Fund Balance, July 1, 2003	335,445	(32,572)	0	302,873	214,734	214,734	88,139
Fund Balance, June 30, 2004	\$ 312,768	\$ 0	\$ (62,204)	\$ 250,564	\$ 214,734	\$ 111,224	\$ 139,340

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 64,339	\$ 0	\$ 0	\$ 64,339	\$ 57,000	\$ 57,000	\$ 7,339
Other Local Revenues	4,334	0	0	4,334	5,000	5,000	(666)
Other Governments and Citizens Groups	18,012	0	0	18,012	0	50,000	(31,988)
Total Revenues	\$ 86,685	\$ 0	\$ 0	\$ 86,685	\$ 62,000	\$ 112,000	\$ (25,315)
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 100,028	\$ (6,597)	\$ 9,537	\$ 102,968	\$ 62,000	\$ 112,000	\$ 9,032
Total Expenditures	\$ 100,028	\$ (6,597)	\$ 9,537	\$ 102,968	\$ 62,000	\$ 112,000	\$ 9,032
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,343)	\$ 6,597	\$ (9,537)	\$ (16,283)	\$ 0	\$ 0	\$ (16,283)
Net Change in Fund Balance	\$ (13,343)	\$ 6,597	\$ (9,537)	\$ (16,283)	\$ 0	\$ 0	\$ (16,283)
Fund Balance, July 1, 2003	160,798	(6,597)	0	154,201	147,773	147,773	6,428
Fund Balance, June 30, 2004	\$ 147,455	\$ 0	\$ (9,537)	\$ 137,918	\$ 147,773	\$ 147,773	\$ (9,855)

Exhibit G-7

Blount County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
District Attorney General Fund
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 21,643	\$ 0	\$ 0	\$ 21,643	\$ 18,215	\$ 18,215	\$ 3,428
Other Local Revenues	1,060	0	0	1,060	0	0	1,060
Total Revenues	<u>\$ 22,703</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,703</u>	<u>\$ 18,215</u>	<u>\$ 18,215</u>	<u>\$ 4,488</u>
<u>Expenditures</u>							
<u>Administration of Justice</u>							
District Attorney General	\$ 26,691	\$ (181)	\$ 144	\$ 26,654	\$ 18,200	\$ 18,200	\$ (8,454)
Total Expenditures	<u>\$ 26,691</u>	<u>\$ (181)</u>	<u>\$ 144</u>	<u>\$ 26,654</u>	<u>\$ 18,200</u>	<u>\$ 18,200</u>	<u>\$ (8,454)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,988)</u>	<u>\$ 181</u>	<u>\$ (144)</u>	<u>\$ (3,951)</u>	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ (3,966)</u>
Net Change in Fund Balance	\$ (3,988)	\$ 181	\$ (144)	\$ (3,951)	\$ 15	\$ 15	\$ (3,966)
Fund Balance, July 1, 2003	52,361	(181)	0	52,180	39,766	0	52,180
Fund Balance, June 30, 2004	<u>\$ 48,373</u>	<u>\$ 0</u>	<u>\$ (144)</u>	<u>\$ 48,229</u>	<u>\$ 39,781</u>	<u>\$ 15</u>	<u>\$ 48,214</u>

Exhibit G-8

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 59,101	\$ 0	\$ 0	\$ 59,101	\$ 37,631	\$ 37,631	\$ 21,470
Fines, Forfeitures and Penalties	37,920	0	0	37,920	16,000	16,000	21,920
Charges for Current Services	2,816	0	0	2,816	0	0	2,816
Other Local Revenues	11,405	0	0	11,405	0	0	11,405
Federal Government	38,534	0	0	38,534	144,392	144,392	(105,858)
Other Governments and Citizens Groups	0	0	0	0	30,999	30,999	(30,999)
Total Revenues	\$ 149,776	\$ 0	\$ 0	\$ 149,776	\$ 229,022	\$ 229,022	\$ (79,246)
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 224,281	\$ (35,318)	\$ 34,918	\$ 223,881	\$ 309,022	\$ 309,022	\$ 85,141
Total Expenditures	\$ 224,281	\$ (35,318)	\$ 34,918	\$ 223,881	\$ 309,022	\$ 309,022	\$ 85,141
Excess (Deficiency) of Revenues Over Expenditures	\$ (74,505)	\$ 35,318	\$ (34,918)	\$ (74,105)	\$ (80,000)	\$ (80,000)	\$ 5,895
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 40,000	\$ 0	\$ 0	\$ 40,000	\$ 80,000	\$ 40,000	\$ 0
Total Other Financing Sources (Uses)	\$ 40,000	\$ 0	\$ 0	\$ 40,000	\$ 80,000	\$ 40,000	\$ 0
Net Change in Fund Balance	\$ (34,505)	\$ 35,318	\$ (34,918)	\$ (34,105)	\$ 0	\$ (40,000)	\$ 5,895
Fund Balance, July 1, 2003	200,847	(35,318)	0	165,529	79,486	79,486	86,043
Fund Balance, June 30, 2004	\$ 166,342	\$ 0	\$ (34,918)	\$ 131,424	\$ 79,486	\$ 39,486	\$ 91,938

Major Governmental Fund

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Exhibit H-1

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, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,727,853	\$ 7,589,763	\$ 7,589,763	\$ 138,090
Other Local Revenues	106,130	520,500	520,500	(414,370)
State of Tennessee	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	348,284	2,720,603	451,675	(103,391)
Total Revenues	<u>\$ 8,182,267</u>	<u>\$ 11,030,866</u>	<u>\$ 8,761,938</u>	<u>\$ (579,671)</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 3,490,000	\$ 3,989,514	\$ 3,989,514	\$ 499,514
<u>Interest</u>				
General Government	5,238,355	6,618,352	6,618,352	1,379,997
<u>Other Debt Service</u>				
General Government	305,951	423,000	423,000	117,049
Total Expenditures	<u>\$ 9,034,306</u>	<u>\$ 11,030,866</u>	<u>\$ 11,030,866</u>	<u>\$ 1,996,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (852,039)</u>	<u>\$ 0</u>	<u>\$ (2,268,928)</u>	<u>\$ 1,416,889</u>
Net Change in Fund Balance	\$ (852,039)	\$ 0	\$ (2,268,928)	\$ 1,416,889
Fund Balance, July 1, 2003	<u>7,710,671</u>	<u>6,067,584</u>	<u>6,067,584</u>	<u>1,643,087</u>
Fund Balance, June 30, 2004	<u>\$ 6,858,632</u>	<u>\$ 6,067,584</u>	<u>\$ 3,798,656</u>	<u>\$ 3,059,976</u>

Internal Service Funds

Self-insurance Fund – The Self-insurance Fund is used to account for the county's self-insured general liability, property, and casualty program. Premiums charged to the various county operating funds are placed in this fund for the payment of claims.

Employee Insurance - Health Fund – The Employee Insurance - Health Fund is used to account for the county's self-insured health insurance program. Premiums charged to the various county operating funds and employee payroll deductions are placed in this fund for the payment of medical claims of county employees.

Employee Insurance - Dental Fund – The Employee Insurance - Dental Fund is used to account for the county's self-insured dental insurance program. Premiums charged to the various county operating funds and employee payroll deductions are placed in this fund for the payment of dental claims of county employees.

Workers' Compensation Fund – The Workers' Compensation Fund is used to account for the county's self-insured workers' compensation program. Premiums charged to the various county operating funds are placed in this fund for the payment of claims.

Exhibit I-1

Blount County, Tennessee
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2004

	Self- Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>ASSETS</u>					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 443,883	\$ 1,837,651	\$ 217,861	\$ 2,222,190	\$ 4,721,585
Accounts Receivable	0	138,100	12,016	770	150,886
Due from Other Funds	79,024	10,024	0	11,698	100,746
Due from Component Units	0	459,192	15,136	7,361	481,689
Prepaid Items	88,401	33,874	0	50,424	172,699
Total Assets	\$ 611,308	\$ 2,478,841	\$ 245,013	\$ 2,292,443	\$ 5,627,605
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ 2,270	\$ 1,164,640	\$ 23,229	\$ 8,880	\$ 1,199,019
Due to Other Funds	0	13,591	11,154	7,728	32,473
Due to Component Units	0	0	0	13,573	13,573
Other Current Liabilities	133,407	599,878	20,865	469,939	1,224,089
Other Deferred Revenues	0	459,192	15,135	0	474,327
Total Liabilities	\$ 135,677	\$ 2,237,301	\$ 70,383	\$ 500,120	\$ 2,943,481
<u>NET ASSETS</u>					
Unrestricted	\$ 475,631	\$ 241,540	\$ 174,630	\$ 1,792,323	\$ 2,684,124
Total Net Assets	\$ 475,631	\$ 241,540	\$ 174,630	\$ 1,792,323	\$ 2,684,124

Exhibit I-2

Blount County, Tennessee
Combining Statement of Revenues, Expenses and
Changes in Net Assets
All Internal Service Funds
For the Year Ended June 30, 2004

	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
Operating Revenues:					
Self-Insurance Premiums	\$ 787,707	\$ 9,575,073	\$ 626,405	\$ 434,928	\$ 11,424,113
Total Operating Revenues	\$ 787,707	\$ 9,575,073	\$ 626,405	\$ 434,928	\$ 11,424,113
Operating Expenses:					
Fiscal Agent Charges	\$ 2,270	\$ 353,253	\$ 21,130	\$ 36,248	\$ 412,901
Insurance Premiums	0	526,386	0	0	526,386
Building and Contents Insurance	133,616	0	0	0	133,616
Other Administrative Expenses	0	66,504	0	0	66,504
Medical Claims	0	10,727,085	634,582	0	11,361,667
Liability Insurance	506,538	0	0	54,645	561,183
Total Operating Expenses	\$ 642,424	\$ 11,673,228	\$ 655,712	\$ 90,893	\$ 13,062,257
Operating Income (Loss)	\$ 145,283	\$ (2,098,155)	\$ (29,307)	\$ 344,035	\$ (1,638,144)
Nonoperating Revenues (Expenses):					
Investment Income	\$ 0	\$ 44,723	\$ 6,146	\$ 45,711	\$ 96,580
Total Nonoperating Revenues (Expenses)	\$ 0	\$ 44,723	\$ 6,146	\$ 45,711	\$ 96,580
Income (Loss) Before Operating Transfers	\$ 145,283	\$ (2,053,432)	\$ (23,161)	\$ 389,746	\$ (1,541,564)
Transfers In (Out)	(57,054)	(57,054)	(57,054)	(57,054)	(228,216)
Change in Net Assets	\$ 88,229	\$ (2,110,486)	\$ (80,215)	\$ 332,692	\$ (1,769,780)
Net Assets, July 1, 2003	206,722	2,352,026	254,845	1,345,941	4,159,534
Prior Period Adjustment	180,680	0	0	113,690	294,370
Net Assets, June 30, 2004	\$ 475,631	\$ 241,540	\$ 174,630	\$ 1,792,323	\$ 2,684,124

Exhibit I-3

Blount County, Tennessee
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2004

	Self Insurance	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	Total
Cash Flows from Operating Activities:					
Receipts for self-insurance premiums	\$ 774,656	\$ 9,507,527	\$ 619,199	\$ 433,986	\$ 11,335,368
Payments to fiscal agents	0	(353,253)	(21,130)	(36,248)	(410,631)
Payments to insurers	(248,140)	(560,260)	0	(54,645)	(863,045)
Payments for claims	(574,342)	(11,269,590)	(627,163)	(304,685)	(12,775,780)
Payments for administrative costs	0	(66,504)	0	0	(66,504)
Net cash provided by (used in) operating activities	\$ (47,826)	\$ (2,742,080)	\$ (29,094)	\$ 38,408	\$ (2,780,592)
Cash Flows from Investing Activities:					
Interest on investments	\$ 0	\$ 44,723	\$ 6,146	\$ 45,711	\$ 96,580
Net cash provided by (used in) investing activities	\$ 0	\$ 44,723	\$ 6,146	\$ 45,711	\$ 96,580
Cash Flows from Noncapital Financing Activities:					
Transfers to other funds	\$ (57,054)	\$ (57,054)	\$ (57,054)	\$ (57,054)	\$ (228,216)
Net cash provided by (used in) noncapital financing activities	\$ (57,054)	\$ (57,054)	\$ (57,054)	\$ (57,054)	\$ (228,216)
Increase (decrease) in cash and cash equivalents	\$ (104,880)	\$ (2,754,411)	\$ (80,002)	\$ 27,065	\$ (2,912,228)
Cash and cash equivalents, July 1, 2003	548,763	4,592,062	297,863	2,195,125	7,633,813
Cash and cash equivalents, June 30, 2004	\$ 443,883	\$ 1,837,651	\$ 217,861	\$ 2,222,190	\$ 4,721,585
Operating Income (Loss)	\$ 145,283	\$ (2,098,155)	\$ (29,307)	\$ 344,035	\$ (1,638,144)
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	(13,051)	(67,546)	(7,206)	(942)	(88,745)
(Increase) decrease in prepaid expenses	(39,524)	(33,874)	0	68,161	(5,237)
Increase (decrease) in other current liabilities	(140,534)	(542,505)	7,419	(372,846)	(1,048,466)
Net cash provided by (used in) operating activities	\$ (47,826)	\$ (2,742,080)	\$ (29,094)	\$ 38,408	\$ (2,780,592)

Agency Funds

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

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

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

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

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

Exhibit J-1

Blount County, Tennessee
Combining Statements of Assets and Liabilities
All Agency Funds
June 30, 2004

	Agency Funds						Total
	Cities - Sales Tax	City School ADA - Alcoa	City School ADA - Maryville	Joint Venture	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>							
Equity in Pooled Cash and Investments	\$ 0	\$ 1,177	\$ 60,822	\$ 542,257	\$ 0	\$ 69,658	\$ 673,914
Cash	0	0	0	0	2,218,253	0	2,218,253
Accounts Receivable	0	0	0	771	3,911	799	5,481
Due from Other Governments	2,035,492	191,456	682,456	15,671	0	0	2,925,075
Taxes Receivable	0	1,838,813	6,557,548	0	0	0	8,396,361
Allowance for Uncollectible Taxes	0	(27,540)	(98,214)	0	0	0	(125,754)
Total Assets	<u>\$ 2,035,492</u>	<u>\$ 2,003,906</u>	<u>\$ 7,202,612</u>	<u>\$ 558,699</u>	<u>\$ 2,222,164</u>	<u>\$ 70,457</u>	<u>\$ 14,093,330</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 6,609	\$ 0	\$ 0	\$ 6,609
Payroll Deductions Payable	0	0	0	0	0	44,627	44,627
Contracts Payable	0	0	0	0	0	25,830	25,830
Due to Other Taxing Units	2,035,492	2,003,906	7,202,612	0	0	0	11,242,010
Due to Litigants, Heirs and Others	0	0	0	0	2,222,164	0	2,222,164
Due to Joint Ventures	0	0	0	540,697	0	0	540,697
Other Current Liabilities	0	0	0	11,393	0	0	11,393
Total Liabilities	<u>\$ 2,035,492</u>	<u>\$ 2,003,906</u>	<u>\$ 7,202,612</u>	<u>\$ 558,699</u>	<u>\$ 2,222,164</u>	<u>\$ 70,457</u>	<u>\$ 14,093,330</u>

Exhibit J-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2004

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 11,859,565	\$ 11,859,565	\$ 0
Due From Other Governments	2,053,504	2,035,492	2,053,504	2,035,492
Total Assets	\$ 2,053,504	\$ 13,895,057	\$ 13,913,069	\$ 2,035,492
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,053,504	\$ 11,841,553	\$ 11,859,565	\$ 2,035,492
Total Liabilities	\$ 2,053,504	\$ 11,841,553	\$ 11,859,565	\$ 2,035,492
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 8,149	\$ 2,674,392	\$ 2,681,364	\$ 1,177
Due From Other Governments	190,642	191,456	190,642	191,456
Taxes Receivable	1,688,445	1,838,813	1,688,445	1,838,813
Allowance for Uncollectible Taxes	(20,713)	(27,540)	(20,713)	(27,540)
Total Assets	\$ 1,866,523	\$ 4,677,121	\$ 4,539,738	\$ 2,003,906
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,866,523	\$ 2,818,747	\$ 2,681,364	\$ 2,003,906
Total Liabilities	\$ 1,866,523	\$ 2,818,747	\$ 2,681,364	\$ 2,003,906
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 27,763	\$ 9,526,152	\$ 9,493,093	\$ 60,822
Due From Other Governments	634,676	682,456	634,676	682,456
Taxes Receivable	5,755,771	6,557,548	5,755,771	6,557,548
Allowance for Uncollectible Taxes	(70,608)	(98,214)	(70,608)	(98,214)
Total Assets	\$ 6,347,602	\$ 16,667,942	\$ 15,812,932	\$ 7,202,612
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,347,602	\$ 10,348,103	\$ 9,493,093	\$ 7,202,612
Total Liabilities	\$ 6,347,602	\$ 10,348,103	\$ 9,493,093	\$ 7,202,612
<u>Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 492,093	\$ 353,212	\$ 303,048	\$ 542,257
Accounts Receivable	0	771	0	771
Due From Other Governments	26,775	15,671	26,775	15,671
Due From Other Funds	1,229	0	1,229	0
Total Assets	\$ 520,097	\$ 369,654	\$ 331,052	\$ 558,699

(continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Joint Venture (cont.)</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 2,305	\$ 6,609	\$ 2,305	\$ 6,609
Due to Joint Venture	511,535	332,210	303,048	540,697
Other Current Liabilities	6,257	11,393	6,257	11,393
Total Liabilities	\$ 520,097	\$ 350,212	\$ 311,610	\$ 558,699
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,745,066	\$ 20,066,643	\$ 19,593,456	\$ 2,218,253
Accounts Receivable	5,126	3,911	5,126	3,911
Total Assets	\$ 1,750,192	\$ 20,070,554	\$ 19,598,582	\$ 2,222,164
<u>Liabilities</u>				
Due to Litigants, Heirs and Others	\$ 1,750,192	\$ 20,065,428	\$ 19,593,456	\$ 2,222,164
Total Liabilities	\$ 1,750,192	\$ 20,065,428	\$ 19,593,456	\$ 2,222,164
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 265,067	\$ 61,909,847	\$ 62,105,256	\$ 69,658
Accounts Receivable	799	799	799	799
Total Assets	\$ 265,866	\$ 61,910,646	\$ 62,106,055	\$ 70,457
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 238,705	\$ 44,627	\$ 238,705	\$ 44,627
Contracts Payable	27,161	25,830	27,161	25,830
Total Liabilities	\$ 265,866	\$ 70,457	\$ 265,866	\$ 70,457
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 793,072	\$ 86,323,168	\$ 86,442,326	\$ 673,914
Cash	1,745,066	20,066,643	19,593,456	2,218,253
Accounts Receivable	5,925	5,481	5,925	5,481
Due From Other Governments	2,905,597	2,925,075	2,905,597	2,925,075
Due From Other Funds	1,229	0	1,229	0
Taxes Receivable	7,444,216	8,396,361	7,444,216	8,396,361
Allowance for Uncollectible Taxes	(91,321)	(125,754)	(91,321)	(125,754)
Total Assets	\$ 12,803,784	\$ 117,590,974	\$ 116,301,428	\$ 14,093,330

(continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Total - All Agency Funds (cont.)</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 2,305	\$ 6,609	\$ 2,305	\$ 6,609
Payroll Deductions Payable	238,705	44,627	238,705	44,627
Contracts Payable	27,161	25,830	27,161	25,830
Due to Other Taxing Units	10,267,629	25,008,403	24,034,022	11,242,010
Due to Litigants, Heirs and Others	1,750,192	20,065,428	19,593,456	2,222,164
Due to Joint Ventures	511,535	332,210	303,048	540,697
Other Current Liabilities	6,257	11,393	6,257	11,393
Total Liabilities	<u>\$ 12,803,784</u>	<u>\$ 45,494,500</u>	<u>\$ 44,204,954</u>	<u>\$ 14,093,330</u>

Blount County School Department

This section presents combining and individual fund financial statements for the Blount County School Department, a discretely presented component unit.

General Fund

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department. Major funding for the School Department is provided through local tax levies and state education funds.

Special Revenue Funds

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. The primary sources of funding are federal revenues for the school lunch program and sales to students and adults.

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. The primary source of funding for this program is charges to students for participation in the program.

Exhibit K-1

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2004

	Major Fund <u>General Purpose School</u>	Nonmajor Funds <u>Other Govern- mental Funds</u>	Total Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 7,411,497	\$ 1,346,756	\$ 8,758,253
Accounts Receivable	146	68,210	68,356
Due from Other Governments	1,702,746	496,025	2,198,771
Due from Other Funds	77,912	48,777	126,689
Due from Primary Government	8,259	5,314	13,573
Property Taxes Receivable	15,703,411	0	15,703,411
Allowance for Uncollectible Property Taxes	(235,193)	0	(235,193)
Total Assets	<u>\$ 24,668,778</u>	<u>\$ 1,965,082</u>	<u>\$ 26,633,860</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 302,944	\$ 66,228	\$ 369,172
Accrued Payroll	3,202,852	407,935	3,610,787
Payroll Deductions Payable	983	50	1,033
Due to Other Funds	48,777	77,912	126,689
Due to Primary Government	1,163,090	21,634	1,184,724
Other Current Liabilities	401,214	113,113	514,327
Deferred Revenue - Current Property Taxes	14,987,248	0	14,987,248
Deferred Revenue - Delinquent Property Taxes	454,364	0	454,364
Other Deferred Revenues	794,208	0	794,208
Total Liabilities	<u>\$ 21,355,680</u>	<u>\$ 686,872</u>	<u>\$ 22,042,552</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 200,825	\$ 155,022	\$ 355,847
Reserved for Title I Grants to Local Education Agencies	0	5,009	5,009
Reserved for Special Education - Grants to States	0	139,272	139,272
Other Federal Reserves	0	31,773	31,773
Unreserved, Reported In:			
General Fund	3,112,273	0	3,112,273
Special Revenue Funds	0	947,134	947,134
Total Fund Balances	<u>\$ 3,313,098</u>	<u>\$ 1,278,210</u>	<u>\$ 4,591,308</u>
Total Liabilities and Fund Balances	<u>\$ 24,668,778</u>	<u>\$ 1,965,082</u>	<u>\$ 26,633,860</u>

Blount County, Tennessee
Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Assets - Governmental Activities
Discretely Presented Blount County School Department
June 30, 2004

Fund Balances - Total Governmental Funds (Exhibit K-1)		\$ 4,591,308
<p>Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:</p>		
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		84,444,679
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,248,572
(3) Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes Payable	\$ 1,670,000	
Compensated Absences	<u>58,274</u>	<u>(1,728,274)</u>
Net Assets of Governmental Activities (Exhibit A)		<u>\$ 88,556,285</u>

Exhibit K-3

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, 2004

	Major Fund <u>General</u> Purpose School	Nonmajor Funds <u>Other</u> Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 22,923,346	\$ 0	\$ 22,923,346
Licenses and Permits	3,530	0	3,530
Charges for Current Services	778	3,727,669	3,728,447
Other Local Revenues	431,481	18,862	450,343
State of Tennessee	33,435,942	181,373	33,617,315
Federal Government	293,863	6,626,824	6,920,687
Total Revenues	<u>\$ 57,088,940</u>	<u>\$ 10,554,728</u>	<u>\$ 67,643,668</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 37,703,568	\$ 3,677,512	\$ 41,381,080
Support Services	18,408,436	1,018,802	19,427,238
Operation of Non-Instructional Services	0	5,410,808	5,410,808
Capital Outlay	315,847	0	315,847
Debt Service:			
Principal	415,000	0	415,000
Interest	83,400	0	83,400
Other Debt Service	58,917	0	58,917
Total Expenditures	<u>\$ 56,985,168</u>	<u>\$ 10,107,122</u>	<u>\$ 67,092,290</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 103,772</u>	<u>\$ 447,606</u>	<u>\$ 551,378</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 67,519	\$ 35,718	\$ 103,237
Transfers Out	(35,718)	(67,519)	(103,237)
Total Other Financing Sources (Uses)	<u>\$ 31,801</u>	<u>\$ (31,801)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 135,573	\$ 415,805	\$ 551,378
Fund Balance, July 1, 2003	<u>3,177,525</u>	<u>862,405</u>	<u>4,039,930</u>
Fund Balance, June 30, 2004	<u>\$ 3,313,098</u>	<u>\$ 1,278,210</u>	<u>\$ 4,591,308</u>

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds (Exhibit K-3)		\$ 551,378
<p>Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:</p>		
(1) Governmental funds report capital outlay 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 amount that depreciation exceeded capital outlays is itemized as follows:		
Less: Current year depreciation	<u>\$ (1,986,410)</u>	(1,986,410)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		8,372,823
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2003	\$ (1,380,892)	
For the year ended June 30, 2004	<u>1,248,572</u>	(132,320)
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: Principal Payment on Notes	<u>\$ 415,000</u>	415,000
(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 Compensated Absences		<u>9,898</u>
Change in Net Assets of Governmental Activities (Exhibit B)		<u>\$ 7,230,369</u>

Exhibit K-5

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2004

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 406,195	\$ 679,597	\$ 260,964	\$ 1,346,756	\$ 1,346,756
Accounts Receivable	0	0	68,210	68,210	68,210
Due from Other Governments	320,137	160,450	15,438	496,025	496,025
Due from Other Funds	48,777	0	0	48,777	48,777
Due from Primary Government	0	5,103	211	5,314	5,314
Total Assets	<u>\$ 775,109</u>	<u>\$ 845,150</u>	<u>\$ 344,823</u>	<u>\$ 1,965,082</u>	<u>\$ 1,965,082</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 38,140	\$ 8,088	\$ 20,000	\$ 66,228	\$ 66,228
Accrued Payroll	303,126	51,453	53,356	407,935	407,935
Payroll Deductions Payable	50	0	0	50	50
Due to Other Funds	77,912	0	0	77,912	77,912
Due to Primary Government	7,794	9,038	4,802	21,634	21,634
Other Current Liabilities	99,303	8,345	5,465	113,113	113,113
Total Liabilities	<u>\$ 526,325</u>	<u>\$ 76,924</u>	<u>\$ 83,623</u>	<u>\$ 686,872</u>	<u>\$ 686,872</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 72,730	\$ 64,426	\$ 17,866	\$ 155,022	\$ 155,022
Reserved for Title I Grants to Local Education Agencies	5,009	0	0	5,009	5,009
Reserved for Special Education - Grants to States	139,272	0	0	139,272	139,272
Other Federal Reserves	31,773	0	0	31,773	31,773
Unreserved	0	703,800	243,334	947,134	947,134
Total Fund Balances	<u>\$ 248,784</u>	<u>\$ 768,226</u>	<u>\$ 261,200</u>	<u>\$ 1,278,210</u>	<u>\$ 1,278,210</u>
Total Liabilities and Fund Balances	<u>\$ 775,109</u>	<u>\$ 845,150</u>	<u>\$ 344,823</u>	<u>\$ 1,965,082</u>	<u>\$ 1,965,082</u>

Exhibit K-6

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, 2004

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 2,487,526	\$ 1,240,143	\$ 3,727,669	\$ 3,727,669
Other Local Revenues	0	8,588	10,274	18,862	18,862
State of Tennessee	0	55,534	125,839	181,373	181,373
Federal Government	4,905,048	1,721,776	0	6,626,824	6,626,824
Total Revenues	<u>\$ 4,905,048</u>	<u>\$ 4,273,424</u>	<u>\$ 1,376,256</u>	<u>\$ 10,554,728</u>	<u>\$ 10,554,728</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 3,677,512	\$ 0	\$ 0	\$ 3,677,512	\$ 3,677,512
Support Services	1,018,802	0	0	1,018,802	1,018,802
Operation of Non-Instructional Services	0	4,110,499	1,300,309	5,410,808	5,410,808
Total Expenditures	<u>\$ 4,696,314</u>	<u>\$ 4,110,499</u>	<u>\$ 1,300,309</u>	<u>\$ 10,107,122</u>	<u>\$ 10,107,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 208,734</u>	<u>\$ 162,925</u>	<u>\$ 75,947</u>	<u>\$ 447,606</u>	<u>\$ 447,606</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 35,718	\$ 0	\$ 0	\$ 35,718	\$ 35,718
Transfers Out	(67,519)	0	0	(67,519)	(67,519)
Total Other Financing Sources (Uses)	<u>\$ (31,801)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (31,801)</u>	<u>\$ (31,801)</u>
Net Change in Fund Balances	\$ 176,933	\$ 162,925	\$ 75,947	\$ 415,805	\$ 415,805
Fund Balance, July 1, 2003	71,851	605,301	185,253	862,405	862,405
Fund Balance, June 30, 2004	<u>\$ 248,784</u>	<u>\$ 768,226</u>	<u>\$ 261,200</u>	<u>\$ 1,278,210</u>	<u>\$ 1,278,210</u>

Exhibit K-7

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 22,923,346	\$ 0	\$ 0	\$ 22,923,346	\$ 22,716,061	\$ 22,769,507	\$ 153,839
Licenses and Permits	3,530	0	0	3,530	4,500	4,500	(970)
Charges for Current Services	778	0	0	778	1,000	1,000	(222)
Other Local Revenues	431,481	0	0	431,481	286,714	415,227	16,254
State of Tennessee	33,435,942	0	0	33,435,942	33,451,617	33,507,918	(71,976)
Federal Government	293,863	0	0	293,863	270,108	262,862	31,001
Total Revenues	\$ 57,088,940	\$ 0	\$ 0	\$ 57,088,940	\$ 56,730,000	\$ 56,961,014	\$ 127,926
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 29,104,371	\$ (9,892)	\$ 34,740	\$ 29,129,219	\$ 29,497,207	\$ 29,390,515	\$ 261,296
Special Education Program	5,297,624	(666)	2,988	5,299,946	5,508,500	5,448,000	148,054
Vocational Education Program	2,538,791	(8,458)	11,545	2,541,878	2,493,490	2,662,250	120,372
Adult Education Program	196,490	(4,464)	3,311	195,337	178,004	222,481	27,144
Other	566,292	(3,901)	0	562,391	490,000	605,000	42,609
<u>Support Services</u>							
Attendance	135,069	0	0	135,069	143,175	139,020	3,951
Health Services	365,861	(2,000)	296	364,157	356,000	367,000	2,843
Other Student Support	1,362,293	(2,714)	4,882	1,364,461	1,431,665	1,448,950	84,489
Regular Instruction Program	1,600,579	(1,559)	5,671	1,604,691	1,625,960	1,628,200	23,509
Special Education Program	342,073	(54)	54	342,073	351,435	359,660	17,587
Vocational Education Program	56,479	0	24	56,503	160,247	67,350	10,847
Adult Programs	94,299	(1,069)	1,912	95,142	90,035	97,185	2,043
Other Programs	66,017	0	0	66,017	81,300	68,352	2,335
Board of Education	849,655	0	4,466	854,121	888,964	902,881	48,760
Director of Schools	325,496	(3,768)	6,226	327,954	336,825	345,570	17,616
Office of the Principal	3,410,036	(1,800)	1,852	3,410,088	3,660,810	3,484,829	74,741
Fiscal Services	281,404	(150)	3,229	284,483	279,421	289,130	4,647
Operation of Plant	5,092,473	(18,993)	11,657	5,085,137	4,426,090	5,106,700	21,563

(Continued)

Exhibit K-7

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 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,287,175	\$ (10,053)	\$ 20,817	\$ 1,297,939	\$ 1,297,065	\$ 1,355,770	\$ 57,831
Transportation	2,789,172	(128)	2,242	2,791,286	2,801,534	2,817,670	26,384
Central and Other	350,355	(3,954)	21,284	367,685	474,720	383,720	16,035
<u>Capital Outlay</u>							
Regular Capital Outlay	315,847	0	63,629	379,476	245,753	382,000	2,524
<u>Principal</u>							
Education	415,000	0	0	415,000	0	415,000	0
<u>Interest</u>							
Education	83,400	0	0	83,400	0	83,400	0
<u>Other Debt Service</u>							
Education	58,917	0	0	58,917		58,917	0
Total Expenditures	\$ 56,985,168	\$ (73,623)	\$ 200,825	\$ 57,112,370	\$ 56,818,200	\$ 58,129,550	\$ 1,017,180
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 103,772	\$ 73,623	\$ (200,825)	\$ (23,430)	\$ (88,200)	\$ (1,168,536)	\$ 1,145,106
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 67,519	\$ 0	\$ 0	\$ 67,519	\$ 130,000	\$ 75,000	\$ (7,481)
Transfers Out	(35,718)	0	0	(35,718)	(8,200)	(8,200)	(27,518)
Total Other Financing Sources (Uses)	\$ 31,801	\$ 0	\$ 0	\$ 31,801	\$ 121,800	\$ 66,800	\$ (34,999)
Net Change in Fund Balance							
Fund Balance, July 1, 2003	\$ 135,573	\$ 73,623	\$ (200,825)	\$ 8,371	\$ 33,600	\$ (1,101,736)	\$ 1,110,107
	3,177,525	(73,623)	0	3,103,902	3,878,692	2,000,000	1,103,902
Fund Balance, June 30, 2004							
	\$ 3,313,098	\$ 0	\$ (200,825)	\$ 3,112,273	\$ 3,912,292	\$ 898,264	\$ 2,214,009

Exhibit K-8

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,905,048	\$ 0	\$ 0	\$ 4,905,048	\$ 4,559,200	\$ 5,126,724	\$ (221,676)
Total Revenues	\$ 4,905,048	\$ 0	\$ 0	\$ 4,905,048	\$ 4,559,200	\$ 5,126,724	\$ (221,676)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,819,908	\$ (8,697)	\$ 469	\$ 1,811,680	\$ 1,640,699	\$ 1,888,854	\$ 77,174
Special Education Program	1,252,928	(1,633)	10,423	1,261,718	1,172,126	1,359,280	97,562
Vocational Education Program	257,167	(18,947)	13,410	251,630	257,412	257,732	6,102
Student Body Education Program	177,791	(145)	275	177,921	294,000	242,015	64,094
Education Edge	0	(123)	123	0	3,520	0	0
Other	169,718	0	32,803	202,521	209,776	205,677	3,156
<u>Support Services</u>							
Other Student Support	67,482	(1,111)	1,604	67,975	70,957	78,176	10,201
Regular Instruction Program	255,690	(2,349)	3,560	256,901	276,543	307,777	50,876
Special Education Program	551,871	(1,167)	7,430	558,134	537,580	633,982	75,848
Vocational Education Program	12,492	(1,604)	387	11,275	11,900	12,300	1,025
Transportation	86,129	0	0	86,129	84,687	85,367	(762)
Central and Other	45,138	(1,827)	2,246	45,557	0	43,861	(1,696)
Total Expenditures	\$ 4,696,314	\$ (37,603)	\$ 72,730	\$ 4,731,441	\$ 4,559,200	\$ 5,115,021	\$ 383,580
Excess (Deficiency) of Revenues Over Expenditures	\$ 208,734	\$ 37,603	\$ (72,730)	\$ 173,607	\$ 0	\$ 11,703	\$ 161,904
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 35,718	\$ 0	\$ 0	\$ 35,718	\$ 0	\$ 56,915	\$ (21,197)
Transfers Out	(67,519)	0	0	(67,519)	0	(69,142)	1,623
Total Other Financing Sources (Uses)	\$ (31,801)	\$ 0	\$ 0	\$ (31,801)	\$ 0	\$ (12,227)	\$ (19,574)
Net Change in Fund Balance	\$ 176,933	\$ 37,603	\$ (72,730)	\$ 141,806	\$ 0	\$ (524)	\$ 142,330
Fund Balance, July 1, 2003	71,851	(37,603)	0	34,248	89,508	10,000	24,248
Fund Balance, June 30, 2004	\$ 248,784	\$ 0	\$ (72,730)	\$ 176,054	\$ 89,508	\$ 9,476	\$ 166,578

Exhibit K-9

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,487,526	\$ 0	\$ 0	\$ 2,487,526	\$ 2,251,000	\$ 2,466,000	\$ 21,526
Other Local Revenues	8,588	0	0	8,588	15,000	15,000	(6,412)
State of Tennessee	55,534	0	0	55,534	58,000	58,000	(2,466)
Federal Government	1,721,776	0	0	1,721,776	1,575,000	1,615,700	106,076
Total Revenues	\$ 4,273,424	\$ 0	\$ 0	\$ 4,273,424	\$ 3,899,000	\$ 4,154,700	\$ 118,724
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,110,499	\$ (54,363)	\$ 64,426	\$ 4,120,562	\$ 3,964,000	\$ 4,219,700	\$ 99,138
Total Expenditures	\$ 4,110,499	\$ (54,363)	\$ 64,426	\$ 4,120,562	\$ 3,964,000	\$ 4,219,700	\$ 99,138
Excess (Deficiency) of Revenues Over Expenditures	\$ 162,925	\$ 54,363	\$ (64,426)	\$ 152,862	\$ (65,000)	\$ (65,000)	\$ 217,862
Net Change in Fund Balance	\$ 162,925	\$ 54,363	\$ (64,426)	\$ 152,862	\$ (65,000)	\$ (65,000)	\$ 217,862
Fund Balance, July 1, 2003	605,301	(54,363)	0	550,938	664,815	664,815	(113,877)
Fund Balance, June 30, 2004	\$ 768,226	\$ 0	\$ (64,426)	\$ 703,800	\$ 599,815	\$ 599,815	\$ 103,985

Exhibit K-10

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, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,240,143	\$ 0	\$ 0	\$ 1,240,143	\$ 1,200,000	\$ 1,200,000	\$ 40,143
Other Local Revenues	10,274	0	0	10,274	7,000	7,000	3,274
State of Tennessee	125,839	0	0	125,839	122,000	122,000	3,839
Total Revenues	<u>\$ 1,376,256</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,376,256</u>	<u>\$ 1,329,000</u>	<u>\$ 1,329,000</u>	<u>\$ 47,256</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,300,309	\$ (11,170)	\$ 17,866	\$ 1,307,005	\$ 1,329,000	\$ 1,329,000	\$ 21,995
Total Expenditures	<u>\$ 1,300,309</u>	<u>\$ (11,170)</u>	<u>\$ 17,866</u>	<u>\$ 1,307,005</u>	<u>\$ 1,329,000</u>	<u>\$ 1,329,000</u>	<u>\$ 21,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,947</u>	<u>\$ 11,170</u>	<u>\$ (17,866)</u>	<u>\$ 69,251</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 69,251</u>
Net Change in Fund Balance	\$ 75,947	\$ 11,170	\$ (17,866)	\$ 69,251	\$ 0	\$ 0	\$ 69,251
Fund Balance, July 1, 2003	<u>185,253</u>	<u>(11,170)</u>	<u>0</u>	<u>174,083</u>	<u>140,183</u>	<u>140,183</u>	<u>33,900</u>
Fund Balance, June 30, 2004	<u>\$ 261,200</u>	<u>\$ 0</u>	<u>\$ (17,866)</u>	<u>\$ 243,334</u>	<u>\$ 140,183</u>	<u>\$ 140,183</u>	<u>\$ 103,151</u>

MISCELLANEOUS SCHEDULES

Blount County, Tennessee
Schedule of Changes in General Long-term Notes and Other Loans Payable
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2004

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-03	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-04
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Various Purpose	\$ 844,000	3.00 to 4.60 %	07/27/93	07/15/03	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Industrial Park	2,500,000	4.20 to 6.00	06/26/98	04/01/10	1,635,000	0	200,000	1,435,000
Various Purpose	895,000	4.20 to 4.60	07/09/99	05/01/04	190,000	0	190,000	0
Total Notes Payable					<u>\$ 1,925,000</u>	<u>\$ 0</u>	<u>\$ 490,000</u>	<u>\$ 1,435,000</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Project (Series B-2)	5,000,000	Variable	10/19/95	06/01/06	\$ 1,715,417	\$ 0	\$ 560,000	\$ 1,155,417
Jail Project (Series IIB)	10,000,000	Variable	12/31/96	12/31/16	8,755,000	0	290,000	8,465,000
School & Library	10,000,000	4.00 to 5.20	11/01/97	03/01/19	8,405,000	0	360,000	8,045,000
School, Jail & Courthouse	20,000,000	4.00 to 5.20	08/01/98	08/01/19	18,970,000	0	815,000	18,155,000
Various Purpose	7,000,000	4.15 to 5.4	08/01/99	04/01/19	6,480,000	0	275,000	6,205,000
Various Purpose (Series IV-C-1)	39,000,000	Variable(2)	03/01/00	06/01/23	39,000,000	0	0	39,000,000
Library	4,100,000	Variable	12/01/00	06/01/23	3,700,000	0	200,000	3,500,000
Various Purpose (Series A-1-A)	20,000,000	Variable(2)	04/01/01	06/01/30	20,000,000	0	0	20,000,000
Various Purpose (Series A-5-A)	10,000,000	Variable	06/27/02	06/01/30	10,000,000	0	0	10,000,000
Various Purpose (Series B-1-C)	9,100,000	Variable	02/27/03	06/01/30	3,938,800	5,161,200	500,000	8,600,000
Various Purpose (Series B-4-A)	(1)	Variable	01/29/04	06/01/28	0	8,413,400	0	8,413,400
Total Other Loans Payable					<u>\$ 120,964,217</u>	<u>\$ 13,574,600</u>	<u>\$ 3,000,000</u>	<u>\$ 131,538,817</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School	\$ 2,500,000	4.00 %	06/01/02	06/01/08	\$ 2,085,000	\$ 0	\$ 415,000	\$ 1,670,000
Total Notes Payable					<u>\$ 2,085,000</u>	<u>\$ 0</u>	<u>\$ 415,000</u>	<u>\$ 1,670,000</u>

(1) - Total amount available under this Public Building Authority of Blount County Loan Agreement is \$10,000,000, of which \$1,586,600 had not been drawn as of June 30, 2004.

(2) - These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.

Exhibit L-2

Blount County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2004

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-04</u>
<u>General Debt Service Fund</u>						
Capital Outlay Note	Blount County School Department - General Purpose School Fund	\$ 2,500,000	6-1-02	6-1-08	4.0%	<u>\$ 1,670,000</u>
Total Notes Receivable						<u><u>\$ 1,670,000</u></u>

Exhibit L-3

Blount County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Component Units
For the Year Ended June 30, 2004

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	To provide funds for operations	\$ 636,895
General	Other Special Revenue	To provide funds for operations	40,000
General	Other Capital Projects	To provide funds for operations	99,062
Self Insurance	General	To provide funds for salaries and benefits	57,054
Employee Insurance - Health	General	To provide funds for salaries and benefits	57,054
Employee Insurance - Dental	General	To provide funds for salaries and benefits	57,054
Worker's Compensation	General	To provide funds for salaries and benefits	57,054
School Federal Projects	General Purpose School	To provide funds for indirect costs	67,519
General Purpose School	School Federal Projects	To provide funds for local match required by grant	8,200
General Purpose School	School Federal Projects	To provide funds for operations	<u>27,518</u>
Total Transfers			<u>\$ 1,107,410</u>

Blount County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2004

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 102,357	\$ 50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	69,259	100,000	The Cincinnati Insurance Company
Director of Schools	Board of Education	91,800	50,000	The Cincinnati Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	62,969	3,000,000	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	62,969	10,000	Western Surety Company
Director of Accounts and Budgets	County Commission	85,542	1,2 25,000	The Cincinnati Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	62,969	50,000	The Cincinnati Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	62,969	50,000	The Cincinnati Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u>	63,369	3 50,000	The Cincinnati Insurance Company
Register	and Chancery Court Judge Section 8-24-102, <u>TCA</u>	62,969	25,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>			
	and County Commission	82,081	4,5 25,000	The Cincinnati Insurance Company
Purchasing Agent	County Commission	48,368	25,000	The Cincinnati Insurance Company
Employee Blanket Bonds - All County Employees:				
	Public Employee Dishonesty		500,000	Travelers Casualty and Surety Company of America
	Forgery or Alteration		500,000	Travelers Casualty and Surety Company of America
	Messengers In		500,000	Travelers Casualty and Surety Company of America
	Messengers Out		500,000	Travelers Casualty and Surety Company of America

- 1 - Includes \$9,073 for serving as assistant county mayor.
- 2 - Includes \$13,500 for serving as director of civil defense.
- 3 - Includes special commissioner fees of \$400.
- 4 - Includes law enforcement training supplement of \$400.
- 5 - Includes \$12,457 for serving as superintendent of workhouse.

Exhibit L-5

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2004

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 12,490,540	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(157,854)	0	0	0	0	0
Trustee's Collections - Prior Year	552,769	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	88,737	0	0	0	0	0
Interest and Penalty	83,353	0	0	0	0	0
Pick-up Taxes	123,076	0	0	0	0	0
Payments in Lieu of Taxes - T.V.A.	288,459	0	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	1,432,895	0	0	0	0	0
Litigation Tax - General	391,149	0	0	0	0	0
Litigation Tax - Special Purpose	0	9,033	9,023	0	0	0
Business Tax	365,632	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	11,966	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	185,911	0	0	0	0	0
Wholesale Beer Tax	211,531	0	0	0	0	0
Total Local Taxes	\$ 16,068,164	\$ 9,033	\$ 9,023	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 1,152	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	334,840	0	0	0	0	0
<u>Permits</u>						
Building Permits	259,570	0	0	0	0	0
Total Licenses and Permits	\$ 595,562	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 3,802	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	788	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Fines, Forfeitures and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
District Attorney General Fees	0	0	0	0	0	1,748
DUI Treatment Fines	0	0	0	0	0	0
<u>Criminal Court</u>						
Fines	4,593	0	0	0	0	0
Officers Costs	37,826	0	0	0	0	0
Jail Fees	63	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	147,276	0	0	0	0	0
Officers Costs	440,199	0	0	0	0	0
Game and Fish Fines	1,110	0	0	0	0	0
Drug Control Fines	0	0	0	0	32,527	0
Jail Fees	46,665	0	0	0	0	0
District Attorney General Fees	7,338	0	0	0	0	19,895
DUI Treatment Fines	0	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	6,777	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	756	0	0	0	31,024	0
Total Fines, Forfeitures and Penalties	\$ 696,405	\$ 0	\$ 0	\$ 0	\$ 64,339	\$ 21,643
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 11,008	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	226,960	0	0	3,320	0	0
<u>Fees</u>						
Copy Fees	5,019	0	0	6,990	0	0
Library Fees	0	0	0	87,455	0	0
Telephone Commissions	17,512	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	70,376	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	14,495	0	0	0	0	0
Total Charges for Current Services	\$ 345,370	\$ 0	\$ 0	\$ 97,765	\$ 0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 122,157	\$ 0	\$ 0	\$ 3,145	\$ 4,334	\$ 1,060
Lease/Rentals	24,002	0	0	0	0	0
Sale of Materials and Supplies	301,040	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Maps	122	0	0	0	0	0
Miscellaneous Refunds	0	0	0	0	0	0
<u>Nonrecurring Items</u>						
Insurance Recovery	2,738	0	0	0	0	0
Sale of Equipment	34,458	0	0	0	0	0
Contributions & Gifts	1,145	0	0	8,771	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	591,782	0	0	52,616	0	0
Total Other Local Revenues	\$ 1,077,444	\$ 0	\$ 0	\$ 64,532	\$ 4,334	\$ 1,060
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 926,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	268,740	0	0	0	0	0
General Sessions Court Clerk	1,119,504	0	0	0	0	0
Clerk and Master	254,040	0	0	0	0	0
Register	1,039,874	0	0	0	0	0
Sheriff	44,557	0	0	0	0	0
Trustee	1,315,658	0	0	0	0	0
Total Fees Received from County Officials	\$ 4,968,786	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
State Reappraisal Grant	\$ 27,801	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>						
Health Department Programs	250,748	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	63,976	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 105,767	\$ 0	\$ 0	\$ 0	\$ 0	0
Beer Tax	16,881	0	0	0	0	0
Alcoholic Beverage Tax	96,506	0	0	0	0	0
Mixed Drink Tax	38,275	0	0	0	0	0
Contracted Prisoner Boarding	898,608	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	179,788	0	0	0	0	0
Total State of Tennessee	\$ 1,694,730	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	525,315	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	2,694,737	0	0	0	0	0
Total Federal Government	\$ 3,220,052	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 120,279	\$ 0	\$ 0	637,916	\$ 0	0
Contracted Services	1,436	0	0	0	0	0
<u>Other</u>						
Other	0	0	0	0	18,012	0
Total Other Governments and Citizens Groups	\$ 121,715	\$ 0	\$ 0	637,916	\$ 18,012	0
Total	\$ 28,788,228	\$ 9,033	\$ 9,023	\$ 800,213	\$ 86,685	\$ 22,703

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 7,060,749	\$ 0	\$ 0	\$ 19,551,289
Discount on Property Taxes	0	0	0	(89,222)	0	0	(247,076)
Trustee's Collections - Prior Year	0	0	0	313,183	0	0	865,952
Circuit/Clerk & Master Collections - Prior Years	0	0	0	50,156	0	0	138,893
Interest and Penalty	0	0	0	47,723	0	0	131,076
Pick-up Taxes	0	0	0	71,030	0	0	194,106
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	0	288,459
Payments in Lieu of Taxes - Local Utilities	0	0	0	65,950	0	0	65,950
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	2,080,256	0	0	0	2,080,256
Hotel/Motel Tax	0	0	0	0	0	0	1,432,895
Litigation Tax - General	59,101	0	0	0	0	0	450,250
Litigation Tax - Special Purpose	0	0	0	0	0	0	18,056
Business Tax	0	0	0	208,284	0	0	573,916
Mineral Severance Tax	0	0	241,471	0	0	0	241,471
Other County Local Option Taxes	0	0	0	0	0	0	11,966
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	185,911
Wholesale Beer Tax	0	0	0	0	0	0	211,531
Total Local Taxes	\$ 59,101	\$ 0	\$ 2,321,727	\$ 7,727,853	\$ 0	\$ 0	\$ 26,194,901
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,152
Cable TV Franchise	0	0	0	0	0	0	334,840
<u>Permits</u>							
Building Permits	0	0	0	0	0	0	259,570
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 595,562
<u>Fines, Forfeitures and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,802
Drug Control Fines	0	0	0	0	0	0	788

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Fines, Forfeitures and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Court Fees	\$ 6,794	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,794
District Attorney General Fees	0	0	0	0	0	0	1,748
DUI Treatment Fines	1,497	0	0	0	0	0	1,497
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	4,593
Officers Costs	0	0	0	0	0	0	37,826
Jail Fees	0	0	0	0	0	0	63
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	147,276
Officers Costs	0	0	0	0	0	0	440,199
Game and Fish Fines	0	0	0	0	0	0	1,110
Drug Control Fines	0	0	0	0	0	0	32,527
Jail Fees	0	0	0	0	0	0	46,665
District Attorney General Fees	0	0	0	0	0	0	27,233
DUI Treatment Fines	29,629	0	0	0	0	0	29,629
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	6,777
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	31,780
Total Fines, Forfeitures and Penalties	\$ 37,920	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 820,307
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,008
Other General Service Charges	0	0	0	0	0	0	230,280
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	12,009
Library Fees	0	0	0	0	0	0	87,455
Telephone Commissions	0	0	0	0	0	0	17,512
Constitutional Officers' Fees and Commissions	0	501	0	0	0	0	501
Data Processing Fee - Register	0	0	0	0	0	0	70,376
<u>Other Charges for Services</u>							
Other Charges for Services	2,816	0	0	0	0	0	17,311
Total Charges for Current Services	\$ 2,816	\$ 501	\$ 0	\$ 0	\$ 0	\$ 0	\$ 446,452

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitutional Officers - Fees	Highway/Public Works	General Debt Service	Other Capital Projects	Endowment	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 3,885	\$ 0	\$ 1,377	\$ 83,130	\$ 0	\$ 9,078	\$ 228,166
Lease/Rentals	0	0	0	23,000	0	0	47,002
Sale of Materials and Supplies	0	0	4,565	0	0	0	305,605
Sale of Gasoline	0	0	224,490	0	0	0	224,490
Sale of Maps	0	0	0	0	0	0	122
Miscellaneous Refunds	0	0	0	0	46,275	0	46,275
<u>Nonrecurring Items</u>							
Insurance Recovery	0	0	0	0	0	0	2,738
Sale of Equipment	0	0	0	0	0	0	34,458
Contributions & Gifts	7,520	0	0	0	0	0	17,436
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	1,910	0	0	0	646,308
Total Other Local Revenues	\$ 11,405	\$ 0	\$ 232,342	\$ 106,130	\$ 46,275	\$ 9,078	\$ 1,552,600
<u>Fees Received from County Officials</u>							
<u>Fees In Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 926,413
Circuit Court Clerk	0	0	0	0	0	0	268,740
General Sessions Court Clerk	0	0	0	0	0	0	1,119,504
Clerk and Master	0	0	0	0	0	0	254,040
Register	0	0	0	0	0	0	1,039,874
Sheriff	0	0	0	0	0	0	44,557
Trustee	0	0	0	0	0	0	1,315,658
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,968,786
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
State Reappraisal Grant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,801
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	250,748
<u>Public Works Grants</u>							
State Aid Program	0	0	196,297	0	0	0	196,297
Litter Program	0	0	0	0	0	0	63,976

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Permanent Fund	
	Other Special Revenue	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service	Other Capital Projects	Endowment	Total
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues</u>							
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	105,767
Beer Tax	0	0	0	0	0	0	16,881
Alcoholic Beverage Tax	0	0	0	0	0	0	96,506
Mixed Drink Tax	0	0	0	0	0	0	38,275
Contracted Prisoner Boarding	0	0	0	0	0	0	898,608
Gasoline and Motor Fuel Tax	0	0	2,424,090	0	0	0	2,424,090
Petroleum Special Tax	0	0	85,127	0	0	0	85,127
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	179,788
Total State of Tennessee	\$ 0	\$ 0	\$ 2,705,514	\$ 0	\$ 0	\$ 0	\$ 4,400,244
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	246,562	\$ 0	246,562
Other Federal through State	38,534	0	0	0	0	0	563,849
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	2,694,737
Total Federal Government	\$ 38,534	\$ 0	\$ 0	\$ 0	246,562	\$ 0	\$ 3,505,148
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	142,317	\$ 147,160	\$ 0	1,047,672
Contracted Services	0	0	0	205,967	0	0	207,403
<u>Other</u>							
Other	0	0	11,743	0	0	0	29,755
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 11,743	\$ 348,284	\$ 147,160	\$ 0	\$ 1,284,830
Total	\$ 149,776	\$ 501	\$ 5,271,326	\$ 8,182,267	\$ 439,997	\$ 9,078	\$ 43,768,830

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2004

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	Extended School Program	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 12,661,617	\$ 0	\$ 0	\$ 0	\$ 12,661,617
Discount on Property Taxes	(160,064)	0	0	0	(160,064)
Trustee's Collections - Prior Year	557,692	0	0	0	557,692
Circuit/Clerk & Master Collections - Prior Years	89,621	0	0	0	89,621
Interest and Penalty	82,799	0	0	0	82,799
Pick-up Taxes	121,079	0	0	0	121,079
Payments in Lieu of Taxes - T.V.A.	12,155	0	0	0	12,155
Payments in Lieu of Taxes - Local Utilities	117,721	0	0	0	117,721
<u>County Local Option Taxes</u>					
Local Option Sales Tax	9,060,688	0	0	0	9,060,688
Business Tax	368,371	0	0	0	368,371
Other County Local Option Taxes	11,667	0	0	0	11,667
Total Local Taxes	\$ 22,923,346	\$ 0	\$ 0	\$ 0	\$ 22,923,346
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,530	\$ 0	\$ 0	\$ 0	\$ 3,530
Total Licenses and Permits	\$ 3,530	\$ 0	\$ 0	\$ 0	\$ 3,530
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 578	\$ 0	\$ 0	\$ 0	\$ 578
<u>Education Charges</u>					
Tuition - Summer School	200	0	0	0	200
Receipts from Individual Schools	0	0	2,487,526	0	2,487,526
Community Service Fees - Children	0	0	0	1,240,143	1,240,143
Total Charges for Current Services	\$ 778	\$ 0	\$ 2,487,526	\$ 1,240,143	\$ 3,728,447
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 129,518	\$ 0	\$ 8,588	\$ 3,244	\$ 141,350
Lease/Rentals	1,050	0	0	0	1,050
Retirees' Insurance Payments	47,967	0	0	0	47,967
Miscellaneous Refunds	76,780	0	0	0	76,780
<u>Nonrecurring Items</u>					
Sale of Equipment	360	0	0	0	360
Damages Recovered from Individuals	8,670	0	0	0	8,670
Contributions & Gifts	87,785	0	0	0	87,785
<u>Other Local Revenues</u>					
Other Local Revenues	79,351	0	0	7,030	86,381
Total Other Local Revenues	\$ 431,481	\$ 0	\$ 8,588	\$ 10,274	\$ 450,343
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 31,582,971	\$ 0	\$ 0	\$ 0	\$ 31,582,971
School Food Service	0	0	55,534	0	55,534
Driver Education	15,115	0	0	0	15,115
Other State Education Funds	14,271	0	0	125,839	140,110
Career Ladder Program	663,758	0	0	0	663,758

(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			Total
		School Federal Projects	Central Cafeteria	Extended School Program	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 260,047	\$ 0	\$ 0	\$ 0	\$ 260,047
<u>Other State Revenues</u>					
Mixed Drink Tax	24,933	0	0	0	24,933
State Revenue Sharing - T.V.A.	757,614	0	0	0	757,614
Other State Grants	117,233	0	0	0	117,233
Total State of Tennessee	\$ 33,435,942	\$ 0	\$ 55,534	\$ 125,839	\$ 33,617,315
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,293,925	\$ 0	\$ 1,293,925
Breakfast	0	0	427,851	0	427,851
Adult Education State Grant Program	171,305	0	0	0	171,305
Vocational Education - Basic Grants to States	0	202,745	0	0	202,745
Title I Grants to Local Education Agencies	0	1,401,085	0	0	1,401,085
Innovative Education Program Strategies	0	108,751	0	0	108,751
Special Education - Grants to States	13,436	2,087,566	0	0	2,101,002
Eisenhower Professional Development State Grants	0	476,941	0	0	476,941
Other Federal through State	14,233	627,960	0	0	642,193
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	94,889	0	0	0	94,889
Total Federal Government	\$ 293,863	\$ 4,905,048	\$ 1,721,776	\$ 0	\$ 6,920,687
Total	\$ 57,088,940	\$ 4,905,048	\$ 4,273,424	\$ 1,376,256	\$ 67,643,668

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2004

General FundGeneral GovernmentCounty Commission

Clerical Personnel	\$	33,293	
Temporary Personnel		1,660	
Board and Committee Members Fees		226,800	
Social Security		16,136	
State Retirement		2,414	
Employee and Dependent Insurance		1,200	
Life Insurance		127	
Medical Insurance		4,200	
Dental Insurance		195	
Unemployment Compensation		69	
Employer Medicare		3,785	
Advertising		858	
Dues and Memberships		5,307	
Operating Lease Payments		2,018	
Legal Services		1,528	
Legal Notices, Recording and Court Costs		817	
Printing, Stationery and Forms		1,345	
Travel		6,848	
Tuition		2,205	
Other Contracted Services		35	
Data Processing Supplies		121	
Duplicating Supplies		436	
Office Supplies		512	
Other Supplies and Materials		656	
Worker's Compensation Insurance		393	
Other Charges		3,883	
Furniture and Fixtures		300	
Total County Commission			\$ 317,141

Board of Equalization

Board and Committee Members Fees	\$	510	
Social Security		32	
Unemployment Compensation		4	
Employer Medicare		7	
Worker's Compensation Insurance		3	
Total Board of Equalization			556

Budget and Finance Committee

Operating Lease Payments	\$	796	
Legal Notices, Recording and Court Costs		637	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Budget and Finance Committee (Cont.)

Printing, Stationery and Forms	\$	530	
Other Contracted Services		318	
Duplicating Supplies		616	
Other Charges		450	
Total Budget and Finance Committee			\$ 3,347

County Mayor

County Official/Administrative Officer	\$	102,357	
Assistant(s)		8,573	
Clerical Personnel		56,928	
Part-time Personnel		7,283	
Social Security		10,153	
State Retirement		12,075	
Employee and Dependent Insurance		135	
Life Insurance		424	
Medical Insurance		12,351	
Dental Insurance		574	
Unemployment Compensation		229	
Employer Medicare		2,597	
Advertising		1,247	
Dues and Memberships		3,612	
Maintenance & Repair Services- Office Equipment		287	
Maintenance & Repair Services- Vehicles		332	
Printing, Stationery and Forms		1,702	
Travel		3,110	
Tuition		1,035	
Gasoline		1,820	
Office Supplies		473	
Periodicals		461	
Other Supplies and Materials		2,861	
Worker's Compensation Insurance		266	
Other Charges		3,672	
Furniture and Fixtures		434	
Total County Mayor			234,991

Personnel Office

Supervisor/Director	\$	54,060	
Clerical Personnel		31,149	
Social Security		5,271	
State Retirement		4,832	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Employee and Dependent Insurance	\$	1,837	
Life Insurance		302	
Medical Insurance		8,933	
Dental Insurance		416	
Unemployment Compensation		185	
Employer Medicare		1,233	
Dues and Memberships		449	
Operating Lease Payments		2,744	
Travel		785	
Tuition		1,204	
Duplicating Supplies		28	
Office Supplies		1,273	
Other Supplies and Materials		227	
Worker's Compensation Insurance		128	
Other Charges		461	
Furniture and Fixtures		200	
Total Personnel Office			\$ 115,717

Election Commission (Including Voter Registration)

County Official/Administrative Officer	\$	56,672	
Clerical Personnel		68,546	
Custodial Personnel		700	
Temporary Personnel		7,925	
Other Salaries & Wages		8,966	
Election Commission		16,725	
Election Workers		28,975	
In-Service Training		2,100	
Social Security		9,980	
State Retirement		9,078	
Life Insurance		453	
Medical Insurance		12,600	
Dental Insurance		586	
Unemployment Compensation		491	
Employer Medicare		2,334	
Operating Lease Payments		690	
Legal Notices, Recording and Court Costs		6,478	
Maintenance & Repair Services- Equipment		3,095	
Printing, Stationery and Forms		3,671	
Rentals		475	
Travel		4,163	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Including
Voter Registration) (Cont.)

Tuition	\$	2,733	
Other Contracted Services		4,062	
Duplicating Supplies		46	
Office Supplies		692	
Other Supplies and Materials		807	
Worker's Compensation Insurance		310	
Voting Machines		15,950	
Total Election Commission (Including			
Voter Registration)	\$		269,303

Register of Deeds

County Official/Administrative Officer	\$	62,969	
Clerical Personnel		233,679	
Part-time Personnel		11,611	
Social Security		18,825	
State Retirement		19,459	
Employee and Dependent Insurance		4,800	
Life Insurance		1,023	
Medical Insurance		43,750	
Dental Insurance		2,035	
Unemployment Compensation		628	
Employer Medicare		4,403	
Dues and Memberships		1,193	
Operating Lease Payments		7,212	
Maintenance & Repair Services- Office Equipment		225	
Printing, Stationery and Forms		8,789	
Travel		1,327	
Tuition		1,145	
Data Processing Supplies		2,653	
Duplicating Supplies		3,762	
Office Supplies		1,534	
Other Supplies and Materials		1,842	
Worker's Compensation Insurance		464	
Data Processing Equipment		5,740	
Furniture and Fixtures		3,778	
Office Equipment		360	
Total Register of Deeds			443,206

Planning

Assistant(s)	\$	65,315	
Supervisor/Director		56,524	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Social Security	\$	7,461	
State Retirement		8,833	
Employee and Dependent Insurance		1,200	
Life Insurance		412	
Medical Insurance		11,670	
Dental Insurance		543	
Unemployment Compensation		156	
Employer Medicare		1,745	
Consultants		1,804	
Dues and Memberships		11,357	
Operating Lease Payments		2,016	
Legal Notices, Recording and Court Costs		3,440	
Printing, Stationery and Forms		108	
Travel		477	
Tuition		300	
Duplicating Supplies		560	
Food Supplies		97	
Library Books/Media		416	
Office Supplies		833	
Worker's Compensation Insurance		185	
Total Planning			\$ 175,452

Building

Supervisor/Director	\$	33,220	
Social Security		2,060	
State Retirement		2,409	
Life Insurance		127	
Medical Insurance		4,200	
Dental Insurance		195	
Unemployment Compensation		56	
Employer Medicare		482	
Dues and Memberships		425	
Legal Notices, Recording and Court Costs		1,134	
Travel		1,553	
Office Supplies		493	
Worker's Compensation Insurance		50	
Other Charges		1,138	
Total Building			47,542

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

Supervisor/Director	\$	39,583	
Clerical Personnel		6,216	
Social Security		2,789	
State Retirement		1,184	
Employee and Dependent Insurance		600	
Life Insurance		154	
Medical Insurance		4,550	
Dental Insurance		212	
Unemployment Compensation		141	
Employer Medicare		652	
Dues and Memberships		2,560	
Maintenance & Repair Services- Vehicles		939	
Travel		1,338	
Tuition		945	
Office Supplies		225	
Worker's Compensation Insurance		75	
Other Charges		872	
Data Processing Equipment		237	
Furniture and Fixtures		348	
Total Codes Compliance			\$ 63,620

County Buildings

Supervisor/Director	\$	47,440
Clerical Personnel		21,808
Custodial Personnel		162,659
Maintenance Personnel		58,242
Part-time Personnel		7,531
Social Security		18,422
State Retirement		20,295
Employee and Dependent Insurance		2,400
Life Insurance		1,021
Medical Insurance		50,400
Dental Insurance		2,344
Unemployment Compensation		812
Employer Medicare		4,308
Dues and Memberships		169
Engineering Services		395
Maintenance Agreements		39,615
Maintenance & Repair Services- Buildings		23,594
Maintenance & Repair Services- Equipment		25,430

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance & Repair Services- Office Equipment	\$	213	
Maintenance & Repair Services- Vehicles		154	
Pest Control		5,435	
Permits		1,275	
Other Contracted Services		4,928	
Custodial Supplies		31,917	
Equipment and Machinery Parts		415	
Gasoline		1,661	
Natural Gas		58,825	
Office Supplies		726	
Periodicals		217	
Uniforms		1,159	
Utilities		320,976	
Vehicle Parts		15	
Other Supplies and Materials		11,836	
Worker's Compensation Insurance		455	
Heating and Air Conditioning Equipment		850	
Maintenance Equipment		820	
Other Equipment		4,092	
Total County Buildings			\$ 932,854

Other General Administration

Audit Services	\$	24,160	
Legal Services		145,148	
Other Contracted Services		11,600	
Total Other General Administration			180,908

Preservation of Records

Part-time Personnel	\$	1,312	
Other Salaries & Wages		47,969	
Social Security		2,940	
State Retirement		3,348	
Employee and Dependent Insurance		850	
Life Insurance		175	
Medical Insurance		7,350	
Dental Insurance		342	
Unemployment Compensation		162	
Employer Medicare		688	
Dues and Memberships		50	
Operating Lease Payments		592	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Printing, Stationery and Forms	\$	20	
Travel		476	
Tuition		533	
Other Contracted Services		595	
Duplicating Supplies		166	
Office Supplies		2,365	
Other Supplies and Materials		4,253	
Worker's Compensation Insurance		79	
Data Processing Equipment		4,932	
Total Preservation of Records			\$ 79,197

Risk Management

Supervisor/Director	\$	36,368	
Clerical Personnel		25,387	
Other Salaries & Wages		15,515	
Social Security		4,350	
State Retirement		4,051	
Employee and Dependent Insurance		263	
Life Insurance		256	
Medical Insurance		8,917	
Dental Insurance		415	
Unemployment Compensation		170	
Employer Medicare		1,017	
Communication		12,699	
Consultants		12,000	
Dues and Memberships		295	
Operating Lease Payments		724	
Legal Services		16,699	
Legal Notices, Recording and Court Costs		474	
Postal Charges		11,697	
Printing, Stationery and Forms		264	
Travel		316	
Tuition		125	
Other Contracted Services		5,507	
Data Processing Supplies		148	
Duplicating Supplies		723	
Office Supplies		1,002	
Other Supplies and Materials		360	
Worker's Compensation Insurance		119	
Other Charges		126	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Risk Management (Cont.)

Furniture and Fixtures	\$	333	
Total Risk Management			\$ 160,320

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	62,969	
Accountants/Bookkeepers		309,758	
Part-time Personnel		8,316	
Other Salaries & Wages		14,580	
Social Security		23,688	
State Retirement		25,800	
Employee and Dependent Insurance		3,307	
Life Insurance		1,290	
Medical Insurance		46,317	
Dental Insurance		2,154	
Unemployment Compensation		751	
Employer Medicare		5,540	
Dues and Memberships		3,176	
Operating Lease Payments		6,074	
Legal Notices, Recording and Court Costs		740	
Printing, Stationery and Forms		5,067	
Travel		10,703	
Tuition		4,366	
Other Contracted Services		90	
Data Processing Supplies		510	
Office Supplies		1,145	
Worker's Compensation Insurance		605	
Other Charges		2,570	
Office Equipment		396	
Total Accounting and Budgeting			539,912

Purchasing

County Official/Administrative Officer	\$	48,368
Purchasing Personnel		108,722
Social Security		9,440
State Retirement		11,389
Employee and Dependent Insurance		4,950
Life Insurance		584
Medical Insurance		20,650
Dental Insurance		961

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Unemployment Compensation	\$	329	
Employer Medicare		2,208	
Dues and Memberships		425	
Operating Lease Payments		1,848	
Legal Notices, Recording and Court Costs		2,471	
Maintenance & Repair Services- Office Equipment		164	
Printing, Stationery and Forms		794	
Travel		1,427	
Tuition		410	
Data Processing Supplies		106	
Duplicating Supplies		263	
Office Supplies		872	
Other Supplies and Materials		431	
Worker's Compensation Insurance		234	
Total Purchasing			\$ 217,046

Property Assessor's Office

County Official/Administrative Officer	\$	62,969
Assistant(s)		200,846
Clerical Personnel		142,835
Other Per Diem & Fees		13,400
Social Security		25,546
State Retirement		30,493
Employee and Dependent Insurance		7,865
Life Insurance		1,494
Medical Insurance		54,204
Dental Insurance		2,521
Unemployment Compensation		673
Employer Medicare		5,975
Advertising		5,175
Data Processing Services		26,103
Dues and Memberships		3,351
Operating Lease Payments		3,086
Legal Notices, Recording and Court Costs		2,275
Printing, Stationery and Forms		1,404
Travel		14,683
Tuition		1,395
Other Contracted Services		18,729
Duplicating Supplies		1,414
Gasoline		730

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	1,994	
Other Supplies and Materials		1,300	
Worker's Compensation Insurance		630	
Other Charges		207,550	
Data Processing Equipment		4,508	
Furniture and Fixtures		997	
Motor Vehicles		20,400	
Office Equipment		286	
Total Property Assessor's Office			\$ 864,831

Reappraisal Program

Assistant(s)	\$	78,686	
Clerical Personnel		23,712	
Other Per Diem & Fees		5,545	
Social Security		6,803	
State Retirement		7,949	
Employee and Dependent Insurance		2,335	
Life Insurance		400	
Medical Insurance		16,846	
Dental Insurance		784	
Unemployment Compensation		265	
Employer Medicare		1,591	
Data Processing Services		10,305	
Dues and Memberships		330	
Maintenance & Repair Services- Vehicles		180	
Travel		2,648	
Gasoline		135	
Office Supplies		525	
Uniforms		950	
Other Supplies and Materials		570	
Worker's Compensation Insurance		162	
Total Reappraisal Program			160,721

County Trustee's Office

County Official/Administrative Officer	\$	62,969	
Clerical Personnel		156,139	
Temporary Personnel		15,962	
Overtime Pay		2,941	
Social Security		14,473	
State Retirement		15,436	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Employee and Dependent Insurance	\$	1,700	
Life Insurance		778	
Medical Insurance		29,112	
Dental Insurance		1,354	
Unemployment Compensation		428	
Employer Medicare		3,385	
Dues and Memberships		629	
Operating Lease Payments		1,804	
Legal Services		7,037	
Legal Notices, Recording and Court Costs		356	
Maintenance & Repair Services- Office Equipment		413	
Printing, Stationery and Forms		2,878	
Travel		482	
Tuition		155	
Other Contracted Services		1,313	
Duplicating Supplies		764	
Office Supplies		2,409	
Other Supplies and Materials		1,036	
Worker's Compensation Insurance		357	
Office Equipment		815	
Total County Trustee's Office			\$ 325,125

County Clerk's Office

County Official/Administrative Officer	\$	62,969
Clerical Personnel		536,298
Part-time Personnel		14,607
Social Security		38,530
State Retirement		42,600
Employee and Dependent Insurance		6,500
Life Insurance		2,183
Medical Insurance		96,250
Dental Insurance		4,477
Unemployment Compensation		1,414
Employer Medicare		9,012
Dues and Memberships		1,221
Operating Lease Payments		4,681
Legal Notices, Recording and Court Costs		65
Printing, Stationery and Forms		8,069
Travel		989
Tuition		20

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Other Contracted Services	\$	470	
Data Processing Supplies		860	
Office Supplies		4,430	
Periodicals		1,422	
Other Supplies and Materials		1,081	
Premiums on Corporate Surety Bonds		100	
Worker's Compensation Insurance		960	
Other Charges		100	
Building Improvements		2,245	
Furniture and Fixtures		16,369	
Total County Clerk's Office			\$ 857,922

Data Processing

Supervisor/Director	\$	69,415	
Data Processing Personnel		287,005	
Social Security		21,782	
State Retirement		25,625	
Employee and Dependent Insurance		3,600	
Life Insurance		1,299	
Medical Insurance		38,088	
Dental Insurance		1,772	
Unemployment Compensation		544	
Employer Medicare		5,094	
Data Processing Services		3,724	
Maintenance & Repair Services- Equipment		9,146	
Maintenance & Repair Services- Vehicles		115	
Printing, Stationery and Forms		22,703	
Travel		853	
Tuition		8,285	
Other Contracted Services		227	
Data Processing Supplies		2,870	
Equipment Parts - Light		14,492	
Office Supplies		1,214	
Worker's Compensation Insurance		537	
Data Processing Equipment		46,025	
Other Capital Outlay		2,832	
Total Data Processing			567,247

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	17,467	
Other Per Diem & Fees		4,851	
Operating Lease Payments		2,688	
Legal Notices, Recording and Court Costs		98,943	
Maintenance & Repair Services- Buildings		60	
Maintenance & Repair Services- Office Equipment		881	
Printing, Stationery and Forms		3,048	
Travel		77	
Tuition		800	
Other Contracted Services		4,973	
Duplicating Supplies		230	
Office Supplies		446	
Other Supplies and Materials		1,333	
Building Improvements		20,758	
Furniture and Fixtures		7,103	
Office Equipment		11,210	
Total Circuit Court			\$ 174,868

Circuit Court Clerk

County Official/Administrative Officer	\$	62,969
Clerical Personnel		929,438
Overtime Pay		6,001
Social Security		60,825
State Retirement		67,262
Employee and Dependent Insurance		14,400
Life Insurance		3,440
Medical Insurance		151,200
Dental Insurance		7,033
Unemployment Compensation		2,390
Employer Medicare		14,226
Bank Charges		110
Communication		1,687
Dues and Memberships		1,508
Operating Lease Payments		2,291
Maintenance Agreements		4,240
Printing, Stationery and Forms		14,779
Travel		7,532
Tuition		8,952
Other Contracted Services		49,681
Data Processing Supplies		3,768

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Duplicating Supplies	\$	3,580	
Office Supplies		3,162	
Other Supplies and Materials		8,711	
Worker's Compensation Insurance		1,465	
Data Processing Equipment		9,760	
Furniture and Fixtures		2,433	
Office Equipment		550	
Total Circuit Court Clerk			\$ 1,443,393

General Sessions Court

Judge(s)	\$	293,717	
Salary Supplements		39,007	
Secretary(s)		58,437	
Other Salaries & Wages		4,227	
Other Per Diem & Fees		440	
Social Security		20,125	
State Retirement		28,359	
Employee and Dependent Insurance		1,800	
Life Insurance		799	
Medical Insurance		21,000	
Dental Insurance		977	
Unemployment Compensation		146	
Employer Medicare		5,678	
Dues and Memberships		1,325	
Operating Lease Payments		7,257	
Legal Notices, Recording and Court Costs		99,981	
Maintenance & Repair Services- Office Equipment		1,429	
Printing, Stationery and Forms		8,423	
Travel		2,841	
Tuition		500	
Other Contracted Services		19,629	
Library Books/Media		1,069	
Office Supplies		1,107	
Other Supplies and Materials		5,820	
Worker's Compensation Insurance		596	
Other Charges		81	
Building Improvements		7,000	
Data Processing Equipment		920	
Furniture and Fixtures		3,577	
Office Equipment		435	
Total General Sessions Court			636,702

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	62,969	
Clerical Personnel		222,597	
Social Security		17,435	
State Retirement		19,712	
Employee and Dependent Insurance		2,400	
Life Insurance		1,008	
Medical Insurance		41,300	
Dental Insurance		1,921	
Unemployment Compensation		547	
Employer Medicare		4,078	
Dues and Memberships		693	
Operating Lease Payments		7,532	
Legal Notices, Recording and Court Costs		181	
Printing, Stationery and Forms		7,652	
Travel		114	
Duplicating Supplies		749	
Office Supplies		2,850	
Other Supplies and Materials		667	
Worker's Compensation Insurance		440	
Data Processing Equipment		460	
Office Equipment		1,325	
Total Chancery Court			\$ 396,630

Juvenile Court

Supervisor/Director	\$	4,641
Youth Service Officer(s)		158,809
Secretary(s)		21,721
Other Salaries & Wages		35,277
Social Security		13,511
State Retirement		13,425
Employee and Dependent Insurance		2,300
Life Insurance		687
Medical Insurance		25,200
Dental Insurance		1,172
Unemployment Compensation		392
Employer Medicare		3,159
Dues and Memberships		405
Evaluation and Testing		2,631
Operating Lease Payments		5,226
Legal Notices, Recording and Court Costs		119,861

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Printing, Stationery and Forms	\$	8,410	
Travel		23,374	
Tuition		1,200	
Other Contracted Services		119,673	
Office Supplies		1,645	
Other Supplies and Materials		2,318	
Worker's Compensation Insurance		372	
Other Charges		1,143	
Communication Equipment		196	
Furniture and Fixtures		1,694	
Total Juvenile Court			\$ 568,442

Other Administration of Justice

Attendants	\$	166,264	
Longevity Pay		3,088	
Social Security		10,229	
State Retirement		12,149	
Employee and Dependent Insurance		4,448	
Life Insurance		517	
Medical Insurance		23,328	
Dental Insurance		1,085	
Unemployment Compensation		333	
Employer Medicare		2,392	
Worker's Compensation Insurance		4,175	
Total Other Administration of Justice			228,008

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,224	
Assistant(s)		56,523	
Supervisor/Director		167,752	
Deputy(ies)		3,010,103	
Detective(s)		301,639	
Lieutenant(s)		156,773	
Sergeant(s)		134,691	
Accountants/Bookkeepers		47,316	
Mechanic(s)		27,726	
Clerical Personnel		140,384	
Attendants		181,840	
Part-time Personnel		8,592	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Longevity Pay	\$	90,012
Overtime Pay		357,929
Other Salaries & Wages		10,000
In-Service Training		600
Social Security		292,616
State Retirement		335,956
Employee and Dependent Insurance		75,810
Life Insurance		16,642
Medical Insurance		555,707
Dental Insurance		25,848
Unemployment Compensation		7,778
Employer Medicare		68,435
Architects		520
Communication		9,282
Contracts with Private Agencies		1,206
Dues and Memberships		4,525
Evaluation and Testing		6,396
Operating Lease Payments		10,000
Licenses		5,689
Maintenance Agreements		36,764
Maintenance & Repair Services- Buildings		3,000
Maintenance & Repair Services- Equipment		45,663
Maintenance & Repair Services- Vehicles		59,299
Matching Share		23,750
Printing, Stationery and Forms		14,626
Travel		47,667
Tuition		40,757
Other Contracted Services		84,274
Basic Skills Materials		22,558
Data Processing Supplies		10,055
Duplicating Supplies		2,021
Electricity		2,221
Equipment and Machinery Parts		4,587
Garage Supplies		2,334
Gasoline		215,735
Law Enforcement Supplies		18,185
Lubricants		4,236
Office Supplies		15,422
Small Tools		999
Tires and Tubes		18,200

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	93,989	
Vehicle Parts		37,795	
In-Service/Staff Development		9,197	
Other Supplies and Materials		23,862	
Worker's Compensation Insurance		115,842	
Liability Claims		9,086	
Other Charges		2,654	
Law Enforcement Equipment		1,408	
Total Sheriff's Department			\$ 7,143,700

Special Patrols

Investigator(s)	\$	25,199	
Social Security		1,562	
State Retirement		1,827	
Life Insurance		91	
Medical Insurance		3,988	
Dental Insurance		186	
Unemployment Compensation		53	
Employer Medicare		365	
Office Supplies		15	
Worker's Compensation Insurance		690	
Total Special Patrols			33,976

Traffic Control

Assistant(s)	\$	30,576	
Social Security		1,896	
State Retirement		2,217	
Life Insurance		105	
Medical Insurance		3,697	
Dental Insurance		172	
Unemployment Compensation		50	
Employer Medicare		443	
Worker's Compensation Insurance		623	
Total Traffic Control			39,779

Drug Enforcement

Deputy(ies)	\$	30,576	
Longevity Pay		1,765	
Social Security		2,005	
State Retirement		2,345	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Life Insurance	\$	116	
Medical Insurance		4,088	
Dental Insurance		190	
Unemployment Compensation		56	
Employer Medicare		469	
Worker's Compensation Insurance		762	
Total Drug Enforcement			\$ 42,372

Jail

Assistant(s)	\$	32,122
Supervisor/Director		37,149
Captain(s)		45,157
Lieutenant(s)		76,170
Sergeant(s)		96,534
Computer Programmer(s)		76,711
Medical Personnel		169,786
Guards		105,018
Clerical Personnel		138,032
Attendants		1,572,844
Cafeteria Personnel		57,122
Part-time Personnel		184,999
Longevity Pay		36,737
Overtime Pay		35,043
In-Service Training		27,200
Social Security		167,595
State Retirement		166,771
Employee and Dependent Insurance		47,112
Life Insurance		9,245
Medical Insurance		377,766
Dental Insurance		17,572
Unemployment Compensation		6,803
Employer Medicare		39,194
Contracts with Private Agencies		19,927
Dues and Memberships		175
Evaluation and Testing		7,668
Maintenance & Repair Services- Buildings		7,677
Maintenance & Repair Services- Equipment		9,630
Medical and Dental Services		381,974
Printing, Stationery and Forms		5,220
Travel		39,455

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Tuition	\$	14,505	
Other Contracted Services		2,611	
Custodial Supplies		47,488	
Data Processing Supplies		5,492	
Food Preparation Supplies		6,106	
Food Supplies		351,371	
Prisoners Clothing		20,507	
Uniforms		29,150	
Other Supplies and Materials		24,693	
Worker's Compensation Insurance		69,320	
Other Charges		278,220	
Food Service Equipment		2,480	
Total Jail			\$ 4,846,351

Workhouse

County Official/Administrative Officer	\$	6,845	
Social Security		424	
State Retirement		496	
Employer Medicare		99	
Worker's Compensation Insurance		170	
Total Workhouse			8,034

Juvenile Services

Captain(s)	\$	47,424	
Lieutenant(s)		43,014	
Sergeant(s)		40,253	
Teachers		90,000	
Medical Personnel		14,621	
Guards		54,122	
Attendants		444,741	
Part-time Personnel		5,552	
Overtime Pay		10,574	
Other Salaries & Wages		31,082	
Social Security		41,857	
State Retirement		45,688	
Employee and Dependent Insurance		12,630	
Life Insurance		2,449	
Medical Insurance		98,924	
Dental Insurance		4,601	
Unemployment Compensation		1,648	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Employer Medicare	\$	9,784	
Maintenance Agreements		3,000	
Maintenance & Repair Services- Buildings		1,000	
Medical and Dental Services		4,097	
Printing, Stationery and Forms		893	
Travel		3,301	
Tuition		3,619	
Other Contracted Services		5,198	
Duplicating Supplies		107	
Instructional Supplies and Materials		1,479	
Office Supplies		3,592	
Prisoners Clothing		2,236	
Uniforms		9,039	
Other Supplies and Materials		18,342	
Worker's Compensation Insurance		20,123	
Furniture and Fixtures		4,734	
Law Enforcement Equipment		12,146	
Total Juvenile Services			\$ 1,091,870

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	15,096	
Clerical Personnel		26,009	
Social Security		2,531	
State Retirement		2,980	
Employee and Dependent Insurance		258	
Life Insurance		111	
Medical Insurance		5,066	
Dental Insurance		236	
Unemployment Compensation		64	
Employer Medicare		592	
Communication		4,350	
Maintenance & Repair Services- Vehicles		389	
Postal Charges		600	
Travel		1,401	
Tuition		372	
Other Contracted Services		889	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Duplicating Supplies	\$	743	
Office Supplies		202	
Other Supplies and Materials		22	
Worker's Compensation Insurance		80	
Other Charges		1,474	
Communication Equipment		762	
Law Enforcement Equipment		33,417	
Total Civil Defense			\$ 97,644

Disaster Relief

Printing, Stationery and Forms	\$	1,675	
Other Contracted Services		1,866	
Office Supplies		1,081	
Data Processing Equipment		1,530	
Law Enforcement Equipment		194,138	
Total Disaster Relief			200,290

Other Emergency Management

Contracts with Government Agencies	\$	260,994	
Total Other Emergency Management			260,994

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	57,617	
Total County Coroner/Medical Examiner			57,617

Public Health and Welfare

Local Health Center

Guidance Personnel	\$	17,990	
Medical Personnel		226,904	
Clerical Personnel		63,154	
Custodial Personnel		19,625	
Part-time Personnel		12,016	
Social Security		20,805	
State Retirement		17,716	
Employee and Dependent Insurance		5,372	
Life Insurance		1,172	
Medical Insurance		55,456	
Dental Insurance		2,580	
Unemployment Compensation		1,266	
Employer Medicare		4,865	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	11,467	
Contracts with Government Agencies		97,863	
Laundry Service		574	
Operating Lease Payments		4,276	
Maintenance & Repair Services- Buildings		2,606	
Maintenance & Repair Services- Equipment		1,527	
Medical and Dental Services		431	
Pest Control		348	
Postal Charges		2,872	
Printing, Stationery and Forms		2,132	
Travel		5,998	
Disposal Fees		838	
Other Contracted Services		39,157	
Custodial Supplies		5,358	
Drugs and Medical Supplies		1,953	
Duplicating Supplies		737	
Electricity		17,898	
Office Supplies		5,932	
Periodicals		3,022	
Other Supplies and Materials		4,145	
Worker's Compensation Insurance		650	
Other Charges		17,763	
Furniture and Fixtures		1,221	
Office Equipment		978	
Total Local Health Center			\$ 678,667

Rabies and Animal Control

Contracts with Government Agencies	\$	138,348	
Total Rabies and Animal Control			138,348

Ambulance/Emergency Medical Services

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

General Welfare Assistance

Contributions	\$	208,336	
Pauper Burials		3,800	
Other Contracted Services		2,300	
Total General Welfare Assistance			214,436

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services

Contracts with Private Agencies	\$ 106,352	
Total Other Local Welfare Services		\$ 106,352

Sanitation Management

Contracts with Government Agencies	\$ 13,538	
Other Contracted Services	12,000	
Total Sanitation Management		25,538

Other Public Health and Welfare

Assistant(s)	\$ 90,765	
Supervisor/Director	50,902	
Secretary(s)	22,289	
Part-time Personnel	1,105	
Social Security	10,003	
State Retirement	11,967	
Employee and Dependent Insurance	2,428	
Life Insurance	626	
Medical Insurance	21,194	
Dental Insurance	986	
Unemployment Compensation	280	
Employer Medicare	2,339	
Communication	6,923	
Dues and Memberships	70	
Operating Lease Payments	1,296	
Postal Charges	815	
Printing, Stationery and Forms	629	
Travel	21,194	
Other Contracted Services	684	
Custodial Supplies	309	
Office Supplies	3,082	
Uniforms	941	
Other Supplies and Materials	170	
Worker's Compensation Insurance	246	
Furniture and Fixtures	3,579	
Office Equipment	1,236	
Health Equipment	1,667	
Total Other Public Health and Welfare		257,725

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$ 510,033	
Total Parks and Fair Boards		\$ 510,033

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$ 4,846	
Contracts with Government Agencies	118,649	
Operating Lease Payments	1,266	
Maintenance & Repair Services- Office Equipment	131	
Other Contracted Services	1,992	
Utilities	227	
Total Agriculture Extension Service		127,111

Soil Conservation

Assistant(s)	\$ 30,005	
Paraprofessionals	25,369	
Social Security	3,433	
State Retirement	4,015	
Life Insurance	211	
Medical Insurance	8,400	
Dental Insurance	391	
Unemployment Compensation	112	
Employer Medicare	803	
Communication	2,525	
Dues and Memberships	690	
Maintenance Agreements	690	
Postal Charges	1,322	
Printing, Stationery and Forms	488	
Travel	1,310	
Office Supplies	509	
Worker's Compensation Insurance	83	
Total Soil Conservation		80,356

Other Operations

Tourism

Other Salaries & Wages	\$ 302,291	
Advertising	394,230	
Dues and Memberships	5,928	
Legal Notices, Recording and Court Costs	105	
Postal Charges	6,084	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Printing, Stationery and Forms	\$	9,736	
Travel		4,735	
Tuition		1,678	
Other Contracted Services		30,709	
Office Supplies		682	
Other Supplies and Materials		2,197	
Other Charges		2,405	
Office Equipment		450	
Total Tourism			\$ 761,230

Industrial Development

Contracts with Government Agencies	\$	208,594	
Other Contracted Services		276,362	
Site Development		231,906	
Total Industrial Development			716,862

Other Economic and Community Development

Other Salaries & Wages	\$	66,500	
Communication		12,720	
Maintenance & Repair Services- Buildings		6,892	
Rentals		38,228	
Other Contracted Services		13,405	
Custodial Supplies		4,134	
Office Supplies		1,617	
Utilities		8,511	
Other Supplies and Materials		1,233	
Other Charges		1,248	
Communication Equipment		4,446	
Total Other Economic and Community Development			158,934

Veterans' Services

County Official/Administrative Officer	\$	51,853	
Supervisor/Director		28,702	
Clerical Personnel		21,284	
Social Security		6,257	
State Retirement		7,384	
Employee and Dependent Insurance		1,200	
Life Insurance		382	
Medical Insurance		12,566	
Dental Insurance		585	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Unemployment Compensation	\$	167	
Employer Medicare		1,463	
Dues and Memberships		55	
Operating Lease Payments		1,812	
Maintenance Agreements		600	
Maintenance & Repair Services- Office Equipment		17	
Travel		713	
Duplicating Supplies		354	
Gasoline		780	
Office Supplies		1,000	
Tires and Tubes		241	
Other Supplies and Materials		268	
Worker's Compensation Insurance		153	
Other Charges		392	
Furniture and Fixtures		318	
Total Veterans' Services			\$ 138,546

Other Charges

Local Retirement	\$	31,838	
Office Supplies		2,786	
Total Other Charges			34,624

Contributions to Other Agencies

Dues and Memberships	\$	9,457	
Total Contributions to Other Agencies			9,457

Miscellaneous

Advertising	\$	838	
Communication		182,914	
Dues and Memberships		4,728	
Postal Charges		120,319	
Other Contracted Services		77,096	
Electricity		2,133	
Utilities		3,121	
Building and Contents Insurance		13,367	
Excess Risk Insurance		11,139	
Liability Insurance		162,368	
Trustee's Commission		310,997	
Vehicle and Equipment Insurance		59,024	
Other Charges		16,936	
Total Miscellaneous			964,980

(Continued)

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

General Fund (Cont.)

Highways

Litter and Trash Collection

Attendants	\$	26,395	
Longevity Pay		250	
Social Security		1,652	
State Retirement		1,932	
Life Insurance		97	
Medical Insurance		4,083	
Dental Insurance		190	
Unemployment Compensation		56	
Employer Medicare		386	
Contracts with Government Agencies		2,264	
Tuition		400	
Other Contracted Services		24,068	
Other Supplies and Materials		2,191	
Worker's Compensation Insurance		929	
Law Enforcement Equipment		2,300	
Other Capital Outlay		570	
Total Litter and Trash Collection			\$ 67,763

Capital Projects

Other General Government Projects

Other Capital Outlay	\$	972,989	
Total Other General Government Projects			972,989

Total General Fund \$ 29,856,079

Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$	90	
Total Other Charges			\$ 90

Total Courthouse & Jail Maintenance Fund 90

Law Library Fund

Other Operations

Other Charges

Library Books/Media	\$	5,906	
Trustee's Commission		90	
Total Other Charges			\$ 5,996

Total Law Library Fund 5,996

(Continued)

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

Public Library Fund

General Government

County Buildings

Supervisor/Director	\$	2,880	
Custodial Personnel		52,000	
Maintenance Personnel		19,890	
Part-time Personnel		4,728	
Social Security		4,875	
State Retirement		4,631	
Employee and Dependent Insurance		1,200	
Life Insurance		303	
Medical Insurance		16,800	
Dental Insurance		781	
Unemployment Compensation		245	
Employer Medicare		1,140	
Maintenance & Repair Services- Buildings		6,393	
Maintenance & Repair Services- Equipment		1,994	
Other Supplies and Materials		1,072	
Worker's Compensation Insurance		91	
Building Improvements		2,272	
Maintenance Equipment		54	
Total County Buildings			\$ 121,349

Social, Cultural and Recreational Services

Libraries

County Official/Administrative Officer	\$	130,485
Assistant(s)		107,682
Supervisor/Director		166,045
Paraprofessionals		109,602
Custodial Personnel		20,219
Part-time Personnel		166,742
Social Security		42,399
State Retirement		32,762
Employee and Dependent Insurance		10,000
Life Insurance		2,010
Medical Insurance		82,950
Dental Insurance		3,858
Unemployment Compensation		1,895
Employer Medicare		9,916
Communication		11,377
Data Processing Services		13,137
Dues and Memberships		445
Operating Lease Payments		6,722

(Continued)

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

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

Libraries (Cont.)

Legal Services	\$	46	
Maintenance Agreements		2,566	
Pest Control		695	
Postal Charges		3,124	
Printing, Stationery and Forms		849	
Travel		2,187	
Tuition		1,702	
Permits		220	
Other Contracted Services		36,616	
Custodial Supplies		12,864	
Data Processing Supplies		2,668	
Library Books/Media		159,120	
Office Supplies		16,001	
Periodicals		14,763	
Uniforms		201	
Utilities		130,578	
Other Supplies and Materials		7,938	
Building and Contents Insurance		20,000	
Trustee's Commission		983	
Worker's Compensation Insurance		821	
Data Processing Equipment		5,045	
Furniture and Fixtures		883	
Other Equipment		320	
Total Libraries		<u>1,338,436</u>	\$ 1,338,436
Total Public Library Fund			\$ 1,459,785

Drug Control Fund

Public Safety

Sheriff's Department

Architects	\$	12,900	
Other Contracted Services		5,902	
Animal Food and Supplies		7,936	
Law Enforcement Supplies		975	
Other Supplies and Materials		5,513	
Trustee's Commission		612	
Law Enforcement Equipment		35,669	
Other Capital Outlay		30,521	
Total Sheriff's Department		<u>100,028</u>	\$ 100,028
Total Drug Control Fund			100,028

(Continued)

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

District Attorney General Fund

Administration of Justice

District Attorney General

Dues and Memberships	\$	360	
Travel		493	
Tuition		593	
Library Books/Media		38	
Trustee's Commission		207	
Other Charges		25,000	
Total District Attorney General			\$ 26,691

Total District Attorney General Fund \$ 26,691

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	49,683	
Probation Officer(s)		22,440	
Secretary(s)		26,520	
Social Security		6,116	
State Retirement		7,746	
Employee and Dependent Insurance		1,200	
Life Insurance		380	
Medical Insurance		12,600	
Dental Insurance		586	
Unemployment Compensation		168	
Employer Medicare		1,430	
Communication		2,634	
Dues and Memberships		590	
Postal Charges		13	
Printing, Stationery and Forms		1,398	
Travel		14,640	
Tuition		5,519	
Drug Treatment		59,200	
Other Contracted Services		951	
Instructional Supplies and Materials		435	
Library Books/Media		244	
Office Supplies		2,151	
Other Supplies and Materials		5,737	
Trustee's Commission		916	
Worker's Compensation Insurance		149	
Furniture and Fixtures		835	
Total Criminal Court			\$ 224,281

Total Other Special Revenue Fund 224,281

(Continued)

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 450	
Total County Trustee's Office		\$ 450

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 51	
Total County Clerk's Office		<u>51</u>

Total Constitutional Officers - Fees Fund		\$ 501
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 69,259
Assistant(s)	56,219
Supervisor/Director	83,162
Accountants/Bookkeepers	409
Clerical Personnel	27,177
Overtime Pay	41
Social Security	14,215
State Retirement	17,996
Employee and Dependent Insurance	3,434
Life Insurance	851
Medical Insurance	21,000
Dental Insurance	977
Unemployment Compensation	84
Employer Medicare	3,400
Advertising	40
Communication	9,512
Dues and Memberships	3,475
Maintenance Agreements	8,047
Postal Charges	185
Printing, Stationery and Forms	88
Travel	1,335
Tuition	1,669
Data Processing Supplies	175
Drugs and Medical Supplies	910
Electricity	16,641
Natural Gas	10,264
Office Supplies	1,438
Water and Sewer	1,464

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Boiler Insurance	\$	40	
Building and Contents Insurance		1,939	
Liability Insurance		38,041	
Trustee's Commission		47,225	
Vehicle and Equipment Insurance		38,669	
Worker's Compensation Insurance		2,912	
Liability Claims		7,575	
Other Charges		2,324	
Total Administration			\$ 492,192

Highway and Bridge Maintenance

Supervisor/Director	\$	78,387
Foremen		120,207
Equipment Operators - Heavy		456,742
Equipment Operators - Light		655,266
Laborers		109,802
Overtime Pay		18,974
Other Salaries & Wages		240,341
Social Security		101,440
State Retirement		125,335
Employee and Dependent Insurance		28,533
Life Insurance		6,163
Medical Insurance		228,950
Dental Insurance		10,876
Unemployment Compensation		1,172
Local Retirement		7,020
Employer Medicare		23,567
Evaluation and Testing		1,769
Laundry Service		21,080
Other Contracted Services		833,957
Asphalt - Hot Mix		213,855
Asphalt - Liquid		48,742
Concrete		4,152
Crushed Stone		79,383
Pipe - Metal		32,812
Road Signs		19,198
Salt		22,244
Structural Steel		2,672
Uniforms		2,500
Wood Products		1,000

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Supplies and Materials	\$	6,114	
Worker's Compensation Insurance		19,766	
State Aid Projects		268,704	
Total Highway and Bridge Maintenance			\$ 3,790,723

Operation and Maintenance of Equipment

Supervisor/Director	\$	49,282	
Foremen		77,026	
Mechanic(s)		255,559	
Nightwatchmen		45,502	
Clerical Personnel		27,269	
Overtime Pay		4,219	
Social Security		27,058	
State Retirement		33,728	
Employee and Dependent Insurance		11,283	
Life Insurance		1,802	
Medical Insurance		58,800	
Dental Insurance		2,507	
Unemployment Compensation		294	
Employer Medicare		6,410	
Maintenance & Repair Services- Buildings		275	
Maintenance & Repair Services- Equipment		1,918	
Maintenance & Repair Services- Vehicles		2,313	
Rentals		194	
Other Contracted Services		222	
Diesel Fuel		35,359	
Equipment and Machinery Parts		53,862	
Gasoline		286,506	
Lubricants		4,821	
Propane Gas		1,512	
Small Tools		22	
Tires and Tubes		14,776	
Other Supplies and Materials		51,852	
Worker's Compensation Insurance		5,597	
Total Operation and Maintenance of Equipment			1,059,968

Capital Outlay

Bridge Construction	\$	86	
Building Improvements		87,465	
Data Processing Equipment		1,809	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Highway Equipment	\$ 632	
Total Capital Outlay		\$ 89,992

Total Highway/Public Works Fund \$ 5,432,875

General Debt Service Fund

Principal

General Government

Principal on Notes	\$ 490,000	
Principal on Other Loans Payable	3,000,000	
Total General Government		\$ 3,490,000

Interest

General Government

Interest on Notes	\$ 11,040	
Interest on Other Loans Payable	5,227,315	
Total General Government		5,238,355

Other Debt Service

General Government

Trustee's Commission	\$ 156,206	
Other Debt Service	149,745	
Total General Government		305,951

Total General Debt Service Fund 9,034,306

Other Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 3,871,492	
Total Payments to Cities		\$ 3,871,492

Capital Projects

General Administration Projects

Supervisor/Director	\$ 10,997
Clerical Personnel	5,024
Social Security	931
State Retirement	364
Employee and Dependent Insurance	111
Life Insurance	21

(Continued)

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Medical Insurance	\$	842	
Dental Insurance		39	
Unemployment Compensation		25	
Employer Medicare		231	
Legal Services		5,362	
Other Contracted Services		1,805,363	
Worker's Compensation Insurance		2,875	
Underwriter's Discount		90,000	
Other Debt Issuance Charges		50,372	
Interest on Other Loans Payable		20,000	
Total General Administration Projects			\$ 1,992,557

Public Safety Projects

Other Contracted Services	\$	36,639	
Total Public Safety Projects			36,639

Public Health and Welfare Projects

Supervisor/Director	\$	969	
Clerical Personnel		434	
Social Security		83	
State Retirement		31	
Employee and Dependent Insurance		10	
Life Insurance		2	
Medical Insurance		71	
Dental Insurance		3	
Unemployment Compensation		1	
Employer Medicare		20	
Legal Services		46	
Other Contracted Services		82,624	
Worker's Compensation Insurance		38	
Other Construction		246,563	
Total Public Health and Welfare Projects			330,895

Social, Cultural and Recreation Projects

Other Contracted Services	\$	62,400	
Total Social, Cultural and Recreation Projects			62,400

Education Capital Projects

Supervisor/Director	\$	109,330	
Clerical Personnel		48,761	

(Continued)

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects (Cont.)

Social Security	\$	9,292	
State Retirement		3,535	
Employee and Dependent Insurance		1,079	
Life Insurance		201	
Medical Insurance		8,187	
Dental Insurance		381	
Unemployment Compensation		114	
Employer Medicare		2,276	
Legal Services		6,391	
Other Contracted Services		7,812,270	
Worker's Compensation Insurance		2,027	
Total Education Capital Projects		<u> </u>	\$ <u>8,003,844</u>

Total Other Capital Projects Fund \$ 14,297,827

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$	9,078	
Total Miscellaneous		<u> </u>	\$ <u>9,078</u>

Total Endowment Fund 9,078

Total Governmental Funds - Primary Government \$ 60,447,537

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2004

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 20,602,088	
Career Ladder Program	474,620	
Career Ladder Extended Contracts	206,060	
Salary Supplements	357,905	
Educational Assistants	749,788	
Overtime Pay	8,195	
Other Salaries & Wages	320	
Substitute Teachers	466,840	
Social Security	1,401,331	
State Retirement	793,093	
Employee and Dependent Insurance	396,004	
Life Insurance	79,231	
Medical Insurance	2,355,695	
Dental Insurance	113,527	
Employer Medicare	327,669	
Contracts with Other School Systems	88,665	
Maintenance & Repair Services- Equipment	21,629	
Printing, Stationery and Forms	6,602	
Other Contracted Services	71,850	
Gasoline	681	
Instructional Supplies and Materials	412,433	
Textbooks	129,206	
Furniture and Fixtures	3,689	
Regular Instruction Equipment	12,250	
Transportation Equipment	25,000	
Total Regular Instruction Program		\$ 29,104,371

Special Education Program

Teachers	\$ 3,352,404
Career Ladder Program	70,165
Career Ladder Extended Contracts	17,500
Educational Assistants	687,487
Social Security	253,455
State Retirement	144,684
Employee and Dependent Insurance	70,452
Life Insurance	13,954
Medical Insurance	473,612
Dental Insurance	22,046
Employer Medicare	59,275

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Contracts with Other Public Agencies	\$	52,121	
Contracts with Private Agencies		30,057	
Maintenance & Repair Services- Equipment		890	
Concrete		452	
Instructional Supplies and Materials		38,239	
Other Supplies and Materials		905	
Special Education Equipment		9,926	
Total Special Education Program			\$ 5,297,624

Vocational Education Program

Teachers	\$	1,930,721	
Career Ladder Program		35,560	
Career Ladder Extended Contracts		5,500	
Social Security		120,381	
State Retirement		70,268	
Employee and Dependent Insurance		47,624	
Life Insurance		7,300	
Medical Insurance		208,854	
Dental Insurance		9,814	
Employer Medicare		28,153	
Maintenance & Repair Services- Equipment		1,368	
Other Contracted Services		5,535	
Gasoline		604	
Instructional Supplies and Materials		66,130	
Liability Insurance		979	
Total Vocational Education Program			2,538,791

Adult Education Program

Teachers	\$	118,573	
Paraprofessionals		9,108	
Instructional Computer Personnel		23,000	
Social Security		9,342	
State Retirement		2,770	
Life Insurance		207	
Medical Insurance		8,510	
Dental Insurance		392	
Employer Medicare		2,185	
Other Contracted Services		384	
Instructional Supplies and Materials		18,709	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Worker's Compensation Insurance	\$	110	
Data Processing Equipment		1,050	
Other Equipment		2,150	
Total Adult Education Program			\$ 196,490

Other

Local Retirement	\$	542,085	
Other Charges		24,207	
Total Other			566,292

Support Services

Attendance

Supervisor/Director	\$	74,248	
Clerical Personnel		33,647	
Social Security		6,616	
State Retirement		5,012	
Employee and Dependent Insurance		1,488	
Life Insurance		317	
Medical Insurance		11,637	
Dental Insurance		557	
Employer Medicare		1,547	
Total Attendance			135,069

Health Services

Medical Personnel	\$	286,883	
Social Security		17,653	
State Retirement		10,794	
Employee and Dependent Insurance		920	
Life Insurance		585	
Medical Insurance		17,720	
Dental Insurance		819	
Employer Medicare		4,128	
Travel		1,804	
Other Contracted Services		2,000	
Drugs and Medical Supplies		21,555	
Other Supplies and Materials		1,000	
Total Health Services			365,861

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	1,044,085	
Secretary(s)		40,274	
Social Security		66,422	
State Retirement		42,017	
Employee and Dependent Insurance		17,533	
Life Insurance		3,957	
Medical Insurance		109,536	
Dental Insurance		5,075	
Employer Medicare		15,534	
Communication		131	
Evaluation and Testing		8,428	
Travel		3,312	
Other Contracted Services		423	
Instructional Supplies and Materials		807	
Office Supplies		307	
In-Service/Staff Development		72	
Other Supplies and Materials		4,380	
Total Other Student Support			\$ 1,362,293

Regular Instruction Program

Supervisor/Director	\$	106,604	
Librarians		833,533	
Secretary(s)		133,372	
Educational Assistants		128,557	
Social Security		72,981	
State Retirement		48,802	
Employee and Dependent Insurance		21,397	
Life Insurance		4,180	
Medical Insurance		123,358	
Dental Insurance		5,796	
Employer Medicare		17,068	
Travel		8,292	
Tuition		629	
Remittance of Revenue Collected		9,367	
Instructional Supplies and Materials		226	
Library Books/Media		85,214	
Other Supplies and Materials		1,203	
Total Regular Instruction Program			1,600,579

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	32,321	
Psychological Personnel		202,660	
Secretary(s)		31,656	
Social Security		16,168	
State Retirement		9,528	
Employee and Dependent Insurance		5,105	
Life Insurance		865	
Medical Insurance		22,620	
Dental Insurance		1,061	
Employer Medicare		3,781	
Travel		7,602	
Other Contracted Services		8,706	
Total Special Education Program			\$ 342,073

Vocational Education Program

Secretary(s)	\$	38,386	
Social Security		2,316	
State Retirement		2,845	
Life Insurance		129	
Medical Insurance		7,938	
Dental Insurance		376	
Employer Medicare		542	
Postal Charges		349	
Travel		533	
Office Supplies		2,469	
Other Supplies and Materials		596	
Total Vocational Education Program			56,479

Adult Programs

Supervisor/Director	\$	47,322	
Clerical Personnel		16,353	
Social Security		3,798	
State Retirement		2,726	
Employee and Dependent Insurance		1,701	
Life Insurance		223	
Medical Insurance		8,510	
Dental Insurance		392	
Employer Medicare		888	
Advertising		1,345	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Contracted Services	\$	8,772	
Worker's Compensation Insurance		750	
Other Charges		1,519	
Total Adult Programs			\$ 94,299

Other Programs

Social Workers	\$	13,280	
Educational Assistants		29,253	
Social Security		2,526	
State Retirement		3,152	
Employee and Dependent Insurance		1,440	
Life Insurance		168	
Medical Insurance		14,920	
Dental Insurance		687	
Employer Medicare		591	
Total Other Programs			66,017

Board of Education

Secretary(s)	\$	18,791	
Other Salaries & Wages		42,891	
Board and Committee Members Fees		25,200	
Social Security		5,336	
State Retirement		2,895	
Life Insurance		35	
Medical Insurance		6,094	
Dental Insurance		290	
Unemployment Compensation		16,011	
Employer Medicare		1,248	
Audit Services		23,150	
Legal Services		3,275	
Printing, Stationery and Forms		1,821	
Other Contracted Services		2,484	
Other Supplies and Materials		1,636	
Liability Insurance		85,055	
Trustee's Commission		473,325	
Worker's Compensation Insurance		121,841	
Other Charges		18,277	
Total Board of Education			849,655

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	91,800	
Assistant(s)		16,157	
Career Ladder Program		1,000	
Secretary(s)		37,962	
Clerical Personnel		33,656	
Other Salaries & Wages		17,643	
Social Security		12,028	
State Retirement		10,378	
Employee and Dependent Insurance		1,577	
Life Insurance		1,650	
Medical Insurance		14,282	
Dental Insurance		672	
Disability Insurance		562	
Employer Medicare		2,900	
Communication		19,639	
Dues and Memberships		2,946	
Postal Charges		9,144	
Printing, Stationery and Forms		6,533	
Travel		554	
Other Contracted Services		5,169	
Office Supplies		7,601	
Other Supplies and Materials		4,660	
Other Charges		19,656	
Administration Equipment		7,327	
Total Director of Schools			\$ 325,496

Office of the Principal

Principals	\$	1,091,738	
Accountants/Bookkeepers		46,706	
Assistant Principals		668,574	
Secretary(s)		782,635	
Social Security		157,354	
State Retirement		118,810	
Employee and Dependent Insurance		41,908	
Life Insurance		8,845	
Medical Insurance		284,731	
Dental Insurance		13,187	
Employer Medicare		36,801	
Communication		143,252	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dues and Memberships	\$	5,300	
Travel		1,200	
Tuition		270	
Other Contracted Services		2,136	
Other Supplies and Materials		6,589	
Total Office of the Principal			\$ 3,410,036

Fiscal Services

Supervisor/Director	\$	68,497	
Accountants/Bookkeepers		108,289	
Purchasing Personnel		33,656	
Social Security		12,244	
State Retirement		15,257	
Employee and Dependent Insurance		4,800	
Life Insurance		664	
Medical Insurance		20,725	
Dental Insurance		879	
Employer Medicare		2,864	
Dues and Memberships		930	
Other Contracted Services		5,651	
Office Supplies		6,948	
Total Fiscal Services			281,404

Operation of Plant

Custodial Personnel	\$	1,715,754	
Social Security		104,225	
State Retirement		117,034	
Employee and Dependent Insurance		28,916	
Life Insurance		6,469	
Medical Insurance		323,331	
Dental Insurance		15,222	
Employer Medicare		24,396	
Evaluation and Testing		1,480	
Other Contracted Services		111,739	
Custodial Supplies		121,126	
Electricity		1,978,255	
Fuel Oil		47,399	
Natural Gas		160,295	
Water and Sewer		238,370	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Building and Contents Insurance	\$	91,250	
Plant Operation Equipment		7,212	
Total Operation of Plant			\$ 5,092,473

Maintenance of Plant

Secretary(s)	\$	33,656	
Maintenance Personnel		509,481	
Social Security		32,900	
State Retirement		37,971	
Employee and Dependent Insurance		5,990	
Life Insurance		2,071	
Medical Insurance		67,729	
Dental Insurance		3,188	
Employer Medicare		7,695	
Communication		2,075	
Maintenance & Repair Services- Buildings		36,086	
Maintenance & Repair Services- Equipment		59,226	
Maintenance & Repair Services- Vehicles		15,146	
Other Contracted Services		112,194	
Equipment and Machinery Parts		75,709	
Gasoline		27,796	
Uniforms		35,468	
Other Supplies and Materials		191,445	
Other Charges		22,800	
Maintenance Equipment		8,549	
Total Maintenance of Plant			1,287,175

Transportation

Supervisor/Director	\$	49,433	
Clerical Personnel		29,724	
Social Security		4,836	
State Retirement		3,918	
Employee and Dependent Insurance		130	
Life Insurance		304	
Medical Insurance		8,416	
Dental Insurance		389	
Employer Medicare		1,132	
Contracts with Parents		1,807	
Contracts with Vehicle Owners		2,110,329	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Maintenance & Repair Services- Vehicles	\$	3,019	
Medical and Dental Services		4,342	
Other Contracted Services		303,526	
Tires and Tubes		567	
Vehicle and Equipment Insurance		<u>267,300</u>	
Total Transportation	\$		2,789,172

Central and Other

Supervisor/Director	\$	73,833	
Teachers		43,639	
Computer Programmer(s)		84,038	
Clerical Personnel		46,954	
Social Security		14,750	
State Retirement		12,297	
Employee and Dependent Insurance		5,724	
Life Insurance		787	
Medical Insurance		21,315	
Dental Insurance		994	
Employer Medicare		3,498	
Data Processing Supplies		19,714	
Data Processing Equipment		9,634	
Regular Instruction Equipment		<u>13,178</u>	
Total Central and Other			350,355

Capital Outlay

Regular Capital Outlay

Building Construction	\$	142,000	
Building Improvements		<u>173,847</u>	
Total Regular Capital Outlay			315,847

Principal

Education

Principal on Notes	\$	<u>415,000</u>	
Total Education			415,000

Interest

Education

Interest on Notes	\$	<u>83,400</u>	
Total Education			83,400

(Continued)

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Other Debt Service	\$ 58,917	
Total Education		\$ 58,917

Total General Purpose School Fund \$ 56,985,168

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 804,094	
Accountants/Bookkeepers	2,000	
Educational Assistants	610,397	
Substitute Teachers	10,327	
Social Security	87,155	
State Retirement	45,280	
Employee and Dependent Insurance	12,936	
Life Insurance	3,885	
Medical Insurance	150,050	
Dental Insurance	6,975	
Employer Medicare	20,397	
Communication	1,411	
Tuition	295	
Other Contracted Services	3,665	
Electricity	2,700	
Instructional Supplies and Materials	24,230	
In-Service/Staff Development	28,057	
Worker's Compensation Insurance	4,093	
Other Charges	595	
Regular Instruction Equipment	1,366	
Total Regular Instruction Program		\$ 1,819,908

Special Education Program

Clerical Personnel	\$ 64,291
Educational Assistants	766,449
Other Salaries & Wages	7,241
Social Security	51,385
State Retirement	39,221
Employee and Dependent Insurance	12,950
Life Insurance	2,232
Medical Insurance	200,300

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	9,292	
Employer Medicare		12,011	
Other Contracted Services		6,000	
Instructional Supplies and Materials		60,518	
Worker's Compensation Insurance		2,223	
Special Education Equipment		18,815	
Total Special Education Program			\$ 1,252,928

Vocational Education Program

Teachers	\$	7,672	
Secretary(s)		18,806	
Social Security		2,947	
State Retirement		2,338	
Life Insurance		181	
Medical Insurance		8,400	
Dental Insurance		391	
Employer Medicare		689	
Travel		6,883	
Instructional Supplies and Materials		9,720	
Office Supplies		200	
T&I Construction Materials		8,000	
In-Service/Staff Development		83	
Worker's Compensation Insurance		153	
Other Charges		16,076	
Vocational Instruction Equipment		174,628	
Total Vocational Education Program			257,167

Student Body Education Program

Teachers	\$	123,053	
Educational Assistants		17,010	
Social Security		8,684	
State Retirement		4,800	
Employee and Dependent Insurance		1,430	
Life Insurance		515	
Medical Insurance		18,900	
Dental Insurance		879	
Employer Medicare		2,031	
Instructional Supplies and Materials		387	
Worker's Compensation Insurance		102	
Total Student Body Education Program			177,791

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Other

Teachers	\$	52,714	
Educational Assistants		7,210	
Other Salaries & Wages		14,650	
Substitute Teachers		6,930	
Social Security		4,728	
State Retirement		2,646	
Life Insurance		142	
Medical Insurance		4,241	
Dental Insurance		198	
Employer Medicare		1,076	
Instructional Supplies and Materials		59,399	
Other Supplies and Materials		430	
Worker's Compensation Insurance		262	
Other Charges		15,092	
Total Other			\$ 169,718

Support Services

Other Student Support

Teachers	\$	24,775	
Social Security		1,536	
State Retirement		841	
Life Insurance		94	
Medical Insurance		4,970	
Dental Insurance		231	
Employer Medicare		359	
Evaluation and Testing		1,225	
Other Contracted Services		20,385	
Worker's Compensation Insurance		80	
Other Charges		12,986	
Total Other Student Support			67,482

Regular Instruction Program

Supervisor/Director	\$	123,394	
Secretary(s)		33,656	
In-Service Training		233	
Social Security		9,553	
State Retirement		6,628	
Life Insurance		487	
Medical Insurance		13,000	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Dental Insurance	\$	603	
Employer Medicare		2,253	
Travel		3,886	
In-Service/Staff Development		59,397	
Other Supplies and Materials		921	
Worker's Compensation Insurance		506	
Other Equipment		1,173	
Total Regular Instruction Program			\$ 255,690

Special Education Program

Supervisor/Director	\$	60,952	
Psychological Personnel		114,825	
Clerical Personnel		52,036	
Educational Assistants		2,025	
Other Salaries & Wages		47,243	
Social Security		17,066	
State Retirement		12,982	
Employee and Dependent Insurance		3,260	
Life Insurance		1,085	
Medical Insurance		27,600	
Dental Insurance		1,383	
Employer Medicare		3,991	
Other Contracted Services		196,114	
Worker's Compensation Insurance		816	
Other Charges		10,493	
Total Special Education Program			551,871

Vocational Education Program

Travel	\$	2,826	
Other Supplies and Materials		1,782	
Other Charges		6,098	
Other Equipment		1,786	
Total Vocational Education Program			12,492

Transportation

Other Contracted Services	\$	86,129	
Total Transportation			86,129

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Central and Other

Computer Programmer(s)	\$	19,143	
Other Salaries & Wages		9,000	
Social Security		1,615	
State Retirement		419	
Employer Medicare		381	
Worker's Compensation Insurance		91	
Other Charges		6,853	
Data Processing Equipment		7,636	
Total Central and Other			\$ 45,138

Total School Federal Projects Fund \$ 4,696,314

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	35,600
Accountants/Bookkeepers		46,039
Clerical Personnel		14,700
Cafeteria Personnel		1,569,554
Social Security		100,781
State Retirement		74,260
Employee and Dependent Insurance		30,640
Life Insurance		4,638
Medical Insurance		253,000
Dental Insurance		11,997
Unemployment Compensation		2,911
Local Retirement		26,566
Employer Medicare		23,570
Dues and Memberships		2,054
Maintenance & Repair Services- Equipment		36,184
Printing, Stationery and Forms		2,823
Transportation - Other than Students		35,504
Travel		1,435
Other Contracted Services		98,910
Custodial Supplies		34,671
Food Supplies		1,548,977
Office Supplies		4,117
Uniforms		7,307
Other Supplies and Materials		61,937

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Worker's Compensation Insurance	\$	32,897	
Other Charges		6,240	
Data Processing Equipment		1,975	
Food Service Equipment		41,212	
Total Food Service			\$ 4,110,499

Total Central Cafeteria Fund \$ 4,110,499

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	44,581	
Clerical Personnel		33,656	
Custodial Personnel		87,500	
Part-time Personnel		824,366	
Social Security		59,213	
State Retirement		22,935	
Employee and Dependent Insurance		4,980	
Life Insurance		581	
Medical Insurance		48,042	
Dental Insurance		2,261	
Employer Medicare		13,848	
Communication		327	
Contracts with Vehicle Owners		20,420	
Travel		1,183	
Other Contracted Services		28,778	
Food Supplies		57,548	
Instructional Supplies and Materials		14,363	
Other Supplies and Materials		5,759	
Trustee's Commission		12,277	
Worker's Compensation Insurance		3,189	
Other Charges		3,400	
Building Improvements		7,655	
Other Equipment		3,447	
Total Community Services			\$ 1,300,309

Total Extended School Program Fund 1,300,309

Total Governmental Funds - Blount County School Department \$ 67,092,290

Exhibit L-9

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements and Changes in Cash Balances -
City Agency Funds
For the Year Ended June 30, 2004

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 1,462,032	\$ 5,206,518	\$ 6,668,550
Trustee's Collections - Prior Years	0	65,327	232,861	298,188
Circuit/Clerk and Master Collections - Prior Years	0	10,951	39,021	49,972
Interest and Penalty	0	9,699	34,572	44,271
Pick-up Taxes	0	14,183	50,556	64,739
Payments in Lieu of Taxes - Local Utilities	0	7,964	29,195	37,159
Local Option Sales Tax	11,859,565	1,148,751	4,093,369	17,101,685
Business Tax	0	38,447	136,807	175,254
Other County Local Option Taxes	0	1,433	4,912	6,345
Marriage Licenses	0	430	1,526	1,956
Other Local Revenue	0	92	326	418
Mixed Drink Tax	0	2,948	10,503	13,451
Other Loans Issued	0	1,003,106	2,868,386	3,871,492
Total Cash Receipts	\$ 11,859,565	\$ 3,765,363	\$ 12,708,552	\$ 28,333,480
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 11,740,969	\$ 3,728,981	\$ 12,527,424	\$ 27,997,374
Trustee's Commission	118,596	43,354	148,069	310,019
Total Cash Disbursements	\$ 11,859,565	\$ 3,772,335	\$ 12,675,493	\$ 28,307,393
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (6,972)	\$ 33,059	\$ 26,087
Cash Balance, July 1, 2003	0	8,149	27,763	35,912
Cash Balance, June 30, 2004	\$ 0	\$ 1,177	\$ 60,822	\$ 61,999

STATISTICAL SECTION

Blount County, Tennessee
General Revenues by Source - All Governmental
Funds and Internal Service Funds
Last Ten Fiscal Years

Table 1

Fiscal Year Ended June 30	(1) Local Taxes	Licenses and Permits	Fines Forfeitures and Penalties	(2) Charges for Current Services	(3) Other Local Revenue	(7) State of Tennessee	Federal Government	(6) Other Governments and Citizens Groups	(8) Investment Earnings	(9) Expendable Trust Funds	(9) Permanent Funds	Governmental and Permanent Funds Total	(5) Internal Service Funds	Total Revenue
1995	\$28,747,405	\$132,986	\$324,049	\$4,367,522	\$592,190	\$24,658,743	\$3,309,516	\$518,336	\$918,859	\$233,613	\$0	\$63,803,219	\$4,871,735	\$68,674,954
1996	29,673,000	221,100	299,172	5,165,271	278,360	27,679,190	3,615,216	1,410,441	1,236,161	320,627	0	69,898,538	5,189,436	75,087,974
1997	31,047,421	317,943	391,525	5,620,218	325,061	27,973,042	4,790,250	492,358	1,031,168	341,887	0	72,330,873	5,781,172	78,112,045
1998	32,888,125	360,640	469,270	6,066,086	590,675	31,043,048	5,069,139	422,316	1,079,371	453,920	0	78,442,590	6,997,400	85,439,990
1999	36,478,563	321,542	448,545	6,586,826	478,153	32,553,176	4,795,660	546,804	1,818,100	214,098	0	84,241,467	7,133,063	91,374,530
2000	42,882,802	395,733	483,554	7,725,512	2,889,479	34,178,415	6,421,987	1,127,782	1,370,394	266,777	0	97,742,435	7,645,614	105,388,049
2001	44,829,541	472,262	533,230	7,575,137	1,502,469	35,826,017	6,825,794	4,600,405	993,694	345,937	0	103,504,486	7,496,456	111,000,942
2002	46,838,371	526,565	423,011	8,056,502	1,058,724	36,492,833	9,213,204	3,359,089	851,573	0	26,734	106,846,606	8,305,937	115,152,543
2003	47,766,226	645,035	659,520	8,407,712	1,182,285	37,742,856	9,778,280	2,343,607	473,859	0	12,653	109,012,033	9,664,076	118,676,109
2004	49,118,247	599,092	820,307	9,143,685	1,633,427	38,017,559	10,425,835	1,284,830	360,438	0	9,078	111,412,498	11,520,693	122,933,191

NOTES:

- (1) The 1996-97 County property tax rate was increased from \$2.10 to \$2.15 to start to prepare for the new Jail/Justice Center operations. The 98-99 rate was approved at \$2.07, to fully fund the jail operations, yet was the equivalent of a 19 cent increase because of a property reappraisal.
- (2) In 1996, the large increase in revenue can be attributed to: (1) fees in the amount of \$170,905 from the newly created Environmental Health Department; and (2) fees in the amount of \$537,644 from the expanded Extended Day Care Program in the Blount County School Department. The Extended Day Care Program was previously reported in Other Local Revenue.
- (3) Beginning in 1996, the Extended Day Care Program fees of the school system were reclassified to "Charges for Current Services."
- (4) Totals do not include bond and note proceeds, operating transfers and agency funds.
- (5) In 1995, the County's self insurance programs for health, dental and workers' compensation were reported as Internal Service Funds. Previously, the employee health and dental funds were reported as Expendable Trust Funds. The workers' compensation program was implemented July 1, 1994. The self-insurance fund was implemented July 1, 1997. Revenues for this fund are reported on Exhibit D-2.
- (6) In 1996, the Debt Service Fund received \$990,000 of revenue from the City of Maryville for the early repayment of notes. In 2001, the Capital Projects Fund received \$3,000,000 from the City of Maryville and \$1,000,000 from the City of Alcoa for construction of the new library.
- (7) State of Tennessee includes increases in funding for the Better Education Program (BEP).
- (8) Investment earnings in 1998-99 include earnings on capital project funds held idle pending construction drawdowns.
- (9) Permanent fund created in 2002 to comply with GASB Statement 34. Expendable Trust Funds were eliminated in 2002 to comply with GASB 34.

Blount County, Tennessee
General Expenditures and Expenses by Function - All Governmental
Funds and Internal Service Fund
Last Ten Fiscal Years

Table 2

Fiscal Year Ended June 30	(1) General Government	Administration of Justice Finance	(7) Public Safety	(2) Public Health and Welfare	(3) Social Cultural and Recreational	Agricultural and Natural Resources	(8) Other General Government	Highway and Bridge Maintenance	Education	(6) Debt Service	(4) Capital Outlay	Governmental Funds Total	
1995	\$1,941,303	\$1,932,689	\$1,916,963	\$4,260,425	\$624,603	\$882,432	\$148,266	\$0	\$3,324,335	\$38,918,391	\$6,949,278	\$2,827,342	\$63,726,027
1996	2,383,725	2,038,650	1,978,781	4,555,421	1,069,594	766,514	110,079	0	3,709,460	40,783,312	6,606,767	7,462,834	71,465,137
1997	2,595,657	2,173,080	2,143,475	5,466,726	1,142,333	797,518	146,759	0	4,077,815	43,242,637	7,032,612	5,985,581	74,804,193
1998	2,574,668	2,394,903	2,251,889	5,993,100	1,082,210	1,112,685	149,579	0	4,406,231	47,372,147	9,423,369	11,508,314	88,269,095
1999	2,962,590	2,571,207	2,575,767	7,462,565	1,160,917	1,191,525	157,082	0	4,284,010	51,112,199	6,417,932	22,747,270	102,643,064
2000	3,824,596	2,724,528	2,831,239	9,500,485	1,096,130	1,271,206	156,963	0	4,434,229	54,650,108	7,235,317	28,340,679	116,065,480
2001	4,138,290	2,905,620	3,088,221	10,463,518	1,235,780	1,282,116	170,995	0	4,763,871	58,270,374	7,290,146	30,823,892	124,432,823
2002	2,448,437	3,021,555	3,066,540	11,983,640	1,261,356	1,429,224	177,534	14,148,406	5,863,820	61,982,255	11,812,398	27,094,575	144,289,740
2003	2,788,083	3,286,362	3,228,252	13,243,505	1,298,118	1,758,217	193,300	5,894,828	5,171,748	65,515,940	9,721,740	10,385,234	122,485,327
2004	3,145,503	3,533,305	3,699,015	13,927,155	1,481,066	1,848,469	207,467	6,671,289	5,500,638	66,534,973	9,591,623	11,399,324	127,539,827

NOTES:

- (1) Beginning in 1995 the County's health insurance programs, previously included with General Government Expenditures, are reported as Internal Service Funds. This figure decreased in 2002 due to reclassifications to Other General Government for compliance with GASB 34.
- (2) Beginning in 1995, expenditures for Blount County Children's Home were included as a discretely presented component unit, but excluded from this Table.
- (3) Until 1998, the Blount County Library expenditures were split between "General Government" and "Social, Cultural, and Recreational". Starting in 1998, all Blount County Library expenditures are reported in "Social, Cultural, and Recreational".
- (4) In 1999, capital expenditures of \$22.7 million can be summarized as follows: \$14.6 million for the Jail/Justice Center project, \$6.0 for building projects and equipment in the Blount County School Department, and \$2.1 equipment expenditures in the General County and Highway Department funds.
- (4) This total includes the discretely presented Blount County School Department.
- (5) Beginning in 1995, the County's self insurance programs for health, dental and workers' compensation were reported as Internal Service Funds. Previously, the employee health program was reported with General Government expenditures, while the workers' compensation program was implemented July 1, 1994. Expenses for this fund are reported on Exhibit D-2.
- (6) In 1998, Debt Service includes early repayment of \$1,456,000 Capital Outlay Notes funded from school fund balances in excess of the legal minimum of 3 percent.
- (7) In 1999, Public Safety expenditures include operational expenditures for part of the year for the newly opened Blount County Jail/Justice Center.
- (8) This column was created in 2002 to comply with GASB 34. This figure reflects reclassifications from other categories.

Table 3

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

<u>Tax Year</u>	<u>(1) Total Tax Levy</u>	<u>(2) Current Collections</u>	<u>Percent of Levy Collected</u>	<u>(3) Adjustments and Delinquent Collections</u>	<u>(2+3) Total Tax Collections and Adjustments</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>
1994	\$21,307,080	\$20,590,500	96.6%	\$698,429	\$21,288,928	99.91%	\$18,152
1995	22,158,995	21,114,567	95.3%	1,027,678	22,142,245	99.92%	16,750
1996	22,841,296	21,829,352	95.6%	1,009,892	22,839,244	99.99%	2,052
1997	24,400,348	23,256,538	95.3%	1,138,287	24,394,825	99.98%	5,523
1998	28,298,037	26,843,314	94.9%	1,406,182	28,249,496	99.83%	48,541
1999	33,960,073	32,383,291	95.4%	1,563,694	33,946,985	99.96%	13,088
2000	34,939,330	32,854,459	94.0%	1,996,490	34,850,949	99.75%	88,381
2001	37,958,289	35,571,677	93.7%	1,731,740	37,303,417	98.27%	654,872
2002	39,115,205	36,661,486	93.7%	1,729,938	38,391,424	98.15%	723,782
2003	39,711,720	37,425,998	94.2%	N/A(4)	N/A(4)	N/A(4)	N/A(4)

NOTES:

- (1) Total tax levy does not include amounts for public utilities, which are assessed at the State level by the Public Service Commission. Local taxes include real and personal property taxes, hotel/motel taxes and local option taxes.
- (2) Current collections include amounts collected from the Trustee's Office through June 30 of each year.
- (3) Delinquent tax collections includes amounts collected by the Trustee's Office after June 30 of each year, and amounts collected by the Clerk and Master in Chancery Court.
- (4) Tax notices are sent out after June 30 each year, become due and payable October 1, but do not become delinquent until March 1 of the following year.

Table 4

Blount County, Tennessee
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) <i>Real Property</i>		(2) <i>Personal Property</i>		(3) <i>Public Utilities</i>		(4) <i>Total</i>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
1994	\$756,515,745	\$2,696,995,500	\$166,896,553	\$556,321,844	\$55,211,532	\$123,723,640	\$978,623,830	\$3,377,1
1995	764,422,250	2,748,324,200	162,792,548	542,641,826	63,967,331	151,265,745	991,182,129	3,442,
1996	895,861,240	3,239,106,700	164,814,786	549,382,620	57,453,827	127,994,313	1,118,129,853	3,916,
1997	921,466,845	3,332,008,300	160,536,465	535,121,550	55,609,022	132,402,433	1,137,612,332	3,999,
1998	983,935,650	3,997,558,529	144,229,094	540,609,071	49,644,107	139,559,505	1,177,808,851	4,677,
1999	1,232,503,210	4,453,285,600	208,023,880	693,413,933	58,768,971	134,636,818	1,499,296,061	5,281,
2000	1,272,216,315	4,946,056,673	211,035,528	756,481,084	61,973,835	156,961,136	1,545,225,678	5,859,
2001	1,519,951,905	5,516,960,400	245,276,006	817,586,687	74,499,300	173,254,186	1,839,727,211	6,507,
2002	1,565,196,350	5,688,269,000	239,712,697	799,042,323	77,983,116	178,655,478	1,882,892,163	6,665,
2003	1,838,979,015	6,762,567,879	383,341,000	827,730,370	76,918,382	190,318,851	2,299,238,397	7,780,

NOTES:

- (1) Real property includes commercial and industrial property assessed at 40% and residential and farms assessed at 25% of the estimated actual value.
- (2) Personal property is assessed at 30% of the estimated actual value.
- (3) Public Utilities assessments are made by the State of Tennessee for all counties and cities in the state at 55% of the estimated actual value.
- (4) Figures have been compiled from the Tax Aggregate Report of Tennessee.

Table 5

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

<u>Tax Year</u>	<u>City of Maryville</u>	<u>City of Alcoa</u>	<u>Blount County</u>
1994-95	\$2.45	\$2.26	\$2.29
1995-96	2.35	2.15	2.10
1996-97	2.47	2.15	2.10
1997-98	2.47	2.30	2.15
1998-99	2.66	2.15	2.07
1999-00	2.66	2.15	2.36
2000-01	2.33	2.40	2.36
2001-02	2.10	2.15	2.15
2002-03	2.15	2.15	2.15
2003-04	2.27	2.20	2.43

NOTES:

(1) Tax rates are in dollars per \$100 of assessed value.

(2) Ratio of Assessed Value to Appraised Value:

Commercial and Industrial	40%
Residential and Farm	25%
Public Utilities	55%
Personal Property	30%

(3) A general reappraisal was performed in 95-96 which allowed the County Commission to lower

Table 6

Blount County, Tennessee
Special Assessment Billings and Collections
Last Ten Fiscal Years

Not Applicable to Blount County, Tennessee

NOTE:

Blount County has had no material special assessment billings and collections within the last ten years.

Table 7

Blount County, Tennessee
Computation of Legal Debt Margin
June 30, 2004

Not Applicable to Blount County, Tennessee

NOTE:

Section 9-21-103 of the laws of the State of Tennessee provide that bonds or notes may be issued without regard to any limit on indebtedness for Tennessee counties.

Table 8

Blount County, Tennessee
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>(1) Population</u>	<u>(2) Assessed Value</u>	<u>(3) Gross Bonded Debt</u>	<u>(4) Less: Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	94,560	\$978,623,830	\$25,275,000	\$3,062,215	\$22,212,785	2.3%	\$234.91
1995	97,030	991,182,129	20,600,000	2,239,808	18,360,192	1.9%	189.22
1996	99,010	1,118,129,853	21,805,000	2,346,905	19,458,095	1.7%	196.53
1997	100,218	1,137,612,332	27,320,417	2,441,909	24,878,508	2.2%	248.24
1998	101,295	1,177,808,851	32,678,663	3,084,996	29,593,667	2.5%	292.15
1999	102,785	1,499,296,061	49,551,667	3,210,460	46,341,207	3.1%	450.86
2000	105,823	1,545,225,678	92,239,584	5,249,215	86,990,369	5.6%	822.04
2001	108,000	1,839,727,211	113,302,917	7,362,429	105,940,488	5.8%	980.93
2002	111,500	1,882,892,163	124,974,217	7,638,661	117,335,556	6.2%	1,052.34
2003	111,510	2,299,238,397	134,643,817	7,710,671	126,933,146	5.5%	1,138.31

NOTES:

- (1) U.S. Bureau of Census figures were used for 2000. Figures for 1994 through 1999 were projected by Woods & Poole Economics, Inc.
- (2) Assessed Values have been compiled from the "Tax Aggregate Report of Tennessee" published annually by the Tennessee State Board of Equalization. (also see table 4)
- (3) Gross Bonded Debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports including undrawn proceeds from loan agreements.
- (4) Debt Service fund balance is per Comprehensive Annual Financial Reports without the reserves for internal notes.

Table 9

Blount County, Tennessee
Ratio of Annual Debt Service Expenditures for General
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Bond, Note and Loan Agreement</u>	<u>Interest and Other Charges</u>	<u>(1) Debt Service Fund Expenditures</u>	<u>(2) General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1995	\$5,334,065	\$1,615,213	\$6,949,278	\$60,604,641	11.47%
1996	4,810,779	1,795,988	6,606,767	63,771,759	10.36%
1997	5,799,083	1,233,529	7,032,612	68,525,349	10.26%
1998	8,013,083	1,410,286	9,423,369	76,539,770	12.31%
1999	4,007,667	2,395,141	6,402,808	79,539,910	8.05%
2000	4,265,083	2,955,733	7,220,816	87,537,759	8.25%
2001	4,119,250	3,153,796	7,273,046	93,457,306	7.78%
2002	4,657,500	4,181,402	8,838,902	117,195,165	7.54%
2003	3,214,500	5,256,555	8,471,055	112,097,093	7.56%
2004	3,490,000	5,544,306	9,034,306	116,140,503	7.78%

NOTES:

- (1) Debt Service Expenditures include all principal and interest payments plus other related expenditures in the Debt Service Fund.
- (2) Total expenditures on Table 2 for fiscal year ended June 30, 2004, are stated at \$140,602,084. Total General Governmental Expenditures for fiscal year ended June 30, 2004 on Table 9 above do not include Internal Service Funds and Capital Outlay. (Example: For the year ended June 30, 2004, \$140,602,084 - \$13,062,257 - \$11,399,324 = \$116,140,503).

Table 10

Blount County, Tennessee
Schedule of Direct and Overlapping Debt
June 30, 2004

DIRECT DEBT

Notes payable	\$3,105,000	
Public Building Authority Loan Agreements	131,538,817	
Less debt service funds	<u>(6,858,632)</u>	
Total direct debt		\$127,785,185

OVERLAPPING DEBT

City of Maryville	\$50,420,000	
City of Alcoa	<u>39,807,563</u>	
Total overlapping debt		<u>90,227,563</u>

TOTAL DIRECT AND OVERLAPPING DEBT \$218,012,748

NOTE:

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

Amounts for the county include primary government and discretely presented Blount County School Department debt only, and exclude other component unit debt serviced by the individual component units.

Table 11

Blount County, Tennessee
Revenue Bond Coverage
Last Ten Fiscal Years

Not Applicable to Blount County, Tennessee

NOTE:

The only revenue bonds issued have been for Blount Memorial Hospital Inc., which is not included in Blount County as part of the primary government.

Table 12

Blount County, Tennessee
Demographic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(3) Median Age</u>	<u>(4) Unemployment Rate</u>
1994	94,560	\$17,642	37.7	4.9%
1995	97,030	19,346	38.1	5.4%
1996	99,010	19,856	38.1	2.8%
1997	100,218	20,128	38.1	3.3%
1998	101,211	22,227	38.1	3.2%
1999	102,785	23,416	38.1	3.7%
2000	105,823	24,262	38.4	2.7%
2001	108,000	25,370	38.4	4.0%
2002	111,500	28,455	38.4	3.7%
2003	111,510	n/a	38.4	4.0%

NOTES:

(1) The 2000 figure is from the U.S. Bureau of the Census.
Years 1994-1999 were projected by Woods & Poole Economics, Inc.
Years 2001 and 2002 were based on estimates by the U.S. Bureau of the Census.
Year 2003 was based on the Blount County Chamber of Commerce

(2) U.S. Department of Commerce. Bureau of Economic Analysis: BEA Users

Table 13

Blount County, Tennessee
Property Value, Construction and Bank Deposits
Last Ten Years

<u>Calendar Year</u>	<u>(1) Construction</u>		<u>(2) Bank Deposits</u>	<u>(3) Property Values</u>		
	<u>Commercial</u>	<u>Residential</u>		<u>Commercial</u>	<u>Residential</u>	<u>Utilities</u>
1994	N/A	N/A	\$936,824,045	\$1,104,767,644	\$1,921,290,500	\$123,723,640
1995	N/A	N/A	1,099,751,000	1,058,249,826	2,004,136,300	151,265,345
1996	N/A	N/A	1,168,353,000	1,123,279,720	2,352,711,200	127,994,313
1997	N/A	N/A	1,190,702,000	1,123,936,450	2,451,599,600	132,402,433
1998	N/A	N/A	1,295,797,000	1,254,117,448	2,953,326,099	139,559,505
1999	N/A	N/A	1,360,587,000	1,487,958,133	3,316,601,500	134,636,818
2000	\$ 3,366	\$ 25,205	1,369,913,000	1,633,864,243	3,702,993,333	156,961,136
2001	18,114	91,104	1,414,525,649	1,755,665,387	4,168,193,100	173,254,186
2002	13,938	108,951	1,441,370,111	1,753,236,323	4,329,777,300	178,655,478
2003	24,404	234,122	1,672,479,952	1,862,780,051	4,862,993,520	190,318,851

NOTES:

- (1) Blount County passed a resolution in July 2000 to require building permits.
- (2) Information was provided by the Blount County Accounting Department.
- (3) 1997 figures were provided by the State of Tennessee Tax Aggregate Report. Farm property values are not included. The decline in Commercial Property value between 1994 and 1995 is due to settlement of litigation with the Aluminum Company of America regarding property values. The contested value of \$124 million was reduced to \$47 million in 1995.

Table 14

Blount County, Tennessee
Principal Taxpayers
June 30, 2004

<u>Taxpayer</u>	(1) 2004 Assessment	(2) Percent of Total Assessed Valuation	(1) Taxes Assessed
Denso Manufacturing Tenn	\$80,790,211	4.09%	\$1,906,649
Alcoa Inc	65,727,243	3.32%	1,551,163
Alcoa Aluminum Company Inc	27,525,161	1.39%	649,594
Eldon Office Products	6,392,192	0.32%	150,856
CBL & Associates Limited	6,218,280	0.31%	130,584
Newell Office Products	6,197,280	0.31%	123,946
Presbyterian Homes of Tennessee, Inc.	5,616,840	0.28%	132,557
CMH Services, Inc.	5,126,228	0.26%	120,979
Camellia Trace at Mountain View	4,994,520	0.25%	117,871
Faulkner Properties	4,690,360	0.24%	110,692
	<u>\$213,278,315</u>	<u>10.77%</u>	<u>\$4,994,890</u>

NOTES:

(1) Taken from the records of the Blount County Information Technology Department.

(2) The figures used for this table were based on amounts from the Trustee's Official Tax Billing Summary. Percentages were figured using total 2004 Real and Personal Property Assessment figure of \$1,897,231,182 plus total 2004 Public Utilities Assessment figure of \$80,000,000.

Table 15

Blount County, Tennessee
Miscellaneous Statistical Data (Continued)

Population:	Official U.S. Census		
	1940	41,116	
	1950	54,691	
	1960	57,525	
	1970	63,744	
	1980	77,770	
	1990	85,969	
	2000	105,823	
Recreation (public):	Parks		17
	Recreation Centers		3
	Supervised Summer Playgrounds		2
	Ballfields		9
	Tennis Courts		14
	Swimming Pools		3
	Soccer Fields		2
Libraries:	Blount County Public Library		
	Lamar Memorial Library (Maryville College)		
Police Protection (overlapping):			Blount
	<u>Maryville</u>	<u>Alcoa</u>	<u>County</u>
Certified Police Officers	43	34	154
Correctional Officers	0	0	87
Civilian Employees	10	6	33
Average Income Level:	Per Capita	\$28,455 (1)	
Median Disposable Income:	Per Median Household	\$37,862 (2)	
Employment:	Labor Force	56,460 (3)	
	Employed Persons	54,190 (3)	
	Unemployment Rate	4.00% (3)	
	Unemployment	2,270 (3)	

NOTES:

- (1) Bureau of Economic Analysis 2003
- (2) Blount County New Comers Guide 2004-05
- (3) Tennessee Department of Labor and Workforce Development

Table 16

Blount County, Tennessee
Schedule of Insurance in Force
June 30, 2004

Name of Company	Type of Coverage	Policy Number	Inception Date	Expiration Date	Policy Limits	Annual Premium
Allianz Insurance Co	Commercial Property Boiler	CLP 3004939	7/1/2004	7/1/2005	\$100,000,000 Loss Limit 5,000,000 Earthquake Limit 5,000,000 Flood Limit 100,000 deductible 100,000,000	\$107,607
Clarendon	Package Automobile Liability General Liability Public Officials Liability Law Enforcement	XLA 00310625	7/1/2004	7/1/2005	250,000 SIR 1,000,000 1,000,000 1,000,000 1,000,000	348,197
Travelers	Crime	104115218	7/1/2004	7/1/2005	5,000 deductible 500,000	6,566
Chubb Group	Fiduciary Liability	8171-6360	7/1/2004	7/1/2005	1,000,000 each loss 10,000 each claim	8,300
Safety Nat'l Casualty Corp	Excess Worker's Comp	SP-8364-TN	7/1/2004	7/1/2005	25,000,000 limit 350,000 SIR 1,000,000 Employers Liability	45,700

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 27, 2004

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

To the County Mayor and County Commissioners:

We have audited the financial statements of Blount County, Tennessee, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 27, 2004. We conducted our audit in accordance with the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Blount County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 material instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

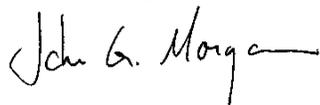
In planning and performing our audit, we considered Blount County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the

internal control over financial reporting. However, we noted matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Blount County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 04.01 and 04.02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above were not considered to be material weaknesses.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 27, 2004

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

To the County Mayor and County Commissioners:

Compliance

We have audited the compliance of Blount County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Blount County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Blount County's management. Our responsibility is to express an opinion on Blount County's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Blount County's compliance with those requirements.

In our opinion, Blount County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

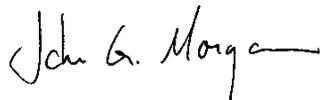
The management of Blount County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Blount County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the financial statements of Blount County, Tennessee, as of and for the year ended June 30, 2004, and have issued our reports thereon dated September 27, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Industrial Development Board of Blount County

Board of Directors
Industrial Development Board
of Blount County, Tennessee
Maryville, Tennessee

We have audited the financial statements of the Industrial Development Board of Blount County, Tennessee (a component unit of Blount County, Tennessee), as of and for the year ended June 30, 2004, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Industrial Development Board of Blount County, Tennessee, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Industrial Development Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, federal awarding agencies and pass-through entities, Blount County, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
For the Blount County Children's Home

Board of Directors
Blount County Children's Home
Maryville, Tennessee

We have audited the financial statements of Blount County Children's Home (a component unit of Blount County, Tennessee), as of and for the year ended June 30, 2004, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Blount County Children's Home are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the home's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, federal awarding agencies and pass-through entities, Blount County, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
For the Blount Memorial Hospital, Inc.

Board of Directors
Blount Memorial Hospital, Inc.

We have audited the financial statements of Blount Memorial Hospital, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon. 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 of America.

Compliance

As part of obtaining reasonable assurance about whether Blount Memorial Hospital, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount Memorial Hospital, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and the State of Tennessee Comptroller of the Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Blount County Emergency Communications District

Board of Directors
Blount County Emergency
Communications District
Alcoa, Tennessee

We have audited the financial statements of the Blount County Emergency Communications District, a component unit of Blount County, Tennessee, as of and for the year ended June 30, 2004, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether Blount County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, pass-through entities, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
For the Public Building Authority of Blount County

Board of Directors
The Public Building Authority of Blount County, Tennessee
Maryville, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of the Public Building Authority of Blount County, Tennessee, a component unit of Blount County, Tennessee, as of June 30, 2004, and for the year then ended, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Public Building Authority of Blount County are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Public Building Authority of Blount County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the authority's Board of Directors, Blount County, management, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2004

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:			
Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 427,851
National School Lunch Program	10.555	(2)	<u>1,293,925</u>
Total passed-through State Department of Education			<u>\$ 1,721,776</u>
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	<u>\$ 242,358</u>
Total passed-through State Department of Agriculture			<u>\$ 242,358</u>
Total U.S. Department of Agriculture			<u>\$ 1,964,134</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	(2)	<u>\$ 246,562</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 246,562</u>
U.S. Department of Justice:			
Direct Program:			
Public Safety and Community Policing Grants	16.710		\$ 108,070
Drug Court Discretionary Grant Program	16.585	(2)	<u>112,082</u>
Total Direct Programs			<u>\$ 220,152</u>
Passed-through State Office of Criminal Justice Programs:			
Byrne Formula Grant Program	16.579	(2)	\$ 108,424
Total Passed-through State Office of Criminal Justice Programs			<u>\$ 108,424</u>
Total U.S. Department of Justice			<u>\$ 328,576</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety Program	20.600	Z-03-11874	\$ 51,130
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	(3)	<u>156,996</u>
Total U.S. Department of Transportation			<u>\$ 208,126</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 1,306,339
Special Education Grants to States	84.027	(2)	1,678,151
Vocational Education - Basic Grants to States	84.048	(2)	219,953
Special Education - Preschool Grants	84.173	(2)	80,492
Safe and Drug Free Schools and Communities	84.186	(2)	51,414
Evenstart - State Education Agencies	84.213	(2)	100,339
21st Century Community Learning Centers	84.287	(2)	5,358
Innovative Education Program Strategies	84.298	(2)	63,753
Educational Technology State Grants Program	84.318	(2)	45,138
Reading Excellence Program	84.338	(2)	170,027
Improving Teacher Quality State Grants	84.367	(2)	<u>441,542</u>
Total Passed-through State Department of Education			<u>\$ 4,162,506</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04-016644-0	\$ 171,305
Total Passed-through State Department of Labor and Workforce Development			<u>\$ 171,305</u>
Passed-through State Department of Human Services: Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	(2)	\$ 49,705
Total Passed-through State Department of Human Services			<u>\$ 49,705</u>
Total U.S. Department of Education			<u>\$ 4,383,516</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education: Temporary Assistance for Needy Families	93.558	(2)	\$ 12,578
Total U.S. Department of Health and Human Services			<u>\$ 12,578</u>
U.S. Department of Homeland Security:			
Passed-through State Emergency Management Agency: State Domestic Preparedness Equipment Support Program	97.004	(4)	\$ 220,930
Emergency Management Performance Grants	97.042	Z-04-020286-00	21,151
Citizen Corps	97.053	Z-04-019449-00	5,218
Total U.S. Department of Homeland Security			<u>\$ 247,299</u>
Total Expenditures of Federal Awards			<u>\$ 7,390,791</u>
<u>State Grants</u>			
Tourism Grant - Tenn. Dept. of Tourism Development	N/A		\$ 12,000
Litter Program - Tenn. Dept. of Transportation	N/A		63,976
State Reappraisal - Comptroller of the Treasury	N/A		27,801
Health Department Program - Tenn. Dept. of Health	N/A		250,748
Child Care Assistance Program - Tenn. Dept. of Human Services	N/A		125,839
Adult Basic Education - Tenn. Dept. of Education	N/A		45,537
Family Resource Center Grant - Tenn. Dept. of Education	N/A		13,186
Families First Grant - Tenn. Dept. of Education	N/A		5,920
Safe Schools Act Grant - Tenn. Dept. of Education	N/A		62,649
Early Childhood Education Pilot Project - Tenn. Dept. of Education	N/A		176,255
Juvenile Court Home Base - Tenn. Dept. of Finance and Admin.	N/A		104,012
Archives Materials Grant - Tenn. Dept. of Finance and Admin.	N/A		990
Total State Grants			<u>\$ 888,913</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) Pass-through Entity Identifying Number not available.

(3) Z-03-11818-00: \$44,942; Z-04-016767-00: \$112,054

(4) Z-03-011108-00: \$168,317; Z-03-014402-00: \$18,231; Z-03-017726-00: \$34,382

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2004

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Comprehensive Annual Financial Report for Blount County, Tennessee, for the year ended June 30, 2003, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2004

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of Blount County.
2. Two reportable conditions in internal control were disclosed by the audit of the financial statements. These reportable conditions were not considered to be material weaknesses.
3. The audit did not disclose any noncompliance which is material to the financial statements of Blount County.
4. No reportable conditions in internal control over major programs were disclosed by the audit.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed no audit findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Nutrition Cluster, School Breakfast Program, and National School Lunch Program (CFDA No. 10.553 and 10.555) and the Special Education Grants to States (CFDA No. 84.027) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations as a result of our examination are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, highway superintendent, and director of accounts and budgets are quoted directly in this report.

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND HIGHWAY SUPERINTENDENT

FINDING 04.01 **THE FAILURE TO ACCURATELY BUDGET AND MONITOR AVAILABLE FUNDING SOURCES LED TO CASH FLOW PROBLEMS IN THE HIGHWAY/PUBLIC WORKS FUND (Internal Control – Reportable Condition Under Government Auditing Standards)**

The budget adopted for the Highway/Public Works Fund for the year ended June 30, 2004, reflected an estimated beginning fund balance of \$447,646. However, the actual beginning fund balance available for appropriation was only \$83,203. In addition, revenues of the fund were overestimated during the budgetary process by approximately \$295,000. No amendments or adjustments were made to the budget of the Highway/Public Works Fund during the year to bring these estimates closer to their actual amounts.

Although the actual expenditures of the fund were approximately \$240,000 less than amounts appropriated to be spent, the failure to adjust the estimates of available funding sources (revenues and beginning fund balance) to realistic numbers led to cash flow problems for the Highway Department, and the fund had a cash overdraft of \$180,878 on June 30, 2004. This overdraft resulted from the issuance of checks that exceeded available funds on deposit with the county trustee.

RECOMMENDATION

Accurate estimates of beginning fund balance should be used in developing budgets. Revenue estimates should be monitored throughout the year, and revised estimates should be made, including adjusting operations accordingly, when it appears estimated revenues will not materialize. Also, checks that exceed cash available on deposit with the county trustee should not be written.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT AND DIRECTOR OF ACCOUNTS AND BUDGETS (DIRECT QUOTE)

We concur that cash flow problems exist in the Highway/Public Work Fund. The fund has consistently used fund balance to operate for the last several years and we are continuing to discuss ways to adequately address these funding needs. However, based on the fact that the fund balance in the Highway/Public Works Fund has decreased to a dangerously low level, our plans include daily monitoring of projects and future reduction of expenditures where necessary, to help build fund balance back to necessary levels for proper cash flow.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 04.02 **A FUNDING SOURCE HAD NOT BEEN AUTHORIZED FOR A PORTION OF OUTSTANDING CONSTRUCTION COMMITMENTS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Other Capital Projects Fund had a fund deficit of \$2,394,359 on June 30, 2004, due to liabilities and outstanding commitments for construction contracts. There were undrawn loan proceeds of \$1,586,600 available on June 30, 2004, to cover a portion of these liabilities and commitments. However, no source of funding had been authorized for the remaining balance of \$807,759.

Of the contract commitments noted above, a project amendment of \$2,000,000 was approved by the County Commission during the year. The amendment identified loan proceeds as the funding source; however, authorized loan proceeds available to be drawn were not sufficient to cover the entire \$2,000,000 increase. We were informed by management that the County Commission plans to reconsider its capital debt authorization and related expenditure needs before the contracts mature and become payable.

RECOMMENDATION

If debt proceeds are to be used to fund project increases, the debt should be authorized before contracts are entered into. The County Commission should take immediate steps to clarify an available/authorized funding source for the remaining portion (\$807,759) of these liabilities and commitments.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS (DIRECT QUOTE)

We concur that at June 30th, actual loan documents were not yet approved for the last approval of appropriations in the Capital Projects Fund. The County Commission was aware of this fact when the increase was approved using loan proceeds as we also discussed that if in fact we were not going to approve any future long-term debt instruments, then this money would be taken from the county's fund balance. This fiscal year provided a unique experience in that the county is completing its prior capital improvements plan and is in the process of approving the next six-year plan. With that in mind, the commission continues to review the county's needs and will approve a new plan in the very short term. However, without any approval for new projects, the County Commission is aware that the projects in the Capital Projects Fund would need to be funded from the county's fund balance.

**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, 2004**

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