
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



COMPREHENSIVE ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
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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, 2008

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2008.

Results

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

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

Finding

The following is a summary of the audit finding:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department used federal special education funds to pay teaching assistants who were not assisting special education students.

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INTRODUCTORY SECTION

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341 COURT STREET
MARYVILLE, TN 37804-5906
PHONE (865) 273-5710
FAX (865) 273-3725

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



Letter of Transmittal

December 5, 2008

Honorable Jerry Cunningham
Blount County Mayor
Blount County Government
341 Court Street
Maryville, TN 37804-5906

Dear Mayor Cunningham:

We are pleased to submit to you the Comprehensive Annual Financial Report of Blount County, Tennessee, for the year ended June 30, 2008. 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, and 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 Governmental Accounting Standards Board Statement No. 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 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, 2008, 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 on Blount County's financial statements for the fiscal year ended June 30, 2008, 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 584 square miles and serves a population of approximately 120,000. 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. Policymaking and legislative authority are vested in a governing council called the County Commission that consists of 21 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. He is responsible for carrying out the policies and ordinances of the governing council, overseeing the day-to-day operations of the government, and appointing the heads of the various departments. Commission members serve four-year terms.

Blount County provides a full range of services, including police protection; 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 affect 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 Fund and Highway/Public Works Fund, this comparison is 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 stable economic environment and local indicators point to continued stability. The effects of the slowing of the national economy have been felt locally; however, these effects have been to slow growth but not reduce it. 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 Tuesday, Marriott, Clayton Homes, Peninsula Hospital, Air National Guard, Blount County Government, Staffing Solutions, Maryville City Schools, IJ Company, Belk Department Store, Wal-Mart, Eldon, APAC-Tenn, Twin City Auto Dealerships, U.S. Food Service, City of Maryville, and Rockford Manufacturing. Denso Manufacturing is listed as the top employer of Blount County and has approximately 2,500 employees.

The region (which includes Blount County Government and the surrounding unincorporated area within the same county) has an employed labor force of approximately 63,430, which anticipates a growth rate between three and four percent each year for the next several years. The government's central business district expects 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 faces opportunities unparalleled in its history. As the county has continued to grow at a pace, while manageable, but 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 continues its efforts to ensure 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 five years ago. Recently we finished the largest capital improvements program in the county's history, and we have continued to prepare for the future by working to update and approve the next steps of our six-year capital improvements plan. In conjunction with anticipated future needs, the County Commission continued its forward thinking by approving a tax increase in the previous fiscal year to provide funding for these projects. We have purchased land on the west side of the county for a new elementary school. In addition, we are in the final year and completion stage of a plan that includes the construction of a new middle school, a new elementary school, and renovation of an existing middle school into a freshman academy to relieve overcrowding in our schools. 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.

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 employs a full-time risk management director as part of the comprehensive risk management program. The county combined four proprietary funds into one fund in the previous fiscal year. The Internal Service Fund includes the following projects: the self-insurance (general liability and casualty) project, the employee insurance - health project, employee insurance - dental project, and the workers' compensation project. This fund is under the supervision of the committee, with the exception of the health project, which by vote this fiscal year, has reverted to the supervision of the finance director. This fund continues to be a very positive force 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 Postemployment 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.

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 Acknowledgments. 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, 2007. This is the 14th consecutive year that Blount County has received this prestigious award. To be awarded a Certificate of Achievement, the government must publish 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.

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 in 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, Amy Cowden, Susan Gennoe, Pat James, Faye McDaniel, Allen Rippetoe, Sharon Stinnett, Julie Talbott, Dana West, 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", written over a horizontal line.

David R. Bennett, CPA, CGFM
Assistant County Mayor/Finance Director

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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, 2007

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.



Oliver S. Cox

President

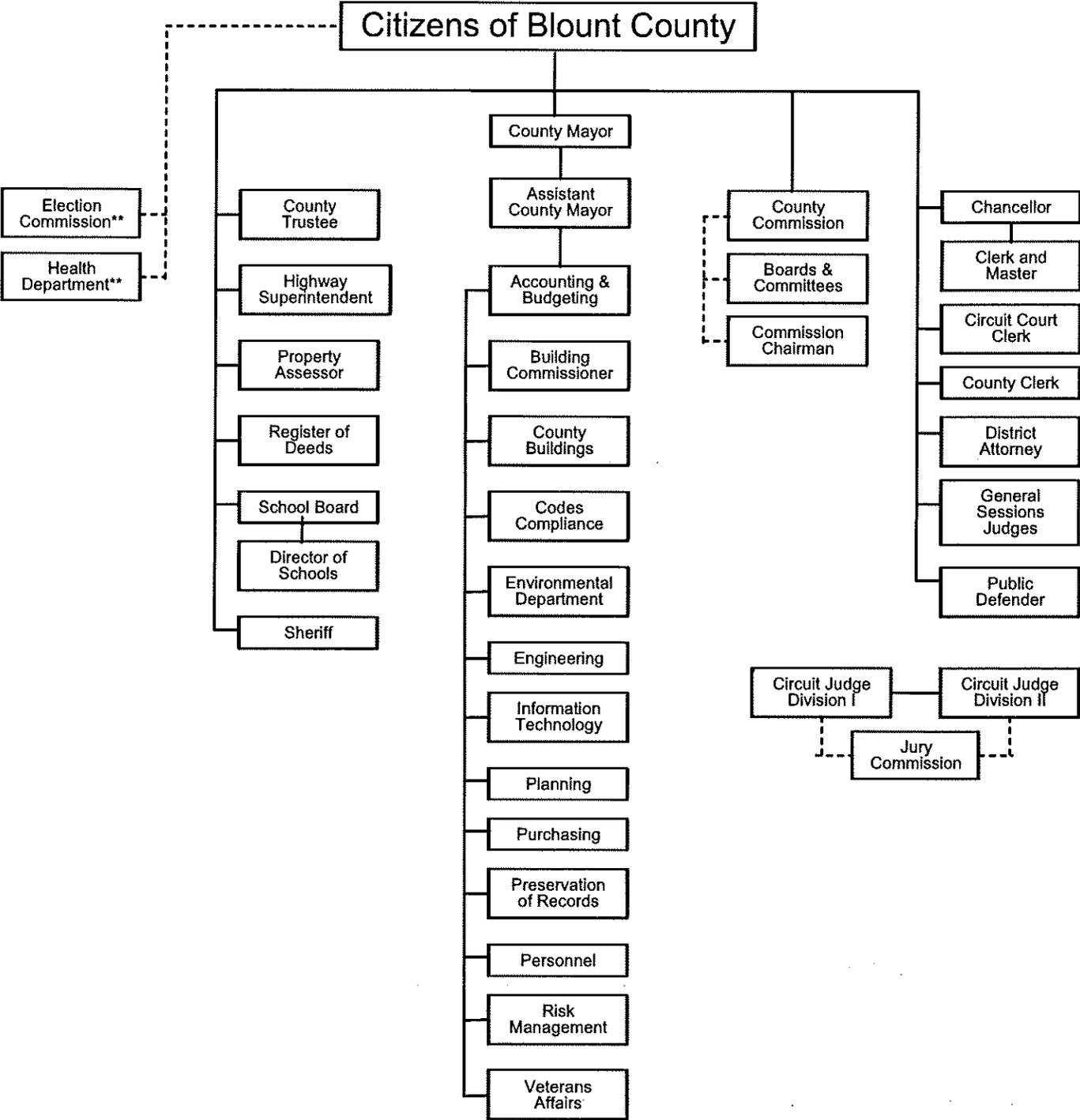
Jeffrey R. Emer

Executive Director

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Blount County, Tennessee

ORGANIZATION CHART



**Appointed by the State of Tennessee

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Blount County Officials
June 30, 2008

Officials

Jerry Cunningham, 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 Hatcher, Circuit and General Sessions Courts Clerk
Brenda Flowers, Clerk and Master
Penny Whaley, Register
James Berrong, Sheriff
David Bennett, Director of Accounts and Budgets
Judy Hackney, Purchasing Agent

Board of County Commissioners

Robert Ramsey, Chairman	Mark Hasty
Tonya Burchfield	Wendy Pitts Reeves
David Ballard	Kenneth Melton
Brad Harrison	Bob Proffitt
Mike Lewis	Holden Lail
Steve Samples	Scott Helton
Gary Farmer	Ron French
David Graham	Mike Walker
Joe McCulley	Monika Murrell
Steve Hargis	Gerald Kirby
John Keeble	

Board of Education

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

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FINANCIAL SECTION

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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

December 5, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2008, 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 5.8 percent and 1.9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Children's Home (which represent .1 percent and .2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc. (which represent 38 percent and 58.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .3 percent and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 34.4 percent and 1.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2008, on our consideration of Blount County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.C., Blount County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures. In addition, Blount County changed its revenue recognition policy for non-grant receivables from 30 days in previous periods to 60 days in the current period as described in Notes I.C. and V.C.

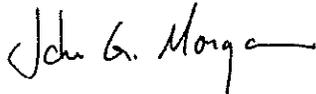
The accompanying financial statements of the aggregate discretely presented component units have been prepared assuming that the Blount County Public Building Authority will continue as a going concern. As discussed in note X.M. to the financial statements, the public building authority has experienced major operational changes that raise substantial doubt about its ability to continue as a going concern. The financial statements of the aggregate discretely presented component units do not include any adjustments that might result from the outcome of this uncertainty.

The management's discussion and analysis on pages 31 through 40 and the budgetary comparison and pension information on pages 147 through 153 are not required parts of the basic financial statements but they do provide 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, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), 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, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Blount County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us 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 by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in dark ink and includes a horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

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Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2008

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, 2008. 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 the financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. In addition, readers should review the separately issued discretely presented component units' financial statements for their MD&A.

FINANCIAL HIGHLIGHTS FOR FY 2008

Key Financial Highlights

In total, net assets of the Primary Government decreased by \$29 million. Net assets of the DPCU School Department increased \$21.5 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 \$46.6 million in revenue or 52 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$42.2 million or 48 percent of total revenues of \$88.8 million. General revenues of the DPCU School Department were \$73.8 million.

Total assets of governmental activities in the Primary Government were \$202 million as taxes receivable ended at \$38.3 million, cash ended at \$27.2 million, and capital assets, net of accumulated depreciation, ended at \$126.4 million. Total assets in the DPCU School Department were \$160 million as taxes receivable ended at \$18.1 million, cash ended at \$10.8 million, and capital assets, net of accumulated depreciation, ended at \$128.2 million.

The county had \$117.8 million in expenses with \$42.2 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$35 million) were adequate to provide current funding for these programs. The DPCU School Department had \$88.9 million in expenses related to governmental activities; \$36.7 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily property taxes and sales taxes of \$16.5 and \$10.7 million, respectively) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$41.7 million in revenues and \$37.8 million in expenditures. The Highway/Public Works Fund had \$6.5 million in revenues and \$7.5 million in expenditures. The General Debt Service Fund had \$15.2 million in revenues and \$13.9 million in expenditures. The Other Capital Projects Fund had \$2.3 million in revenues and \$45.7 million in expenditures, and major funding for this fund was provided by long-term loan proceeds. Fund balance for the General Fund increased by \$4.7 million to \$10.4 million and increased by \$2.1 million to \$10.2 million in the General Debt Service Fund. The net change in fund balance in the Highway/Public Works Fund was a decrease of \$.5 million; however, a prior-period adjustment of \$.5 million resulted in a net increase to fund balance of \$27,000. Fund balance increased in the Other Capital Projects Fund by \$.2 million to \$.6 million.

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 the Statement of Activities present an aggregate view of the entire county's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the county's most significant funds with all other nonmajor funds presented in total in one column. In the case of Blount County, the General Fund is by far the most significant fund. Other major funds include the Highway/Public Works Fund, the 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 2008, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the county reports its activities as governmental activities. The county's programs and services 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 used to maintain control over resources that have been segregated for specific activities or objectives. The county, and its DPCU School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county and the DPCU School Department can be divided into three categories: governmental, proprietary, and fiduciary.

Fund financial 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 the 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 \$56.3 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$133.3 million at the close of the most recent fiscal year.

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

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

Changes in net assets for the current fiscal year represent planned capital expenditures funded by debt. The decrease in net assets for the Primary Government was offset somewhat by increases in fund balances in all county funds. For the DPCU School Department, the increase in net assets is due to capital expenditures being funded by the Primary Government.

Table 1 provides a summary of the county's and the DPCU School Department's net assets for 2008 and a comparison to the prior year.

An additional portion of the county's net assets, \$14.7 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$.9 million of net assets is subject to external restriction.

Tables 2a and 2b show changes in net assets for fiscal year 2008 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year.

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

	Blount County Government	
	2008	2007
Assets		
Current and Other Assets	\$ 75,584,158	\$ 63,996,408
Capital Assets	126,399,168	123,056,956
Total Assets	\$ 201,983,326	\$ 187,053,364
Liabilities:		
Long-term Liabilities Outstanding	\$ 214,843,375	\$ 169,528,712
Other Liabilities	43,441,999	44,790,282
Total Liabilities	\$ 258,285,374	\$ 214,318,994
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 84,766,395	\$ 79,936,221
Restricted	14,719,161	12,779,291
Unrestricted	(155,787,604)	(119,981,142)
Total Net Assets	\$ (56,302,048)	\$ (27,265,630)

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

	DPCU School Department	
	2008	2007
Assets:		
Current and Other Assets	\$ 31,428,913	\$ 31,325,179
Capital Assets	128,228,018	106,083,939
Total Assets	\$ 159,656,931	\$ 137,409,118
Liabilities:		
Long-term Liabilities Outstanding	\$ 2,609,911	\$ 2,661,541
Other Liabilities	23,735,825	22,985,503
Total Liabilities	\$ 26,345,736	\$ 25,647,044
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 128,228,018	\$ 105,663,939
Restricted	875,351	1,191,359
Unrestricted	4,207,826	4,906,776
Total Net Assets	\$ 133,311,195	\$ 111,762,074

Education expenditures of \$52.8 million accounted for approximately 45 percent of the \$117.8 million total expenses for governmental activities. Of that \$117.8 million in governmental activities expenses, \$42.2 million was covered by direct charges to users of the services. A significant portion of those charges is for constitutional officers' fees and commissions and for premiums charged to the DPCU School Department for health insurance. Public safety charges for services include things like fees for boarding of prisoners in the county jail.

While sales taxes are not levied for a particular program or function, approximately \$2.2 million annually has been designated for roads and bridges, a public works function.

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

	Blount County Government	
	2008	2007
Revenues:		
Program Revenues:		
Charges for Services	\$ 26,848,478	\$ 25,692,814
Operating Grants and Contributions	5,163,438	4,835,443
Capital Grants and Contributions	10,217,506	8,908,820
General Revenues:		
Property Taxes	35,029,006	32,159,284
Sales Taxes	2,229,493	2,301,875
Other Taxes	3,248,092	3,157,284
Grants and Contributions Not Restricted to Specific Programs	2,128,290	2,107,312
Unrestricted Investment Income	1,043,904	1,197,753
Gain on Sale of Capital Assets	2,865,782	39,723
Miscellaneous	9,145	34,398
Total Revenues	<u>\$ 88,783,134</u>	<u>\$ 80,434,706</u>
Expenses:		
General Government	\$ 4,753,520	\$ 4,320,235
Finance	4,294,152	4,295,393
Administration of Justice	4,596,462	5,141,149
Public Safety	19,231,988	17,355,681
Public Health and Welfare	1,941,135	1,975,908
Social, Cultural, and Recreational Services	2,717,539	2,711,933
Agriculture and Natural Resources	265,620	234,364
Other Operations	4,310,751	2,827,630
Highways	13,334,983	9,946,373
Education	52,796,062	27,216,725
Interest	8,273,643	6,467,567
Other Debt Service	1,303,697	1,289,553
Total Expenses	<u>\$ 117,819,552</u>	<u>\$ 83,782,511</u>
Increase/(Decrease) in Net Assets	\$ (29,036,418)	\$ (3,347,805)
Nets Assets - July 1,	<u>(27,265,630)</u>	<u>(23,917,825)</u>
Net Assets - June 30,	<u>\$ (56,302,048)</u>	<u>\$ (27,265,630)</u>

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

	<u>Blount County School Department</u>	
	2008	2007
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,482,522	\$ 4,434,815
Operating Grants and Contributions	7,727,229	7,871,933
Capital Grants and Contributions	24,506,283	11,411,831
General Revenues:		
Property Taxes	16,531,569	15,982,164
Sales Taxes	10,717,260	10,446,190
Other Taxes	376,220	403,700
Grants and Contributions Not Restricted to Specific Programs	45,433,236	43,200,324
Unrestricted Investment Income	506,843	752,248
Miscellaneous	201,139	204,976
Total Revenues	<u>\$ 110,482,301</u>	<u>\$ 94,708,181</u>
Expenses:		
Education	\$ 88,933,180	\$ 86,389,144
Total Expenses	<u>\$ 88,933,180</u>	<u>\$ 86,389,144</u>
Increase/(Decrease) in Net Assets	\$ 21,549,121	\$ 8,319,037
Nets Assets - July 1,	<u>111,762,074</u>	<u>103,443,037</u>
Net Assets - June 30,	<u>\$ 133,311,195</u>	<u>\$ 111,762,074</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 \$24.5 million. Approximately \$15 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 \$7.3 million. Approximately \$6.6 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 \$8 million, while total fund balance was \$10.4 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 21 percent of total General Fund expenditures, while total fund balance represents 27 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 \$1 million; however, other sources of \$.5 million and a prior-period adjustment of \$.5 million resulted in fund balance climbing to \$.64 million.

The General Debt Service Fund again finished very strong at June 30, 2008. A net increase of \$2.1 million in fund balance was realized bringing total fund balance in the General Debt Service Fund to \$10.2 million. 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.

Proprietary Funds. The financial statements of the internal service funds reflect operations 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 \$5.6 million, while total fund balance was \$6.2 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 7.4 percent of total General Purpose School Fund expenditures, while total fund balance represents 8.2 percent of that same amount.

Capital Assets and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2008, totals \$84.8 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, 2008, totals \$128.2 million (net of accumulated depreciation and related debt).

Note IV.B. (Capital Assets) provides capital assets activity during the 2008 fiscal year. During 2008, the county moved closely to completing several capital projects. These included primarily projects related to the completion of construction projects related to new schools and school improvements.

Long-term Debt. At the end of the 2008 fiscal year, the county had total loan agreements outstanding of \$188.5 million. In addition, the county had total General Obligation Refunding Bonds outstanding of \$26.3 million. Of these amounts, all are backed by the full faith and credit of the county. 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, county long-term obligations include compensated absences, capital leases payable, 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.4. and IV.F. discuss compensated absences and notes payable.

Interest and fiscal charges totaled 8.1 percent of the total expenses for governmental activities.

The DPCU School Department has a capital lease payable of \$2.5 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 6.4 percent, slightly above the rate a year ago. The state's average unemployment rate is currently 7.2 percent and the national average is 7.2 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 2009 fiscal year. At the end of the 2008 fiscal year, unreserved fund balance in the General Fund was at \$8 million.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Blount County, Tennessee
Statement of Net Assets
June 30, 2008

Exhibit A

	Primary Governmental Activities	Component Units						
		School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Cash	\$ 152,366	\$ 0	\$ 2,272,835	\$ 435,243	\$ 574,440	\$ 899,509	\$ 10,798,952	
Equity in Pooled Cash and Investments	27,192,485	10,774,805	0	0	0	0	0	
Inventories	0	0	0	0	2,339,186	0	0	
Accounts Receivable	949,426	162,822	539,166	0	18,765,433	134,529	0	
Due from Other Governments	3,248,216	2,760,936	0	107,640	0	0	2,440,596	
Due from Primary Government	0	5,983	0	0	0	0	0	
Due from Component Units	4,064,024	0	0	0	0	0	0	
Property Taxes Receivable	38,318,372	18,107,377	0	0	0	0	0	
Allowance for Uncollectible Property Taxes	(810,518)	(383,010)	0	0	0	0	0	
Prepaid Items	0	0	0	0	1,238,378	44,557	0	
Lease Payments Receivable - Current	0	0	73,200	0	0	0	0	
Intergovernmental Receivable - Current	0	0	444,323	0	0	0	0	
Other Current Assets	0	0	0	0	2,040,000	0	0	
Restricted Assets:								
Restricted for Foundation	0	0	0	0	1,296,932	0	0	
Other Restricted Assets	0	0	0	0	142,997,288	0	0	
Notes Receivable	0	0	3,395,000	0	0	0	0	
Unamortized Debt Issuance Cost	2,469,787	0	0	0	1,464,722	0	1,534,093	
Lease Payments Receivable - Noncurrent	0	0	945,500	0	0	0	0	
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	0	242,130,000	
Other Assets - Noncurrent	0	0	7,500	0	0	0	0	

(Continued)

Exhibit A

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

	Primary Government Total	Component Units					
		School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
\$	6,816,755	9,951,059	29,951,401	0	8,560,804	40,000	0
	4,001,395	33,179,678	3,738,828	0	619,450	0	0
	32,988,311	84,210,496	1,693,027	204,949	81,158,905	442,843	0
	4,116,305	886,785	18,338	13,343	22,931,311	526,659	8,537
	78,476,402	0	31,859	0	0	0	0
\$	201,983,326	159,656,931	43,110,977	761,175	283,986,849	2,088,097	256,912,178

ASSETS (CONT.)

Capital Assets:
 Assets Not Depreciated:
 Land
 Construction in Progress
 Assets Net of Accumulated Depreciation:
 Buildings and Improvements
 Other Capital Assets
 Infrastructure - Roads, Streets, and Bridges
 Total Assets

LIABILITIES

Accounts Payable
 Accrued Payroll
 Accrued Interest Payable
 Payroll Deductions Payable
 Retainage Payable
 Due to Component Units
 Due to Primary Government
 Other Current Liabilities
 Unearned Revenue - Current Property Taxes
 Unearned Revenues - Other

(Continued)

Exhibit A

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

Primary Government Total	Component Units					
	School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
\$ 758,101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
5,024,231	129,332	533,763	10,081	3,230,000	0	2,440,000
209,819,144	2,480,579	16,574,428	109,271	110,430,469	0	242,130,000
\$ 258,285,374	\$ 26,345,736	\$ 22,219,743	\$ 119,562	\$ 125,789,568	\$ 34,322	\$ 255,296,613

LIABILITIES (CONT.)

Unamortized Premiums on Debt						
Noncurrent Liabilities:						
Due Within One Year						
Due in More than One Year						
Total Liabilities						

NET ASSETS

Invested in Capital Assets,						
Net of Related Debt						
Invested in Capital Assets	\$ 84,766,395	\$ 128,228,018	\$ 98,940	\$ 6,280,340	\$ 0	\$ 0
Restricted for:	0	0	0	0	1,009,502	8,537
Public Library	755,663	0	0	0	0	0
Highways	556,506	0	0	0	0	0
Debt Service	10,679,084	0	0	0	0	0
Drug Control	1,107,690	0	0	0	0	0
Tourism	302,629	0	0	0	0	0
Constitutional Officers' Data Processing Systems	414,823	0	0	0	0	0
Federal Assistance Programs	0	875,351	0	0	0	0
Other Purposes	417,363	0	54,320	763,949	0	0
Permanent Endowment:						
Nonexpendable	485,403	0	0	0	0	0
Unrestricted	(155,787,604)	4,207,826	1,218,230	151,152,992	1,044,273	1,607,028
Total Net Assets	\$ (56,302,048)	\$ 133,311,195	\$ 20,891,234	\$ 158,197,281	\$ 2,053,775	\$ 1,615,565

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, 2008

Functions/Programs	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 Activities	Blount County School Department	Industrial Development Board	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Primary Government												
General Government	\$ 4,758,520	\$ 1,799,350	\$ 161,527	\$ 13,175	\$ (2,779,468)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	4,294,152	3,075,977	87,104	0	(1,131,071)	0	0	0	0	0	0	0
Administration of Justice	4,596,462	4,460,532	155,512	0	19,562	0	0	0	0	0	0	0
Public Safety	19,231,988	4,481,582	530,330	1,289,317	(12,930,759)	0	0	0	0	0	0	0
Public Health and Welfare	1,941,135	213,277	651,867	0	(1,075,991)	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	2,717,539	273,602	896,928	25,459	(1,521,550)	0	0	0	0	0	0	0
Agriculture and Natural Resources	265,620	0	0	0	(265,620)	0	0	0	0	0	0	0
Other Operations	4,310,751	0	38,000	0	(4,272,751)	0	0	0	0	0	0	0
Highways	13,334,983	1,386,841	2,642,170	8,889,555	(416,417)	0	0	0	0	0	0	0
Education	52,796,062	11,157,317	0	0	(41,638,745)	0	0	0	0	0	0	0
Debt Service:												
Interest	8,273,643	0	0	0	(8,273,643)	0	0	0	0	0	0	0
Other Debt Service	1,303,697	0	0	0	(1,303,697)	0	0	0	0	0	0	0
Total Primary Government	\$ 117,819,552	\$ 26,848,478	\$ 5,163,438	\$ 10,217,506	\$ (75,590,130)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units												
Blount County School Department	\$ 88,983,180	\$ 4,482,522	\$ 7,727,229	\$ 24,506,283	\$ 0	\$ (52,217,146)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Industrial Development Board	4,236,250	73,200	4,973,129	0	0	0	810,079	0	0	0	0	0

(Continued)

Blount County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works		General Debt Service	Other Capital Projects	Other Governmental Funds		
\$	100 \$	0 \$	0 \$	0 \$	0 \$	17,067 \$	17,167	
Cash	9,078,965	160,482	9,879,501	2,322,934	2,744,107	24,185,989	24,185,989	
Equity in Pooled Cash and Investments	373,479	68,695	262,025	93,147	104,250	901,596	901,596	
Accounts Receivable	2,022,726	820,268	1,855	384,406	18,961	3,248,216	3,248,216	
Due from Other Governments	145,402	15,611	0	0	498	161,511	161,511	
Due from Other Funds	0	0	695,000	2,700,000	0	3,395,000	3,395,000	
Due from Component Units	23,050,896	0	15,267,476	0	0	38,318,372	38,318,372	
Property Taxes Receivable	(487,577)	0	(322,941)	0	0	(810,518)	(810,518)	
Allowance for Uncollectible Property Taxes								
Total Assets	\$ 34,183,991	\$ 1,065,056	\$ 25,782,916	\$ 5,500,487	\$ 2,884,883	\$ 69,417,333		

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$	675,990	\$	353,666	\$	0	\$	1,947,366	\$	33,369	\$	3,010,391
Accounts Payable	88,479	63,932	0	0	0	23,848	176,259					
Accrued Payroll	15,789	11,722	0	0	0	3,827	31,338					
Payroll Deductions Payable	0	0	0	0	0	116,279	0					
Retainage Payable	70,401	0	0	0	0	145,683	216,084					
Due to Other Funds	5,966	0	0	0	0	1,432	7,398					
Other Current Liabilities	21,914,426	0	14,514,749	0	0	0	36,429,175					
Deferred Revenue - Current Property Taxes	574,329	0	380,400	0	0	0	954,729					
Deferred Revenue - Delinquent Property Taxes	478,601	0	638,929	2,816,279	0	0	3,933,809					
Other Deferred Revenues	\$ 23,823,981	\$ 429,320	\$ 15,534,078	\$ 4,879,924	\$ 208,159	\$ 44,575,462						
Total Liabilities	\$	1,552,090	\$	41,863	\$	0	\$	6,393,884	\$	218,530	\$	8,206,367
Fund Balances	32,520	0	0	0	0	0	32,520					
Reserved for Encumbrances	194,749	0	0	0	0	0	194,749					
Reserved for Sexual Offender Registration	92,197	0	0	0	0	0	92,197					
Reserved for Computer System - Register	127,877	0	0	0	0	0	127,877					
Reserved for Automation Purposes - Circuit Court	399,623	0	0	0	0	0	399,623					
Reserved for Automation Purposes - Sheriff												
Reserved for Other General Purposes												
Unreserved, Reported In:												
General Fund	7,960,954	0	0	0	0	0	7,960,954					

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds		
\$	0	593,873	0	0	0	1,957,353	2,551,226
	0	0	10,248,838	0	0	0	10,248,838
	0	0	0	(5,773,321)	0	0	(5,773,321)
	0	0	0	0	0	15,438	15,438
	<u>10,360,010</u>	<u>635,736</u>	<u>10,248,838</u>	<u>620,563</u>	<u>2,676,724</u>	<u>24,541,871</u>	
	\$ 34,183,991	\$ 1,065,056	\$ 25,782,916	\$ 5,500,487	\$ 2,884,883	\$ 69,417,333	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
Unreserved, Reported In (Cont.):
Special Revenue Funds
Debt Service Funds
Capital Projects Funds (Deficit)
Permanent Funds
Total Fund Balances
Total Liabilities and Fund Balances

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 24,541,871
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 6,816,755	
Add: construction in progress	4,001,395	
Add: infrastructure net of accumulated depreciation	78,476,402	
Add: buildings and improvements net of accumulated depreciation	32,988,311	
Add: other capital assets net of accumulated depreciation	<u>4,116,305</u>	126,399,168
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		4,888,538
(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 of the internal service funds are included in governmental activities in the statement of net assets.		1,589,147
(4) 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.		(589,083)
(5) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (525,000)	
Less: other loans payable	(188,478,261)	
Less: bonds payable	(26,340,000)	
Less: capital leases payable	(317,268)	
Add: deferred amount on refunding	2,009,958	
Add: deferred charges - debt issuance costs	2,469,787	
Less: compensated absences payable	(1,192,804)	
Less: other deferred revenue - premium on debt	<u>(758,101)</u>	<u>(213,131,689)</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (56,302,048)</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, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other		Governmental Funds	Other	
				Capital	Projects			
Revenues								
Local Taxes	\$ 24,290,987	\$ 2,345,625	\$ 14,318,907	\$ 0	\$ 0	\$ 82,130	\$ 0	\$ 41,037,649
Licenses and Permits	893,849	279,597	0	0	0	0	0	1,173,446
Fines, Forfeitures, and Penalties	845,868	0	0	0	0	192,863	0	1,038,731
Charges for Current Services	869,649	0	0	0	0	118,832	0	988,481
Other Local Revenues	816,969	1,118,503	647,533	360,415	0	261,129	0	3,204,549
Fees Received from County Officials	6,767,137	0	0	0	0	0	0	6,767,137
State of Tennessee	2,980,307	2,766,025	0	0	0	35,000	0	5,781,332
Federal Government	4,164,031	0	0	1,980,247	0	42,901	0	6,187,179
Other Governments and Citizens Groups	76,465	0	210,266	0	0	876,737	0	1,163,468
Total Revenues	\$ 41,705,262	\$ 6,509,750	\$ 15,176,706	\$ 2,340,662	\$ 1,609,092	\$ 1,609,092	\$ 0	\$ 67,341,472
Expenditures								
Current:								
General Government	\$ 4,466,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 188,106	\$ 0	\$ 4,654,568
Finance	4,128,942	0	0	0	0	1,042	0	4,129,984
Administration of Justice	4,246,100	0	0	0	0	117,694	0	4,363,794
Public Safety	18,403,245	0	0	0	0	141,315	0	18,544,560
Public Health and Welfare	1,927,979	0	0	0	0	0	0	1,927,979
Social, Cultural, and Recreational Services	635,121	0	0	0	0	1,795,275	0	2,430,396
Agriculture and Natural Resources	265,041	0	0	0	0	0	0	265,041
Other Operations	2,860,191	0	0	16,688,220	0	20,093	0	19,568,504
Highways	71,083	7,488,801	0	0	0	0	0	7,559,884
Debt Service:								
Principal on Debt	0	0	3,720,501	0	0	0	0	3,720,501
Interest on Debt	0	0	8,351,919	0	0	0	0	8,351,919
Other Debt Service	0	0	1,823,294	0	0	0	0	1,823,294
Capital Projects	778,020	0	0	28,962,743	0	0	0	29,740,763
Total Expenditures	\$ 37,782,184	\$ 7,488,801	\$ 13,895,714	\$ 45,650,963	\$ 2,263,525	\$ 2,263,525	\$ 0	\$ 107,081,187
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,923,078	\$ (979,051)	\$ 1,280,992	\$ (43,310,301)	\$ (654,433)	\$ (654,433)	\$ 0	\$ (39,739,715)

(Continued)

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 Governmental Funds	Other Governmental Funds		
Other Financing Sources (Uses)								
Refunding Debt Issued	\$ 0	\$ 0	\$ 69,975,000	\$ 0	\$ 0	\$ 0	\$ 69,975,000	
Premiums on Debt Issued	0	0	280,623	137,632	0	0	418,255	
Other Loans Issued	1,074,555	500,000	0	43,382,774	0	0	44,957,329	
Transfers In	322,899	0	0	0	876,735	0	1,199,634	
Transfers Out	(876,735)	0	0	0	0	0	(876,735)	
Discounts on Debt Issued	0	0	0	(16,010)	0	0	(16,010)	
Payments to Refunded Debt Escrow Agent	0	0	(69,485,000)	0	0	0	(69,485,000)	
Total Other Financing Sources (Uses)	\$ 520,719	\$ 500,000	\$ 770,623	\$ 43,504,396	\$ 876,735	\$ 0	\$ 46,172,473	
Net Change in Fund Balances	\$ 4,443,797	\$ (479,051)	\$ 2,051,615	\$ 194,095	\$ 222,302	\$ 0	\$ 6,432,758	
Fund Balance, July 1, 2007	5,626,762	609,148	8,096,296	426,468	2,454,422	0	17,213,096	
Prior Period Adjustment	289,451	505,639	100,927	0	0	0	896,017	
Fund Balance, June 30, 2008	\$ 10,360,010	\$ 635,736	\$ 10,248,838	\$ 620,563	\$ 2,676,724	\$ 0	\$ 24,541,871	

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

Exhibit C-4

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 6,432,758
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,411,893	
Less: current year depreciation expense	(6,129,581)	
Less: net book value of assets disposed	<u>(231,609)</u>	(3,949,297)
(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.		7,291,509
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (2,734,172)	
Add: prior-period adjustment to restate June 30, 2007, deferred revenues	896,017	
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>4,888,538</u>	3,050,383
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (44,957,329)	
Less: refunding loan proceeds	(69,975,000)	
Less: change in premium on debt issuances	(385,212)	
Less: change in deferred debt issuance costs	(61,943)	
Add: principal payments on notes	245,000	
Add: principal payments on other loans	2,845,501	
Add: principal payments on bonds	630,000	
Add: payment to refunding agent	69,485,000	
Add: change in deferred amount on refunding debt	<u>827,400</u>	(41,346,583)

(Continued)

Exhibit C-4

Blount County, Tennessee

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

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	78,276	
Change in compensated absences payable		<u>(249,909)</u>	\$ (171,633)
(6) 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 revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.			<u>(343,555)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (29,036,418)</u>

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2008

Governmental
 Activities -
 Internal
 Service Fund
Self
 Insurance
 Fund

ASSETS

Current Assets:

Cash	\$ 135,199
Equity in Pooled Cash and Investments	3,006,496
Accounts Receivable	47,830
Due from Other Funds	55,836
Due from Component Units	669,024
Total Assets	<u>\$ 3,914,385</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 1,340,258
Due to Other Funds	1,263
Due to Component Units	5,983
Other Current Liabilities	977,734
Total Liabilities	<u>\$ 2,325,238</u>

NET ASSETS

Unrestricted	<u>\$ 1,589,147</u>
Total Net Assets	<u>\$ 1,589,147</u>

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

Exhibit D-2

Blount County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 16,856,217
Total Operating Revenues	<u>\$ 16,856,217</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 619,245
Insurance Premiums	651,909
Building and Contents Insurance	103,980
Other Administrative Expenses	81,484
Medical Claims	14,367,974
Liability Insurance	13,437
Other Self-Insured Claims	778,898
Medical Clinic Administrative Expenses	82,567
Medical Clinic Other Contracted Services	276,441
Total Operating Expenses	<u>\$ 16,975,935</u>
Operating Income (Loss)	<u>\$ (119,718)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 99,062</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 99,062</u>
Income (Loss) Before Transfers	\$ (20,656)
Transfers Out	<u>(322,899)</u>
Change in Net Assets	\$ (343,555)
Net Assets, July 1, 2007	<u>1,932,702</u>
Net Assets, June 30, 2008	<u>\$ 1,589,147</u>

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

Exhibit D-3

Blount County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 16,903,301
Payments to Fiscal Agents	(619,245)
Payments to Insurers	(907,725)
Payments for Claims	(14,985,084)
Payments for Administrative Costs	(81,484)
Payments for Medical Clinic Administrative Costs	(75,769)
Payments for Medical Clinic Contracted Services	(276,441)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (42,447)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 108,198
Net Cash Provided By (Used In) Investing Activities	<u>\$ 108,198</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (322,899)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (322,899)</u>
Increase (Decrease) in Cash	\$ (257,148)
Cash, July 1, 2007	<u>3,398,843</u>
Cash, June 30, 2008	<u>\$ 3,141,695</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (119,718)
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	47,084
Increase (Decrease) in Other Current Liabilities	<u>30,187</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (42,447)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 135,199
Equity in Pooled Cash and Investments per Net Assets	<u>3,006,496</u>
Cash, June 30, 2008	<u>\$ 3,141,695</u>

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

Exhibit E

Blount County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,340,246
Equity in Pooled Cash and Investments	1,723,064
Accounts Receivable	262,316
Due from Other Governments	3,613,447
Taxes Receivable	10,332,040
Allowance for Uncollectible Taxes	<u>(218,545)</u>
Total Assets	<u>\$ 18,052,568</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 12,170
Payroll Deductions Payable	563,007
Due to Other Taxing Units	13,705,968
Due to Litigants, Heirs, and Others	2,600,210
Due to Joint Ventures	1,096,757
Other Current Liabilities	<u>74,456</u>
Total Liabilities	<u>\$ 18,052,568</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, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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 separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

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

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

The 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 Commission. 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 \$926,627 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 Commission, two each by the cities of Maryville and Alcoa, and one elected by the other eight members. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Blount County Children's Home is chartered as a Tennessee nonprofit corporation. The county approves all board members and has financial accountability for the home. The county maintains an endowment fund (permanent fund of the primary government) for which interest earnings are earmarked for the Children's Home.

The Blount County Public Building Authority serves as a financing mechanism to provide capital loans to local governments throughout the state. The 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 Blount County Commission. The county is entitled to the net earnings of the authority after provisions have been made for obligations and any reserves, which are determined by the board.

The Blount County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Blount County School Department are included in this report as listed in the table of contents. Complete financial statements of 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Blount County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Blount County School Department component unit only reports governmental activities in the government-wide financial statements.

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

operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Blount County issues all debt for the discretely presented Blount County School Department. During the year ended June 30, 2008, Blount County issued \$41,876,214 of debt for school purposes. Proceeds from these debt issues were deposited into the Other Capital Projects Fund. During the year, \$24,490,893 of capital assets constructed through the Other Capital Projects Fund were contributed to the discretely presented Blount County School Department.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service 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 fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Blount County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Previously Blount County has reported four proprietary funds. During the current year, Blount County combined the reporting of its self insurance funds for general liability, property, casualty, employees' health and dental plans, and risks associated with workers' compensation claims into one fund. Therefore, in the current year, Blount County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

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

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

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

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

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

Blount County reports the following major governmental funds:

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

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

Permanent 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.

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

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

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

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 fund, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 or statements of net assets 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 School Department's General Purpose School Fund. Blount County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at

cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. **Receivables and Payables**

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as either due to/from other funds.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.12 percent of the total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. The balance in the Accounts Payable account on the Statement of Net Assets includes \$1,303,120 related to self insured health claims. The balance in the account Other Current Liabilities (\$985,132) on the Statement of Net Assets consists of internal service fund liabilities for other self-insured claims (\$977,734), law enforcement seizures pending disposition in the General Fund (\$5,966), and nonmajor governmental funds (\$1,432).

Retainage Payable in the primary Government's Other Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Capital Assets

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

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

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

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

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

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

4. **Compensated Absences**

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

It is the School Department's policy to provide ten local, noncumulative, sick leave days per year for all certified employees. If these local sick leave days are unused upon retirement, the School Department shall pay the employee at a rate of \$100 for each unused day of local sick leave. A liability for these benefits is reported in the governmental funds only if amounts have matured as a result of employee retirements.

5. **Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

6. Net Assets and Fund Equity

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

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

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 \$417,363 with the primary restrictions being for: (1) District Attorney General (\$99,187), (2) Drug Court (\$114,276), and (3) Public Defender (\$96,994).

As of June 30, 2008, Blount County had \$173,171,675 in outstanding debt for capital purposes of other entities (schools of \$169,765,560 and industrial purposes of \$3,406,115). In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (the cities of Maryville and Alcoa school systems) based on an average daily attendance proration. This debt is a liability of Blount County, but the capital assets acquired are reported in the financial statements of the other entities. Therefore, Blount County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report 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. The following table reflects designations on June 30, 2008.

<u>Fund/Purpose</u>	<u>Amount</u>
Public Library:	
Capital Purposes	\$ 213,961

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 (\$302,629), (2) a reserve for expenditures of the Public Defender's Office in the General Fund (\$96,994), and (3) a reserve of endowment principal for the Blount County Children's Home in nonmajor governmental funds (\$485,403).

7. Prior-period Adjustments

Beginning fund equity of governmental funds has been increased by \$896,017 and \$1,081,591, respectively, for the primary government and the discretely presented Blount County School Department. This was to account for the effect of Blount County's extension of the availability period for revenue recognition as described in note V.C.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Blount County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

Primary Government

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

Discretely Presented Blount County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the 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 County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The Other Capital Projects Fund had a fund deficit of \$5,773,321 on June 30, 2008, due to liabilities and outstanding commitments for construction contracts. There were undrawn loan proceeds of \$2,443,623 available on June 30, 2008, to cover a portion of these liabilities and outstanding commitments. Additional funding for these future expenditures will also be provided through federal revenues and debt that has been authorized for capital purposes, but not yet issued.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2008, Blount County had the following investments carried at cost. Separate disclosures concerning pooled investments cannot be made for Blount County and the discretely presented Blount County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 112,677

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Blount County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Blount County has no investment policy that would further limit its investment choices. As of June 30, 2008, Blount County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 6,872,943	\$ 0	\$ (56,188)	\$ 6,816,755
Construction in Progress	3,195,805	805,590	0	4,001,395
Total Capital Assets Not Depreciated	\$ 10,068,748	\$ 805,590	\$ (56,188)	\$ 10,818,150
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,781,562	\$ 0	\$ (159,635)	\$ 44,621,927
Roads, Streets, and Bridges	118,606,337	7,232,736	0	125,839,073
Other Capital Assets	10,812,157	1,665,076	(655,513)	11,821,720
Total Capital Assets Depreciated	\$ 174,200,056	\$ 8,897,812	\$ (815,148)	\$ 182,282,720

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,828,364	\$ 887,057	\$ (81,805)	\$ 11,633,616
Roads, Streets, and Bridges	43,167,848	4,194,823	0	47,362,671
Other Capital Assets	7,215,636	1,047,701	(557,922)	7,705,415
Total Accumulated Depreciation	\$ 61,211,848	\$ 6,129,581	\$ (639,727)	\$ 66,701,702
Total Capital Assets Depreciated, Net	\$ 112,988,208	\$ 2,768,231	\$ (175,421)	\$ 115,581,018
Governmental Activities Capital Assets, Net	\$ 123,056,956	\$ 3,573,821	\$ (231,609)	\$ 126,399,168

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

Governmental Activities:

General Government	\$ 180,678
Finance	15,661
Administration of Justice	263,113
Public Safety	974,019
Public Health and Welfare	21,412
Social, Cultural, and Recreational	269,220
Other Operations	34,944
Highways	<u>4,370,534</u>
Total Depreciation Expense - Governmental Activities	\$ <u>6,129,581</u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 8,617,574	\$ 1,333,485	\$ 0	\$ 9,951,059
Construction in Progress	22,816,204	23,157,408	(12,793,934)	33,179,678
Total Capital Assets Not Depreciated	\$ 31,433,778	\$ 24,490,893	\$ (12,793,934)	\$ 43,130,737
Capital Assets Depreciated:				
Buildings and Improvements	\$ 105,943,869	\$ 12,793,934	\$ 0	\$ 118,737,803
Other Capital Assets	3,594,026	168,769	(147,454)	3,615,341
Total Capital Assets Depreciated	\$ 109,537,895	\$ 12,962,703	\$ (147,454)	\$ 122,353,144
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 32,195,210	\$ 2,332,097	\$ 0	\$ 34,527,307
Other Capital Assets	2,692,524	183,486	(147,454)	2,728,556
Total Accumulated Depreciation	\$ 34,887,734	\$ 2,515,583	\$ (147,454)	\$ 37,255,863
Total Capital Assets Depreciated, Net	\$ 74,650,161	\$ 10,447,120	\$ 0	\$ 85,097,281
Governmental Activities Capital Assets, Net	\$ 106,083,939	\$ 34,938,013	\$ (12,793,934)	\$ 128,228,018

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

Governmental Activities:

Instruction	\$ 25,645
Support Services	2,373,158
Operation of Non-Instructional Services	<u>116,780</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,515,583</u>

C. Construction Commitments

At June 30, 2008, the county had various uncompleted construction projects of approximately \$6,393,884 in the Other Capital Projects Fund. Funding has been provided through direct federal revenues and authorized loan agreements (see Note IV.F.), which the county draws as the projects progress.

Blount County has entered into operating agreements for existing projects 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, 2008, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 145,402
Highway/Public Works	General	14,405
Highway/Public Works	Internal Service	1,206
Nonmajor governmental	General	441
Nonmajor governmental	Internal Service	57
Internal Service	General	55,555
Internal Service	Nonmajor governmental	281
Total		<u>\$ 217,347</u>
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	\$ 13,672
Nonmajor governmental	General Purpose School	135,311
Total		<u>\$ 148,983</u>

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:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
General Debt Service	Industrial Development Board	\$ 695,000
Other Capital Projects	Industrial Development Board	2,700,000
Internal Service	School Department	669,024
Component Unit:	Primary Government:	
School Department	Internal Service	<u>5,983</u>
Total		<u>\$ 4,070,007</u>

During the fiscal year ended June 30, 2006, Blount County purchased property intended for use as a county fairground. The purchase price of \$785,000 was internally financed from the General Debt Service Fund. In January 2007, this property was transferred to the Industrial Development Board, a component unit of the county, for sale to a third party. The county executed an agreement with the Industrial Development Board providing for all proceeds from the sale of this property to be remitted to Blount County. However, under the terms of the agreement, the Industrial Development Board is not responsible for any proceeds not received. Therefore, the county bears the risk of loss in the event of default by the purchaser. Furthermore, the purchaser obtained financing of \$132,890 from Mountain National Bank (MNB). Per the sale contract, MNB holds the first lien on the property for the financing. The Industrial Development Board sold the property for \$820,000. The terms of the sale provided for the purchaser to pay \$125,000 at closing, with a note for the remaining \$695,000 to be paid over the next several years with a final payment due June 30, 2012, with the potential for a two-year extension. The down payment on the purchase, net of some related costs, was received by the Industrial Development Board and remitted to Blount County during the fiscal year ended June 30, 2007. The Industrial Development Board remitted the first payment under the contract, \$56,071 to Blount County in July 2008. The entire balance due on the contract as of June 30, 2008, \$695,000, is reflected as Due from Component Units on the balance sheet of the General Debt Service Fund. The amount of this receivable not expected to be received within one year is \$638,929.

Also, during the current fiscal year, Blount County transferred property, which had previously housed the Blount County Highway Department, to the Industrial Development Board for sale to a third party. The proceeds of the sale were to be immediately remitted to Blount County upon receipt by the Industrial Development Board. During the year, the Industrial Development Board sold the property for \$3,000,000. Of this amount, the purchaser paid \$300,000 at closing, and obtained a letter of credit from First American Bank for the remaining \$2,700,000. The letter of credit named the Industrial Development Board as beneficiary, and was to expire on September 8, 2008.

Subsequent to year end, the Industrial Development Board executed the letter of credit and on September 3, 2008, passed the proceeds through to Blount County in accordance with their agreement. The balance of the letter of credit as of June 30, 2008, is reflected as Due From Component Units on the balance sheet of the Other Capital Projects Fund. Costs of relocating the Highway Department's operations are to be funded with the sale proceeds. A gain of \$2,865,782 on the sale of capital assets has been recognized in the government-wide Statement of Activities related to this transaction.

Interfund Transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 876,735
Internal Service Fund	322,899	0
Total Transfers	\$ 322,899	\$ 876,735

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

E. Capital Leases

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

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

On September 1, 2006, the Blount County School Department entered into a five-year lease-purchase agreement for school band instruments. The terms of the agreement require total lease payments of \$111,555 plus interest of 6.31 percent. Title to the equipment transfers to Blount County at the end of the lease period. The lease payments are made from the General Purpose School Fund. Although the original agreement provided for a five-year term, the remaining principal of this lease was paid off during the current fiscal year.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds	
	Primary Government	School Department
2009	\$ 55,322	\$ 255,820
2010	34,800	261,974
2011	34,799	268,313
2012	34,799	281,797
2013	34,800	288,730
2014-2018	173,996	1,555,153
2019-2020	34,710	678,373
Total Minimum Lease Payments	\$ 403,226	\$ 3,590,160
Amount Representing Interest	(85,958)	(1,040,644)
Present Value of Minimum Lease Payments	\$ 317,268	\$ 2,549,516

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 15 years for bonds, 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds - Refunding	2 to 5%	\$ 27,325,000	\$ 26,340,000
Capital Outlay Notes	4.2 to 6	2,500,000	525,000
Other Loans - Variable Rate	Variable	63,700,000	60,025,000
Other Loans - Fixed Rate	3 to 6.2	45,550,000	34,857,492
Other Loans - Synthetic			
Fixed Rate by Swap	Variable	93,000,000	93,000,000
Loan Agreement - State School Bond Authority	0	727,865	595,769

The capital outlay notes above include \$525,000, 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, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Various Purpose (Series IV-C-1)	\$ 39,000,000	\$ 39,000,000	Synthetic Fixed by Swap	3.098%	.43%
<u>Blount County Public Building Authority</u>					
Various Purpose	7,000,000	345,000	Fixed	4.15 to 4.8	N/A
Library	4,100,000	2,600,000	Variable	1.53	.43
Various Purpose (Series A-1-A)	20,000,000	20,000,000	Synthetic Fixed by Swap	6.588	.41
Various Purpose (Series A-5-A)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.439	.49
Various Purpose (Series B-1-C)	9,100,000	6,925,000	Variable	2.91	.43
Various Purpose (Series B-4-A)	10,000,000	10,000,000	Synthetic Fixed by Swap	3.443	.44
Various Purpose (Series D-1-B)	14,000,000	14,000,000	Synthetic Fixed by Swap	6.001	.29
Industrial Park (Series B-10-A)	2,000,000	1,900,000	Fixed	5.55 to 6.2	N/A
Various Purpose (Series B-16-A) *	33,550,000	31,106,377	Fixed	3 to 5	N/A
Refunding (Series E-1-A)	50,500,000	50,500,000	Variable	2.5	.45
Industrial Park (Series B-17-A) **	3,000,000	<u>1,506,115</u>	Fixed	3.25 to 4.5	N/A
		<u>\$ 187,882,492</u>			

*\$2,443,623 remains available for future draws under this loan agreement at June 30, 2008.

**\$1,493,885 remains available for future draws under this loan agreement at June 30, 2008.

Subsequent to year end, Blount County entered into two additional loan agreements with the Blount County Public Building Authority. Series E-3-B, executed July 31, 2008, and Series E-5-A, executed August 7, 2008, loaned proceeds of \$20,165,000 and \$127,525,000, respectively, to Blount County for the purpose of refunding other outstanding loans of Blount County and the Blount Memorial Hospital (a component unit of the county). The purpose of these transactions was to reduce the county's exposure to interest rate volatility in the insured bond market. The E-5-A loan agreement issued \$96,350,000 on behalf of the Blount Memorial Hospital. This portion of the loan is payable from, but not secured by, revenues derived from the operations of the hospital. It is also backed by the general obligation pledge of the county.

In addition to the debt issued during the year, the county has also authorized issuance of an additional \$38,835,000 in loan agreements that have not been issued as of the date of this report. Of this amount, \$30 million is authorized for various capital purposes of the primary government and the School Department. The remaining \$8,835,000 is authorized for refunding existing loan agreements.

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2008, including interest payments, are presented in the following table. Estimated annual requirements for the other loans are also reflected in the table. Amounts reflected for other loans are based on the outstanding principal totaling \$188,478,261.

Estimated interest payments and estimated other fees are included for the loan agreements. Three loan agreements with the Public Building Authority of Blount County 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, 2008.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2009	\$ 1,675,000	\$ 1,006,753	\$ 255,000	\$ 23,497
2010	2,085,000	956,503	270,000	12,150
2011	2,155,000	893,953	0	0
2012	2,220,000	825,263	0	0
2013	2,305,000	748,269	0	0
2014-2018	12,970,000	2,291,062	0	0
2019	2,930,000	118,303	0	0
Total	\$ 26,840,000	\$ 6,840,106	\$ 525,000	\$ 35,647

Year Ending June 30	Other Loans		
	Principal	Interest	Other Fees
2009	\$ 2,515,501	\$ 7,251,226	\$ 651,753
2010	2,345,501	7,117,973	649,065
2011	2,390,501	7,050,553	646,270
2012	2,590,501	6,977,825	643,475
2013	2,580,501	6,898,328	640,573
2014-2018	15,267,505	33,164,767	3,163,776
2019-2023	35,351,874	29,580,854	2,795,499
2024-2028	44,755,000	21,339,152	2,151,890
2029-2033	48,831,377	10,303,000	1,299,900
2034-2037	31,850,000	2,038,750	366,975
Total	\$ 188,478,261	\$ 131,722,428	\$ 13,009,176

There is \$10,248,838 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$249, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$2,038, based on the 2000 federal census.

Swap Agreements

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$20 million Series A-1-A

variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.31 percent and receives a variable payment computed as 63.45 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$20 million and the associated variable-rate bond has a \$20 million principal amount. 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™ (BMA). The bonds and the related swap agreement mature on June 1, 2031. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.310%
Variable payment from counterparty	% LIBOR	<u>-2.722%</u>
Net interest rate swap payments		1.588%
Variable-rate bond coupon payments		<u>5.000%</u>
Synthetic interest rate on bonds		<u><u>6.588%</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$2,574,699. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. 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 that was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 if the BMA increases to above 63.45 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.45 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 1,000,000	\$ 317,599	\$ 1,317,599
2010	0	1,000,000	317,599	1,317,599
2011	0	1,000,000	317,599	1,317,599
2012	0	1,000,000	317,599	1,317,599
2013	0	1,000,000	317,599	1,317,599
2014-2018	0	5,000,000	1,587,995	6,587,995
2019-2023	0	5,000,000	1,587,995	6,587,995
2024-2028	0	5,000,000	1,587,995	6,587,995
2029-2031	20,000,000	2,629,250	835,047	23,464,297
Total	\$ 20,000,000	\$ 22,629,250	\$ 7,187,027	\$ 49,816,277

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-5-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2030. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.900%
Variable payment from counterparty	% LIBOR	-2.711%
Net interest rate swap payments		<u>1.189%</u>
Variable-rate bond coupon payments		<u>2.250%</u>
Synthetic interest rate on bonds		<u>3.439%</u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$713,473. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. 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 that was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 if the BMA increases to above 63.2 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.2 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 225,000	\$ 118,872	\$ 343,872
2010	0	225,000	118,872	343,872
2011	0	225,000	118,872	343,872
2012	0	225,000	118,872	343,872
2013	0	225,000	118,872	343,872
2014-2018	0	1,125,000	594,360	1,719,360
2019-2023	0	1,125,000	594,360	1,719,360
2024-2028	0	1,125,000	594,360	1,719,360
2029-2030	10,000,000	305,325	161,309	10,466,634
Total	\$ 10,000,000	\$ 4,805,325	\$ 2,538,749	\$ 17,344,074

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.264 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series B-4-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2028. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.264%
Variable payment from counterparty	% LIBOR	<u>-2.531%</u>
Net interest rate swap payments		0.733%
Variable-rate bond coupon payments		<u>2.710%</u>
Synthetic interest rate on bonds		<u>3.443%</u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$155,286. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, 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. 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 that was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 if the BMA increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 271,000	\$ 73,290	\$ 344,290
2010	0	271,000	73,290	344,290
2011	0	271,000	73,290	344,290
2012	0	271,000	73,290	344,290
2013	0	271,000	73,290	344,290
2014-2018	0	1,355,000	366,450	1,721,450
2019-2023	0	1,355,000	366,450	1,721,450
2024-2028	10,000,000	1,314,350	355,457	11,669,807
Total	\$ 10,000,000	\$ 5,379,350	\$ 1,454,807	\$ 16,834,157

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an

interest rate swap in connection with its \$39 million Series IV-C-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.45 percent of the five-year London Interbank Offered Rate (LIBOR). The 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™ (BMA). The bonds and the related swap agreement mature on June 1, 2023. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.270%
Variable payment from counterparty	% LIBOR	<u>-2.722%</u>
Net interest rate swap payments		1.548%
Variable-rate bond coupon payments		<u>1.550%</u>
Synthetic interest rate on bonds		<u><u>3.098%</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$3,532,149. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. 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 that was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 if the BMA increases to above 63.45 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.45 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 604,500	\$ 603,718	\$ 1,208,218
2010	0	604,500	603,718	1,208,218
2011	0	604,500	603,718	1,208,218
2012	0	604,500	603,718	1,208,218
2013	0	604,500	603,718	1,208,218
2014-2018	4,985,000	2,999,018	2,995,138	10,979,156
2019-2023	34,015,000	1,734,993	1,732,748	37,482,741
Total	\$ 39,000,000	\$ 7,756,511	\$ 7,746,476	\$ 54,502,987

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$14 million Series D-1-B variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.533 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$14 million and the associated variable-rate bond has a \$14 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series D-1-B Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2027. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.533%
Variable payment from counterparty	% LIBOR	<u>-2.532%</u>
Net interest rate swap payments		1.001%
Variable-rate bond coupon payments		<u>5.000%</u>
Synthetic interest rate on bonds		<u>6.001%</u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$657,674. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, 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. 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 that was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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 if the BMA increases to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 700,000	\$ 140,196	\$ 840,196
2010	0	700,000	140,196	840,196
2011	0	700,000	140,196	840,196
2012	0	700,000	140,196	840,196
2013	0	700,000	140,196	840,196
2014-2018	0	2,800,000	560,784	3,360,784
2019-2023	0	3,500,000	700,980	4,200,980
2024-2028	14,000,000	1,600,000	320,448	15,920,448
Total	\$ 14,000,000	\$ 11,400,000	\$ 2,283,192	\$ 27,683,192

The county has also issued bonds and other loans on behalf of Blount Memorial Hospital, Inc. Hospital Revenue Bonds outstanding at June 30, 2008, totaled \$18,370,000. The county is not liable for these bonds in case of default by the hospital. Other loan agreements issued on behalf of the hospital carry the general obligation pledge of the county in addition to being payable from hospital revenues. Other loan agreements outstanding at

June 30, 2008, totaled \$95,575,000. These are discussed further in note V.D. These bonds and other loans are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2007	\$ 26,970,000	\$ 770,000	\$ 145,876,433
Additions	0	0	114,932,329
Deductions	(630,000)	(245,000)	(72,330,501)
Balance, June 30, 2008	<u>\$ 26,340,000</u>	<u>\$ 525,000</u>	<u>\$ 188,478,261</u>
Balance Due Within One Year	<u>\$ 1,675,000</u>	<u>\$ 255,000</u>	<u>\$ 2,515,501</u>

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2007	\$ 317,268	\$ 942,895
Additions	0	715,077
Deductions	0	(465,168)
Balance, June 30, 2008	<u>\$ 317,268</u>	<u>\$ 1,192,804</u>
Balance Due Within One Year	<u>\$ 41,968</u>	<u>\$ 536,762</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 216,853,333
Less: Balance Due Within One Year	(5,024,231)
Less: Deferred Amount on Refunding	<u>(2,009,958)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 209,819,144</u>

Compensated absences will be paid from the employing funds.

Current Refunding

During the year, Blount County issued \$19,475,000 of fixed rate and \$50,500,000 of variable rate other loan agreements to provide resources for the current refunding of four variable rate loan agreements. The purpose of these transactions was to reduce the county's exposure to interest rate volatility in the insured bond market. As a result, the refunded loans were redeemed, and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$271,577 and \$735,986, respectively. These amounts are netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt for the \$19,475,000 issue. For the \$50,500,000 issue, the remaining life of the old debt and the life of the new debt are the same. The county's financial advisors were not able to determine the cumulative savings or economic gain from the refunding transactions due to the variable rate debt instruments involved.

Defeasance of Prior Debt

In a prior year, Blount County defeased a portion of certain outstanding PBA loans by placing the proceeds of new bonds into an irrevocable trust to provide for a portion of future debt service payments on the PBA loans. The trustee is empowered and required to pay the principal and interest on the defeased loans as originally scheduled until the call dates on the refunded debt. Accordingly, the trust accounts and the defeased loans are not included in the county's financial statements. At June 30, 2008, the following outstanding loans are considered defeased:

	<u>Amount</u>
1999 PBA Loan (callable 4-1-09)	\$ 4,625,000

Discretely Presented Blount County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Blount County School Department for the year ended June 30, 2008, was as follows:

	Notes	Compensated Absences
Balance, July 1, 2007	\$ 420,000	\$ 53,386
Additions	0	7,009
Deductions	(420,000)	0
Balance, June 30, 2008	\$ 0	\$ 60,395
Balance Due Within One Year	\$ 0	\$ 11,221

	Capital Leases
Balance, July 1, 2007	\$ 2,744,657
Deductions	(195,141)
Balance, June 30, 2008	\$ 2,549,516
Balance Due Within One Year	\$ 118,111

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Current Liabilities, June 30, 2008	\$ 2,609,911
Less: Balance Due Within One Year	(129,332)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 2,480,579

Compensated absences will be paid from the employing funds.

G. On-behalf Payments – Discretely Presented Blount County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Blount County School Department. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2008, were \$48,975. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

In-lieu-of issuing debt with financial institutions, Blount County often chooses to internally finance various projects with idle county funds. These debt issues that will be repaid from the same fund in which the loan was obtained were reflected as transfers (not notes receivable) in the financial statements of the prior year report. During the prior year, Blount County issued an internal financing agreement of \$350,000 to loan idle funds from the General Debt Service Fund to the Other Capital Projects Fund to provide funds for an appropriation for an animal shelter. The General Debt Service Fund will be repaid from fundraising efforts for the animal shelter along with net revenues from the operation of the animal shelter and animal control for Blount County. Also in the prior year, Blount County issued an internal financing agreement of \$1,100,000 to the General Fund to finance the Industrial Development Board's costs related to Denso Manufacturing's latest facility expansion in Blount County. This loan is to be repaid with increases in Denso property taxes during that time. Both financing agreements are to be repaid by revenues placed directly in the General Debt Service Fund through the budgetary process. A schedule of these internally financed projects follows:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Industrial Development Board	\$ 1,100,000	(1)	7-10-06	7-10-09
Animal Shelter	350,000	(1)	4-27-07	4-27-10

(1) Interest rates are variable based on the trustee's investment yields.

	Outstanding 7-1-07	Paid and/or Matured During Period	Outstanding 6-30-08
Industrial Development Board	\$ 1,100,000	\$ 0	\$ 1,100,000
Animal Shelter	350,000	0	350,000
Total	\$ 1,450,000	\$ 0	\$ 1,450,000

I. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal will be expended to benefit the Blount County Children's Home. During the year ended June 30, 2008, interest

earned totaled \$28,773 while interest expended totaled only \$13,335. The excess of the interest earned over interest expended (\$15,438) was held by the Blount County trustee pending the resolution of a dispute concerning the Blount County Children's Home's eligibility to receive the income from this endowment.

V. **OTHER INFORMATION**

A. **Risk Management**

Blount County has chosen to establish a self-insurance fund for risks associated with the general liability, property, casualty, employees' health and dental plans, and risks associated with workers' compensation claims. The self-insurance fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$150,000 for each employee in any plan year for health coverage, \$400,000 for each employee and approximately \$1,000,000 for all claims in any plan year for workers' compensation coverage, and \$100,000 for building and personal property coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The county has, in the past, obtained stop/loss commercial insurance policies to cover claims beyond these limits. However, the county cancelled its' stop/loss policy for general liability coverage effective July 1, 2007.

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, 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 \$1,277,458 for general liability, property, casualty, and workers' compensation coverage; \$231,170 for health coverage; and \$80,519 for dental coverage at June 30, 2008, and has been designated by management for future catastrophe losses. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. It is expected that these claims liabilities will be paid within the next fiscal year. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

General Liability, Property, Casualty and Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2006-2007	\$ 481,184	\$ 1,194,781	\$ (679,644)	\$ 996,321
2007-2008	996,321	1,016,183	(1,097,040)	915,464

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2006-2007	\$ 942,713	\$ 12,916,554	\$ (12,971,734)	\$ 887,533
2007-2008	887,533	13,201,339	(12,785,752)	1,303,120

Dental

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2006-2007	\$ 62,270	\$ 877,883	\$ (877,883)	\$ 62,270
2007-2008	62,270	929,350	(929,350)	62,270

B. Subsequent Events

Subsequent to year end, Blount County entered into two additional loan agreements with the Blount County Public Building Authority with aggregate principal amounts totaling \$147,690,000. These loans were issued to refund other outstanding loans of Blount County and the Blount Memorial Hospital (a component unit of the county). Further details regarding these transactions can be found in note IV.F.

On November 20, 2008, the Blount County Commission authorized the issuance of capital outlay notes not to exceed \$700,000 for the purchase of property known as the Ceramaspeed property.

Also subsequent to year end, the Blount County Commission approved an application seeking permission to apply for the amendment and restatement of the formation documents of the Blount County Industrial Development Board for the purpose of forming a joint industrial development corporation for Blount County, the City of Alcoa, and the City of Maryville.

C. Accounting Changes

During the current fiscal year, the director of accounts and budgets made a change to the previous revenue recognition policy for Blount County. As described in note I.C., 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. Previously, Blount County had considered revenues to be available for this purpose if they were collected within 30 days after year-end. Grants and similar revenues were considered available if collected within 60 days after year-end. During the current year, the policy was changed to consider the availability period to be 60 days after year-end for all revenues. A prior-period adjustment has been recognized on the fund financial statements to restate beginning fund balances for the effects of this change.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Blount County. GASB Statement No. 48 had no effect on the financial statements of Blount County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Blount County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or

presented as required supplementary information for pension plans. This statement requires Blount County to provide additional and more detailed pension plan note disclosures than in previous years.

D. Contingent Liabilities

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital. Outstanding loan agreements Series A-3-A and C-2-A reflected in long-term debt for the hospital (see note VIII.G.) are payable from, but not secured by revenues of the hospital. These issues also carry the general obligation pledge of the county. Therefore, Blount County would be liable in the event of default by the hospital. Outstanding principal amounts under these loan agreements as of June 30, 2008, totaled \$95,575,000.

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

E. Joint Ventures

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

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

these contracts in-lieu-of performance bonds is \$11,086,167 of which Blount County has guaranteed 40 percent and the two cities the remaining 60 percent, equally. Complete financial statements for the Blount County Solid Waste Authority may be obtained from the City of Alcoa.

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

The Recreation and Parks Commission is a joint venture between Blount County, the City of Maryville, and the City of Alcoa, which operates a recreation and parks system in Blount County. The commission includes seven members, two of whom are appointed by the Blount County Commission. Four members are appointed by the cities, and one member is appointed by the joint commission. Blount County has control over budget and financing of the commission only to the extent of representation by the two board members appointed. Contributions toward operations are provided annually by the county and the cities based on a per capita cost-sharing formula. Blount County contributed \$635,121 to the operations of the commission during the year ended June 30, 2008.

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

Administrative Offices:

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

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

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

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

F. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Blount County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 10.21 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

For the year ended June 30, 2008, Blount County's annual pension cost of \$3,030,629 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Blount County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$3,030,629	100%	\$0
6-30-07	2,800,825	100	0
6-30-06	2,252,368	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 81.16 percent funded. The actuarial accrued liability for benefits was \$65.82 million, and the actuarial value of assets was \$53.42 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.40 million. The covered payroll (annual payroll of active employees covered by the plan) was \$27.71 million, and the ratio of the UAAL to the covered payroll was 44.75 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The Blount County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. 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 <http://www.treasury.state.tn.us>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the Blount County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of

annual covered payroll. The employer contribution requirement for the Blount County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$2,417,207, \$2,274,983, and \$1,958,765, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

In addition to the retirement commitments described above, Blount County and the discretely presented Blount County School Department provide postretirement health, life, and dental insurance benefits, through a self-insurance plan, 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 with the last ten consecutive years of service with Blount County. As of June 30, 2008, 11 retirees of the primary government and 157 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 postretirement health care benefits are recognized as premiums and are paid from the various funds to the county's self-insurance fund. During the year, expenditures were recognized for postemployment health and life insurance premiums for Blount County (\$39,353) and the discretely presented Blount County School Department (\$583,231). Also during the year, expenditures were recognized for postemployment dental insurance premiums for Blount County (\$2,191) and the discretely presented Blount County School Department (\$34,706).

H. Termination Benefits

The Blount County School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This incentive is available to all certified teachers and classified employees who retire from the School Department with at least ten consecutive years of service in Blount County and who have attained age 60, or have a minimum of 30 years of credited membership in the Tennessee Consolidated Retirement System. The plan gives teachers who have met the above requirements an incentive payment of \$12,000 to be paid in two payments over two fiscal years or earlier if fiscally possible. For classified employees, the incentive payment is 40 percent of the employee's final year's salary, plus an additional \$100 bonus, to be paid in one payment on October 30. Currently, 25 certified and 8 classified individuals participate in the program. Payments of \$321,227 for certified and \$51,386 for classified individuals were made from the General Purpose School Fund, and payments of \$14,549 for classified individuals were made from the School Federal Projects Fund for retirement incentive obligations during the year. A liability of \$307,500 for certified and \$75,537 for classified individuals is reflected in the General Purpose School Fund for retirement incentives. These amounts are expected to be paid within one year.

I. Office of Central Accounting, Budgeting, and Purchasing

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

J. Purchasing Laws

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

VI. OTHER NOTES – DISCRETELY PRESENTED INDUSTRIAL DEVELOPMENT BOARD

A. Summary of Significant Accounting Policies

1. Assets, Liabilities, and Equity

Cash

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 the State of Tennessee.

In the financial statements, material receivables in governmental funds include intergovernmental revenues with a corresponding amount recorded as deferred revenue since they are measurable but not 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, 2008. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital Assets

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	15
Furniture, fixtures, equipment, and signs	5-15

2. Budgetary Accounting

The Board of Directors of the Industrial Development Board 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.

3. 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 that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

B. 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:

1. **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 used by the Industrial Development Board.

2. **Deposit and Investments Laws and Regulations**

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

3. **Fund Equity Restrictions – Deficit Prohibition**

State of Tennessee statutes prohibit 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, 2008.

C. **Detail Notes on Transaction Classes/Accounts**

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

1. **Cash and Investments**

Deposits

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 for restricted funds, and excess funds of the Industrial Development Board are placed in insured accounts.

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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 Industrial Development Board.

2. Accounts Receivable

Due from Other Governments

The Industrial Development Board was awarded a grant from the Tennessee Department of Economic and Community Development to be used for infrastructure development for the Denso project. The grant totals \$7,845,000 and requires a participating match of \$4,155,177. At June 30, 2008, the amount of reimbursement due from the State of Tennessee was \$312,573.

3. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Balance 7-1-07	Additions	Retirements	Balance 6-30-08
Land	\$ 29,495,404	\$ 462,687	\$ 6,690	\$ 29,951,401
Building and improvements	1,911,189	0	0	1,911,189
Furniture, fixtures, and equipment	201,448	0	0	201,448
Signs	45,018	0	0	45,018
Construction in progress	539,838	3,198,990	0	3,738,828
Totals	\$ 32,192,897	\$ 3,661,677	\$ 6,690	\$ 35,847,884
Less: accumulated depreciation				
Buildings and improvements	\$ 197,217	\$ 20,945	\$ 0	\$ 218,162
Furniture, fixtures, and equipment	169,158	13,952	0	183,110
Signs	10,158	3,001	0	13,159
Total accumulated depreciation	\$ 376,533	\$ 37,898	\$ 0	\$ 414,431
Governmental activities Capital assets, net	\$ 31,816,364	\$ 3,623,779	\$ 6,690	\$ 35,433,453

4. **Long-term Debt**

Long-term debt consists of the following notes:

Note payable to First Tennessee Bank with interest at 4.8%, payments due monthly of \$4,200, including interest, maturing October 2009, collateralized by property \$ 506,336

Note payable to SunTrust Bank with interest at 4.75%, payments due monthly of \$9,800, including interest, maturing October 2009, collateralized by property 1,326,365

Five notes payable to individuals with interest at 6%, due in annual installments of \$444,323, maturing August 2008, secured by a deed of trust 419,173

Note payable to Blount County, Tennessee, with interest at 6% payable semiannually. Principal to be repaid as land is sold in the Research and Development Park 5,900,000

Note payable to Knox County, Tennessee, with interest at 6% payable semiannually. Principal to be repaid as land is sold in the Research and Development Park 5,000,000

Note payable to Regions Mortgage with interest at 5.45%, payments due monthly of \$3,587, including interest, maturing May 2014, unsecured 217,489

\$ 13,369,363

Less: Current portion (533,763)

Long-term portion \$ 12,835,600

Future debt service requirements as of June 30, 2008 are as follows:

Year Ending June 30	
2009	\$ 533,763
2010	571,834
2011	97,021
2012	101,992
2013	107,220
Thereafter	<u>11,957,533</u>
Total	<u>\$ 13,369,363</u>

5. Conduit Debt

On November 15, 2006, the Board of Directors authorized the issuance of \$32,000,000 in public improvement bonds to finance the Maryville Civic Arts Center. The bonds were issued effective December 13, 2006. Maryville College, the City of Alcoa, the City of Maryville, and federal and state grants will finance the complete project. Funds are drawn by the board from the trustee as expenditures occur. During the year ended June 30, 2008, the board drew \$3,198,990 in bond proceeds. The total amount drawn as of June 30, 2008, is \$3,738,828. Principal repayments are scheduled to commence on June 1, 2010.

6. Net Assets

Restricted Net Assets:

Restricted for development and maintenance	\$ 1,214,253
Restricted for training	<u>133,489</u>

Total Restricted Net Assets	<u>\$ 1,347,742</u>
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D. 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.

E. Capital Leases

To induce certain businesses to locate in Blount County, the board enters into lease/financing arrangements. The board finances construction of facilities to the specification of the tenant and then enters into a capital lease arrangement. At the conclusion of the lease, the real property is transferred to the tenant.

The board has entered into the following leases:

Lease with DCI Electronics, Inc., beginning May 1, 2002, calling for a lease payment sufficient for the board to recover its cost plus interest at 1% over the board's financing rate. The lease calls for monthly payments of \$6,100 over a 20-year period. Balance remaining on lease	<u>\$ 1,018,700</u>
Total aggregate minimum future lease payments	\$ 1,018,700
Current portion	<u>(73,200)</u>
Amount receivable after one year	<u>\$ 945,500</u>

Future minimum lease payments receivable as of June 30, 2008, are as follows:

Fiscal Year Ending June 30	
2009	\$ 73,200
2010	73,200
2011	73,200
2012	73,200
2013	73,200
Thereafter	<u>579,500</u>
	<u>\$ 945,500</u>

F. Intergovernmental Cooperation Agreement

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

G. Real Estate Transaction

In March 2007, the Board purchased land from Blount County and then immediately sold the property to Event Management Company, LLC, through an installment note of \$820,000. Proceeds received through this installment note are to be paid to Blount County within ten days of receipt.

Repayment terms due the board include an initial payment of \$125,000 made in March 2007. Subsequent payments due to the Board include four annual payments of \$56,071 beginning in June 2008, and a final payment of \$470,214 scheduled for June 2012. The agreement with Blount County states that the Board is only responsible for proceeds actually received by the Board.

VII. OTHER NOTES - DISCRETELY PRESENTED BLOUNT COUNTY CHILDREN'S HOME

A. Summary of Significant Accounting Policies

1. 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. Receivable balances for the governmental activities include amounts due from the State of Tennessee.

Capital Assets

Government-wide Statements

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

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

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

Compensated Absences

Annual Leave

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

Sick Leave

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

2. 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.

3. Use of Estimates

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

B. Stewardship, Compliance, and Accountability

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

1. Fund Accounting Requirements

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

2. Deposits and Investments Laws and Regulations

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

C. Detail Notes on Transaction Classes/Accounts

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

1. Cash and Investments

Deposits

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 for restricted funds, and excess funds of the home are placed in insured accounts.

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure. 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 Blount County Children's Home.

2. Accounts Receivable

State of Tennessee

The Blount County Children's Home contracts with the State of Tennessee to provide visitation/counseling care/treatment of children at a specified reimbursement rate. The amount due from the state at June 30, 2008, totals \$107,640.

3. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Governmental activities:

	Balance 7-1-07	Additions	Balance 6-30-08
Buildings and improvements	\$ 632,526	\$ 105,074	\$ 737,600
Equipment	178,460	0	178,460
Furniture and fixtures	38,622	0	38,622
Totals	\$ 849,608	\$ 105,074	\$ 954,682
Less: accumulated depreciation			
Buildings and improvements	\$ (527,618)	\$ (5,033)	\$ (532,651)
Equipment	(149,249)	(16,730)	(165,979)
Furniture and fixtures	(37,418)	(342)	(37,760)
Total accumulated depreciation	\$ (714,285)	\$ (22,105)	\$ (736,390)
Governmental Activities			
Capital assets, net	\$ 135,323	\$ 82,969	\$ 218,292

Depreciation expense was charged to governmental activities as follows:

Children's Home \$ 22,105

4. **Accrued Expenses**

Payables in the governmental funds are composed of:

Accounts payable	\$ 210
Total	<u>\$ 210</u>

5. **Notes Payable**

The home has a note payable in monthly installments of \$1,325 including interest at five percent. The note matures in November 2017. The balance of the note at June 30, 2008, is \$119,352.

The annual requirements to amortize the note as of June 30, 2008, are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 10,081	\$ 5,819	\$ 15,900
2010	10,604	5,296	15,900
2011	11,154	4,746	15,900
2012	11,722	4,178	15,900
2013	12,341	3,559	15,900
Subtotal	<u>\$ 55,902</u>	<u>\$ 23,598</u>	<u>\$ 79,500</u>
2014	\$ 12,982	\$ 2,918	\$ 15,900
2015	13,655	2,245	15,900
2016	14,360	1,540	15,900
2017	15,109	791	15,900
2018	7,344	101	7,445
Subtotal	<u>\$ 63,450</u>	<u>\$ 7,595</u>	<u>\$ 71,045</u>
Total	<u>\$ 119,352</u>	<u>\$ 31,193</u>	<u>\$ 150,545</u>

6. **Net Assets**

<u>Activity</u>	<u>Restricted by</u>	<u>Amount</u>
Memorial Scholarship	Contributors/Board	\$ 15,021
Webb	Board	<u>39,299</u>
Total Restricted Net Assets for Other Purposes		<u>\$ 54,320</u>

D. **Other Notes**

1. **Retirement Benefits**

The home has established a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). Eligibility is limited to those employees with annual compensation exceeding \$5,000. The employee can elect to reduce their salary by a percentage and contribute that to the plan. Employee contributions cannot exceed \$6,000. For each calendar year the employer will contribute a matching contribution to each employee's account equal to the employee's salary reduction up to a limit of three percent of the employee's compensation. During the year ended June 30, 2008, the home contributed \$1,595 to the plan.

2. **Risk Financing Activities**

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

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

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

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

A. Description of Reporting Entity and Significant Accounting Policies

1. Affiliate Entities

Other assets at June 30, 2008, represent the hospital's \$2,040,000 investment in a general partnership, which operates a medical facility in Blount County. The hospital also has ownership interests in other entities, which are involved in activities related to the hospital's mission of providing health care services. The hospital has not included these entities or presented summarized disclosures in its financial statements due to the relative insignificance of the financial activities of these entities.

2. 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.

3. 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.

The hospital groups investments into three separate classifications: short-term, intermediate, and equity. To reduce the concentration of credit risk, the hospital limits the maximum position for each type of investment at varying levels within these classifications, and the total equity classification cannot exceed 33 percent of all investments. It is also the hospital's policy to limit investments in corporate bonds to minimum quality ratings of A (by both Standard & Poor's and Moody's Investors Service).

To limit its exposure to fair value losses arising from changing interest rates, the hospital's investment policy restricts the type and maturities of investments within the short-term and intermediate classifications. The weighted average maturity of the short-term portfolio is expected to range from .75 years to 1.25 years, with a restriction to two years or less for any type of maturity (certain security types are restricted to a shorter maturity). The weighted average maturity of the intermediate portfolio is expected to approximate 4.3 years, with a minimum maturity of two years and a maximum maturity of seven years.

4. **Assets Limited as to Use by Board and Foundation**

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

5. **Inventories**

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

6. **Property and Equipment**

Land, buildings, and equipment are stated on the basis of cost or fair value at the date of donation. Although title to certain land and buildings rests with the county, these assets have been recorded by the hospital as the county has authorized their use by the hospital. Repairs and maintenance costs are expensed as incurred while significant asset purchases and improvements are capitalized. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are based on guidelines established for the health care industry, which are summarized as follows:

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

7. **Deferred Debt Expense**

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

8. **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.

9. **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.

10. 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.

11. Charity Care

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

12. 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 third party payors under provisions of reimbursement formulas in effect and is net of the provision for bad debts.

13. Risk Management

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

14. 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.

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

The hospital's cash and cash equivalent balances are on hand with financial institutions participating in the Bank Collateral Pool, which is administered by the Collateral Pool Board and monitored by the Treasury Department of the State of Tennessee.

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

	<u>6-30-08</u>
U.S. Treasury portfolio (cash equivalents)	\$ 8,018,400
U.S. Treasury notes	12,216,752
U.S. government agency securities	36,358,906
Corporate bonds	47,945,290
Common stocks	<u>38,457,940</u>
Total	<u>\$ 142,997,288</u>

In connection with the hospital's investment policies as described in Note VIII.A.3., assets limited as to use by the board and those held by trustees are classified as follows:

	<u>6-30-08</u>
Short-term	\$ 8,562,923
Intermediate	95,885,530
Equity	<u>38,548,835</u>
Total	<u>\$ 142,997,288</u>

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

	<u>6-30-08</u>
Cash	\$ 193,710
U.S. government portfolio mutual funds	133,362
Bond mutual funds	464,265
Equity mutual funds	<u>505,595</u>
Total	<u>\$ 1,296,932</u>

C. Net Patient Service Revenue

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

	<u>Year Ended 6-30-08</u>
Gross patient service charges	\$ 474,595,523
Contractual adjustments and discounts	(290,014,935)
Charity care charges foregone	(20,249,540)
Provision for bad debts	<u>(7,156,404)</u>
Net patient service revenue	<u>\$ 157,174,644</u>

D. Third-party Payor Agreements

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

The Medicare program pays for inpatient services on a prospective basis primarily based upon diagnostic related group assignments as determined by the patient's clinical diagnosis and medical procedures utilized. The hospital receives additional payments from Medicare based on the provision of services to a disproportionate share of low income patients (as defined by the Medicare program). Medicare also pays for outpatient services on a prospective basis based upon ambulatory payment classifications and fee schedules. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts.

Contractual adjustments for Medicare, TennCare, and other third party discount arrangements are recognized when the related revenues are reported in the financial statements. The percentage of gross patient charges from the Medicare and TennCare programs was approximately 38 and 11 percent, respectively, for 2008.

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.

E. Malpractice Trust Fund and Employee Group Health Claims

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

The hospital provides professional liability coverage through a self-insurance malpractice trust fund. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust. The assets of, and contributions to, the trust are reported in the 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 \$263,304 were paid from the fund during the year ended June 30, 2008. As of June 30, 2008, the hospital is involved in medical malpractice litigation in which management of the hospital, after consultation with legal counsel, is of the opinion that liability, if any, related to these claims would not be material to the financial statements. No amounts are accrued for potential losses related to unreported incidents or reported incidents, which have not yet resulted in asserted claims, as the hospital is not able to estimate such amounts.

The hospital is self-insured for employee (and dependent) group health claims and records a liability for claims known but unpaid and estimated claims incurred but not reported. The liability for employee group health claims was \$1,126,068 at June 30, 2008. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$10,516,000 for 2008.

F. Property and Equipment

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

	Balance 7-1-07	Additions	Retirements and Transfers	Balance 6-30-08
Cost:				
Land	\$ 3,708,169	\$ 4,858,256	\$ (5,621)	\$ 8,560,804
Land improvements	2,403,527	0	310	2,403,837
Buildings, improvements, and fixed equipment	127,764,002	462,346	4,751,960	132,978,308
Equipment	77,140,755	9,706,340	(148,984)	86,698,111
Construction in progress	871,317	4,593,062	(4,844,929)	619,450
Total Cost	<u>\$ 211,887,770</u>	<u>\$ 19,620,004</u>	<u>\$ (247,264)</u>	<u>\$ 231,260,510</u>
Less: allowances for depreciation:				
Land improvements	(1,897,164)	(135,607)	3,812	(2,028,959)
Buildings, improvements, and fixed equipment	(46,009,353)	(5,933,209)	123,159	(51,819,403)
Equipment	<u>(57,716,128)</u>	<u>(6,425,550)</u>	0	<u>(64,141,678)</u>
Total allowances for depreciation	<u>\$ (105,622,645)</u>	<u>\$ (12,494,366)</u>	<u>\$ 126,971</u>	<u>\$ (117,990,040)</u>
Total	<u>\$ 106,265,125</u>	<u>\$ 7,125,638</u>	<u>\$ (120,293)</u>	<u>\$ 113,270,470</u>

Construction in progress at June 30, 2008, consists primarily of costs related to facility additions with total estimated costs to complete of approximately \$1,400,000.

G. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-07	Additions	Principal Payments	Balance 6-30-08
Series 1998A Bonds	\$ 8,155,000	\$ 0	\$ (1,220,000)	\$ 6,935,000
Series 1998B Bonds	12,105,000	0	(670,000)	11,435,000
Series A-3-A Bonds	40,000,000	0	0	40,000,000
Series C-2-A Bonds	56,775,000	0	(1,200,000)	55,575,000
Total outstanding	<u>\$ 117,035,000</u>	<u>\$ 0</u>	<u>\$ (3,090,000)</u>	<u>\$ 113,945,000</u>
Less current portion	(3,090,000)			(3,230,000)
Less unamortized loss on bond refunding	<u>(355,667)</u>			<u>(284,531)</u>
Long-term portion	<u>\$ 113,589,333</u>			<u>\$ 110,430,469</u>

In December 1998, Blount County issued, on behalf of the hospital, \$15,420,000 of Hospital Revenue Refunding Bonds, Series 1998A, and \$16,000,000 of Hospital Revenue Improvement Bonds, Series 1998B. The Series 1998A Bonds provided the funds necessary to refund the previously issued Blount County Hospital Revenue Bonds. The hospital computed a loss on the refunding in 1999 of \$959,455, which has been deferred and is being amortized over the life of the refunding debt (\$71,136 in 2008). 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 \$1,325,000 in 2009 to \$1,515,000 in 2013 at interest rates ranging from 4.2 percent to 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$785,000 in 2010 to \$4,610,000 in 2020 at interest rates ranging from five percent to 5.15 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 the hospital's facilities and equipment. The Series A-3-A Bonds were 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 hospital exercised its redemption option in August 2008, as discussed below.

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 were used to provide funds for capital equipment and additions to the hospital's facilities. The Series C-2-A Bonds were 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 hospital also exercised its option to redeem these bonds in August 2008, as discussed below.

Interest on the Series A-3-A and C-2-A Bonds was based on variable rates. The hospital has separate interest rate swap agreements to effectively fix the interest rates on a portion of these bonds. For the Series A-3-A Bonds, the hospital owed interest at an effective rate of 4.9 percent on a portion of the bonds totaling \$25,000,000. For the Series C-2-A Bonds, the hospital owed 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, continued to pay interest to the bondholders at the variable rate provided by the bonds. During the term of each swap agreement, the hospital effectively pays a fixed rate on the debt plus or minus the difference between the variable rate due the bondholders and the variable rate received from the counterparty.

The hospital is exposed to variable rates if the counterparties to the swap default, if the variable rate received from the counterparties is less than that due 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 liabilities of the swap agreements were approximately \$4,698,000 as of June 30, 2008. 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.

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

The Series E-5-A Bonds bear interest at variable rates; however, the interest swap agreements described above remain in place to effectively fix the interest rate on the portion of the bonds totaling \$55,700,000. Scheduled principal reductions on the Series E-5-A Bonds increase in annual amounts ranging from \$1,305,000 in 2009 to \$8,425,000 in 2029. The Series E-5-A Bonds are subject to redemption at the option of the hospital, in whole or in part, at the redemption price of par plus accrued interest to the redemption date.

Maturities and mandatory sinking fund payments related to the balances outstanding as of June 30, 2008, after consideration of the August 2008 refunding are summarized as follows:

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2009	\$ 1,250,000	\$ 1,980,000	\$ 3,230,000
2010	1,325,000	2,070,000	3,395,000
2011	1,400,000	2,165,000	3,565,000
2012	1,450,000	2,270,000	3,720,000
2013	1,525,000	2,385,000	3,910,000
2014-2018	17,400,000	5,075,000	22,475,000
2019-2023	26,275,000	2,425,000	28,700,000
2024-2028	36,525,000	0	36,525,000
2029	8,425,000	0	8,425,000
Total	\$ 95,575,000	\$ 18,370,000	\$ 113,945,000

Interest payments related to the bonds are as follows (interest for variable rate portion of the Series E-5-A Bonds is 2.4 percent, determined using the rate in effect at August 28, 2008, when the refunding was complete):

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2009	\$ 3,509,808	\$ 845,743	\$ 4,355,551
2010	3,479,658	752,074	4,231,732
2011	3,447,708	654,045	4,101,753
2012	3,414,008	550,923	3,964,931
2013	3,379,058	440,973	3,820,031
2014-2018	15,897,739	1,298,195	17,195,934
2019-2023	13,230,093	125,947	13,356,040
2024-2028	6,753,105	0	6,753,105
2029	334,653	0	334,653
Total	\$ 53,445,830	\$ 4,667,900	\$ 58,113,730

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, and the Series E-5-A Bonds are insured by a letter of credit. In addition, the bond agreements contain certain covenants which include deposits to trustee funds and maintenance of rates.

Interest expense incurred on the bonds totaled \$6,088,559 in 2008.

Funds held by trustees as of June 30, 2008, for the outstanding bond issues consisted of the following:

	<u>6-30-08</u>
Debt service reserve funds	\$ 3,063,464
Bond funds	<u>2,426,684</u>
Total	<u>\$ 5,490,148</u>

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

H. 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 \$3,426,003 in 2008. Employee contributions were \$3,792,244 in 2008.

I. Foundation

At June 30, 2008, the foundation's assets total \$1,310,158, and consist of cash and investments. A portion of the investments at June 30, 2008, totaling \$763,949, is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust. Endowment trust net income is available for various foundation activities. Net assets of the foundation at June 30, 2008, total \$1,296,932. The 2008 statement of revenues, expenses, and changes in net assets includes foundation contribution revenue of \$336,319, net investment loss of \$34,063, and distributions and other expenses of \$321,911. 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.

IX. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Assets, Liabilities, and Equity

a. 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.

b. 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.

c. Capital Assets and Depreciation

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

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

d. Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2008, 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.

2. Revenues and Expenses

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

Operating Revenues/Expenses

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

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence (\$1.10) and another rate for business exchange access service (\$2.45) within the base rate area governed by the boundaries of the district. Revenue is collected by BellSouth and remitted monthly to the district. Wireless fees are collected and remitted monthly to the district through the State of Tennessee. Operating expenses include salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and nonoperating.

Nonoperating Revenues/Expenses

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

3. Stewardship, Compliance, and Accountability

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

Fund Accounting Requirements

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

B. Capital Assets and Depreciation

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

Description	Balance 7-1-07	Additions	Balance 6-30-08	Accumulated Depreciation	Net Value 6-30-08
Land	\$ 40,000	\$ 0	\$ 40,000	\$ 0	\$ 40,000
Building	501,250	0	501,250	304,926	196,324
Building and improvements	465,226	0	465,226	218,707	246,519
Emergency equipment	618,019	149,668	767,687	250,204	517,483
Furniture and equipment	110,970	0	110,970	101,794	9,176
Totals	<u>\$ 1,735,465</u>	<u>\$ 149,668</u>	<u>\$ 1,885,133</u>	<u>\$ 875,631</u>	<u>\$ 1,009,502</u>

Depreciation expense for the fiscal year ended June 30, 2008, totaled \$88,137.

C. Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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 district.

D. Commitment – AT&T

AT&T (formerly BellSouth) furnishes Stand Alone Location Identification (SALI) equipment to the Blount County Emergency Communications District at 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 \$8,681 per month through December 31, 2009.

E. Employees' Retirement Plan

During the 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, 2008, the Blount County Emergency Communications District contributed \$109,140 to the plan, in addition to \$49,591 withheld from employees.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2007. 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, 2008. 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 in excess of 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.

F. 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.

G. Other Commitments

The district entered into a contract for the design of a new emergency communications facility to be located at the planned Blount County Sheriff's Training Center. The contract is for \$158,203. At June 30, 2008, no liability was incurred with respect to the contract. While the district has no firm cost of the new facility, it is anticipated that the cost will be between \$2 million and \$2.5 million and will be funded with the proceeds from the sale of the current facility.

X. **OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY PUBLIC BUILDING AUTHORITY**

A. **Summary of Significant Accounting Policies**

1. **Assets, Liabilities, and Equity**

a. **Cash and Investments**

For the purpose of the Statement of Net Assets, cash includes all demand and money market accounts of the Public Building Authority (PBA).

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

b. **Receivables**

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

2. **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.

3. **Use of Estimates**

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

B. **Stewardship, Compliance, and Accountability**

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

1. **Fund Accounting Requirements**

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

2. **Deposits and 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.

3. **Fund Balance Restrictions - Deficit Prohibition**

State of Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund. The PBA complied with this statute in all material respects for the year ended June 30, 2008.

C. **Deposits and Investments**

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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 district.

Investments

Legal Provisions. The PBA is 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 PBA's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The PBA may make investments with longer maturities if various restrictions set out in state law are followed. The PBA is 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 market value of the securities on the day of purchase. The PBA had no investments at June 30, 2008.

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

A summary of bond transactions of the authority for the period from July 1, 2007, through June 30, 2008, is as follows:

	<u>Public Facility Bonds</u>
Debt payable - July 1, 2007	\$ 196,405,000
Issued during the period	50,500,000
Debt retired	<u>(2,335,000)</u>
Debt payable - June 30, 2008	<u>\$ 244,570,000</u>

Bonds payable at June 30, 2008, include the following issues:

<u>Public Facility Bonds</u>	<u>Amount Outstanding</u>
\$10,000,000 - 1997 Public Facility Bonds due in installments of \$395,000 to \$745,000 through March 1, 2019; interest from 4% to 5.2%	\$ 6,430,000
\$20,000,000 - 1998 Public Facility Bonds due in installments of \$895,000 to \$1,660,000 beginning April 1, 2002, to April 1, 2019; interest from 4% to 5.2%	14,495,000
\$7,000,000 - 1999 Public Facility Bonds due in installments of \$300,000 to \$575,000 through June 30, 2019; interest from 4.15% to 5.4%	4,970,000
\$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%	2,600,000
\$39,000,000 - 2001 Public Facility Bonds due in installments of \$1,515,000 to \$8,210,000 through June 1, 2023; interest LIBOR based SWAP of 4.72%	39,000,000
\$20,000,000 - 2001 Public Facility Bonds due in installments of \$7,415,000 to \$12,585,000 through June 30, 2030, and June 30, 2031, respectively; interest LIBOR based SWAP of 4.74%	20,000,000

Public Facility Bonds (Cont.)	Amount Outstanding
\$10,000,000 - 2001 Public Facility Bonds due in installments of \$6,430,000 and \$3,570,000 in June 2030 and June 2031, respectively; interest at 5%	\$ 10,000,000
\$9,100,000 - 2002 Public Facility Bonds due in installments of \$550,000 to \$125,000 through June 2018; interest at variable rate - estimated at 5%	6,925,000
\$10,000,000 - 2004 Public Facility Bonds due in installments of \$1,500,000 to \$8,500,000 in June 2027 and June 2028, respectively; interest at variable rate - estimated at 5%	10,000,000
\$14,000,000 - 2005 Public Facility Bonds due in installments of \$4,000,000 in June 2024, 2025, and 2026 and \$2,000,000 in June 2027, respectively; interest at variable rate - estimated at 5%	14,000,000
\$13,650,000 - 2005 Public Facility Bonds due in installments of \$400,000 in June 2012 through June 2016 and installments beginning June 2024 through June 2027 ranging from \$2,300,000 to \$3,775,000; interest at 5%	13,650,000
\$35,000,000 - 2006 Local Government Improvement Bonds due in installments of \$1,000,000 beginning June 2024 through June 2028 and \$5,000,000 beginning June 2032 through June 2037; interest at 5%	35,000,000
\$2,000,000 - 2006 Local Government Improvement Bonds due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; interest at 5.982%	2,000,000
\$15,000,000 - 2007 Local Government Improvement Bonds due in installments ranging from \$1,600,000 to \$3,450,000 payable September 2007 through August 2037; interest payable quarterly at 5%	15,000,000
\$50,500,000 - 2008 Local Government Improvement Bonds due in installments ranging from \$1,000,000 to \$8,500,000 payable June 2024 through June 2037; interest payable quarterly at 5%	<u>50,500,000</u>
Total Bonds Outstanding	<u>\$ 244,570,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2008, including interest payments, are \$479,767,942 as follows:

Year Ending June 30	Amount
2009	\$ 14,503,236
2010	14,626,570
2011	14,588,539
2012	14,968,977
2013	14,911,642
2014-2018	76,238,599
2019-2023	86,867,713
2024-2028	83,766,250
2029-2033	87,891,416
2034-2037	71,405,000
Total	<u>\$ 479,767,942</u>

All of the public facility bond issues were loaned to Blount County, Tennessee, and/or component units in separate loan agreements dated from 1997 through 2008. 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 H. and I. for Local Government Public Bonds Issued and Conduit Debt.

E. 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, 2008, 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.

F. Agreements and Contractual Obligations

During the years ended June 30, 1997, through June 30, 2008, the PBA entered into 12 loan agreements with Blount County, Tennessee, whereby the PBA has issued revenue bonds totaling \$222,350,000. The proceeds are available for loan to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, as of June 30, 2008, are as follows:

Bond Issue Amount	Loaned to Blount County
\$ 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	10,000,000
14,000,000	14,000,000
13,650,000	13,650,000
35,000,000	35,000,000
2,000,000	2,000,000
15,000,000	15,000,000
50,500,000	39,774,402

During the year ended June 30, 2008, two projects were completed. The school projects completed were funded by the Blount County Board of Education under supervision of the PBA.

Expenditures were as follows:

Construction:

New West Side Middle School (Union Grove)	\$ 2,165,747
West Side Elementary (Union Grove)	940,109
Schools - Operations and Maintenance Improvements	<u>78,070</u>
Total Construction	<u>\$ 3,183,926</u>

Administration:

Salaries and Payroll Taxes	\$ 173,859
Other Administrative Expense	<u>54,220</u>
Total Administration	<u>\$ 228,079</u>

G. Litigation

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

H. 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 \$1.75 billion. 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 TNLOANS Program Administrators, Knoxville, Tennessee. Regions Bank was confirmed as trustee for the loan program. Bonds totaling \$1,251,605,000 have been issued on behalf of the following entities: cities of Oak Ridge, Knoxville, Fayetteville, Hendersonville, Alcoa, Etowah, Greenville, Lexington, Maryville, Winchester, Johnson City, Morristown, Cleveland, Mt. Juliet, Sevierville, Erwin, and Red Bank; counties of Blount, Roane, Claiborne, Jefferson, Monroe, Coffee, Hamblen, Morgan, Warren, Greene, Campbell, Washington, Cocke, Cumberland, Hawkins, White, Bradley, and Johnson; Cleveland Utilities Board, Hamblen (MHH), and Blount County Industrial Development Board.

I. Conduit Debt/Restricted Assets

The PBA has issued conduit debt (Note H.) to provide capital financing for specified third parties that is not a part of the PBA's financial reporting entity. The authority has issued bonds totaling \$1,251,605,000 to other governmental entities (Note H.) as of June 30, 2008. The proceeds of the bonds are used to make loans to governmental entities in the State of Tennessee possessing general powers of taxation to finance public facility projects. The proceeds are loaned pursuant to a loan agreement, whereas the borrower pledges revenues and receipts therefrom, which are pledged by the authority to the bond trustee. The authority has no obligation for the issued debt beyond the resources provided by related loan agreements.

J. Capital Assets

Capital assets at June 30, 2008, consist of a vehicle being depreciated over five years using the straight-line method of depreciation. Depreciation expense for the year ended June 30, 2008, totaled \$3,105.

K. Bond Issue Costs/Amortization

Bond issue costs incurred are being amortized over the life of the bond issues. Costs totaling \$500,325, \$94,156, \$476,825, \$185,200, and \$450,636 are being amortized over the applicable life of the bond issues. Amortization expense totaled \$56,499 for the year ended June 30, 2008.

L. Payroll and Personnel

Salaries and benefits for PBA personnel totaled \$173,859 for the year ended June 30, 2008. Certain employees also participate in the Tennessee Consolidated Retirement System (TCRS) through Blount County, Tennessee, and the director participated in a separate retirement plan. Contributions to the plans totaled \$23,013 for the year ended June 30, 2008.

Contributions to the system are determined on an actuarial reserve 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 authority, participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2007. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities are valued at amortized costs.

An experience study of the system is conducted every four years, the most recent as of June 30, 2004. The 2007 valuation was conducted using assumptions that resulted from the June 30, 2004, study.

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 in excess of net assets of the pension fund, are not identifiable for the authority.

M. Going-concern Implications

During the prior and current year, the PBA experienced major operational changes, including requirements for written contracts, as well as a Blount County Commission Resolution, which made PBA responsible for independent operation. The county mayor advised the PBA board that the PBA would not be given any future county projects. With operating funds at a minimum and no other projects scheduled, the PBA will not be able to continue in existence after the two current projects are completed. The PBA will have no other choice but to lay off employees and terminate all project and facility management activities.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 24,290,987	\$ 0	\$ 0	\$ 24,290,987	\$ 23,718,709	\$ 23,818,709	\$ 472,278
Licenses and Permits	893,849	0	0	893,849	946,366	946,366	(52,517)
Fines, Forfeitures, and Penalties	845,868	0	0	845,868	819,000	819,000	26,868
Charges for Current Services	869,649	0	0	869,649	708,500	728,500	141,149
Other Local Revenues	816,969	0	0	816,969	525,100	725,100	91,869
Fees Received from County Officials	6,767,137	0	0	6,767,137	6,095,897	6,145,126	622,011
State of Tennessee	2,980,307	0	0	2,980,307	2,361,088	2,752,645	227,662
Federal Government	4,164,031	0	0	4,164,031	3,347,823	3,812,631	351,400
Other Governments and Citizens Groups	76,465	0	0	76,465	128,500	128,500	(52,035)
Total Revenues	\$ 41,705,262	\$ 0	\$ 0	\$ 41,705,262	\$ 38,650,983	\$ 39,876,577	\$ 1,828,685

Expenditures

General Government							
County Commission	\$ 203,519	(2,371)	4,697	205,845	207,134	207,134	1,289
Board of Equalization	427	(275)	275	427	2,799	2,799	2,372
Beer Board	313	(232)	104	185	200	200	15
Budget and Finance Committee	3,100	0	0	3,100	3,100	3,100	0
County Mayor/Executive	269,160	(150)	317	269,327	277,285	277,285	7,958
Personnel Office	163,597	(8,079)	4,185	159,703	162,425	162,425	2,722
Election Commission	320,078	(2,470)	39,747	357,355	338,737	397,753	40,398
Register of Deeds	519,893	(4,106)	1,910	517,697	587,124	587,124	69,427
Planning	198,494	(1,128)	1,052	198,418	208,542	207,642	9,224
Building	256,781	(8,401)	3,868	252,248	268,291	271,451	19,203
Codes Compliance	110,169	(5,189)	8,707	113,687	119,265	122,425	8,738
County Buildings	1,205,591	(62,323)	62,773	1,206,041	1,256,860	1,256,860	50,819
Other General Administration	800,782	(5,283)	6,717	802,216	575,689	934,342	132,126
Preservation of Records	125,816	(19,142)	12,834	119,508	115,661	124,661	5,153

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
<u>General Government (Cont.)</u>							
Risk Management	\$ 288,742	\$ (22,511)	\$ 23,407	\$ 289,638	\$ 322,899	\$ 322,899	\$ 33,261
Finance							
Accounting and Budgeting	645,095	(549)	3,555	648,101	659,828	659,828	11,727
Purchasing	316,614	(1,693)	1,643	316,564	325,428	325,428	8,864
Property Assessor's Office	872,999	(218,392)	195,788	850,395	892,112	892,112	41,717
Reappraisal Program	275,496	(13,752)	31,325	293,069	336,187	336,187	43,118
County Trustee's Office	401,776	(188)	3,139	404,727	395,267	419,796	15,069
County Clerk's Office	1,038,591	(13,994)	11,061	1,035,658	1,065,462	1,065,462	29,804
Data Processing	578,371	(32,484)	27,618	573,505	628,446	630,146	56,641
<u>Administration of Justice</u>							
Circuit Court	43,699	(45,349)	1,650	0	0	0	0
Circuit Court Judge	34,537	0	10,886	45,423	170,090	109,995	64,572
Circuit Court Clerk	1,742,191	(47,711)	73,503	1,767,983	1,813,481	1,848,481	80,498
General Sessions Court	4,160	(4,961)	801	0	0	0	0
General Sessions Judge	845,472	0	4,643	850,115	1,003,753	895,586	45,471
Chancery Court	463,332	(2,153)	2,998	464,177	478,593	478,593	14,416
Juvenile Court	355,603	(13,450)	25,256	367,409	552,682	403,271	35,862
Office of Public Defender	65,230	(36)	2,172	67,366	74,831	74,831	7,465
Other Administration of Justice	370,147	0	29,900	400,047	432,464	432,464	32,417
Probation Services	321,729	(669)	65	321,125	337,064	357,064	35,939
<u>Public Safety</u>							
Sheriff's Department	9,373,356	(433,097)	127,526	9,067,785	9,161,203	9,435,825	368,040
Jail	6,872,157	(89,373)	85,864	6,868,648	6,751,764	7,131,616	262,968
Workhouse	9,409	0	0	9,409	9,488	9,488	79
Juvenile Services	1,210,270	(15,456)	16,587	1,211,401	1,311,123	1,311,123	99,722
Fire Prevention and Control	4,500	0	0	4,500	4,500	4,500	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Civil Defense	\$ 133,087	\$ (2,623)	18,441	\$ 148,905	\$ 141,612	\$ 159,533	\$ 10,628
Disaster Relief	0	0	0	0	9,739	9,739	9,739
Other Emergency Management	736,591	(87,799)	8,052	656,844	797,998	1,055,403	398,559
County Coroner/Medical Examiner	63,875	0	675	64,550	45,000	65,000	450
<u>Public Health and Welfare</u>							
Local Health Center	1,159,686	(79,285)	14,575	1,094,976	1,283,697	1,299,487	204,511
Rabies and Animal Control	102,846	(278)	1,388	103,956	148,349	138,349	34,393
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
General Welfare Assistance	185,679	0	0	185,679	188,629	188,629	2,950
Other Local Welfare Services	80,508	0	0	80,508	131,557	131,557	51,049
Sanitation Management	10,502	0	0	10,502	37,200	12,850	2,348
Other Public Health and Welfare	328,758	(3,901)	19,180	344,037	357,887	358,787	14,750
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	635,121	0	0	635,121	635,121	635,121	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	161,101	0	0	161,101	148,071	161,421	320
Soil Conservation	103,940	(70)	25	103,895	104,209	104,209	314
<u>Other Operations</u>							
Tourism	852,212	(20,660)	24,607	856,159	784,000	884,000	27,841
Industrial Development	926,696	(69)	0	926,627	926,627	926,627	0
Other Economic and Community Development	183,511	(16,037)	27,624	195,098	196,000	212,000	16,902
Veterans' Services	166,834	(185)	213	166,862	168,557	168,557	1,695
Other Charges	34,619	(106)	0	34,513	37,000	37,000	2,487
Contributions to Other Agencies	45,000	0	0	45,000	45,000	45,000	0
Miscellaneous	651,319	(3,342)	1,235	649,212	556,156	656,156	6,944

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Highways</u>							
Litter and Trash Collection	\$ 71,083	(2,920)	3,025	71,188	72,289	72,289	1,101
<u>Capital Projects</u>	778,020	(375,174)	606,477	1,009,323	1,024,654	1,024,654	15,331
Other General Government Projects	\$ 37,782,184	(1,667,416)	1,552,090	37,666,858	38,749,129	40,106,264	2,439,406
Total Expenditures	\$ 3,923,078	1,667,416	(1,552,090)	4,038,404	(98,146)	(229,687)	4,268,091
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 1,074,555	0	0	1,074,555	550,000	550,000	524,555
Transfers In	322,899	0	0	322,899	372,899	372,899	(50,000)
Transfers Out	(876,735)	0	0	(876,735)	(900,026)	(900,026)	23,291
Total Other Financing Sources (Uses)	\$ 520,719	0	0	520,719	22,873	22,873	497,846
Net Change in Fund Balance	\$ 4,443,797	1,667,416	(1,552,090)	4,559,123	(75,273)	(206,814)	4,765,937
Fund Balance, July 1, 2007	5,626,762	(1,667,416)	0	3,959,346	3,500,000	3,500,000	459,346
Prior Period Adjustment	289,451	0	0	289,451	0	0	289,451
Fund Balance, June 30, 2008	\$ 10,360,010	0	(1,552,090)	8,807,920	3,424,727	3,293,186	5,514,734

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,345,625	\$ 0	\$ 0	\$ 2,345,625	\$ 2,405,000	\$ 2,405,000	\$ (59,375)
Licenses and Permits	279,597	0	0	279,597	420,000	420,000	(140,403)
Other Local Revenues	1,118,503	0	0	1,118,503	428,711	610,711	507,792
State of Tennessee	2,766,025	0	0	2,766,025	3,433,586	3,499,586	(733,561)
Other Governments and Citizens Groups	0	0	0	0	50,000	280,000	(280,000)
Total Revenues	\$ 6,509,750	\$ 0	\$ 0	\$ 6,509,750	\$ 6,737,297	\$ 7,215,297	\$ (705,547)
Expenditures							
Highways							
Administration	\$ 711,052	(10)	1,148	712,190	803,382	803,382	91,192
Highway and Bridge Maintenance	4,037,375	(105,435)	5,053	3,936,993	4,139,526	4,139,526	202,533
Operation and Maintenance of Equipment	1,715,784	(5,036)	1,917	1,712,665	1,540,889	1,788,889	76,224
Capital Outlay	1,024,590	(2,244)	33,745	1,056,091	753,500	1,149,694	93,603
Total Expenditures	\$ 7,488,801	\$ (112,725)	\$ 41,863	\$ 7,417,939	\$ 7,237,297	\$ 7,881,491	\$ 463,552
Excess (Deficiency) of Revenues Over Expenditures	\$ (979,051)	\$ 112,725	\$ (41,863)	\$ (908,199)	\$ (500,000)	\$ (666,194)	\$ (241,995)
Other Financing Sources (Uses)							
Other Loans Issued	\$ 500,000	\$ 0	\$ 0	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Total Other Financing Sources (Uses)	\$ 500,000	\$ 0	\$ 0	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Net Change in Fund Balance	\$ (479,051)	\$ 112,725	\$ (41,863)	\$ (408,189)	\$ 0	\$ (166,194)	\$ (241,995)
Fund Balance, July 1, 2007	609,148	(112,725)	0	496,423	400,000	400,000	96,423
Prior Period Adjustment	505,639	0	0	505,639	0	0	505,639
Fund Balance, June 30, 2008	\$ 635,736	\$ 0	\$ (41,863)	\$ 593,873	\$ 400,000	\$ 233,806	\$ 360,067

Exhibit F-3

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 53,424	\$ 65,825	\$ 12,401	81.16 %	\$ 27,711	44.75 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the 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 Blount County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Endowment 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, 2008

ASSETS

Cash	\$	0	\$	0	\$	100	\$	0	\$	0
Equity in Pooled Cash and Investments		22,518		36,430		848,975		1,142,033		98,918
Accounts Receivable		0		0		3,759		2,993		255
Due from Other Governments		0		0		0		163		14
Due from Other Funds		0		0		441		0		0
Total Assets	\$	22,518	\$	36,430	\$	853,275	\$	1,145,189	\$	99,187

LIABILITIES AND FUND BALANCES

Liabilities	\$	0	\$	0	\$	29,537	\$	1,961	\$	0
Accounts Payable		0		0		23,848		0		0
Accrued Payroll		0		0		3,827		0		0
Payroll Deductions Payable		0		0		281		34,106		0
Due to Other Funds		0		0		0		1,432		0
Other Current Liabilities		0		0		0		0		0
Total Liabilities	\$	0	\$	0	\$	57,493	\$	37,499	\$	0

Fund Balances

Reserved for Encumbrances	\$	0	\$	4,222	\$	148,349	\$	56,823	\$	619
Reserved for Other General Purposes		0		0		0		0		0
Unreserved		22,518		32,208		647,433		1,050,867		98,568
Total Fund Balances	\$	22,518	\$	36,430	\$	795,782	\$	1,107,690	\$	99,187

Total Liabilities and Fund Balances	\$	22,518	\$	36,430	\$	853,275	\$	1,145,189	\$	99,187
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(Continued)

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

	Special Revenue Funds (Cont.)					Total Nonmajor Governmental Funds
	Other Special Revenue	Constituti- onal Officers - Fees	Total	Permanent Fund Endowment	Total	
\$	0	16,967	\$ 17,067	\$ 0	\$ 0	17,067
	96,639	0	2,245,513	498,594		2,744,107
	667	94,329	102,003	2,247		104,250
	18,784	0	18,961	0		18,961
	57	0	498	0		498
\$	116,147	111,296	2,384,042	500,841	\$	2,884,883

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	\$ 1,871	\$ 0	\$ 33,369	\$ 0	\$ 0	\$ 33,369
Accrued Payroll	0	0	23,848	0	0	23,848
Payroll Deductions Payable	0	0	3,827	0	0	3,827
Due to Other Funds	0	111,296	145,683	0	0	145,683
Other Current Liabilities	0	0	1,432	0	0	1,432
Total Liabilities	\$ 1,871	\$ 111,296	\$ 208,159	\$ 0	\$ 0	\$ 208,159
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 8,517	\$ 0	\$ 218,530	\$ 0	\$ 0	\$ 218,530
Reserved for Other General Purposes	0	0	0	485,403	0	485,403
Unreserved	105,759	0	1,957,353	15,438	0	1,972,791
Total Fund Balances	\$ 114,276	\$ 0	\$ 2,175,883	\$ 500,841	\$	\$ 2,676,724
Total Liabilities and Fund Balances	\$ 116,147	\$ 111,296	\$ 2,384,042	\$ 500,841	\$	\$ 2,884,883

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds						District Attorney General
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
Revenues							
Local Taxes	\$ 10,280	\$ 10,266	\$ 0	\$ 0	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	131,284	0	17,636	17,636
Charges for Current Services	0	0	115,838	0	0	0	0
Other Local Revenues	0	0	170,328	54,614	0	3,920	3,920
State of Tennessee	0	0	13,000	0	0	0	0
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	876,737	0	0	0	0
Total Revenues	\$ 10,280	\$ 10,266	\$ 1,175,403	\$ 185,898	\$ 0	\$ 21,556	21,556
Expenditures							
Current:							
General Government	\$ 22,300	\$ 0	\$ 165,631	\$ 0	\$ 0	\$ 0	0
Finance	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	248	248
Public Safety	0	0	0	141,315	0	0	0
Social, Cultural, and Recreational Services	0	0	1,795,275	0	0	0	0
Other Operations	103	6,655	0	0	0	0	0
Total Expenditures	\$ 22,403	\$ 6,655	\$ 1,960,906	\$ 141,315	\$ 0	\$ 248	248
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,123)	\$ 3,611	\$ (785,503)	\$ 44,583	\$ 0	\$ 21,308	21,308
Other Financing Sources (Uses)							
Transfers In	\$ 0	\$ 0	\$ 876,735	\$ 0	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 876,735	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ (12,123)	\$ 3,611	\$ 91,232	\$ 44,583	\$ 0	\$ 21,308	21,308
Fund Balance, July 1, 2007	34,641	32,819	704,550	1,063,107	0	77,879	77,879
Fund Balance, June 30, 2008	\$ 22,518	\$ 36,430	\$ 795,782	\$ 1,107,690	\$ 0	\$ 99,187	99,187

(Continued)

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

	Special Revenue Funds (Cont.)					Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu- tional Officers -		Permanent Fund Endowment	Total	
		Fees				
<u>Revenues</u>						
Local Taxes	\$ 61,584	\$ 0	\$ 82,130	\$ 0	\$ 82,130	\$ 82,130
Fines, Forfeitures, and Penalties	43,443	0	192,363	0	192,363	192,363
Charges for Current Services	2,277	1,217	118,832	0	118,832	118,832
Other Local Revenues	3,494	0	232,356	28,773	261,129	261,129
State of Tennessee	22,000	0	35,000	0	35,000	35,000
Federal Government	42,901	0	42,901	0	42,901	42,901
Other Governments and Citizens Groups	0	0	876,737	0	876,737	876,737
Total Revenues	\$ 175,699	\$ 1,217	\$ 1,580,319	\$ 28,773	\$ 1,609,092	\$ 1,609,092
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 175	\$ 188,106	\$ 0	\$ 188,106	\$ 188,106
Finance	0	1,042	1,042	0	1,042	1,042
Administration of Justice	117,446	0	117,694	0	117,694	117,694
Public Safety	0	0	141,315	0	141,315	141,315
Social, Cultural, and Recreational Services	0	0	1,795,275	0	1,795,275	1,795,275
Other Operations	0	0	6,758	13,335	20,093	20,093
Total Expenditures	\$ 117,446	\$ 1,217	\$ 2,250,190	\$ 13,335	\$ 2,263,525	\$ 2,263,525
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,253	\$ 0	\$ (669,871)	\$ 15,438	\$ (654,433)	\$ (654,433)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 876,735	\$ 0	\$ 876,735	\$ 876,735
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 876,735	\$ 0	\$ 876,735	\$ 876,735
Net Change in Fund Balances	\$ 58,253	\$ 0	\$ 206,864	\$ 15,438	\$ 222,302	\$ 222,302
Fund Balance, July 1, 2007	56,023	0	1,969,019	485,403	2,454,422	2,454,422
Fund Balance, June 30, 2008	\$ 114,276	\$ 0	\$ 2,175,883	\$ 500,841	\$ 2,676,724	\$ 2,676,724

Exhibit G-3

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 10,280	\$ 0	\$ 10,280	\$ 7,050	\$ 7,050	\$ 3,230
Total Revenues	\$ 10,280	\$ 0	\$ 10,280	\$ 7,050	\$ 7,050	\$ 3,230
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 22,300	\$ (500)	\$ 21,800	\$ 6,300	\$ 21,800	\$ 0
<u>Other Operations</u>	103	0	103	750	750	647
Other Charges						
Total Expenditures	\$ 22,403	\$ (500)	\$ 21,903	\$ 7,050	\$ 22,550	\$ 647
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,123)	\$ 500	\$ (11,623)	\$ 0	\$ (15,500)	\$ 3,877
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (12,123)	\$ 500	\$ (11,623)	\$ 0	\$ (15,500)	\$ 3,877
	34,641	(500)	34,141	30,000	30,000	4,141
Fund Balance, June 30, 2008	\$ 22,518	\$ 0	\$ 22,518	\$ 30,000	\$ 14,500	\$ 8,018

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 10,266 \$	0 \$	0 \$	10,266 \$	6,475 \$	6,475 \$	3,791
Total Revenues	\$ 10,266 \$	0 \$	0 \$	10,266 \$	6,475 \$	6,475 \$	3,791
Expenditures							
Other Operations	\$ 6,655 \$	(4,450) \$	4,222 \$	6,427 \$	6,475 \$	6,475 \$	48
Other Charges	\$ 6,655 \$	(4,450) \$	4,222 \$	6,427 \$	6,475 \$	6,475 \$	48
Total Expenditures	\$ 3,611 \$	4,450 \$	(4,222) \$	3,839 \$	0 \$	0 \$	3,839
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,611 \$	4,450 \$	(4,222) \$	3,839 \$	0 \$	0 \$	3,839
Net Change in Fund Balance Fund Balance, July 1, 2007	32,819	(4,450)	0	28,369	25,000	25,000	3,369
Fund Balance, June 30, 2008	\$ 36,430 \$	0 \$	(4,222) \$	32,208 \$	25,000 \$	25,000 \$	7,208

Exhibit C-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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Charges for Current Services	\$ 115,338	\$ 0	\$ 0	\$ 115,338	\$ 95,000	\$ 95,000	\$ 20,338
Other Local Revenues	170,328	0	0	170,328	192,000	192,000	(21,672)
State of Tennessee	13,000	0	0	13,000	0	1,000	12,000
Other Governments and Citizens Groups	876,737	0	0	876,737	876,735	876,735	2
Total Revenues	\$ 1,175,403	\$ 0	\$ 0	\$ 1,175,403	\$ 1,163,735	\$ 1,164,735	\$ 10,668
Expenditures							
General Government							
County Buildings	\$ 165,631	(17,495)	23,219	171,355	180,296	180,296	8,941
Social, Cultural, and Recreational Services							
Libraries	1,718,697	(131,200)	115,610	1,708,107	1,809,211	1,810,211	107,104
Other Social, Cultural, and Recreational	76,578	(3,274)	9,520	82,824	94,793	94,793	11,969
Total Expenditures	\$ 1,960,906	(151,969)	148,349	1,957,286	2,084,300	2,085,300	128,014
Excess (Deficiency) of Revenues Over Expenditures	\$ (785,503)	151,969	(148,349)	(781,883)	(920,565)	(920,565)	138,682
Other Financing Sources (Uses)							
Transfers In	\$ 876,735	0	0	876,735	876,735	876,735	0
Total Other Financing Sources (Uses)	\$ 876,735	0	0	876,735	876,735	876,735	0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 91,232	151,969	(148,349)	94,852	(43,830)	(43,830)	138,682
Fund Balance, June 30, 2008	\$ 795,782	0	(148,349)	647,433	556,170	556,170	91,263

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Fines, Forfeitures, and Penalties	\$ 131,284	\$ 0	\$ 0	\$ 131,284	\$ 335,000	\$ 350,000	\$ (218,716)
Other Local Revenues	54,614	0	0	54,614	55,000	40,000	14,614
Total Revenues	\$ 185,898	\$ 0	\$ 0	\$ 185,898	\$ 390,000	\$ 390,000	\$ (204,102)
Expenditures							
Public Safety							
Sheriff's Department	\$ 141,315	(55,516)	\$ 56,823	\$ 142,622	\$ 449,000	\$ 449,000	\$ 306,378
Total Expenditures	\$ 141,315	(55,516)	\$ 56,823	\$ 142,622	\$ 449,000	\$ 449,000	\$ 306,378
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,583	\$ 55,516	(56,823)	\$ 43,276	(59,000)	\$ (59,000)	\$ 102,276
Net Change in Fund Balance	\$ 44,583	\$ 55,516	(56,823)	\$ 43,276	(59,000)	\$ (59,000)	\$ 102,276
Fund Balance, July 1, 2007	1,063,107	(55,516)	0	1,007,591	900,000	900,000	107,591
Fund Balance, June 30, 2008	\$ 1,107,690	\$ 0	(56,823)	\$ 1,050,867	\$ 841,000	\$ 841,000	\$ 209,867

Exhibit G-7

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 61,584	\$ 0	\$ 0	\$ 61,584	\$ 53,000	\$ 53,000	\$ 8,584
Fines, Forfeitures, and Penalties	43,443	0	0	43,443	23,000	41,000	2,443
Charges for Current Services	2,277	0	0	2,277	3,783	3,783	(1,506)
Other Local Revenues	3,494	0	0	3,494	3,000	3,000	494
Fees Received from County Officials	0	0	0	0	18,000	0	0
State of Tennessee	22,000	0	0	22,000	0	22,000	0
Federal Government	42,901	0	0	42,901	50,000	50,000	(7,099)
Total Revenues	\$ 175,699	\$ 0	\$ 0	\$ 175,699	\$ 150,783	\$ 172,783	\$ 2,916
Expenditures							
<u>Administration of Justice</u>							
Criminal Court	\$ 117,446	(1,536)	8,517	124,427	174,074	196,074	71,647
Total Expenditures	\$ 117,446	(1,536)	8,517	124,427	174,074	196,074	71,647
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,253	1,536	(8,517)	51,272	(23,291)	(23,291)	74,563
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	23,291	23,291	(23,291)
Total Other Financing Sources (Uses)	\$ 0	0	0	0	23,291	23,291	(23,291)
Net Change in Fund Balance	\$ 58,253	1,536	(8,517)	51,272	0	0	51,272
Fund Balance, July 1, 2007	56,023	(1,536)	0	54,487	45,000	45,000	9,487
Fund Balance, June 30, 2008	\$ 114,276	0	(8,517)	105,759	45,000	45,000	60,759

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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, long-term debt principal, interest, and related costs.

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Exhibit H

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 14,318,907	\$ 13,527,122	\$ 13,527,122	\$ 791,785
Other Local Revenues	647,533	518,000	518,000	129,533
State of Tennessee	0	200,000	200,000	(200,000)
Other Governments and Citizens Groups	210,266	215,000	215,000	(4,734)
Total Revenues	\$ 15,176,706	\$ 14,460,122	\$ 14,460,122	\$ 716,584
Expenditures				
<u>Principal on Debt</u>				
General Government	\$ 3,720,501	\$ 4,376,861	\$ 4,376,861	\$ 656,360
<u>Interest on Debt</u>				
General Government	8,351,919	9,328,444	9,328,444	976,525
<u>Other Debt Service</u>				
General Government	1,823,294	1,110,834	1,881,457	58,163
Total Expenditures	\$ 13,895,714	\$ 14,816,139	\$ 15,586,762	\$ 1,691,048
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,280,992	\$ (356,017)	\$ (1,126,640)	\$ 2,407,632
Other Financing Sources (Uses)				
Refunding Debt Issued	\$ 69,975,000	0	\$ 69,975,000	\$ 0
Premiums on Debt Issued	280,623	0	280,623	0
Payments to Refunded Debt Escrow Agent	(69,485,000)	0	(69,485,000)	0
Total Other Financing Sources (Uses)	\$ 770,623	\$ 0	\$ 770,623	\$ 0
Net Change in Fund Balance	\$ 2,051,615	\$ (356,017)	\$ (356,017)	\$ 2,407,632
Fund Balance, July 1, 2007	8,096,296	6,000,000	6,000,000	2,096,296
Prior Period Adjustment	100,927	0	0	100,927
Fund Balance, June 30, 2008	\$ 10,248,838	\$ 5,643,983	\$ 5,643,983	\$ 4,604,855

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Fiduciary Funds

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

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

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

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

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

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

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Exhibit I-1

Blount County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2008

	Agency Funds								Total					
	Cities -		City		School		Joint	Constitu-						
	Sales	Tax	School	ADA -	ADA -	Maryville				tional				
						Venture	Officers -	Other						
							Agency	Agency						
ASSETS														
Equity in Pooled Cash and Investments	\$	0	\$	5,114	\$	16,040	\$	1,138,903	\$	0	\$	563,007	\$	1,723,064
Cash		0		0		0		0		2,340,246		0		2,340,246
Accounts Receivable		0		0		0		2,352		259,964		0		262,316
Due from Other Governments		2,520,449		254,044		796,826		42,128		0		0		3,613,447
Taxes Receivable		0		2,496,981		7,835,059		0		0		0		10,332,040
Allowance for Uncollectible Taxes		0		(52,817)		(165,728)		0		0		0		(218,545)
Total Assets	\$	2,520,449	\$	2,703,322	\$	8,482,197	\$	1,183,383	\$	2,600,210	\$	563,007	\$	18,052,568
LIABILITIES														
Accounts Payable	\$	0	\$	0	\$	0	\$	12,170	\$	0	\$	0	\$	12,170
Payroll Deductions Payable		0		0		0		0		0		563,007		563,007
Due to Other Taxing Units		2,520,449		2,703,322		8,482,197		0		0		0		13,705,968
Due to Litigants, Heirs, and Others		0		0		0		0		2,600,210		0		2,600,210
Due to Joint Ventures		0		0		0		1,096,757		0		0		1,096,757
Other Current Liabilities		0		0		0		74,456		0		0		74,456
Total Liabilities	\$	2,520,449	\$	2,703,322	\$	8,482,197	\$	1,183,383	\$	2,600,210	\$	563,007	\$	18,052,568

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 14,618,317	\$ 14,618,317	\$ 0
Due from Other Governments	2,529,276	2,520,449	2,529,276	2,520,449
Total Assets	\$ 2,529,276	\$ 17,138,766	\$ 17,147,593	\$ 2,520,449
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,529,276	\$ 17,138,766	\$ 17,147,593	\$ 2,520,449
Total Liabilities	\$ 2,529,276	\$ 17,138,766	\$ 17,147,593	\$ 2,520,449
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 8,070	\$ 7,877,932	\$ 7,880,888	\$ 5,114
Due from Other Governments	271,626	254,044	271,626	254,044
Taxes Receivable	2,413,293	2,496,981	2,413,293	2,496,981
Allowance for Uncollectible Taxes	(28,167)	(52,817)	(28,167)	(52,817)
Total Assets	\$ 2,664,822	\$ 10,576,140	\$ 10,537,640	\$ 2,703,322
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,664,822	\$ 10,576,140	\$ 10,537,640	\$ 2,703,322
Total Liabilities	\$ 2,664,822	\$ 10,576,140	\$ 10,537,640	\$ 2,703,322
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,815	\$ 24,752,722	\$ 24,761,497	\$ 16,040
Due from Other Governments	835,229	796,826	835,229	796,826
Taxes Receivable	7,420,688	7,835,059	7,420,688	7,835,059
Allowance for Uncollectible Taxes	(86,613)	(165,728)	(86,613)	(165,728)
Total Assets	\$ 8,194,119	\$ 33,218,879	\$ 32,930,801	\$ 8,482,197
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,194,119	\$ 33,218,879	\$ 32,930,801	\$ 8,482,197
Total Liabilities	\$ 8,194,119	\$ 33,218,879	\$ 32,930,801	\$ 8,482,197

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,056,085	\$ 244,642	\$ 161,824	\$ 1,138,903
Accounts Receivable	5,445	2,352	5,445	2,352
Due from Other Governments	10	42,128	10	42,128
Total Assets	\$ 1,061,540	\$ 289,122	\$ 167,279	\$ 1,183,383
<u>Liabilities</u>				
Accounts Payable	\$ 1,244	\$ 12,170	\$ 1,244	\$ 12,170
Due to Joint Venture	977,235	202,496	82,974	1,096,757
Other Current Liabilities	83,061	74,456	83,061	74,456
Total Liabilities	\$ 1,061,540	\$ 289,122	\$ 167,279	\$ 1,183,383
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,906,169	\$ 23,642,902	\$ 24,208,825	\$ 2,340,246
Accounts Receivable	14,557	259,964	14,557	259,964
Total Assets	\$ 2,920,726	\$ 23,902,866	\$ 24,223,382	\$ 2,600,210
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,920,726	\$ 23,902,866	\$ 24,223,382	\$ 2,600,210
Total Liabilities	\$ 2,920,726	\$ 23,902,866	\$ 24,223,382	\$ 2,600,210
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 197,247	\$ 77,017,510	\$ 76,651,750	\$ 563,007
Total Assets	\$ 197,247	\$ 77,017,510	\$ 76,651,750	\$ 563,007
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 197,247	\$ 77,017,510	\$ 76,651,750	\$ 563,007
Total Liabilities	\$ 197,247	\$ 77,017,510	\$ 76,651,750	\$ 563,007

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
Totals - All Agency Funds				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,286,217	\$ 124,511,123	\$ 124,074,276	\$ 1,723,064
Cash	2,906,169	23,642,902	24,208,825	2,340,246
Accounts Receivable	20,002	262,316	20,002	262,316
Due from Other Governments	3,636,141	3,613,447	3,636,141	3,613,447
Taxes Receivable	9,833,981	10,332,040	9,833,981	10,332,040
Allowance for Uncollectible Taxes	(114,780)	(218,545)	(114,780)	(218,545)
Total Assets	\$ 17,567,730	\$ 162,143,283	\$ 161,658,445	\$ 18,052,568
<u>Liabilities</u>				
Accounts Payable	\$ 1,244	\$ 12,170	\$ 1,244	\$ 12,170
Payroll Deductions Payable	197,247	77,017,510	76,651,750	563,007
Due to Other Taxing Units	13,388,217	60,933,785	60,616,034	13,705,968
Due to Litigants, Heirs, and Others	2,920,726	23,902,866	24,223,382	2,600,210
Due to Joint Ventures	977,235	202,496	82,974	1,096,757
Other Current Liabilities	83,061	74,456	83,061	74,456
Total Liabilities	\$ 17,567,730	\$ 162,143,283	\$ 161,658,445	\$ 18,052,568

Blount County School Department

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

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

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

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

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

1. The first part of the document is a list of the names of the members of the committee.

2. The second part is a list of the names of the members of the committee.

3. The third part is a list of the names of the members of the committee.

4. The fourth part is a list of the names of the members of the committee.

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6. The sixth part is a list of the names of the members of the committee.

7. The seventh part is a list of the names of the members of the committee.

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Exhibit J-1

Blount County, Tennessee
 Statement of Activities
 Discretely Presented Blount County School Department
 For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Charges for Services	Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities			Total Governmental Activities	Governmental Activities
Governmental Activities:							
Instruction	\$ 53,197,807	\$ 37,545	\$ 5,067,896	\$ 15,390	\$ (48,076,976)		
Support Services	27,921,021	4,444,977	48,975	24,490,893	1,063,824		
Operation of Non-Instructional Services	7,814,352	0	2,610,358	0	(5,203,994)		
Total Governmental Activities	\$ 88,933,180	\$ 4,482,522	\$ 7,727,229	\$ 24,506,283	\$ (52,217,146)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 16,531,569		
Local Option Sales Taxes					10,717,260		
Business Taxes					367,529		
Other Local Taxes					8,691		
Grants and Contributions Not Restricted for Specific Programs					45,433,236		
Unrestricted Investment Income					506,843		
Miscellaneous					201,139		
Total General Revenues					\$ 73,766,267		
Change in Net Assets					\$ 21,549,121		
Net Assets, July 1, 2007					111,762,074		
Net Assets, June 30, 2008					\$ 133,311,195		

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 10,033,857	\$ 740,948	\$ 10,774,805
Accounts Receivable	44,270	118,552	162,822
Due from Other Governments	1,934,212	826,724	2,760,936
Due from Other Funds	13,672	135,311	148,983
Due from Primary Government	5,504	479	5,983
Property Taxes Receivable	18,107,377	0	18,107,377
Allowance for Uncollectible Property Taxes	(383,010)	0	(383,010)
Total Assets	\$ 29,755,882	\$ 1,822,014	\$ 31,577,896
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 524,957	\$ 64,928	\$ 589,885
Accrued Payroll	4,102,513	437,091	4,539,604
Due to Other Funds	135,311	13,672	148,983
Due to Primary Government	598,201	70,823	669,024
Other Current Liabilities	573,246	57,625	630,871
Deferred Revenue - Current Property Taxes	17,214,635	0	17,214,635
Deferred Revenue - Delinquent Property Taxes	451,159	0	451,159
Total Liabilities	\$ 23,600,022	\$ 644,139	\$ 24,244,161
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 581,585	\$ 165,496	\$ 747,081
Reserved for Title I Grants to Local Education Agencies	0	5,987	5,987
Reserved for Special Education - Grants to States	0	19,470	19,470
Unreserved, Reported In:			
General Fund	5,574,275	0	5,574,275
Special Revenue Funds	0	986,922	986,922
Total Fund Balances	\$ 6,155,860	\$ 1,177,875	\$ 7,333,735
Total Liabilities and Fund Balances	\$ 29,755,882	\$ 1,822,014	\$ 31,577,896

Exhibit J-3

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Blount County School Department
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	7,333,735
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	9,951,059	
Add: construction in progress		33,179,678	
Add: buildings and improvements net of accumulated depreciation		84,210,496	
Add: other capital assets net of accumulated depreciation		<u>886,785</u>	128,228,018
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			451,159
(3) 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.			(91,806)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(2,549,516)	
Less: compensated absences payable		<u>(60,395)</u>	<u>(2,609,911)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 133,311,195</u>

Exhibit J-4

Blount County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Blount County School Department
For the Year Ended June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 27,731,451	\$ 0	\$ 27,731,451
Licenses and Permits	4,260	0	4,260
Charges for Current Services	37,545	4,395,813	4,433,358
Other Local Revenues	799,635	45,894	845,529
State of Tennessee	45,384,415	191,414	45,575,829
Federal Government	307,353	6,780,900	7,088,253
Total Revenues	<u>\$ 74,264,659</u>	<u>\$ 11,414,021</u>	<u>\$ 85,678,680</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 49,652,560	\$ 3,524,754	\$ 53,177,314
Support Services	24,253,522	1,017,705	25,271,227
Operation of Non-Instructional Services	414,022	7,179,813	7,593,835
Capital Outlay	163,913	0	163,913
Debt Service:			
Principal on Debt	615,141	0	615,141
Interest on Debt	168,766	0	168,766
Total Expenditures	<u>\$ 75,267,924</u>	<u>\$ 11,722,272</u>	<u>\$ 86,990,196</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (1,003,265)</u>	<u>\$ (308,251)</u>	<u>\$ (1,311,516)</u>
Net Change in Fund Balances	\$ (1,003,265)	\$ (308,251)	\$ (1,311,516)
Fund Balance, July 1, 2007	6,077,534	1,486,126	7,563,660
Prior Period Adjustment	1,081,591	0	1,081,591
Fund Balance, June 30, 2008	<u>\$ 6,155,860</u>	<u>\$ 1,177,875</u>	<u>\$ 7,333,735</u>

Exhibit J-5

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (1,311,516)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 153,379	
Less: current year depreciation expense	<u>(2,515,583)</u>	(2,362,204)
(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.		24,506,283
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes/other deferred June 30, 2007	\$ (1,430,489)	
Add: prior-period adjustment to restate June 30, 2007, deferred revenues	1,081,591	
Add: deferred delinquent property taxes/other deferred June 30, 2008	<u>451,159</u>	102,261
(4) The issuance of long-term debt (e.g., notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes	\$ 420,000	
Add: principal payments on capital leases	<u>195,141</u>	615,141
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 6,165	
Change in compensated absences payable	<u>(7,009)</u>	(844)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 21,549,121</u>

Exhibit J-6

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2008

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 22,059	\$ 417,778	\$ 301,111	\$ 740,948
Accounts Receivable	0	5,221	113,331	118,552
Due from Other Governments	315,497	494,166	17,061	826,724
Due from Other Funds	135,311	0	0	135,311
Due from Primary Government	479	0	0	479
Total Assets	\$ 473,346	\$ 917,165	\$ 431,503	\$ 1,822,014
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 18,778	\$ 13,934	\$ 32,216	\$ 64,928
Accrued Payroll	292,418	62,829	81,844	437,091
Due to Other Funds	13,672	0	0	13,672
Due to Primary Government	36,872	27,576	6,375	70,823
Other Current Liabilities	37,860	11,221	8,544	57,625
Total Liabilities	\$ 399,600	\$ 115,560	\$ 128,979	\$ 644,139
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 48,289	\$ 95,909	\$ 21,298	\$ 165,496
Reserved for Title I Grants to Local Education Agencies	5,987	0	0	5,987
Reserved for Special Education - Grants to States	19,470	0	0	19,470
Unreserved	0	705,696	281,226	986,922
Total Fund Balances	\$ 73,746	\$ 801,605	\$ 302,524	\$ 1,177,875
Total Liabilities and Fund Balances	\$ 473,346	\$ 917,165	\$ 431,503	\$ 1,822,014

Exhibit J-7

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Blount County School Department
For the Year Ended June 30, 2008

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
Revenues				
Charges for Current Services	\$ 0	\$ 2,729,451	\$ 1,666,362	\$ 4,395,813
Other Local Revenues	0	25,830	20,064	45,894
State of Tennessee	0	57,657	133,757	191,414
Federal Government	4,423,276	2,357,624	0	6,780,900
Total Revenues	\$ 4,423,276	\$ 5,170,562	\$ 1,820,183	\$ 11,414,021
Expenditures				
Current:				
Instruction	\$ 3,524,754	\$ 0	\$ 0	\$ 3,524,754
Support Services	1,017,705	0	0	1,017,705
Operation of Non-Instructional Services	0	5,367,387	1,812,426	7,179,813
Total Expenditures	\$ 4,542,459	\$ 5,367,387	\$ 1,812,426	\$ 11,722,272
Excess (Deficiency) of Revenues Over Expenditures	\$ (119,183)	\$ (196,825)	\$ 7,757	\$ (308,251)
Net Change in Fund Balances	\$ (119,183)	\$ (196,825)	\$ 7,757	\$ (308,251)
Fund Balance, July 1, 2007	192,929	998,430	294,767	1,486,126
Fund Balance, June 30, 2008	\$ 73,746	\$ 801,605	\$ 302,524	\$ 1,177,875

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 27,731,451	\$ 0	\$ 0	\$ 27,731,451	\$ 27,459,000	\$ 27,712,500	\$ 18,951
Licenses and Permits	4,260	0	0	4,260	4,000	4,000	260
Charges for Current Services	37,545	0	0	37,545	38,000	38,000	(455)
Other Local Revenues	799,635	0	0	799,635	641,000	725,142	74,493
State of Tennessee	45,384,415	0	0	45,384,415	44,517,000	45,425,577	(41,162)
Federal Government	307,353	0	0	307,353	276,000	291,375	15,978
Total Revenues	\$ 74,264,659	\$ 0	\$ 0	\$ 74,264,659	\$ 72,935,000	\$ 74,196,594	\$ 68,065
Expenditures							
Instruction							
Regular Instruction Program	\$ 38,697,811	(15,640)	154,294	\$ 38,836,465	\$ 35,837,000	\$ 39,285,753	\$ 449,288
Special Education Program	7,084,154	(12,312)	26,232	7,098,074	7,561,500	7,549,239	451,165
Vocational Education Program	3,031,239	(2,290)	14,707	3,043,656	3,101,000	3,125,000	81,344
Adult Education Program	200,691	(284)	519	200,926	272,882	278,132	77,206
Other	638,665	(9,839)	1,008	629,834	630,000	630,000	166
Support Services							
Attendance	166,760	0	0	166,760	172,700	174,200	7,440
Health Services	663,906	(1,019)	22,788	685,675	536,500	686,000	325
Other Student Support	1,864,244	(4,820)	11,050	1,870,474	1,934,700	1,972,100	101,626
Regular Instruction Program	1,976,546	(2,887)	17,758	1,991,417	2,172,000	2,066,000	74,583
Special Education Program	464,048	(604)	2,800	466,244	457,000	479,500	13,256
Vocational Education Program	69,170	0	4,495	73,665	74,300	75,000	1,335
Adult Programs	108,011	(388)	388	108,011	118,300	119,800	11,789
Other Programs	145,517	0	0	145,517	125,600	175,075	29,558
Board of Education	1,057,752	(9,326)	13,293	1,061,719	1,108,000	1,096,200	34,481
Director of Schools	471,496	(12,913)	10,032	468,615	524,828	487,478	18,863

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 4,691,040	\$ (14,281)	\$ 4,715	\$ 4,681,474	\$ 4,902,050	\$ 4,761,698	\$ 80,224
Fiscal Services	162,619	0	0	162,619	167,790	169,340	6,721
Operation of Plant	6,440,444	(28,503)	8,003	6,419,944	6,663,000	6,448,000	28,056
Maintenance of Plant	1,591,215	(58,440)	48,883	1,581,658	1,724,000	1,620,800	39,142
Transportation	3,727,408	(962)	2,247	3,728,693	3,501,400	3,737,900	9,207
Central and Other	653,346	(9,940)	8,074	651,480	826,900	675,600	24,120
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	414,022	(2,250)	2,686	414,458	386,750	482,292	67,834
<u>Capital Outlay</u>							
Regular Capital Outlay	163,913	(12,875)	227,613	378,651	315,000	539,491	160,840
Principal on Debt	615,141	0	0	615,141	716,800	618,736	3,595
Education	168,766	0	0	168,766	0	169,210	444
Interest on Debt	\$ 75,267,924	(199,573)	581,585	\$ 75,649,936	\$ 73,830,000	\$ 77,422,544	\$ 1,772,608
Education							
Total Expenditures	\$ (1,003,265)	\$ 199,573	\$ (581,585)	\$ (1,385,277)	\$ (895,000)	\$ (3,225,950)	\$ 1,840,673
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,000	\$ 69,000	\$ (69,000)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,000	\$ 69,000	\$ (69,000)
Total Other Financing Sources (Uses)	\$ (1,003,265)	\$ 199,573	\$ (581,585)	\$ (1,385,277)	\$ (826,000)	\$ (3,156,950)	\$ 1,771,673
Net Change in Fund Balance	6,077,534	(199,573)	0	5,877,961	5,000,000	5,000,000	877,961
Fund Balance, July 1, 2007	1,081,591	0	0	1,081,591	0	0	1,081,591
Prior Period Adjustment	\$ 6,155,860	\$ 0	\$ (581,585)	\$ 5,574,275	\$ 4,174,000	\$ 1,843,050	\$ 3,731,225
Fund Balance, June 30, 2008							

Exhibit J-9

Blount County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Blount County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Federal Government	\$ 4,423,276	\$ 0	\$ 0	\$ 4,423,276	\$ 5,000,000	\$ 5,584,729	\$ (1,161,453)
Total Revenues	\$ 4,423,276	\$ 0	\$ 0	\$ 4,423,276	\$ 5,000,000	\$ 5,584,729	\$ (1,161,453)
Expenditures							
Instruction							
Regular Instruction Program	\$ 1,837,401	\$ (5,394)	\$ 70	\$ 1,832,077	\$ 1,952,000	\$ 2,028,393	\$ 196,316
Special Education Program	1,517,283	0	963	1,518,246	1,882,000	2,203,898	685,652
Vocational Education Program	170,070	(15,152)	11,526	166,444	238,000	204,512	38,068
Support Services							
Other Student Support	138,782	(723)	4,212	142,271	57,000	155,482	13,211
Regular Instruction Program	167,170	(12,688)	3,202	157,684	190,000	158,845	1,161
Special Education Program	585,338	(46,469)	27,950	566,819	583,000	671,156	104,337
Vocational Education Program	2,904	(754)	366	2,516	8,000	2,516	0
Transportation	122,630	0	0	122,630	90,000	159,010	36,380
Central and Other	881	(27)	0	854	0	917	63
Total Expenditures	\$ 4,542,459	\$ (81,207)	\$ 48,289	\$ 4,509,541	\$ 5,000,000	\$ 5,584,729	\$ 1,075,188
Excess (Deficiency) of Revenues Over Expenditures	\$ (119,183)	\$ 81,207	\$ (48,289)	\$ (86,265)	\$ 0	\$ 0	\$ (86,265)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (119,183)	\$ 81,207	\$ (48,289)	\$ (86,265)	\$ 0	\$ 0	\$ (86,265)
	192,929	(81,207)	0	111,722	0	0	111,722
Fund Balance, June 30, 2008	\$ 73,746	\$ 0	\$ (48,289)	\$ 25,457	\$ 0	\$ 0	\$ 25,457

Exhibit J-10

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Blount County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,729,451	\$ 0	\$ 0	\$ 2,729,451	\$ 2,898,000	\$ 2,829,000	\$ (99,549)
Other Local Revenues	25,830	0	0	25,830	22,000	22,000	3,830
State of Tennessee	57,657	0	0	57,657	57,000	57,000	657
Federal Government	2,357,624	0	0	2,357,624	2,249,000	2,280,000	77,624
Total Revenues	\$ 5,170,562	\$ 0	\$ 0	\$ 5,170,562	\$ 5,226,000	\$ 5,188,000	\$ (17,438)
<u>Expenditures</u>							
Operation of Non-Instructional Services							
Food Service	\$ 5,367,387	(148,416)	95,909	\$ 5,314,880	\$ 5,317,000	\$ 5,330,000	\$ 15,120
Total Expenditures	\$ 5,367,387	(148,416)	95,909	\$ 5,314,880	\$ 5,317,000	\$ 5,330,000	\$ 15,120
Excess (Deficiency) of Revenues Over Expenditures	\$ (196,825)	148,416	(95,909)	(144,318)	(91,000)	(142,000)	(2,318)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (196,825)	148,416	(95,909)	(144,318)	(91,000)	(142,000)	(2,318)
	998,430	(148,416)	0	850,014	900,000	900,000	(49,986)
Fund Balance, June 30, 2008	\$ 801,605	0	(95,909)	705,696	809,000	758,000	(52,304)

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Charges for Current Services	\$ 1,666,362 \$	0 \$	0 \$	1,666,362 \$	1,602,000 \$	1,616,200 \$	50,162
Other Local Revenues	20,064	0	0	20,064	20,000	20,000	64
State of Tennessee	133,757	0	0	133,757	95,000	95,000	38,757
Total Revenues	\$ 1,820,183 \$	0 \$	0 \$	1,820,183 \$	1,717,000 \$	1,731,200 \$	88,983
Expenditures							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,812,426 \$	(26,471) \$	21,298 \$	1,807,253 \$	1,807,000 \$	1,853,000 \$	45,747
Total Expenditures	\$ 1,812,426 \$	(26,471) \$	21,298 \$	1,807,253 \$	1,807,000 \$	1,853,000 \$	45,747
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,757 \$	26,471 \$	(21,298) \$	12,930 \$	(90,000) \$	(121,800) \$	134,730
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 7,757 \$	26,471 \$	(21,298) \$	12,930 \$	(90,000) \$	(121,800) \$	134,730
	294,767	(26,471)	0	268,296	250,000	250,000	18,296
Fund Balance, June 30, 2008	\$ 302,524 \$	0 \$	(21,298) \$	281,226 \$	160,000 \$	128,200 \$	153,026

MISCELLANEOUS SCHEDULES

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Exhibit K-1

Blount County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases and Bonds
 Primary Government and Discretely Presented Blount County School Department
 For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
Industrial Park	\$ 2,500,000	4.2 to 6%	6-26-1998	4-1-10	\$ 770,000	\$ 0	245,000	\$ 0	\$ 525,000
Total Notes Payable					\$ 770,000	\$ 0	245,000	\$ 0	\$ 525,000
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Jail Project (Series IIB)	10,000,000	Variable	12-31-1996	12-31-16	\$ 6,635,000	\$ 0	800,000	5,835,000	\$ 0
School, Jail, and Courthouse	20,000,000	4 to 4.55	8-1-1998	4-1-08	975,000	0	975,000	0	0
Various Purposes	7,000,000	4.15 to 4.8	8-1-1999	4-1-09	675,000	0	330,000	0	345,000
Various Purposes (Series IV-C-1)	39,000,000	Variable(3)	3-1-00	6-1-23	39,000,000	0	0	0	39,000,000
Library	4,100,000	Variable	12-1-00	6-1-23	2,900,000	0	300,000	0	2,600,000
Various Purposes (Series A-1-A)	20,000,000	Variable(3)	4-1-01	6-1-31	20,000,000	0	0	0	20,000,000
Various Purposes (Series A-5-A)	10,000,000	Variable(4)	6-27-02	6-1-30	10,000,000	0	0	0	10,000,000
Various Purposes (Series B-1-C)	9,100,000	Variable	2-27-03	6-1-30	7,225,000	0	300,000	0	10,000,000
Various Purposes (Series B-4-A)	10,000,000	Variable(4)	1-29-04	6-1-28	10,000,000	0	0	0	10,000,000
Various Purposes (Series D-1-B)	14,000,000	Variable(5)	3-17-05	6-1-27	14,000,000	0	0	0	14,000,000
Various Purposes (Series D-5-A)	13,650,000	Variable	12-28-05	6-1-27	13,650,000	0	0	0	13,650,000
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	2,000,000	0	100,000	0	1,900,000
School (Series D-8-A)	35,000,000	Variable	6-29-06	6-1-37	17,994,963	17,005,037	0	35,000,000	0
School (Series D-10-A)	15,000,000	Variable	5-24-07	6-1-37	185,200	14,814,800	0	15,000,000	0
Various Purposes (Series B-16-A)	(1)	3 to 5	5-15-08	6-1-37	0	31,106,377	0	0	31,106,377
Refunding (Series E-1-A)	50,500,000	Variable	6-20-08	6-1-37	0	50,500,000	0	0	50,500,000
Industrial Park (Series B-17-A)	(2)	3.25 to 4.5	6-20-08	6-1-30	0	1,506,115	0	0	1,506,115
Tennessee State School Bond Authority Loan Agreement									
Qualified Zone Academy Bonds - School Building, Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	636,270	0	40,501	0	595,769
Total Other Loans Payable					\$ 145,876,433	\$ 114,932,329	\$ 2,845,501	\$ 69,485,000	\$ 188,478,261

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
PRIMARY GOVERNMENT (CONT.)									
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Refunding, Series 2004 A	\$ 7,405,000	2 to 4.15%	9-1-04	3-1-19	\$ 7,240,000	\$ 0	\$ 500,000	\$ 0	\$ 6,740,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	4,955,000	0	45,000	0	4,910,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	14,775,000	0	85,000	0	14,690,000
Total Bonds Payable	\$ 26,970,000				\$ 26,970,000	\$ 0	\$ 630,000	\$ 0	\$ 26,340,000
CAPITAL LEASES PAYABLE									
Payable through General Debt Service Fund									
Drug Task Force Building	350,000	4.5	11-1-05	6-1-19	\$ 317,268	0	0	0	\$ 317,268
Total Capital Leases Payable					\$ 317,268	\$ 0	\$ 0	\$ 0	\$ 317,268
DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT									
NOTES PAYABLE									
Payable through General Purpose School Fund									
School	2,500,000	4	6-1-02	6-1-08	\$ 420,000	\$ 0	\$ 420,000	\$ 0	\$ 0
Total Notes Payable					\$ 420,000	\$ 0	\$ 420,000	\$ 0	\$ 0
CAPITAL LEASES PAYABLE									
Payable through General Purpose School Fund									
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	\$ 2,655,906	\$ 0	\$ 106,390	\$ 0	\$ 2,549,516
School Band Instruments	111,555	6.31	9-1-06	2-1-11	88,751	0	88,751	0	0
Total Capital Leases Payable					\$ 2,744,657	\$ 0	\$ 195,141	\$ 0	\$ 2,549,516

- (1) Total amount available under this Public Building Authority of Blount County Loan Agreement is \$33,550,000, of which \$2,443,623 had not been drawn as of June 30, 2008.
- (2) Total amount available under this Public Building Authority of Blount County Loan Agreement is \$3,000,000, of which \$1,493,885 had not been drawn as of June 30, 2008.
- (3) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.
- (4) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2005.
- (5) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2006.

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 255,000	\$ 23,497	\$ 278,497
2010	270,000	12,150	282,150
Total	\$ 525,000	\$ 35,647	\$ 560,647

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 2,515,501	\$ 7,251,226	\$ 651,753	\$ 10,418,480
2010	2,345,501	7,117,973	649,065	10,112,539
2011	2,390,501	7,050,553	646,270	10,087,324
2012	2,590,501	6,977,825	643,475	10,211,801
2013	2,580,501	6,898,328	640,573	10,119,402
2014	2,660,501	6,814,690	637,670	10,112,861
2015	2,740,501	6,731,483	635,960	10,107,934
2016	2,900,501	6,639,303	633,800	10,173,604
2017	3,035,501	6,543,648	631,650	10,210,799
2018	3,930,501	6,435,643	624,706	10,990,850
2019	4,010,501	6,308,965	609,247	10,928,713
2020	7,355,501	6,178,893	593,509	14,127,903
2021	7,760,501	5,944,825	563,207	14,268,533
2022	7,970,501	5,697,785	531,495	14,199,781
2023	8,254,870	5,450,386	498,041	14,203,297
2024	8,290,000	5,128,490	462,738	13,881,228
2025	8,600,000	4,719,513	446,638	13,766,151
2026	8,920,000	4,274,473	430,538	13,625,011
2027	9,245,000	3,813,433	414,438	13,472,871
2028	9,700,000	3,403,243	397,538	13,500,781
2029	10,155,000	3,076,088	355,638	13,586,726
2030	11,885,000	2,746,562	308,113	14,939,675
2031	12,585,000	2,109,100	256,349	14,950,449
2032	7,100,000	1,280,000	204,750	8,584,750
2033	7,106,377	1,091,250	175,050	8,372,677
2034	7,400,000	796,250	143,325	8,339,575
2035	7,750,000	611,250	110,025	8,471,275
2036	8,150,000	417,500	75,150	8,642,650
2037	8,550,000	213,750	38,475	8,802,225
Total	\$ 188,478,261	\$ 131,722,428	\$ 13,009,176	\$ 333,209,865

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 1,675,000	\$ 1,006,753	\$ 2,681,753
2010	2,085,000	956,503	3,041,503
2011	2,155,000	893,953	3,048,953
2012	2,220,000	825,263	3,045,263
2013	2,305,000	748,269	3,053,269
2014	2,385,000	661,294	3,046,294
2015	2,475,000	576,760	3,051,760
2016	2,585,000	467,560	3,052,560
2017	2,705,000	353,993	3,058,993
2018	2,820,000	231,455	3,051,455
2019	2,930,000	118,303	3,048,303
Total	\$ 26,340,000	\$ 6,840,106	\$ 33,180,106

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 41,968	\$ 13,354	\$ 55,322
2010	22,411	12,389	34,800
2011	23,419	11,380	34,799
2012	24,473	10,326	34,799
2013	25,575	9,225	34,800
2014	26,725	8,074	34,799
2015	27,928	6,871	34,799
2016	29,185	5,614	34,799
2017	30,498	4,301	34,799
2018	31,871	2,929	34,800
2019	33,215	1,495	34,710
Total	\$ 317,268	\$ 85,958	\$ 403,226

DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 118,111	\$ 137,709	\$ 255,820
2010	130,645	131,329	261,974
2011	144,040	124,273	268,313
2012	165,305	116,492	281,797
2013	181,166	107,564	288,730
2014	198,094	97,778	295,872
2015	216,149	87,078	303,227
2016	235,399	75,404	310,803
2017	255,918	62,689	318,607
2018	277,778	48,866	326,644
2019	301,061	33,862	334,923
2020	325,850	17,600	343,450
Total	\$ 2,549,516	\$ 1,040,644	\$ 3,590,160

Exhibit K-3

Blount County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	Operations	\$ 876,735
Self-Insurance	General	Payroll	<u>322,899</u>
Total Transfers			<u>\$ 1,199,634</u>

Exhibit K-4

Blount County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Blount County School Department
 For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 112,849	\$ 50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	77,587	100,000	"
Director of Schools	Board of Education	107,625 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	70,422	3,123,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	70,424	10,000	"
Director of Accounts and Budgets	County Commission	83,008 (2)	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	70,422	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	70,422	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	70,422	55,000	"
Register	Section 8-24-102, <u>TCA</u>	70,422	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	93,858 (3)	25,000	"
Purchasing Agent	and County Commission County Commission	57,093	25,000	"
Employee Blanket Bonds - All County Employees:				
Employee Theft			500,000	Fidelity and Deposit Company of Maryland
Forgery or Alteration			500,000	"
Inside the Premises			500,000	"
Outside the Premises			500,000	"
Computer Fraud			500,000	"

(1) Includes chief executive training supplement of \$1,000.
 (2) Includes \$12,586 for serving as assistant county mayor.
 (3) Includes \$7,881 for serving as director of the Juvenile Detention Center, a law enforcement training supplement of \$600, and \$7,803 for serving as superintendent of the workhouse.

Exhibit K-5

Blount County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2008

	Special Revenue Funds						District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
Local Taxes							
<u>County Property Taxes</u>							
Current Property Tax	\$ 20,214,593	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(265,897)	0	0	0	0	0	0
Trustee's Collections - Prior Year	674,929	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	94,490	0	0	0	0	0	0
Interest and Penalty	101,498	0	0	0	0	0	0
Pick-up Taxes	67,677	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	245,033	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	123,878	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	1,616,514	0	0	0	0	0	0
Litigation Tax - General	432,842	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	10,280	10,266	0	0	0	0
Business Tax	436,175	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
Other County Local Option Taxes	9,130	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	294,884	0	0	0	0	0	0
Wholesale Beer Tax	245,241	0	0	0	0	0	0
Total Local Taxes	\$ 24,290,987	\$ 10,280	\$ 10,266	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 587	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	585,024	0	0	0	0	0	0
<u>Permits</u>							
Building Permits	302,593	0	0	0	0	0	0
Other Permits	5,645	0	0	0	0	0	0
Total Licenses and Permits	\$ 893,849	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
Fines, Forfeitures, and Penalties								
<u>Circuit Court</u>								
Officers Costs	\$ 6,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	632	0	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	779
DUI Treatment Fines	0	0	0	0	0	0	0	0
<u>Criminal Court</u>								
Fines	3,871	0	0	0	0	0	0	0
Officers Costs	31,185	0	0	0	0	0	0	0
General Sessions Court								
Fines	133,539	0	0	0	0	0	0	0
Officers Costs	478,677	0	0	0	0	0	0	0
Game and Fish Fines	806	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	16,908	0	0	0
Jail Fees	47,142	0	0	0	0	0	0	0
District Attorney General Fees	71,735	0	0	0	0	0	0	16,857
DUI Treatment Fines	0	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	33,491	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	3,986	0	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties								
Proceeds from Confiscated Property	35,179	0	0	0	113,744	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 845,868	\$ 0	\$ 0	\$ 0	\$ 131,284	\$ 0	\$ 17,636	
Charges for Current Services								
<u>General Service Charges</u>								
Work Release Charges for Board	\$ 2,170	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	171,620	0	0	3,783	0	0	0	0
Fees								
Copy Fees	7,677	0	0	21,934	0	0	0	0
Library Fees	0	0	0	89,621	0	0	0	0
Telephone Commissions	23,623	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	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	
Charges for Current Services (Cont.)							
Fees (Cont.)							
Data Processing Fee - Register	\$ 56,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Probation Fees	594,448	0	0	0	0	0	0
Other Charges for Services	14,057	0	0	0	0	0	0
Total Charges for Current Services	\$ 869,649	\$ 0	\$ 0	\$ 115,338	\$ 0	\$ 0	\$ 0
Other Local Revenues							
Recurring Items							
Investment Income	\$ 285,421	\$ 0	\$ 0	\$ 35,985	\$ 50,614	\$ 3,920	\$ 0
Lease/Rentals	2	0	0	0	0	0	0
Sale of Materials and Supplies	413,554	0	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0	0
Sale of Maps	1,150	0	0	0	0	0	0
Miscellaneous Refunds	39	0	0	0	0	0	0
Nonrecurring Items							
Sale of Equipment	13,789	0	0	0	4,000	0	0
Sale of Property	0	0	0	0	0	0	0
Contributions and Gifts	3,295	0	0	7,191	0	0	0
Other Local Revenues	99,709	0	0	127,202	0	0	0
Total Other Local Revenues	\$ 816,969	\$ 0	\$ 0	\$ 170,328	\$ 54,614	\$ 3,920	\$ 0
Fees Received from County Officials							
Fees In-Lieu of Salary							
County Clerk	\$ 1,243,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	406,767	0	0	0	0	0	0
General Sessions Court Clerk	1,992,840	0	0	0	0	0	0
Clerk and Master	410,452	0	0	0	0	0	0
Register	832,693	0	0	0	0	0	0
Sheriff	57,644	0	0	0	0	0	0
Trustee	1,822,745	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,767,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	39,305	0	0	0	0	0	0	0
Other General Government Grants	38,000	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	172,800	0	0	0	0	0	0	0
Drug Control Grants	0	0	0	0	0	0	0	0
<u>Health and Welfare Grants</u>								
Health Department Programs	607,305	0	0	0	0	0	0	0
Other Health and Welfare Grants	15,789	0	0	0	0	0	0	0
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	0	0
Litter Program	51,177	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	778,736	0	0	0	0	0	0	0
Beer Tax	19,312	0	0	0	0	0	0	0
Alcoholic Beverage Tax	123,859	0	0	0	0	0	0	0
Mixed Drink Tax	71,180	0	0	0	0	0	0	0
Contracted Prisoner Boarding	812,713	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	131,899	0	0	13,000	0	0	0	0
Other State Revenues	92,852	0	0	0	0	0	0	0
Total State of Tennessee	\$ 2,980,307	\$ 0	\$ 0	\$ 13,000	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 592,519	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	245,983	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	3,325,529	0	0	0	0	0	0	0
Total Federal Government	\$ 4,164,031	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General		
Other Governments and Citizens Groups							
Other Governments							
Contributions	\$ 75,015	\$ 0	\$ 0	\$ 876,737	\$ 0	\$ 0	\$ 0
Contracted Services	1,450	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 76,465	\$ 0	\$ 0	\$ 876,737	\$ 0	\$ 0	\$ 0
Total	\$ 41,705,262	\$ 10,280	\$ 10,266	\$ 1,175,403	\$ 185,898	\$ 21,556	

(Continued)

Exhibit K-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				
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 0	\$ 0	\$ 13,430,867	\$ 0	\$ 0	\$ 0	\$ 33,645,460	
Discount on Property Taxes	0	0	(176,114)	0	0	0	(442,011)	
Trustee's Collections - Prior Year	0	0	463,060	0	0	0	1,137,989	
Circuit/Clerk & Master Collections - Prior Years	0	0	62,868	0	0	0	157,358	
Interest and Penalty	0	0	69,989	0	0	0	171,487	
Pick-up Taxes	0	0	45,117	0	0	0	112,794	
Payments in-Lieu-of Taxes - Local Utilities	0	0	113,192	0	0	0	358,225	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	123,878	
County Local Option Taxes								
Local Option Sales Tax	0	0	2,229,493	0	0	0	2,229,493	
Hotel/Motel Tax	0	0	0	0	0	0	1,616,514	
Litigation Tax - General	61,584	0	0	0	0	0	494,426	
Litigation Tax - Special Purpose	0	0	0	0	0	0	20,546	
Business Tax	0	0	309,928	0	0	0	746,103	
Mineral Severance Tax	0	0	116,132	0	0	0	116,132	
Other County Local Option Taxes	0	0	0	0	0	0	9,130	
Statutory Local Taxes								
Bank Excise Tax	0	0	0	0	0	0	294,864	
Wholesale Beer Tax	0	0	0	0	0	0	245,241	
Total Local Taxes	\$ 61,584	\$ 0	\$ 2,345,625	\$ 14,318,907	\$ 0	\$ 0	\$ 41,037,649	
Licenses and Permits								
Licenses								
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	587	
Cable TV Franchise	0	0	0	0	0	0	585,024	
Permits								
Building Permits	0	0	0	0	0	0	302,593	
Other Permits	0	0	279,597	0	0	0	285,242	
Total Licenses and Permits	\$ 0	\$ 0	\$ 279,597	\$ 0	\$ 0	\$ 0	\$ 1,173,446	

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway/ Public Works	Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers Fees	General Debt Service					
Fines, Forfeitures, and Penalties								
Circuit Court								
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,257
Drug Control Fines	0	0	0	0	0	0	0	632
Drug Court Fees	22,400	0	0	0	0	0	0	22,400
District Attorney General Fees	0	0	0	0	0	0	0	779
DUI Treatment Fines	2,313	0	0	0	0	0	0	2,313
Criminal Court								
Fines	0	0	0	0	0	0	0	3,871
Officers Costs	0	0	0	0	0	0	0	31,185
General Sessions Court								
Fines	0	0	0	0	0	0	0	133,539
Officers Costs	0	0	0	0	0	0	0	478,677
Game and Fish Fines	0	0	0	0	0	0	0	806
Drug Control Fines	0	0	0	0	0	0	0	16,908
Jail Fees	0	0	0	0	0	0	0	47,142
District Attorney General Fees	0	0	0	0	0	0	0	88,592
DUI Treatment Fines	18,730	0	0	0	0	0	0	18,730
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	33,491
Chancery Court								
Officers Costs	0	0	0	0	0	0	0	3,986
Other Fines, Forfeitures, and Penalties								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	148,923
Total Fines, Forfeitures, and Penalties	\$ 43,443	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,038,231
Charges for Current Services								
General Service Charges								
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,170
Other General Service Charges	0	0	0	0	0	0	0	175,403
Fees								
Copy Fees	0	0	0	0	0	0	0	29,611
Library Fees	0	0	0	0	0	0	0	89,621
Telephone Commissions	0	0	0	0	0	0	0	23,623
Constitutional Officers' Fees and Commissions	0	1,217	0	0	0	0	0	1,217

(Continued)

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund	Capital Projects Fund	Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers Fees	Other Capital Projects					
Charges for Current Services (Cont.)								
<u>Fees (Cont.)</u>								
Data Processing Fee - Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,054
Probation Fees	0	0	0	0	0	0	0	594,448
Other Charges for Services								
Other Charges for Services	2,277	0	0	0	0	0	0	16,334
Total Charges for Current Services	\$ 2,277	\$ 1,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 988,481
Other Local Revenues								
<u>Recurring Items</u>								
Investment Income	\$ 2,937	\$ 0	\$ 2,553	\$ 563,462	\$ 0	\$ 28,773	\$ 0	\$ 973,615
Lease/Rentals	0	0	0	28,000	0	0	0	28,002
Sale of Materials and Supplies	0	0	0	0	0	0	0	413,554
Sale of Gasoline	0	0	678,394	0	0	0	0	678,394
Sale of Maps	0	0	0	0	0	0	0	1,150
Miscellaneous Refunds	0	0	0	0	59,212	0	0	59,251
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	0	17,799
Sale of Property	0	0	0	56,071	299,800	0	0	355,871
Contributions and Gifts	500	0	0	0	0	0	0	10,986
Other Local Revenues								
Other Local Revenues	57	0	437,556	0	1,403	0	0	665,927
Total Other Local Revenues	\$ 3,494	\$ 0	\$ 1,118,503	\$ 647,533	\$ 360,415	\$ 28,773	\$ 0	\$ 3,204,549
Fees Received from County Officials								
<u>Fees In Lieu of Salary</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,243,996
Circuit Court Clerk	0	0	0	0	0	0	0	406,767
General Sessions Court Clerk	0	0	0	0	0	0	0	1,992,840
Clerk and Master	0	0	0	0	0	0	0	410,452
Register	0	0	0	0	0	0	0	832,693
Sheriff	0	0	0	0	0	0	0	57,644
Trustee	0	0	0	0	0	0	0	1,822,745
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,767,137

(Continued)

Exhibit K-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				
State of Tennessee										
General Government Grants										
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	0	0	0	0	39,305
Other General Government Grants	0	0	0	0	0	0	0	0	0	38,000
Public Safety Grants										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	172,800
Drug Control Grants	22,000	0	0	0	0	0	0	0	0	22,000
Health and Welfare Grants										
Health Department Programs	0	0	0	0	0	0	0	0	0	607,305
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	0	15,789
Public Works Grants										
State Aid Program	0	0	175,032	0	0	0	0	0	0	175,032
Litter Program	0	0	0	0	0	0	0	0	0	51,177
Other State Revenues										
Income Tax	0	0	0	0	0	0	0	0	0	778,736
Beer Tax	0	0	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	123,859
Mixed Drink Tax	0	0	0	0	0	0	0	0	0	71,180
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	812,713
Gasoline and Motor Fuel Tax	0	0	2,506,006	0	0	0	0	0	0	2,506,006
Petroleum Special Tax	0	0	84,987	0	0	0	0	0	0	84,987
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	0	0	0	144,899
Other State Revenues	0	0	0	0	0	0	0	0	0	92,852
Total State of Tennessee	\$ 22,000	\$ 0	\$ 2,766,025	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,781,332
Federal Government										
Federal Through State										
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	592,519
Other Federal through State	42,901	0	0	0	25,459	0	0	0	0	314,343
Direct Federal Revenue										
Other Direct Federal Revenue	0	0	0	0	1,954,788	0	0	0	0	5,280,317
Total Federal Government	\$ 42,901	\$ 0	\$ 0	\$ 0	\$ 1,980,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,187,179

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	General Debt Service	Other Capital Projects	Permanent Fund	Total
	Other Special Revenue	Constitu- tional Officers Fees	Debt Service Fund					
Other Governments and Citizens Groups								
Other Governments								
Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	951,752
Contracted Services	0	0	0	210,266	0	0	0	211,716
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	210,266 \$	0 \$	0 \$	0 \$	1,163,468
Total	\$ 175,699 \$	1,217 \$	6,509,750 \$	15,176,706 \$	2,340,662 \$	28,773 \$		67,341,472

Exhibit K-6

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
Local Taxes					
County Property Taxes					
Current Property Tax	\$ 15,869,608	\$ 0	\$ 0	\$ 0	\$ 15,869,608
Discount on Property Taxes	(208,854)	0	0	0	(208,854)
Trustee's Collections - Prior Year	614,434	0	0	0	614,434
Circuit/Clerk & Master Collections - Prior Years	74,539	0	0	0	74,539
Interest and Penalty	84,974	0	0	0	84,974
Pick-up Taxes	56,993	0	0	0	56,993
Payments in-Lieu-of Taxes - T.V.A.	12,154	0	0	0	12,154
Payments in-Lieu-of Taxes - Local Utilities	134,123	0	0	0	134,123
County Local Option Taxes					
Local Option Sales Tax	10,717,260	0	0	0	10,717,260
Business Tax	367,529	0	0	0	367,529
Other County Local Option Taxes	8,691	0	0	0	8,691
Total Local Taxes	\$ 27,731,451	\$ 0	\$ 0	\$ 0	\$ 27,731,451
Licenses and Permits					
Licenses					
Marriage Licenses	\$ 4,260	\$ 0	\$ 0	\$ 0	\$ 4,260
Total Licenses and Permits	\$ 4,260	\$ 0	\$ 0	\$ 0	\$ 4,260
Charges for Current Services					
Education Charges					
Contract for Instructional Services with Other LEAs	\$ 37,545	\$ 0	\$ 0	\$ 0	\$ 37,545
Receipts from Individual Schools	0	0	2,729,451	0	2,729,451
Community Service Fees - Children	0	0	0	1,666,362	1,666,362
Total Charges for Current Services	\$ 37,545	\$ 0	\$ 2,729,451	\$ 1,666,362	\$ 4,433,358
Other Local Revenues					
Recurring Items					
Investment Income	\$ 467,641	\$ 0	\$ 25,830	\$ 13,372	\$ 506,843
Lease/Rentals	49,164	0	0	0	49,164
Miscellaneous Refunds	67,128	0	0	0	67,128
Nonrecurring Items					
Sale of Equipment	215	0	0	0	215
Damages Recovered from Individuals	15,060	0	0	0	15,060
Contributions and Gifts	88,383	0	0	0	88,383
Other Local Revenues					
Other Local Revenues	112,044	0	0	6,692	118,736
Total Other Local Revenues	\$ 799,635	\$ 0	\$ 25,830	\$ 20,064	\$ 845,529
State of Tennessee					
General Government Grants					
On-behalf Contributions for OPEB	\$ 48,975	\$ 0	\$ 0	\$ 0	\$ 48,975
State Education Funds					
Basic Education Program	42,483,000	0	0	0	42,483,000
Early Childhood Education	73,294	0	0	0	73,294
School Food Service	0	0	57,657	0	57,657
Driver Education	15,730	0	0	0	15,730
Other State Education Funds	170,337	0	0	133,757	304,094

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder Program	\$ 566,745	\$ 0	\$ 0	\$ 0	\$ 566,745
Career Ladder - Extended Contract	252,537	0	0	0	252,537
<u>Other State Revenues</u>					
Mixed Drink Tax	45,311	0	0	0	45,311
State Revenue Sharing - T.V.A.	1,083,520	0	0	0	1,083,520
Other State Grants	548,460	0	0	0	548,460
Other State Revenues	96,506	0	0	0	96,506
Total State of Tennessee	<u>\$ 45,384,415</u>	<u>\$ 0</u>	<u>\$ 67,657</u>	<u>\$ 133,757</u>	<u>\$ 45,575,829</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,746,490	\$ 0	\$ 1,746,490
Breakfast	0	0	611,134	0	611,134
Adult Education State Grant Program	143,913	0	0	0	143,913
Vocational Education - Basic Grants to States	0	192,022	0	0	192,022
Title I Grants to Local Education Agencies	0	1,485,340	0	0	1,485,340
Innovative Education Program Strategies	0	34,759	0	0	34,759
Special Education - Grants to States	41,375	2,156,345	0	0	2,197,720
Eisenhower Professional Development State Grants	0	507,659	0	0	507,659
Other Federal through State	0	47,151	0	0	47,151
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	122,065	0	0	0	122,065
Total Federal Government	<u>\$ 307,353</u>	<u>\$ 4,423,276</u>	<u>\$ 2,357,624</u>	<u>\$ 0</u>	<u>\$ 7,088,253</u>
Total	<u>\$ 74,264,659</u>	<u>\$ 4,423,276</u>	<u>\$ 5,170,562</u>	<u>\$ 1,820,183</u>	<u>\$ 85,678,680</u>

Exhibit K-7

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Clerical Personnel	\$	39,124	
Temporary Personnel		3,186	
Board and Committee Members Fees		113,400	
Social Security		9,478	
State Retirement		3,995	
Employee and Dependent Insurance		6,320	
Life Insurance		149	
Medical Insurance		4,127	
Dental Insurance		251	
Unemployment Compensation		87	
Employer Medicare		2,237	
Dues and Memberships		6,158	
Operating Lease Payments		1,860	
Legal Notices, Recording, and Court Costs		1,100	
Printing, Stationery, and Forms		322	
Travel		3,648	
Tuition		1,510	
Other Contracted Services		4,970	
Data Processing Supplies		209	
Duplicating Supplies		522	
Office Supplies		360	
Periodicals		18	
Other Supplies and Materials		256	
Workers' Compensation Insurance		232	
Total County Commission			\$ 203,519

Board of Equalization

Board and Committee Members Fees	\$	390	
Social Security		24	
Unemployment Compensation		3	
Employer Medicare		6	
Workers' Compensation Insurance		4	
Total Board of Equalization			427

Beer Board

Legal Notices, Recording, and Court Costs	\$	313	
Total Beer Board			313

Budget and Finance Committee

Operating Lease Payments	\$	700	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Budget and Finance Committee (Cont.)

Legal Notices, Recording, and Court Costs	\$	600	
Printing, Stationery, and Forms		500	
Other Contracted Services		250	
Duplicating Supplies		550	
Other Charges		500	
Total Budget and Finance Committee			\$ 3,100

County Mayor/Executive

County Official/Administrative Officer	\$	112,849	
Assistant(s)		12,586	
Clerical Personnel		73,946	
Social Security		11,753	
State Retirement		20,257	
Employee and Dependent Insurance		12,717	
Life Insurance		502	
Medical Insurance		12,439	
Dental Insurance		757	
Unemployment Compensation		113	
Employer Medicare		2,663	
Advertising		626	
Dues and Memberships		2,766	
Maintenance and Repair Services - Office Equipment		283	
Travel		421	
Tuition		1,588	
Office Supplies		765	
Periodicals		125	
Other Supplies and Materials		206	
Workers' Compensation Insurance		300	
Other Charges		1,498	
Total County Mayor/Executive			269,160

Personnel Office

Supervisor/Director	\$	68,485
Clerical Personnel		40,412
Social Security		6,375
State Retirement		11,118
Employee and Dependent Insurance		12,641
Life Insurance		346
Medical Insurance		8,255
Dental Insurance		502

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Unemployment Compensation	\$	112	
Employer Medicare		1,491	
Advertising		1,205	
Dues and Memberships		1,272	
Operating Lease Payments		1,800	
Legal Services		1,590	
Travel		328	
Tuition		1,319	
Office Supplies		663	
Other Supplies and Materials		31	
Workers' Compensation Insurance		164	
Other Charges		5,488	
Total Personnel Office			\$ 163,597

Election Commission

County Official/Administrative Officer	\$	63,380
Clerical Personnel		64,475
Custodial Personnel		575
Temporary Personnel		26,602
Other Salaries and Wages		8,000
Election Commission		20,450
Election Workers		30,515
In-Service Training		8,910
Social Security		11,024
State Retirement		11,638
Life Insurance		438
Medical Insurance		11,694
Dental Insurance		711
Unemployment Compensation		532
Employer Medicare		2,686
Operating Lease Payments		780
Legal Notices, Recording, and Court Costs		6,485
Printing, Stationery, and Forms		3,362
Rentals		500
Travel		7,099
Tuition		3,518
Other Contracted Services		27,868
Office Supplies		3,343
Other Supplies and Materials		3,316
Workers' Compensation Insurance		404

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Data Processing Equipment	\$ 1,773	
Total Election Commission		\$ 320,078

Register of Deeds

County Official/Administrative Officer	\$ 70,422	
Clerical Personnel	255,476	
Part-time Personnel	425	
Social Security	19,717	
State Retirement	33,274	
Employee and Dependent Insurance	18,961	
Life Insurance	1,175	
Medical Insurance	37,147	
Dental Insurance	2,259	
Unemployment Compensation	451	
Employer Medicare	4,611	
Dues and Memberships	877	
Operating Lease Payments	6,492	
Printing, Stationery, and Forms	1,110	
Travel	714	
Tuition	240	
Other Contracted Services	1,050	
Data Processing Supplies	2,175	
Duplicating Supplies	1,554	
Office Supplies	649	
Other Supplies and Materials	1,038	
Workers' Compensation Insurance	506	
Other Charges	303	
Data Processing Equipment	59,267	
Total Register of Deeds		519,893

Planning

Assistant(s)	\$ 75,335
Supervisor/Director	66,748
Social Security	8,580
State Retirement	14,507
Employee and Dependent Insurance	10,007
Life Insurance	450
Medical Insurance	11,549
Dental Insurance	702
Unemployment Compensation	198

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Employer Medicare	\$	2,007	
Dues and Memberships		2,203	
Operating Lease Payments		1,896	
Legal Notices, Recording, and Court Costs		1,926	
Travel		892	
Duplicating Supplies		249	
Gasoline		90	
Library Books/Media		255	
Office Supplies		685	
Workers' Compensation Insurance		215	
Total Planning			\$ 198,494

Building

Supervisor/Director	\$	91,731	
Clerical Personnel		10,920	
Other Salaries and Wages		67,448	
Social Security		10,208	
State Retirement		15,481	
Employee and Dependent Insurance		9,382	
Life Insurance		638	
Medical Insurance		17,541	
Dental Insurance		1,067	
Unemployment Compensation		341	
Employer Medicare		2,401	
Communication		2,217	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		886	
Printing, Stationery, and Forms		1,166	
Travel		5,510	
Tuition		1,168	
Other Contracted Services		3,726	
Gasoline		4,327	
Instructional Supplies and Materials		706	
Office Supplies		1,483	
Other Supplies and Materials		3,556	
Workers' Compensation Insurance		267	
Other Charges		1,543	
Furniture and Fixtures		2,718	
Total Building			256,781

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

Supervisor/Director	\$	58,988	
Clerical Personnel		10,920	
Social Security		4,166	
State Retirement		6,580	
Employee and Dependent Insurance		9,481	
Life Insurance		234	
Medical Insurance		6,191	
Dental Insurance		377	
Unemployment Compensation		78	
Employer Medicare		979	
Advertising		529	
Dues and Memberships		2,500	
Legal Notices, Recording, and Court Costs		189	
Maintenance and Repair Services - Vehicles		279	
Printing, Stationery, and Forms		115	
Tuition		425	
Gasoline		1,663	
Office Supplies		338	
Workers' Compensation Insurance		105	
Other Charges		5,707	
Data Processing Equipment		325	
Total Codes Compliance			\$ 110,169

County Buildings

Supervisor/Director	\$	56,020
Clerical Personnel		23,394
Custodial Personnel		161,521
Maintenance Personnel		108,635
Part-time Personnel		15,439
Bonus Payments		27,500
Social Security		23,639
State Retirement		37,858
Employee and Dependent Insurance		36,242
Life Insurance		1,399
Medical Insurance		58,972
Dental Insurance		3,587
Unemployment Compensation		900
Employer Medicare		5,528
Dues and Memberships		98
Maintenance Agreements		40,587

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$	27,591	
Maintenance and Repair Services - Equipment		34,487	
Maintenance and Repair Services - Office Equipment		1,332	
Maintenance and Repair Services - Vehicles		1,008	
Pest Control		3,480	
Permits		860	
Other Contracted Services		1,015	
Custodial Supplies		38,621	
Equipment and Machinery Parts		667	
Gasoline		4,339	
Natural Gas		55,672	
Office Supplies		870	
Periodicals		109	
Tires and Tubes		1,089	
Uniforms		1,292	
Utilities		411,601	
Vehicle Parts		230	
Other Supplies and Materials		9,061	
Workers' Compensation Insurance		626	
Maintenance Equipment		10,322	
Total County Buildings			\$ 1,205,591

Other General Administration

Audit Services	\$	24,050	
Communication		153,701	
Legal Services		24,732	
Legal Notices, Recording, and Court Costs		123,354	
Postal Charges		159,790	
Other Contracted Services		117,703	
Electricity		2,368	
Utilities		3,166	
Boiler Insurance		1,857	
Building and Contents Insurance		12,030	
Vehicle and Equipment Insurance		62,302	
Other Charges		78,729	
Building Improvements		37,000	
Total Other General Administration			800,782

Preservation of Records

Other Salaries and Wages	\$	60,910	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Social Security	\$	3,656	
State Retirement		6,219	
Employee and Dependent Insurance		6,155	
Life Insurance		234	
Medical Insurance		8,255	
Dental Insurance		502	
Unemployment Compensation		112	
Employer Medicare		855	
Communication		1,258	
Dues and Memberships		190	
Operating Lease Payments		651	
Travel		862	
Tuition		35	
Other Contracted Services		5,152	
Data Processing Supplies		93	
Office Supplies		676	
Utilities		4,500	
Other Supplies and Materials		25,409	
Workers' Compensation Insurance		92	
Total Preservation of Records			\$ 125,816

Risk Management

Other Salaries and Wages	\$	152,844
Social Security		9,082
State Retirement		14,604
Employee and Dependent Insurance		12,641
Life Insurance		570
Medical Insurance		12,382
Dental Insurance		1,004
Unemployment Compensation		235
Employer Medicare		2,124
Communication		11,429
Consultants		4,475
Dues and Memberships		268
Operating Lease Payments		3,820
Legal Services		12,911
Maintenance and Repair Services - Vehicles		5,846
Postal Charges		12,918
Printing, Stationery, and Forms		263
Travel		5,660

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Risk Management (Cont.)

Tuition	\$	2,825	
Other Contracted Services		1,675	
Data Processing Supplies		164	
Duplicating Supplies		1,405	
Gasoline		3,040	
Office Supplies		1,821	
Other Supplies and Materials		2,461	
Workers' Compensation Insurance		234	
Other Charges		5,834	
Data Processing Equipment		5,970	
Furniture and Fixtures		237	
Total Risk Management			\$ 288,742

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	70,422	
Accountants/Bookkeepers		398,443	
Social Security		27,364	
State Retirement		46,530	
Employee and Dependent Insurance		25,206	
Life Insurance		1,576	
Medical Insurance		45,344	
Dental Insurance		2,758	
Unemployment Compensation		685	
Employer Medicare		6,650	
Dues and Memberships		2,572	
Operating Lease Payments		2,080	
Printing, Stationery, and Forms		2,348	
Travel		5,547	
Tuition		4,113	
Data Processing Supplies		471	
Duplicating Supplies		95	
Office Supplies		813	
Workers' Compensation Insurance		715	
Other Charges		1,363	
Total Accounting and Budgeting			645,095

Purchasing

County Official/Administrative Officer	\$	57,093
Purchasing Personnel		152,865

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Social Security	\$	12,164	
State Retirement		21,436	
Employee and Dependent Insurance		31,602	
Life Insurance		777	
Medical Insurance		24,764	
Dental Insurance		1,506	
Unemployment Compensation		336	
Employer Medicare		2,845	
Dues and Memberships		583	
Operating Lease Payments		1,927	
Legal Notices, Recording, and Court Costs		3,410	
Maintenance and Repair Services - Office Equipment		198	
Printing, Stationery, and Forms		1,746	
Travel		1,032	
Tuition		695	
Data Processing Supplies		65	
Duplicating Supplies		189	
Office Supplies		399	
Other Supplies and Materials		658	
Workers' Compensation Insurance		324	
Total Purchasing			\$ 316,614

Property Assessor's Office

County Official/Administrative Officer	\$	70,424
Assistant(s)		257,886
Clerical Personnel		171,074
Other Per Diem and Fees		10,425
Social Security		30,651
State Retirement		50,873
Employee and Dependent Insurance		37,922
Life Insurance		1,823
Medical Insurance		48,497
Dental Insurance		3,201
Unemployment Compensation		672
Employer Medicare		7,168
Advertising		247
Dues and Memberships		2,590
Operating Lease Payments		3,624
Legal Services		24,480
Maintenance and Repair Services - Vehicles		79

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Printing, Stationery, and Forms	\$	2,896	
Travel		15,121	
Tuition		310	
Other Contracted Services		5,095	
Duplicating Supplies		200	
Gasoline		3,362	
Office Supplies		1,047	
Other Supplies and Materials		2,762	
Workers' Compensation Insurance		766	
Other Charges		91,470	
Motor Vehicles		27,934	
Office Equipment		400	
Total Property Assessor's Office			\$ 872,999

Reappraisal Program

Assistant(s)	\$	124,867	
Clerical Personnel		56,259	
Other Per Diem and Fees		6,075	
Social Security		11,164	
State Retirement		16,037	
Employee and Dependent Insurance		26,072	
Life Insurance		660	
Medical Insurance		22,013	
Dental Insurance		1,339	
Unemployment Compensation		392	
Employer Medicare		2,611	
Dues and Memberships		24	
Travel		1,532	
Other Contracted Services		4,382	
Gasoline		408	
Office Supplies		1,347	
Other Supplies and Materials		15	
Workers' Compensation Insurance		299	
Total Reappraisal Program			275,496

County Trustee's Office

County Official/Administrative Officer	\$	70,422	
Clerical Personnel		208,817	
Temporary Personnel		14,401	
Social Security		17,125	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

State Retirement	\$	27,205	
Employee and Dependent Insurance		18,961	
Life Insurance		945	
Medical Insurance		24,764	
Dental Insurance		1,506	
Unemployment Compensation		465	
Employer Medicare		4,005	
Dues and Memberships		1,119	
Operating Lease Payments		1,764	
Legal Services		3,212	
Legal Notices, Recording, and Court Costs		162	
Printing, Stationery, and Forms		1,779	
Travel		440	
Tuition		230	
Other Contracted Services		306	
Duplicating Supplies		522	
Office Supplies		2,362	
Other Supplies and Materials		200	
Workers' Compensation Insurance		422	
Furniture and Fixtures		642	
Total County Trustee's Office			\$ 401,776

County Clerk's Office

County Official/Administrative Officer	\$	70,422
Clerical Personnel		626,130
Part-time Personnel		14,667
Social Security		41,970
State Retirement		69,880
Employee and Dependent Insurance		65,311
Life Insurance		2,519
Medical Insurance		93,554
Dental Insurance		5,690
Unemployment Compensation		1,335
Employer Medicare		9,815
Communication		812
Dues and Memberships		863
Operating Lease Payments		4,831
Printing, Stationery, and Forms		11,752
Travel		54
Other Contracted Services		561

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Supplies	\$	1,785	
Duplicating Supplies		2,261	
Gasoline		1,114	
Office Supplies		11,567	
Periodicals		73	
Other Supplies and Materials		441	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		1,084	
Total County Clerk's Office			\$ 1,038,591

Data Processing

Supervisor/Director	\$	81,960	
Data Processing Personnel		305,793	
Social Security		23,651	
State Retirement		39,590	
Employee and Dependent Insurance		12,641	
Life Insurance		1,413	
Medical Insurance		37,147	
Dental Insurance		2,259	
Unemployment Compensation		504	
Employer Medicare		5,531	
Data Processing Services		3,075	
Maintenance and Repair Services - Equipment		25,344	
Printing, Stationery, and Forms		11,998	
Travel		546	
Other Contracted Services		2,084	
Data Processing Supplies		3,752	
Equipment Parts - Light		8,636	
Office Supplies		676	
Workers' Compensation Insurance		616	
Data Processing Equipment		11,155	
Total Data Processing			578,371

Administration of Justice

Circuit Court

Operating Lease Payments	\$	221	
Legal Notices, Recording, and Court Costs		88	
Printing, Stationery, and Forms		1,000	
Other Contracted Services		940	
Duplicating Supplies		750	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$	486	
Other Supplies and Materials		1,790	
Building Improvements		9,994	
Office Equipment		28,430	
Total Circuit Court			\$ 43,699

Circuit Court Judge

Jury and Witness Fees	\$	24,550	
Other Per Diem and Fees		1,900	
Operating Lease Payments		2,019	
Maintenance Agreements		812	
Printing, Stationery, and Forms		1,593	
Other Contracted Services		2,485	
Duplicating Supplies		187	
Office Supplies		336	
Other Supplies and Materials		655	
Total Circuit Court Judge			34,537

Circuit Court Clerk

County Official/Administrative Officer	\$	70,422	
Clerical Personnel		1,088,997	
Overtime Pay		7,394	
Social Security		70,048	
State Retirement		109,319	
Employee and Dependent Insurance		96,123	
Life Insurance		4,121	
Medical Insurance		158,217	
Dental Insurance		9,623	
Unemployment Compensation		2,611	
Employer Medicare		16,434	
Communication		62	
Dues and Memberships		1,502	
Operating Lease Payments		3,007	
Legal Services		1,000	
Maintenance Agreements		13,953	
Maintenance and Repair Services - Office Equipment		768	
Printing, Stationery, and Forms		15,956	
Travel		8,506	
Tuition		2,263	
Other Contracted Services		1,191	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Data Processing Supplies	\$	3,506	
Duplicating Supplies		3,611	
Office Supplies		4,382	
Other Supplies and Materials		6,100	
Workers' Compensation Insurance		1,801	
Building Improvements		830	
Data Processing Equipment		14,434	
Furniture and Fixtures		1,516	
Office Equipment		15,000	
Other Equipment		9,494	
Total Circuit Court Clerk			\$ 1,742,191

General Sessions Court

Operating Lease Payments	\$	1,208	
Maintenance and Repair Services - Office Equipment		50	
Printing, Stationery, and Forms		1,000	
Other Contracted Services		20	
Library Books/Media		882	
Office Supplies		500	
Other Supplies and Materials		500	
Total General Sessions Court			4,160

General Sessions Judge

Judge(s)	\$	549,972	
Secretary(ies)		106,951	
Part-time Personnel		4,550	
Other Per Diem and Fees		5,806	
Social Security		31,474	
State Retirement		67,261	
Employee and Dependent Insurance		18,961	
Life Insurance		1,284	
Medical Insurance		29,924	
Dental Insurance		1,820	
Unemployment Compensation		198	
Employer Medicare		9,460	
Communication		30	
Dues and Memberships		1,040	
Operating Lease Payments		5,410	
Maintenance and Repair Services - Office Equipment		532	
Travel		3,004	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Tuition	\$	645	
Library Books/Media		1,484	
Office Supplies		816	
Other Supplies and Materials		3,820	
Workers' Compensation Insurance		990	
Other Charges		40	
Total General Sessions Judge			\$ 845,472

Chancery Court

County Official/Administrative Officer	\$	70,422	
Clerical Personnel		257,518	
Social Security		19,732	
State Retirement		32,092	
Employee and Dependent Insurance		17,908	
Life Insurance		1,136	
Medical Insurance		36,803	
Dental Insurance		2,238	
Unemployment Compensation		622	
Employer Medicare		4,614	
Dues and Memberships		1,382	
Operating Lease Payments		4,730	
Legal Services		62	
Legal Notices, Recording, and Court Costs		115	
Maintenance and Repair Services - Office Equipment		200	
Printing, Stationery, and Forms		8,414	
Travel		227	
Duplicating Supplies		1,039	
Office Supplies		3,559	
Premiums on Corporate Surety Bonds		12	
Workers' Compensation Insurance		507	
Total Chancery Court			463,332

Juvenile Court

Youth Service Officer(s)	\$	166,544	
Secretary(ies)		24,074	
Other Salaries and Wages		63,196	
Social Security		15,568	
State Retirement		24,490	
Life Insurance		910	
Medical Insurance		25,796	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Dental Insurance	\$	1,611	
Unemployment Compensation		436	
Employer Medicare		3,641	
Dues and Memberships		335	
Evaluation and Testing		908	
Operating Lease Payments		5,065	
Medical and Dental Services		3,339	
Printing, Stationery, and Forms		6,603	
Travel		3,368	
Tuition		395	
Other Contracted Services		1,411	
Office Supplies		767	
Workers' Compensation Insurance		405	
Other Charges		2,967	
Furniture and Fixtures		3,774	
Total Juvenile Court			\$ 355,603

Office of Public Defender

Clerical Personnel	\$	34,800	
Social Security		2,158	
Unemployment Compensation		112	
Employer Medicare		505	
Communication		508	
Operating Lease Payments		13,200	
Other Contracted Services		12,120	
Workers' Compensation Insurance		50	
Other Charges		36	
Furniture and Fixtures		1,741	
Total Office of Public Defender			65,230

Other Administration of Justice

Captain(s)	\$	54,344
Lieutenant(s)		39,115
Attendants		167,734
Longevity Pay		5,903
Social Security		16,251
State Retirement		27,270
Employee and Dependent Insurance		16,196
Life Insurance		890
Medical Insurance		28,774

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Dental Insurance	\$	1,750	
Unemployment Compensation		341	
Employer Medicare		3,801	
Workers' Compensation Insurance		7,778	
Total Other Administration of Justice			\$ 370,147

Probation Services

Supervisor/Director	\$	52,500	
Probation Officer(s)		78,751	
Accountants/Bookkeepers		25,200	
Secretary(ies)		21,000	
Other Salaries and Wages		6,210	
Social Security		10,840	
State Retirement		18,751	
Employee and Dependent Insurance		25,686	
Life Insurance		604	
Medical Insurance		25,490	
Dental Insurance		1,550	
Unemployment Compensation		288	
Employer Medicare		2,531	
Operating Lease Payments		19,474	
Printing, Stationery, and Forms		1,238	
Travel		947	
Tuition		370	
Other Contracted Services		17,250	
Data Processing Supplies		394	
Duplicating Supplies		148	
Office Supplies		1,812	
Other Supplies and Materials		1,236	
Workers' Compensation Insurance		300	
Building Improvements		980	
Furniture and Fixtures		8,179	
Total Probation Services			321,729

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,574	
Assistant(s)		104,098	
Supervisor/Director		313,427	
Deputy(ies)		2,984,501	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Detective(s)	\$	292,474
Investigator(s)		16,680
Captain(s)		159,507
Lieutenant(s)		249,088
Sergeant(s)		395,508
Mechanic(s)		35,025
Clerical Personnel		181,092
Attendants		155,988
Longevity Pay		69,787
Overtime Pay		476,207
Bonus Payments		127,000
Other Salaries and Wages		11,822
In-Service Training		86,400
Social Security		346,909
State Retirement		559,471
Employee and Dependent Insurance		423,248
Life Insurance		18,770
Medical Insurance		537,633
Dental Insurance		32,742
Unemployment Compensation		7,758
Employer Medicare		81,140
Communication		13,858
Contracts with Private Agencies		751
Dues and Memberships		3,515
Evaluation and Testing		14,450
Operating Lease Payments		10,000
Legal Services		790
Licenses		6,696
Maintenance Agreements		45,752
Maintenance and Repair Services - Equipment		43,675
Maintenance and Repair Services - Office Equipment		73
Maintenance and Repair Services - Vehicles		26,375
Matching Share		23,750
Printing, Stationery, and Forms		15,221
Transportation - Other than Students		2,136
Travel		43,173
Tuition		21,828
Other Contracted Services		9,458
Basic Skills Materials		21,078
Data Processing Supplies		15,322

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Duplicating Supplies	\$	3,860	
Electricity		3,293	
Equipment and Machinery Parts		2,218	
Garage Supplies		1,352	
Gasoline		533,483	
Law Enforcement Supplies		22,214	
Lubricants		5,519	
Office Supplies		20,734	
Tires and Tubes		24,945	
Uniforms		81,982	
Vehicle Parts		44,066	
In-Service/Staff Development		2,180	
Other Supplies and Materials		28,436	
Workers' Compensation Insurance		118,309	
Other Charges		3,974	
Communication Equipment		237,603	
Data Processing Equipment		610	
Law Enforcement Equipment		14,564	
Motor Vehicles		162,264	
Total Sheriff's Department			\$ 9,373,356

Jail

Assistant(s)	\$	44,371
Supervisor/Director		46,931
Captain(s)		57,061
Lieutenant(s)		106,566
Sergeant(s)		83,304
Computer Programmer(s)		182,295
Medical Personnel		166,489
Guards		106,292
Clerical Personnel		167,967
Attendants		2,227,808
Cafeteria Personnel		67,573
Part-time Personnel		163,486
Longevity Pay		34,895
Overtime Pay		85,218
Bonus Payments		126,333
In-Service Training		28,800
Social Security		223,663
State Retirement		322,351

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Employee and Dependent Insurance	\$	260,410	
Life Insurance		12,004	
Medical Insurance		406,043	
Dental Insurance		24,697	
Unemployment Compensation		8,485	
Employer Medicare		52,309	
Contracts with Private Agencies		5,832	
Dues and Memberships		360	
Evaluation and Testing		6,218	
Maintenance and Repair Services - Equipment		2,246	
Medical and Dental Services		750,220	
Printing, Stationery, and Forms		4,086	
Travel		27,598	
Tuition		1,685	
Other Contracted Services		6,044	
Custodial Supplies		46,198	
Data Processing Supplies		17,155	
Food Preparation Supplies		9,122	
Food Supplies		366,793	
Prisoners Clothing		16,743	
Uniforms		12,636	
Other Supplies and Materials		121,628	
Workers' Compensation Insurance		77,750	
Other Charges		394,492	
Total Jail			\$ 6,872,157

Workhouse

County Official/Administrative Officer	\$	7,803	
Social Security		489	
State Retirement		805	
Employer Medicare		115	
Workers' Compensation Insurance		197	
Total Workhouse			9,409

Juvenile Services

Captain(s)	\$	59,915
Lieutenant(s)		54,344
Sergeant(s)		95,603
Medical Personnel		20,940
Guards		52,015

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Attendants	\$	497,675	
Part-time Personnel		7,887	
Overtime Pay		11,039	
Other Salaries and Wages		32,536	
Social Security		50,028	
State Retirement		75,946	
Employee and Dependent Insurance		74,013	
Life Insurance		2,958	
Medical Insurance		106,079	
Dental Insurance		6,452	
Unemployment Compensation		1,790	
Employer Medicare		11,700	
Maintenance and Repair Services - Buildings		671	
Medical and Dental Services		2,646	
Printing, Stationery, and Forms		175	
Travel		3,667	
Tuition		1,620	
Other Contracted Services		4,322	
Instructional Supplies and Materials		908	
Office Supplies		2,856	
Prisoners Clothing		1,205	
Other Supplies and Materials		11,118	
Workers' Compensation Insurance		20,162	
Total Juvenile Services			\$ 1,210,270

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	54,058	
Clerical Personnel		40,737	
Social Security		5,791	
State Retirement		9,695	
Employee and Dependent Insurance		6,320	
Life Insurance		349	
Medical Insurance		8,255	
Dental Insurance		502	
Unemployment Compensation		56	
Employer Medicare		1,354	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Dues and Memberships	\$	70	
Operating Lease Payments		1,190	
Printing, Stationery, and Forms		308	
Travel		420	
Tuition		70	
Other Contracted Services		892	
Gasoline		1,615	
Office Supplies		233	
Uniforms		168	
Workers' Compensation Insurance		150	
Other Charges		854	
Total Civil Defense			\$ 133,087

Other Emergency Management

Contracts with Government Agencies	\$	287,746	
Law Enforcement Equipment		448,845	
Total Other Emergency Management			736,591

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	63,875	
Total County Coroner/Medical Examiner			63,875

Public Health and Welfare

Local Health Center

Guidance Personnel	\$	21,242	
Medical Personnel		476,005	
Clerical Personnel		77,239	
Custodial Personnel		32,684	
Part-time Personnel		21,500	
Social Security		37,602	
State Retirement		49,464	
Employee and Dependent Insurance		54,734	
Life Insurance		2,062	
Medical Insurance		85,644	
Dental Insurance		5,209	
Unemployment Compensation		1,793	
Employer Medicare		8,863	
Advertising		889	
Communication		22,342	
Contracts with Government Agencies		165,761	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Laundry Service	\$	50	
Operating Lease Payments		5,051	
Maintenance and Repair Services - Buildings		1,266	
Maintenance and Repair Services - Equipment		1,515	
Medical and Dental Services		309	
Pest Control		371	
Postal Charges		6,825	
Printing, Stationery, and Forms		720	
Travel		6,370	
Disposal Fees		498	
Other Contracted Services		7,690	
Custodial Supplies		5,867	
Drugs and Medical Supplies		808	
Electricity		37,429	
Office Supplies		4,960	
Periodicals		892	
Other Supplies and Materials		10,446	
Workers' Compensation Insurance		1,114	
Other Charges		4,472	
Total Local Health Center			\$ 1,159,686

Rabies and Animal Control

Part-time Personnel	\$	10,000	
Other Salaries and Wages		23,438	
Social Security		2,071	
State Retirement		1,097	
Life Insurance		90	
Medical Insurance		4,127	
Dental Insurance		251	
Unemployment Compensation		160	
Employer Medicare		484	
Gasoline		1,793	
Tires and Tubes		97	
Uniforms		249	
Utilities		137	
Other Supplies and Materials		1,322	
Workers' Compensation Insurance		39	
Other Charges		48,338	
Motor Vehicles		6,171	
Other Equipment		2,982	
Total Rabies and Animal Control			102,846

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

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

General Welfare Assistance

Contributions	\$ 182,529	
Pauper Burials	3,150	
Total General Welfare Assistance		185,679

Other Local Welfare Services

Contracts with Private Agencies	\$ 80,508	
Total Other Local Welfare Services		80,508

Sanitation Management

Contracts with Government Agencies	\$ 10,502	
Total Sanitation Management		10,502

Other Public Health and Welfare

Assistant(s)	\$ 123,359
Supervisor/Director	60,094
Secretary(ies)	25,484
Other Per Diem and Fees	8,100
Social Security	13,070
State Retirement	21,226
Employee and Dependent Insurance	19,105
Life Insurance	745
Medical Insurance	18,761
Dental Insurance	1,141
Unemployment Compensation	280
Employer Medicare	3,057
Advertising	158
Communication	3,707
Dues and Memberships	145
Operating Lease Payments	1,573
Postal Charges	880
Travel	22,753
Other Contracted Services	591
Custodial Supplies	452
Office Supplies	2,427
Workers' Compensation Insurance	333
Other Charges	663

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Health Equipment	\$ 654	
Total Other Public Health and Welfare		\$ 328,758

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$ 635,121	
Total Parks and Fair Boards		635,121

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 4,836	
Contracts with Government Agencies	152,321	
Operating Lease Payments	1,638	
Travel	1,000	
Utilities	186	
Office Equipment	1,120	
Total Agriculture Extension Service		161,101

Soil Conservation

Assistant(s)	\$ 37,543	
Paraprofessionals	37,543	
Social Security	4,650	
State Retirement	7,667	
Life Insurance	292	
Medical Insurance	8,255	
Dental Insurance	502	
Unemployment Compensation	112	
Employer Medicare	1,087	
Communication	1,782	
Dues and Memberships	915	
Maintenance Agreements	498	
Postal Charges	361	
Printing, Stationery, and Forms	137	
Travel	1,237	
Instructional Supplies and Materials	165	
Office Supplies	1,081	
Workers' Compensation Insurance	113	
Total Soil Conservation		103,940

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Tourism

Other Salaries and Wages	\$	305,105	
Advertising		453,985	
Dues and Memberships		2,898	
Operating Lease Payments		4,284	
Legal Notices, Recording, and Court Costs		194	
Postal Charges		4,977	
Printing, Stationery, and Forms		25,167	
Travel		2,242	
Tuition		2,018	
Other Contracted Services		36,954	
Office Supplies		701	
Other Supplies and Materials		1,783	
Other Charges		11,904	
Total Tourism	\$		852,212

Industrial Development

Contracts for Development Costs	\$	926,627	
Other Contracted Services		69	
Total Industrial Development			926,696

Other Economic and Community Development

Other Salaries and Wages	\$	78,000	
Communication		13,441	
Maintenance and Repair Services - Buildings		7,290	
Rentals		36,356	
Other Contracted Services		27,139	
Custodial Supplies		4,830	
Office Supplies		2,315	
Utilities		9,328	
Other Supplies and Materials		1,258	
Other Charges		2,426	
Data Processing Equipment		1,128	
Total Other Economic and Community Development			183,511

Veterans' Services

County Official/Administrative Officer	\$	61,246	
Supervisor/Director		33,891	
Clerical Personnel		23,998	
Social Security		7,189	
State Retirement		12,204	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Employee and Dependent Insurance	\$	6,320	
Life Insurance		414	
Medical Insurance		12,382	
Dental Insurance		753	
Unemployment Compensation		168	
Employer Medicare		1,681	
Operating Lease Payments		1,650	
Maintenance Agreements		700	
Printing, Stationery, and Forms		229	
Travel		1,151	
Duplicating Supplies		182	
Gasoline		1,376	
Office Supplies		1,106	
Workers' Compensation Insurance		179	
Other Charges		15	
Total Veterans' Services			\$ 166,834

Other Charges

Local Retirement	\$	33,523	
Office Supplies		1,096	
Total Other Charges			34,619

Contributions to Other Agencies

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

Miscellaneous

Excess Risk Insurance	\$	10,025	
Liability Insurance		146,131	
Trustee's Commission		493,056	
Other Charges		2,107	
Total Miscellaneous			651,319

Highways

Litter and Trash Collection

Attendants	\$	30,252	
Longevity Pay		250	
Social Security		1,776	
State Retirement		3,114	
Employee and Dependent Insurance		6,035	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Life Insurance	\$	111	
Medical Insurance		3,990	
Dental Insurance		243	
Unemployment Compensation		56	
Employer Medicare		415	
Contracts with Government Agencies		2,558	
Licenses		15	
Other Contracted Services		18,127	
Tires and Tubes		550	
Other Supplies and Materials		2,832	
Workers' Compensation Insurance		759	
Total Litter and Trash Collection			\$ 71,083

Capital Projects

Other General Government Projects

Other Capital Outlay	\$	778,020	
Total Other General Government Projects			778,020

Total General Fund \$ 37,782,184

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$	22,300	
Total County Buildings			\$ 22,300

Other Operations

Other Charges

Trustee's Commission	\$	103	
Total Other Charges			103

Total Courthouse and Jail Maintenance Fund 22,403

Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$	6,552	
Trustee's Commission		103	
Total Other Charges			\$ 6,655

Total Law Library Fund 6,655

(Continued)

Exhibit K-7

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

Public Library Fund

General Government

County Buildings

Supervisor/Director	\$	3,457	
Custodial Personnel		61,204	
Maintenance Personnel		23,970	
Part-time Personnel		7,673	
Social Security		5,748	
State Retirement		9,893	
Employee and Dependent Insurance		12,641	
Life Insurance		346	
Medical Insurance		16,526	
Dental Insurance		1,004	
Unemployment Compensation		368	
Employer Medicare		1,344	
Maintenance and Repair Services - Buildings		13,226	
Maintenance and Repair Services - Equipment		5,625	
Uniforms		868	
Other Supplies and Materials		729	
Workers' Compensation Insurance		144	
Maintenance Equipment		865	
Total County Buildings			\$ 165,631

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	159,547
Assistant(s)		66,335
Supervisor/Director		164,731
Paraprofessionals		197,013
Part-time Personnel		230,030
Social Security		49,355
State Retirement		64,481
Employee and Dependent Insurance		47,666
Life Insurance		2,450
Medical Insurance		78,421
Dental Insurance		4,770
Unemployment Compensation		2,434
Local Retirement		4,049
Employer Medicare		11,542
Advertising		1,125
Communication		9,382
Data Processing Services		28,516
Dues and Memberships		760

(Continued)

Exhibit K-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Operating Lease Payments	\$	11,952	
Maintenance Agreements		8,108	
Pest Control		752	
Postal Charges		27	
Printing, Stationery, and Forms		1,185	
Travel		3,562	
Tuition		1,443	
Permits		374	
Other Contracted Services		17,247	
Custodial Supplies		14,724	
Data Processing Supplies		1,003	
Library Books/Media		262,985	
Office Supplies		29,090	
Periodicals		21,862	
Utilities		162,343	
Other Supplies and Materials		6,716	
Building and Contents Insurance		20,000	
Trustee's Commission		1,533	
Workers' Compensation Insurance		1,220	
Data Processing Equipment		29,964	
Total Libraries			\$ 1,718,697

Other Social, Cultural, and Recreational

Paraprofessionals	\$	20,734	
Part-time Personnel		11,077	
Social Security		1,968	
State Retirement		1,530	
Life Insurance		81	
Medical Insurance		4,471	
Dental Insurance		272	
Unemployment Compensation		185	
Employer Medicare		460	
Other Supplies and Materials		35,745	
Workers' Compensation Insurance		55	
Total Other Social, Cultural, and Recreational			<u>76,578</u>

Total Public Library Fund \$ 1,960,906

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	26,483	
Animal Food and Supplies		9,101	
Other Supplies and Materials		103,725	
Trustee's Commission		2,006	
Total Sheriff's Department			\$ 141,315

Total Drug Control Fund \$ 141,315

District Attorney General Fund

Administration of Justice

District Attorney General

Library Books/Media	\$	35	
Trustee's Commission		213	
Total District Attorney General			\$ 248

Total District Attorney General Fund 248

Other Special Revenue Fund

Administration of Justice

Criminal Court

Probation Officer(s)	\$	31,284	
Secretary(ies)		26,379	
Social Security		3,448	
State Retirement		5,887	
Employee and Dependent Insurance		6,320	
Life Insurance		218	
Medical Insurance		8,255	
Dental Insurance		502	
Unemployment Compensation		109	
Employer Medicare		806	
Communication		2,111	
Dues and Memberships		1,200	
Operating Lease Payments		1,014	
Postal Charges		115	
Printing, Stationery, and Forms		322	
Travel		5,899	
Tuition		2,135	
Other Contracted Services		1,831	
Data Processing Supplies		142	
Instructional Supplies and Materials		3,445	

(Continued)

Exhibit K-7

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

Other Special Revenue Fund (Cont.)

Administration of Justice (Cont.)

Criminal Court (Cont.)

Office Supplies	\$	789	
Other Supplies and Materials		13,424	
Trustee's Commission		887	
Workers' Compensation Insurance		143	
Data Processing Equipment		781	
Total Criminal Court			\$ 117,446

Total Other Special Revenue Fund \$ 117,446

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	175	
Total Register of Deeds			\$ 175

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	1,042	
Total County Trustee's Office			1,042

Total Constitutional Officers - Fees Fund 1,217

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	77,587	
Assistant(s)		67,456	
Supervisor/Director		59,067	
Accountants/Bookkeepers		41,858	
Dispatchers/Radio Operators		35,551	
Clerical Personnel		32,730	
Overtime Pay		1,608	
Other Salaries and Wages		66,146	
Social Security		23,259	
State Retirement		35,970	
Employee and Dependent Insurance		24,746	
Life Insurance		1,244	
Medical Insurance		32,331	
Dental Insurance		1,934	
Unemployment Compensation		165	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Employer Medicare	\$	5,441	
Communication		14,915	
Dues and Memberships		4,850	
Maintenance Agreements		5,740	
Postal Charges		205	
Travel		1,120	
Tuition		515	
Other Contracted Services		535	
Drugs and Medical Supplies		943	
Electricity		16,846	
Natural Gas		12,109	
Office Supplies		2,651	
Water and Sewer		3,634	
Boiler Insurance		45	
Building and Contents Insurance		1,939	
Liability Insurance		38,041	
Trustee's Commission		53,162	
Vehicle and Equipment Insurance		38,669	
Workers' Compensation Insurance		4,891	
Other Charges		3,149	
Total Administration			\$ 711,052

Highway and Bridge Maintenance

Supervisor/Director	\$	118,191
Foremen		141,696
Equipment Operators		215,307
Equipment Operators - Heavy		111,091
Equipment Operators - Light		741,605
Truck Drivers		129,453
Laborers		131,732
Overtime Pay		27,567
Other Salaries and Wages		288,330
Social Security		114,716
State Retirement		186,317
Employee and Dependent Insurance		199,287
Life Insurance		6,986
Medical Insurance		221,507
Dental Insurance		13,473
Unemployment Compensation		1,280
Local Retirement		4,417

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Employer Medicare	\$	26,900	
Evaluation and Testing		1,386	
Laundry Service		20,344	
Other Contracted Services		620,498	
Asphalt - Hot Mix		194,771	
Asphalt - Liquid		37,149	
Concrete		1,004	
Crushed Stone		34,484	
Gasoline		91,000	
Pipe - Metal		16,474	
Road Signs		9,635	
Structural Steel		2,863	
Uniforms		4,200	
Other Supplies and Materials		12,472	
Workers' Compensation Insurance		23,734	
State Aid Projects		287,506	
Total Highway and Bridge Maintenance			\$ 4,037,375

Operation and Maintenance of Equipment

Supervisor/Director	\$	53,428
Foremen		90,451
Mechanic(s)		304,580
Nightwatchmen		95,041
Overtime Pay		8,362
Social Security		33,501
State Retirement		56,759
Employee and Dependent Insurance		50,377
Life Insurance		2,038
Medical Insurance		57,092
Dental Insurance		3,473
Unemployment Compensation		297
Employer Medicare		7,835
Maintenance and Repair Services - Buildings		515
Maintenance and Repair Services - Equipment		920
Maintenance and Repair Services - Vehicles		3,492
Rentals		310
Other Contracted Services		52
Diesel Fuel		160,546
Equipment and Machinery Parts		51,818
Gasoline		654,724

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	5,407	
Tires and Tubes		13,165	
Other Supplies and Materials		54,649	
Workers' Compensation Insurance		6,952	
Total Operation and Maintenance of Equipment			\$ 1,715,784

Capital Outlay

Data Processing Equipment	\$	911	
Furniture and Fixtures		630	
Highway Equipment		413,174	
Motor Vehicles		143,782	
State Aid Projects		274,201	
Other Capital Outlay		191,892	
Total Capital Outlay			<u>1,024,590</u>

Total Highway/Public Works Fund \$ 7,488,801

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	630,000	
Principal on Notes		245,000	
Principal on Other Loans		2,845,501	
Total General Government			\$ 3,720,501

Interest on Debt

General Government

Interest on Bonds	\$	1,022,625	
Interest on Notes		34,278	
Interest on Capital Leases		14,284	
Interest on Other Loans		7,280,732	
Total General Government			8,351,919

Other Debt Service

General Government

Trustee's Commission	\$	289,293	
Underwriter's Discount		97,375	
Other Debt Issuance Charges		673,248	
Other Debt Service		763,378	
Total General Government			<u>1,823,294</u>

Total General Debt Service Fund 13,895,714

(Continued)

Exhibit K-7

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

Other Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 16,688,220	
Total Payments to Cities		\$ 16,688,220

Capital Projects

General Administration Projects

Other Contracted Services	\$ 7,398	
Other Charges	22,423	
Underwriter's Discount	100,375	
Other Debt Issuance Charges	162,518	
Building Improvements	16,542	
Total General Administration Projects		309,256

Public Safety Projects

Other Contracted Services	\$ 528,303	
Law Enforcement Equipment	62,871	
Total Public Safety Projects		591,174

Public Health and Welfare Projects

Other Contracted Services	\$ 9,692	
Total Public Health and Welfare Projects		9,692

Social, Cultural, and Recreation Projects

Dental Insurance	\$ 42	
Unemployment Compensation	8	
Architects	15,376	
Other Charges	20,360	
Building Improvements	250,383	
Land	602	
Total Social, Cultural, and Recreation Projects		286,771

Other General Government Projects

Site Development	\$ 1,310,000	
Total Other General Government Projects		1,310,000

Highway and Street Capital Projects

Engineering Services	\$ 125,251	
Other Contracted Services	1,462,089	
Site Development	377,620	
Total Highway and Street Capital Projects		1,964,960

(Continued)

Exhibit K-7

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Education Capital Projects

Architects	\$	8,225	
Other Contracted Services		22,755,386	
Library Books/Media		4,582	
Other Supplies and Materials		4,425	
Building Construction		1,359,877	
Building Improvements		249,350	
Data Processing Equipment		109,045	
Total Education Capital Projects		<u>24,490,890</u>	\$ 24,490,890

Total Other Capital Projects Fund \$ 45,650,963

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$	13,335	
Total Miscellaneous		<u>13,335</u>	\$ 13,335

Total Endowment Fund 13,335

Total Governmental Funds - Primary Government \$ 107,081,187

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Blount County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 24,629,539	
Career Ladder Program	387,960	
Career Ladder Extended Contracts	212,675	
Salary Supplements	440,268	
Educational Assistants	1,443,124	
Overtime Pay	7,947	
Bonus Payments	387,270	
Certified Substitute Teachers	331,143	
Non-certified Substitute Teachers	220,729	
Social Security	1,688,528	
State Retirement	1,645,262	
Employee and Dependent Insurance	1,917,331	
Life Insurance	94,483	
Medical Insurance	2,277,270	
Dental Insurance	139,934	
Employer Medicare	395,912	
Contracts with Other School Systems	273,576	
Maintenance and Repair Services - Equipment	11,655	
Printing, Stationery, and Forms	7,181	
Other Contracted Services	28,132	
Instructional Supplies and Materials	373,279	
Textbooks	1,757,614	
Other Charges	3,552	
Furniture and Fixtures	14,487	
Regular Instruction Equipment	8,960	
Total Regular Instruction Program		\$ 38,697,811

Special Education Program

Teachers	\$ 4,339,175
Career Ladder Program	64,020
Career Ladder Extended Contracts	8,500
Educational Assistants	846,612
Social Security	319,704
State Retirement	322,270
Employee and Dependent Insurance	423,227
Life Insurance	17,437
Medical Insurance	491,691
Dental Insurance	29,672
Employer Medicare	74,874

(Continued)

Exhibit K-8

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	\$	54,353	
Contracts with Private Agencies		20,741	
Maintenance and Repair Services - Equipment		1,612	
Instructional Supplies and Materials		56,401	
Other Supplies and Materials		986	
Special Education Equipment		12,879	
Total Special Education Program			\$ 7,084,154

Vocational Education Program

Teachers	\$	2,231,197	
Career Ladder Program		30,230	
Career Ladder Extended Contracts		5,250	
Social Security		135,675	
State Retirement		141,779	
Employee and Dependent Insurance		172,156	
Life Insurance		8,199	
Medical Insurance		193,765	
Dental Insurance		11,996	
Employer Medicare		31,731	
Maintenance and Repair Services - Equipment		815	
Other Contracted Services		5,383	
Instructional Supplies and Materials		61,933	
Other Supplies and Materials		450	
Liability Insurance		680	
Total Vocational Education Program			3,031,239

Adult Education Program

Teachers	\$	155,409	
Paraprofessionals		9,822	
Social Security		9,459	
State Retirement		4,147	
Life Insurance		257	
Medical Insurance		5,159	
Dental Insurance		314	
Employer Medicare		2,393	
Instructional Supplies and Materials		8,071	
Workers' Compensation Insurance		500	
Data Processing Equipment		5,160	
Total Adult Education Program			200,691

(Continued)

Exhibit K-8

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.)

Other

Local Retirement	\$	609,834	
Other Charges		28,831	
Total Other			\$ 638,665

Support Services

Attendance

Supervisor/Director	\$	84,167	
Clerical Personnel		39,778	
Social Security		7,454	
State Retirement		8,626	
Employee and Dependent Insurance		12,157	
Life Insurance		357	
Medical Insurance		11,807	
Dental Insurance		671	
Employer Medicare		1,743	
Total Attendance			166,760

Health Services

Medical Personnel	\$	409,588	
Secretary(ies)		10,000	
Other Salaries and Wages		48,715	
Social Security		27,602	
State Retirement		28,572	
Employee and Dependent Insurance		23,175	
Life Insurance		1,124	
Medical Insurance		30,268	
Dental Insurance		1,841	
Employer Medicare		6,456	
Printing, Stationery, and Forms		1,039	
Travel		5,192	
Other Contracted Services		12,126	
Drugs and Medical Supplies		25,948	
Instructional Supplies and Materials		25,862	
Other Supplies and Materials		999	
In Service/Staff Development		1,019	
Other Equipment		4,380	
Total Health Services			663,906

(Continued)

Exhibit K-8

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	\$ 1,333,662	
Social Workers	12,200	
Secretary(ies)	52,187	
Other Salaries and Wages	19,229	
Social Security	88,186	
State Retirement	92,021	
Employee and Dependent Insurance	77,231	
Life Insurance	4,921	
Medical Insurance	117,888	
Dental Insurance	7,158	
Employer Medicare	20,718	
Communication	400	
Evaluation and Testing	29,201	
Travel	974	
Other Contracted Services	414	
Instructional Supplies and Materials	500	
Office Supplies	374	
Other Supplies and Materials	6,980	
Total Other Student Support		\$ 1,864,244

Regular Instruction Program

Supervisor/Director	\$ 114,715	
Librarians	983,679	
Secretary(ies)	134,149	
Educational Assistants	171,210	
Social Security	84,592	
State Retirement	90,888	
Employee and Dependent Insurance	95,418	
Life Insurance	4,722	
Medical Insurance	120,220	
Dental Insurance	7,563	
Employer Medicare	19,784	
Travel	7,037	
Library Books/Media	101,035	
Other Supplies and Materials	1,170	
In Service/Staff Development	40,364	
Total Regular Instruction Program		1,976,546

(Continued)

Exhibit K-8

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	\$	55,568	
Psychological Personnel		268,685	
Secretary(ies)		36,152	
Social Security		20,979	
State Retirement		21,631	
Employee and Dependent Insurance		12,044	
Life Insurance		988	
Medical Insurance		23,389	
Dental Insurance		1,425	
Employer Medicare		5,121	
Travel		10,509	
Other Contracted Services		2,508	
In Service/Staff Development		5,049	
Total Special Education Program			\$ 464,048

Vocational Education Program

Secretary(ies)	\$	47,666	
Other Salaries and Wages		406	
Social Security		2,932	
State Retirement		4,908	
Life Insurance		184	
Medical Insurance		8,157	
Dental Insurance		490	
Employer Medicare		686	
Postal Charges		350	
Travel		179	
Office Supplies		2,467	
Other Supplies and Materials		745	
Total Vocational Education Program			69,170

Adult Programs

Supervisor/Director	\$	51,579	
Clerical Personnel		26,027	
Social Security		4,497	
State Retirement		5,764	
Employee and Dependent Insurance		6,320	
Life Insurance		288	
Medical Insurance		8,255	
Dental Insurance		502	

(Continued)

Exhibit K-8

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.)

Employer Medicare	\$	1,064	
Other Contracted Services		1,424	
In Service/Staff Development		1,903	
Other Charges		388	
Total Adult Programs			\$ 108,011

Other Programs

Social Workers	\$	24,751	
Educational Assistants		37,928	
Social Security		3,639	
State Retirement		4,704	
Employee and Dependent Insurance		9,481	
Life Insurance		228	
Medical Insurance		14,102	
Dental Insurance		858	
Employer Medicare		851	
On-Behalf Payments to OPEB		48,975	
Total Other Programs			145,517

Board of Education

Teachers	\$	500	
Other Salaries and Wages		83,687	
Board and Committee Members Fees		31,500	
Social Security		7,044	
State Retirement		6,249	
Employee and Dependent Insurance		4,562	
Medical Insurance		2,280	
Dental Insurance		534	
Unemployment Compensation		24,744	
Employer Medicare		1,648	
Audit Services		29,000	
Dues and Memberships		8,477	
Legal Services		9,956	
Printing, Stationery, and Forms		3,104	
Travel		1,444	
Tuition		960	
Other Contracted Services		17,047	
Other Supplies and Materials		4,274	
Liability Insurance		85,784	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	\$	566,427	
Workers' Compensation Insurance		147,495	
Other Charges		21,036	
Total Board of Education			\$ 1,057,752

Director of Schools

County Official/Administrative Officer	\$	106,625	
Supervisor/Director		87,030	
Career Ladder Program		1,000	
Secretary(ies)		44,285	
Clerical Personnel		37,941	
Other Salaries and Wages		14,338	
Social Security		16,994	
State Retirement		25,340	
Employee and Dependent Insurance		14,740	
Life Insurance		1,999	
Medical Insurance		18,879	
Dental Insurance		1,148	
Disability Insurance		1,404	
Employer Medicare		4,141	
Communication		19,815	
Dues and Memberships		4,714	
Postal Charges		8,368	
Printing, Stationery, and Forms		1,545	
Travel		427	
Other Contracted Services		15,747	
Office Supplies		16,442	
Other Supplies and Materials		6,336	
Other Charges		20,239	
Data Processing Equipment		1,999	
Total Director of Schools			471,496

Office of the Principal

Principals	\$	1,357,049	
Accountants/Bookkeepers		50,592	
Assistant Principals		966,778	
Secretary(ies)		967,042	
Social Security		200,067	
State Retirement		244,288	

(Continued)

Exhibit K-8

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.)

Employee and Dependent Insurance	\$	248,415	
Life Insurance		10,176	
Medical Insurance		292,479	
Dental Insurance		17,994	
Employer Medicare		46,802	
Communication		269,280	
Dues and Memberships		8,850	
Travel		720	
Tuition		1,414	
Other Contracted Services		1,927	
Other Supplies and Materials		2,895	
Other Charges		1,000	
Other Equipment		3,272	
Total Office of the Principal			\$ 4,691,040

Fiscal Services

Accountants/Bookkeepers	\$	116,501	
Social Security		6,692	
State Retirement		11,895	
Employee and Dependent Insurance		12,377	
Life Insurance		454	
Medical Insurance		12,382	
Dental Insurance		753	
Employer Medicare		1,565	
Total Fiscal Services			162,619

Operation of Plant

Custodial Personnel	\$	2,185,925	
Other Salaries and Wages		1,366	
Social Security		135,992	
State Retirement		206,967	
Employee and Dependent Insurance		231,244	
Life Insurance		8,080	
Medical Insurance		330,635	
Dental Insurance		20,299	
Employer Medicare		31,804	
Evaluation and Testing		1,500	
Other Contracted Services		146,646	
Custodial Supplies		161,001	

(Continued)

Exhibit K-8

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.)

Electricity	\$	2,324,347	
Fuel Oil		47,750	
Natural Gas		217,775	
Water and Sewer		287,863	
Building and Contents Insurance		91,250	
Plant Operation Equipment		10,000	
Total Operation of Plant			\$ 6,440,444

Maintenance of Plant

Supervisor/Director	\$	44,272	
Secretary(ies)		37,941	
Maintenance Personnel		589,929	
Other Salaries and Wages		2,051	
Social Security		40,539	
State Retirement		67,112	
Employee and Dependent Insurance		44,022	
Life Insurance		2,490	
Medical Insurance		69,466	
Dental Insurance		3,974	
Employer Medicare		9,481	
Communication		851	
Maintenance and Repair Services - Buildings		34,670	
Maintenance and Repair Services - Equipment		69,891	
Maintenance and Repair Services - Vehicles		18,123	
Other Contracted Services		134,174	
Equipment and Machinery Parts		85,942	
Gasoline		67,909	
Uniforms		30,759	
Other Supplies and Materials		210,364	
Other Charges		22,800	
Maintenance Equipment		4,455	
Total Maintenance of Plant			1,591,215

Transportation

Supervisor/Director	\$	59,389	
Clerical Personnel		36,589	
Social Security		5,874	
State Retirement		7,449	
Life Insurance		335	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical Insurance	\$	8,255	
Dental Insurance		481	
Employer Medicare		1,374	
Contracts with Parents		313	
Contracts with Vehicle Owners		2,869,067	
Maintenance and Repair Services - Vehicles		5,945	
Medical and Dental Services		2,907	
Other Contracted Services		463,348	
Vehicle and Equipment Insurance		266,082	
Total Transportation			\$ 3,727,408

Central and Other

Supervisor/Director	\$	43,933	
Teachers		68,431	
Computer Programmer(s)		159,448	
Clerical Personnel		74,092	
Social Security		20,568	
State Retirement		29,207	
Employee and Dependent Insurance		34,762	
Life Insurance		1,177	
Medical Insurance		30,268	
Dental Insurance		1,841	
Employer Medicare		4,810	
Other Contracted Services		104,098	
Data Processing Supplies		21,345	
Data Processing Equipment		38,656	
Regular Instruction Equipment		20,710	
Total Central and Other			653,346

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	232,430	
Educational Assistants		67,372	
Social Security		18,195	
State Retirement		20,386	
Employee and Dependent Insurance		12,377	
Life Insurance		1,124	
Medical Insurance		42,691	
Dental Insurance		2,595	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Employer Medicare	\$	4,255	
Instructional Supplies and Materials		9,844	
In Service/Staff Development		1,278	
Other Charges		1,475	
Total Early Childhood Education			\$ 414,022

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	16,000	
Building Improvements		35,560	
Furniture and Fixtures		11,679	
Other Capital Outlay		100,674	
Total Regular Capital Outlay			163,913

Principal on Debt

Education

Principal on Notes	\$	420,000	
Principal on Capital Leases		195,141	
Total Education			615,141

Interest on Debt

Education

Interest on Notes	\$	16,800	
Interest on Capital Leases		151,966	
Total Education			168,766

Total General Purpose School Fund \$ 75,267,924

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	704,390
Educational Assistants		730,371
Social Security		83,394
State Retirement		59,258
Employee and Dependent Insurance		31,624
Life Insurance		3,506
Medical Insurance		100,102
Dental Insurance		6,377

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	20,490	
Maintenance and Repair Services - Equipment		200	
Other Contracted Services		12,757	
Instructional Supplies and Materials		18,615	
Workers' Compensation Insurance		4,900	
In Service/Staff Development		41,220	
Other Charges		16,497	
Regular Instruction Equipment		3,700	
Total Regular Instruction Program			\$ 1,837,401

Special Education Program

Teachers	\$	64,787	
Clerical Personnel		87,716	
Educational Assistants		879,582	
Social Security		62,574	
State Retirement		79,870	
Employee and Dependent Insurance		91,646	
Life Insurance		3,267	
Medical Insurance		185,389	
Dental Insurance		12,573	
Employer Medicare		14,733	
Other Contracted Services		2,000	
Instructional Supplies and Materials		29,730	
Workers' Compensation Insurance		3,416	
Total Special Education Program			1,517,283

Vocational Education Program

Instructional Supplies and Materials	\$	55,654	
Office Supplies		150	
T&I Construction Materials		206	
Other Supplies and Materials		898	
Workers' Compensation Insurance		68	
In Service/Staff Development		278	
Other Charges		6,010	
Vocational Instruction Equipment		106,507	
Other Equipment		299	
Total Vocational Education Program			170,070

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Social Workers	\$	39,678	
Educational Assistants		1,886	
Other Salaries and Wages		17,758	
Social Security		1,217	
State Retirement		1,605	
Life Insurance		35	
Medical Insurance		4,127	
Dental Insurance		251	
Employer Medicare		285	
Evaluation and Testing		104	
Travel		20,762	
Other Contracted Services		3,000	
Workers' Compensation Insurance		103	
In Service/Staff Development		43,740	
Other Charges		828	
Data Processing Equipment		562	
Other Equipment		2,841	
Total Other Student Support			\$ 138,782

Regular Instruction Program

Supervisor/Director	\$	34,724	
Secretary(ies)		33,204	
Social Security		4,064	
State Retirement		5,079	
Employee and Dependent Insurance		8,431	
Life Insurance		186	
Medical Insurance		4,816	
Dental Insurance		304	
Employer Medicare		950	
Travel		3,101	
Other Supplies and Materials		5,500	
Workers' Compensation Insurance		212	
In Service/Staff Development		64,681	
Other Equipment		1,918	
Total Regular Instruction Program			167,170

Special Education Program

Psychological Personnel	\$	122,680	
Clerical Personnel		77,394	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	34,422	
Social Security		13,852	
State Retirement		17,808	
Employee and Dependent Insurance		9,481	
Life Insurance		767	
Medical Insurance		20,637	
Dental Insurance		1,255	
Employer Medicare		3,342	
Other Contracted Services		274,457	
Workers' Compensation Insurance		743	
In Service/Staff Development		1,000	
Other Equipment		7,500	
Total Special Education Program			\$ 585,338

Vocational Education Program

Travel	\$	1,921	
Other Supplies and Materials		313	
In Service/Staff Development		227	
Other Equipment		443	
Total Vocational Education Program			2,904

Transportation

Other Contracted Services	\$	122,630	
Total Transportation			122,630

Central and Other

In Service/Staff Development	\$	720	
Data Processing Equipment		161	
Total Central and Other			881

Total School Federal Projects Fund \$ 4,542,459

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	87,867	
Accountants/Bookkeepers		57,147	
Cafeteria Personnel		1,940,250	
Social Security		124,420	

(Continued)

Exhibit K-8

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.)

State Retirement	\$	124,473	
Employee and Dependent Insurance		184,345	
Life Insurance		4,949	
Medical Insurance		236,638	
Dental Insurance		14,480	
Unemployment Compensation		3,419	
Local Retirement		10,306	
Employer Medicare		29,277	
Dues and Memberships		3,728	
Maintenance and Repair Services - Equipment		53,237	
Printing, Stationery, and Forms		3,302	
Transportation - Other than Students		26,618	
Travel		11,745	
Other Contracted Services		85,369	
Custodial Supplies		35,323	
Food Supplies		2,031,366	
Office Supplies		4,403	
Uniforms		9,054	
Other Supplies and Materials		97,882	
Workers' Compensation Insurance		41,000	
In Service/Staff Development		11,148	
Other Charges		64	
Data Processing Equipment		17,037	
Food Service Equipment		118,540	
Total Food Service			\$ 5,367,387

Total Central Cafeteria Fund

\$ 5,367,387

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	64,919
Clerical Personnel		37,941
Custodial Personnel		82,500
Part-time Personnel		1,172,706
Social Security		72,555
State Retirement		51,811
Employee and Dependent Insurance		30,408
Life Insurance		736

(Continued)

Exhibit K-8

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

Extended School Program Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Medical Insurance	\$	40,965	
Dental Insurance		2,701	
Employer Medicare		16,968	
Contracts with Vehicle Owners		30,520	
Travel		1,048	
Other Contracted Services		75,731	
Food Supplies		64,158	
Instructional Supplies and Materials		12,357	
Other Supplies and Materials		14,828	
Trustee's Commission		16,688	
Workers' Compensation Insurance		4,400	
In Service/Staff Development		792	
Building Improvements		14,292	
Other Equipment		3,402	
Total Community Services			\$ <u>1,812,426</u>

Total Extended School Program Fund \$ 1,812,426

Total Governmental Funds - Blount County School Department \$ 86,990,196

Exhibit K-9

Blount County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 2,158,258	\$ 6,776,001	\$ 8,934,259
Trustee's Collections - Prior Years	0	92,762	290,946	383,708
Circuit/Clerk and Master Collections - Prior Years	0	10,090	31,643	41,733
Interest and Penalty	0	11,725	36,771	48,496
Pick-up Taxes	0	7,865	24,658	32,523
Payments in-Lieu-of Taxes - Local Utilities	0	27,298	85,616	112,914
Local Option Sales Taxes	14,618,317	1,485,060	4,648,437	20,751,814
Business Taxes	0	53,773	168,664	222,437
Other County Local Option Taxes	0	1,099	3,704	4,803
Marriage Licenses	0	596	1,867	2,463
Other Local Revenue	0	108	338	446
Mixed Drink Taxes	0	6,082	19,073	25,155
Other Loans Issued	0	4,023,216	12,665,004	16,688,220
Total Cash Receipts	\$ 14,618,317	\$ 7,877,932	\$ 24,752,722	\$ 47,248,971
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 14,472,134	\$ 7,818,882	\$ 24,570,594	\$ 46,861,610
Trustee's Commission	146,183	62,006	190,903	399,092
Total Cash Disbursements	\$ 14,618,317	\$ 7,880,888	\$ 24,761,497	\$ 47,260,702
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (2,956)	\$ (8,775)	\$ (11,731)
Cash Balance, July 1, 2007	0	8,070	24,815	32,885
Cash Balance, June 30, 2008	\$ 0	\$ 5,114	\$ 16,040	\$ 21,154

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STATISTICAL SECTION

This part of Blount County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	Tables	Pages
Financial Trends:		
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-7	271-281
Revenue Capacity:		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	8-11	282-285
Debt Capacity:		
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. The tables on legal debt margin information and pledged-revenue coverage are not applicable to counties in Tennessee.	12-16	286-290
Demographic and Economic Information:		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	17-18	291-292
Operating Information:		
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	19-21	293-296

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 1

**Blount County, Tennessee
Net Assets by Component
Last Seven Fiscal Years (1)**

(accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Primary government							
Governmental activities							
Invested in capital assets, net of related debt	\$ 51,728,208	\$57,351,592	\$ 59,706,540	\$ 69,673,900	\$ 71,945,970	\$ 79,936,221	\$ 84,766,395
Restricted	9,990,936	9,911,031	8,653,731	8,814,195	8,728,044	12,779,291	14,719,161
Unrestricted (2)	(51,088,982)	(63,242,963)	(79,010,778)	(87,675,281)	(104,591,839)	(119,981,142)	(155,787,604)
Total primary government net assets	\$ 10,630,162	\$ 4,019,660	\$ (10,650,507)	\$ (9,187,186)	\$ (23,917,825)	\$ (27,265,630)	\$ (56,302,048)
Discretely presented school department							
Invested in capital assets, net of related debt	\$ 72,770,777	\$75,973,266	\$ 82,774,679	\$ 85,326,140	\$ 96,178,828	\$ 105,663,939	\$ 128,228,018
Invested in capital assets	754,323	721,330	1,017,010	1,265,274	1,131,898	1,191,359	875,351
Restricted	5,104,102	4,631,320	4,764,596	5,167,705	6,132,311	4,906,776	4,207,826
Total discretely presented school department	\$ 78,629,202	\$81,325,916	\$ 88,556,285	\$ 91,759,119	\$ 103,443,037	\$ 111,762,074	\$ 133,311,195

(1) Blount County implemented GASB Statement No. 34 during the year ended June 30, 2002. Government-wide net assets information is not available for years prior to 2002.

(2) Unrestricted net assets reflect negative balances due to the recording of the capital assets in the discretely presented school department and the reflection of the debt associated with those assets in the primary government.

Table 2

**Blount County, Tennessee
Changes in Net Assets
Last Seven Fiscal Years (1)
(accrual basis of accounting)**

	2002		2003		2004		2005	
	Primary Government	Component Unit						
Expenses								
Governmental Activities:								
General Government	\$ 5,355,239	\$ 0	\$ 4,399,856	\$ 0	\$ 5,430,866	\$ 0	\$ 3,594,673	\$ 0
Finance	3,340,103	0	3,311,723	0	3,563,683	0	3,800,073	0
Administration of Justice	3,330,315	0	4,011,613	0	4,673,361	0	4,439,900	0
Public Safety	13,335,695	0	13,332,303	0	14,205,852	0	16,863,564	0
Public Health and Welfare	1,287,783	0	685,915	0	2,382,789	0	2,126,494	0
Social, Cultural, and Recreational Services	2,338,949	0	1,865,186	0	3,449,953	0	3,568,200	0
Agriculture and Natural Resources	184,931	0	195,594	0	228,265	0	211,185	0
Other Operations (2)	0	0	2,647,369	0	2,814,754	0	3,024,776	0
Highways	8,929,084	0	8,460,227	0	9,049,039	0	9,567,174	0
Education (3)	89,276,376	0	18,534,543	0	20,527,255	0	18,423,799	0
Debt Service:		0		0		0		0
Interest on Long-term Debt	4,055,309	0	5,014,825	0	5,393,155	0	5,803,384	0
Other Debt Service	285,553	0	213,838	0	222,176	0	309,437	0
Component Unit - Blount County School Department (4)	0	63,819,023	0	68,009,114	0	68,896,160	0	74,715,324
Total Expenses	\$ 81,719,337	\$ 63,819,023	\$ 62,672,992	\$ 68,009,114	\$ 71,941,148	\$ 68,896,160	\$ 71,732,659	\$ 74,715,324
Program Revenues								
Governmental Activities:								
Charges for Service:								
General Government	\$ 1,421,051	\$ 0	\$ 1,768,644	\$ 0	\$ 1,735,416	\$ 0	\$ 1,733,147	\$ 0
Finance	2,084,640	0	2,175,230	0	2,242,694	0	2,488,877	0
Administration of Justice	1,770,985	0	2,050,852	0	2,462,591	0	2,644,818	0
Public Safety	3,816,601	0	3,755,338	0	4,009,453	0	3,118,865	0
Public Health and Welfare	203,416	0	201,843	0	229,657	0	239,990	0
Social, Cultural, and Recreational Services	75,890	0	119,102	0	137,777	0	137,449	0
Other Operations	0	0	0	0	0	0	0	0
Highways	211,308	0	209,073	0	240,798	0	626,590	0
Education	5,427,260	0	6,073,404	0	7,653,220	0	9,495,208	0
Component Unit - Blount County School Department	0	28,261,320	0	16,328,038	0	20,472,984	0	16,921,334
Operating Grants and Contributions	3,992,979	0	4,657,436	0	4,475,670	0	5,585,547	0
Capital Grants and Contributions	6,497,200	0	7,523,806	0	6,109,157	0	9,163,880	0
Total Revenues	\$ 25,501,330	\$ 28,261,320	\$ 28,534,728	\$ 16,328,038	\$ 29,296,433	\$ 20,472,984	\$ 35,234,371	\$ 16,921,334
Net (Expense)/Revenue Total	\$ (56,218,007)	\$ (35,557,703)	\$ (34,138,264)	\$ (51,681,076)	\$ (42,644,715)	\$ (48,423,176)	\$ (36,498,288)	\$ (57,793,990)

(Continued)

Table 2

**Blount County, Tennessee
Changes in Net Assets
Last Seven Fiscal Years**

(accrual basis of accounting) (Cont.)

	2002		2003		2004		2005	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property Taxes (5)	\$ 21,175,563	\$ 11,902,615	\$ 20,495,228	\$ 13,353,250	\$ 20,519,109	\$ 13,276,553	\$ 24,403,395	\$ 15,618,864
Sales Taxes	1,933,074	8,260,215	2,051,371	8,606,959	2,051,999	9,047,945	2,089,375	9,417,172
Other Taxes	2,684,793	328,283	2,635,443	350,531	2,940,085	380,830	2,671,799	410,978
Grants and Contributions Not Restricted	1,659,427	30,097,597	1,832,348	31,727,467	1,786,291	32,586,709	1,885,267	34,714,283
Unrestricted Investment Income	955,450	242,030	468,279	164,922	315,668	141,350	388,903	388,027
Gain on Sale of Capital Assets	0	0	15,751	0	0	0	0	0
Miscellaneous	19,051	225,800	29,342	172,641	67,025	220,158	34,955	247,500
Total Governmental Activities	\$ 28,327,358	\$ 51,056,540	\$ 27,527,762	\$ 54,377,790	\$ 27,680,177	\$ 55,653,545	\$ 31,473,694	\$ 60,996,824
Change in Net Assets								
Total	\$ (27,890,649)	\$ 15,498,837	\$ (6,610,502)	\$ 2,696,714	\$ (14,964,538)	\$ 7,230,369	\$ (5,024,594)	\$ 3,202,834

(Continued)

Table 2

**Blount County, Tennessee
Changes in Net Assets
Last Seven Fiscal Years**

(accrual basis of accounting) (Cont.)

	2006		2007		2008	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
Expenses						
Governmental Activities:						
General Government	\$ 4,574,541	\$ 0	\$ 4,320,235	\$ 0	\$ 4,753,520	\$ 0
Finance	4,219,651	0	4,295,393	0	4,294,152	0
Administration of Justice	4,417,115	0	5,141,149	0	4,596,462	0
Public Safety	16,897,954	0	17,355,681	0	19,231,988	0
Public Health and Welfare	1,798,707	0	1,975,908	0	1,941,135	0
Social, Cultural, and Recreational Services	2,790,337	0	2,711,933	0	2,717,539	0
Agriculture and Natural Resources	229,274	0	234,364	0	265,620	0
Other Operations (2)	10,411,231	0	2,827,630	0	4,310,751	0
Highways	10,424,179	0	9,946,373	0	13,334,983	0
Education (3)	28,004,179	0	27,216,725	0	52,796,062	0
Debt Service:						
Interest on Long-term Debt	5,938,315	0	6,467,567	0	8,273,643	0
Other Debt Service	675,651	0	1,289,553	0	1,303,697	0
Component Unit - Blount County School Department (4)	0	78,658,428	0	86,389,144	0	88,933,180
Total Expenses	\$ 90,381,134	\$ 78,658,428	\$ 63,782,511	\$ 86,389,144	\$ 117,819,552	\$ 88,933,180
Program Revenues						
Governmental Activities:						
Charges for Service:						
General Government	\$ 1,955,082	\$ 0	\$ 2,026,204	\$ 0	\$ 1,799,350	\$ 0
Finance	2,795,250	0	2,906,651	0	3,075,977	0
Administration of Justice	3,693,907	0	4,730,640	0	4,460,532	0
Public Safety	3,505,190	0	3,570,510	0	4,481,582	0
Public Health and Welfare	234,463	0	174,046	0	213,277	0
Social, Cultural, and Recreational Services	299,353	0	288,594	0	273,602	0
Other operations	0	0	0	0	0	0
Highways	693,191	0	780,181	0	1,386,841	0
Education	10,448,576	0	11,215,988	0	11,157,317	0
Component Unit - Blount County School Department	0	23,821,726	0	23,718,579	0	36,716,034
Operating Grants and Contributions	4,736,202	0	4,835,443	0	5,163,438	0
Capital Grants and Contributions	14,234,010	0	8,905,820	0	10,217,506	0
Total Revenues	\$ 42,599,224	\$ 23,821,726	\$ 39,437,077	\$ 23,718,579	\$ 42,829,422	\$ 36,716,034
Net (Expense)/Revenue Total	\$ (47,781,910)	\$ (54,836,702)	\$ (44,345,434)	\$ (62,670,565)	\$ (75,590,130)	\$ (52,217,146)

(Continued)

Table 2

**Blount County, Tennessee
Changes in Net Assets
Last Seven Fiscal Years**

(accrual basis of accounting) (Cont.)

	2006		2007		2008	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes						
Property Taxes (5)	\$ 24,920,611	\$ 15,647,059	\$ 32,159,284	\$ 15,982,164	\$ 35,029,006	\$ 16,531,569
Sales Taxes	2,192,782	10,165,748	2,301,875	10,446,190	2,229,493	10,717,260
Other Taxes	3,188,703	424,651	3,157,284	403,700	3,248,092	376,220
Grants and Contributions Not Restricted	1,507,334	39,551,938	2,107,312	43,200,324	2,128,290	45,433,236
Unrestricted Investment Income	834,929	552,360	1,197,763	752,248	1,043,904	506,843
Gain on Sale of Capital Assets	390,283	0	39,723	0	2,865,782	0
Miscellaneous	25,679	178,864	34,398	204,976	9,145	201,139
Total Governmental Activities	\$ 33,051,271	\$ 66,520,620	\$ 40,997,629	\$ 70,989,602	\$ 46,553,712	\$ 73,766,267
Change in Net Assets	\$ (14,730,639)	\$ 11,683,918	\$ (3,347,805)	\$ 8,319,037	\$ (29,036,418)	\$ 21,549,121

- (1) Blount County implemented GASB Statement No. 34 during the year ended June 30, 2002. Government-wide net assets information is not available for years prior to 2002.
- (2) The increase from 2005 to 2006 in "other operations" expense is due to expenditures of \$5.9 million for Industrial Development Board land and \$1.1 million for a Denso project.
- (3) The fluctuation in "education" expense is due to building of new schools.
- (4) The decrease in 2003 from 2002 in "component unit - Blount County school department" is due to loss of federal grant funds.
- (5) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

Table 3

Blount County, Tennessee
Governmental Activities Tax Revenues By Source
Last Seven Years (1)

(accrual basis of accounting)

Fiscal Year	(2) Property Tax	Local Option Sales Tax		Other County Local Option Tax		Franchise Tax		Hotel Motel Tax		Litigation Tax		Business Tax		Mineral Severance Tax		Wholesale Beer Tax		Bank Excise Tax		Total
Primary Government																				
2002	\$ 21,175,563	\$ 1,933,074	\$ 10,580	\$ 412,349	\$ 1,192,724	\$ 386,535	\$ 568,087	\$ 221,961	\$ 204,906	\$ 220,421	\$ 26,326,200									
2003	20,495,228	2,051,371	13,070	516,793	1,247,852	436,846	543,934	200,841	192,900	237,050	25,935,885									
2004	20,519,109	2,051,999	12,780	334,840	1,432,895	468,306	573,916	241,471	211,531	185,911	26,032,758									
2005	24,403,395	2,089,375	12,068	444,644	1,208,531	452,121	614,025	187,439	197,842	163,315	29,772,755									
2006	24,920,611	2,192,732	12,191	475,310	1,593,827	518,586	658,608	186,116	219,321	261,904	31,039,206									
2007	32,159,284	2,301,875	10,745	545,288	1,537,843	477,816	711,111	197,573	221,209	268,930	38,431,674									
2008	35,029,006	2,229,493	9,130	585,024	1,616,514	514,972	746,103	116,132	245,241	294,884	41,386,499									
Component Unit																				
2002	\$ 11,902,615	\$ 8,260,215	\$ 10,436				\$ 317,847				\$ 20,491,113									
2003	13,353,250	8,608,959	12,823				337,708				22,312,740									
2004	13,276,553	9,047,945	12,459				368,371				22,705,328									
2005	15,818,864	9,417,172	11,833				399,145				25,647,014									
2006	15,647,059	10,165,748	11,829				412,822				26,237,458									
2007	15,982,164	10,446,190	10,305				393,395				26,832,054									
2008	16,531,569	10,717,260	8,691				367,529				27,625,049									

(1) Blount County implemented GASB Statement No. 34 during the year ended June 30, 2002. Accrual basis tax revenue information is not available for years prior to 2002.

(2) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

Table 4

**Blount County, Tennessee
Fund Balances of Governmental Funds
Last Ten Years**

(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Primary Government:										
General Fund										
Reserved	\$ 1,068,271	\$ 843,014	\$ 1,132,799	\$ 1,308,975	\$1,287,499	\$ 1,383,612	\$ 1,580,757	\$ 2,199,754	\$ 2,443,738	\$ 2,399,056
Unreserved (1)	3,512,389	4,669,539	6,264,104	7,444,928	6,690,574	4,978,869	1,285,491	270,053	3,183,024	7,960,954
Total General Fund	\$ 4,580,660	\$ 5,512,553	\$ 7,396,903	\$ 8,753,903	\$7,978,073	\$ 6,362,481	\$ 2,866,248	\$ 2,469,807	\$ 5,626,762	\$ 10,360,010
All other governmental funds										
Reserved	\$10,570,553	\$25,541,630	\$27,826,554	\$ 10,362,695	\$8,618,763	\$ 4,220,791	\$ 5,151,581	\$ 5,879,644	\$ 29,089,359	\$ 7,139,680
Unreserved, reported in:										
Special revenue funds	528,456	938,816	1,375,433	875,227	798,270	648,416	823,477	1,575,815	2,187,345	2,551,226
Debt service funds	3,210,460	5,249,215	7,362,429	5,138,661	5,625,671	5,188,632	5,682,938	4,979,673	7,676,296	10,248,838
Permanent Funds	0	0	0	0	0	0	0	0	0	15,438
Capital projects funds	(3,275,954)	(23,731,929)	(22,411,860)	(7,013,296)	(6,118,925)	(2,394,359)	(873,040)	(2,871,615)	(27,366,666)	(5,773,321)
Total all other governmental funds	\$11,033,515	\$ 7,997,732	\$14,152,556	\$ 9,363,287	\$8,923,779	\$ 7,663,480	\$10,784,956	\$ 9,563,517	\$ 11,586,334	\$ 14,181,861
Component Unit:										
General Fund (General purpose school)										
Reserved	\$ 300,515	\$ 326,153	\$ 253,485	\$ 260,089	\$ 74,174	\$ 200,825	\$ 202,515	\$ 357,351	\$ 201,290	\$ 581,585
Unreserved	2,822,549	3,251,323	4,031,036	3,618,603	3,103,351	3,112,273	3,420,351	4,210,427	5,876,244	5,574,275
Total General Fund	\$ 3,123,064	\$ 3,577,476	\$ 4,284,521	\$ 3,878,692	\$3,177,525	\$ 3,313,098	\$ 3,622,866	\$ 4,567,778	\$ 6,077,534	\$ 6,155,860
All other governmental funds										
Reserved	\$ 584,958	\$ 235,424	\$ 336,988	\$ 155,189	\$ 137,384	\$ 331,076	\$ 607,445	\$ 384,685	\$ 367,814	\$ 190,953
Unreserved, reported in:										
Special revenue funds	0	920,279	817,358	754,072	725,021	947,734	899,112	968,848	1,118,312	986,922
Capital projects funds	824,583	10,252	955	0	0	0	0	0	0	0
Total all other governmental funds	\$ 1,409,541	\$ 1,165,955	\$ 1,155,301	\$ 909,261	\$ 862,405	\$1,278,810	\$ 1,506,557	\$ 1,353,533	\$ 1,486,126	\$ 1,177,875

(1) Reduction in fund balance is a result of planned spending. Fund balance will increase over the next several years as part of long-term planning.

Table 5

**Blount County, Tennessee
General Government
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Local Taxes	\$ 20,360,562	\$ 24,751,474	\$ 25,765,753	\$ 26,306,237	\$ 25,527,028	\$ 26,194,901	\$ 29,569,391	\$ 31,063,540	\$ 38,085,574	\$ 41,037,649
Licenses and permits	316,486	390,862	468,013	522,244	641,140	595,562	950,329	1,196,718	1,093,406	1,173,446
Fines, forfeitures, and penalties	448,545	483,554	533,230	445,239	659,520	820,307	946,992	1,352,569	1,586,703	1,038,231
Charges for current services	3,907,443	4,084,874	4,294,925	4,660,197	5,052,826	446,452	475,109	479,971	803,880	988,481
Other local revenues	1,859,094	1,718,976	1,605,310	1,444,940	1,298,367	1,552,600	1,680,010	2,205,109	2,797,784	3,204,549
Fees received from county officials	0	0	0	0	0	4,968,786	5,169,449	6,180,718	6,674,114	6,767,137
State of Tennessee	4,249,108	4,673,806	5,290,287	5,243,812	4,911,821	4,400,244	5,053,540	7,093,836	5,541,303	5,781,332
Federal government	498,063	1,774,513	1,335,123	3,110,552	2,892,713	3,505,148	2,858,007	4,343,260	3,627,024	6,187,179
Other governments and citizens groups	546,804	597,779	4,600,405	3,359,089	2,343,607	1,284,830	1,312,299	5,172,440	1,269,346	1,163,468
Total Revenues	\$ 32,186,105	\$ 38,475,838	\$ 43,893,046	\$ 45,092,310	\$ 43,327,022	\$ 43,768,830	\$ 48,015,126	\$ 59,088,161	\$ 61,479,134	\$ 67,341,472
Expenditures(1)										
General government	\$ 17,990,081	\$ 24,793,249	\$ 28,611,764	\$ 4,884,279	\$ 2,788,083	\$ 3,145,503	\$ 3,357,168	\$ 4,306,820	\$ 4,131,990	\$ 4,654,568
Finance	0	0	0	3,021,207	3,286,362	3,533,305	3,611,852	4,071,028	4,092,155	4,129,984
Administration of justice	0	0	0	2,857,349	3,228,252	3,699,015	4,171,933	4,272,273	4,788,615	4,363,794
Public safety	0	0	0	11,332,616	13,243,505	13,927,155	15,401,864	16,307,461	16,396,703	18,544,560
Public health and welfare	0	0	0	1,261,356	1,298,118	1,481,066	2,069,088	1,780,768	1,985,359	1,927,979
Social, cultural, and recreational services	0	0	0	452,604	1,758,217	1,848,469	2,090,873	2,244,575	2,303,766	2,430,396
Agriculture and natural resources	0	0	0	177,534	193,300	207,467	208,904	231,259	232,565	265,041
Other operations (2)	0	0	0	0	5,894,838	6,671,289	7,373,991	14,474,599	7,384,343	19,568,504
Highways	5,278,090	5,188,043	5,089,816	5,863,820	5,171,748	5,500,638	6,007,485	6,426,211	5,868,808	7,559,884
Debt service:	6,417,932	7,235,317	7,356,852	0	0	0	0	0	0	0
Principal	0	0	0	4,708,500	3,537,500	3,490,000	3,440,000	4,006,511	3,433,233	3,720,501
Interest	0	0	0	3,990,428	4,960,603	5,238,355	5,605,576	5,958,205	6,402,103	8,351,919
Other debt service	0	0	0	221,763	303,543	305,951	831,383	415,971	1,023,435	1,823,294
Capital projects	19,588,562	22,662,670	24,897,988	27,062,372	10,385,234	11,399,324	6,976,294	16,644,490	16,251,782	29,740,763
Total expenditures	\$ 49,274,665	\$ 59,899,279	\$ 65,956,420	\$ 66,433,828	\$ 56,049,293	\$ 60,447,537	\$ 61,146,411	\$ 81,140,171	\$ 74,244,857	\$ 107,081,187
Excess (Deficiency) of revenues over expenditures	\$ (17,088,560)	\$ (21,423,441)	\$ (22,063,374)	\$ (21,341,518)	\$ (12,722,271)	\$ (16,678,707)	\$ (13,131,285)	\$ (22,052,010)	\$ (12,765,723)	\$ (39,739,715)

(Continued)

Table 5

Blount County, Tennessee
 General Government
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

(modified accrual basis of accounting) (Cont.)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses)										
Transfers in	\$ 4,442,540	\$ 5,140,052	\$ 4,977,575	\$ 5,340,414	\$ 5,779,881	\$ 1,004,173	\$ 1,110,588	\$ 1,932,980	\$ 2,652,292	\$ 1,199,634
Transfers out	(4,209,615)	(4,855,989)	(4,753,287)	(5,122,593)	(5,555,205)	(775,957)	(1,180,756)	(1,690,100)	(2,317,115)	(876,755)
Operating transfers to component units	(766,495)	(678,024)	(647,319)	0	0	0	0	0	0	0
Operating transfers from component units	473,565	318,675	244,334	0	0	0	0	0	0	0
Public Building Authority loan proceeds	0	0	0	0	0	0	0	0	0	0
Other loans issued	19,414,025	18,898,506	30,099,743	31,052,850	11,282,257	13,574,600	12,343,060	20,191,250	17,610,318	44,957,329
Notes issued	3,050,000	422,000	0	0	0	0	0	0	0	0
Premiums on debt issued	0	895,000	0	0	0	0	448,731	0	0	418,255
Refunding debt issued	0	3,500,000	0	0	0	0	27,325,000	0	0	69,975,000
Refunding notes issued	0	0	0	0	0	0	0	0	0	0
Discounts on debt issued	0	0	0	0	0	0	0	0	0	0
Payments to refunded debt escrow agent	0	(4,390,000)	0	0	0	0	(27,290,095)	0	0	(16,010)
Total other financing sources (uses)	\$ 22,404,020	\$ 19,250,220	\$ 29,321,046	\$ 31,270,101	\$ 11,506,933	\$ 13,802,816	\$ 12,756,528	\$ 20,434,130	\$ 17,945,495	\$ (69,485,000)
Net change in fund balances	\$ 5,315,460	\$ (2,173,221)	\$ 7,857,672	\$ 9,928,583	\$ (1,215,338)	\$ (2,875,891)	\$ (374,757)	\$ (1,617,880)	\$ 5,179,772	\$ 6,432,758
Debt service as a percentage of non-capital expenditures	21.62%	19.44%	17.92%	14.78%	16.44%	15.16%	16.44%	13.13%	15.68%	13.28%

(1) Conversion to GASB 34 resulted in changes in classification from 2001 to 2002.
 (2) The increase from 2005 to 2006 in other operations is due to expenditures of \$5.9 million for Industrial Development Board land and \$1.1 million for a Denso project

Table 6

**Blount County, Tennessee
Discretely Presented Blount County School Department
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
(modified accrual basis of accounting)										
Revenues										
Local Taxes (1)	\$ 16,118,001	\$ 18,131,328	\$ 19,063,788	\$ 20,509,906	\$ 22,239,198	\$ 22,923,346	\$ 25,695,368	\$ 26,315,466	\$ 26,870,464	\$ 27,731,451
Licenses and permits	5,056	4,871	4,249	4,321	3,895	3,530	3,030	2,888	2,969	4,260
Charges for current services	2,679,383	3,621,125	3,280,212	3,396,305	3,354,886	3,728,447	3,782,383	4,166,607	4,434,165	4,433,358
Other local revenues	437,159	811,919	890,853	492,091	370,430	450,343	759,551	886,819	1,021,290	845,529
State of Tennessee	28,304,068	29,302,321	30,535,730	31,248,021	32,831,035	33,617,315	36,193,548	39,276,204	43,311,492	45,575,829
Federal government	4,297,597	4,637,156	5,490,671	6,102,652	6,865,567	6,920,687	7,140,650	6,883,789	7,434,037	7,088,253
Other governments and citizens groups	0	0	0	0	0	0	6,000	0	0	0
Total Revenues	\$ 51,841,264	\$ 56,508,720	\$ 59,265,503	\$ 61,754,296	\$ 65,685,011	\$ 67,643,668	\$ 73,580,530	\$ 77,531,773	\$ 83,074,417	\$ 85,678,680
Expenditures (2)										
Current:										
Instruction	\$ 33,044,592	\$ 39,293,208	\$ 41,407,558	\$ 38,446,395	\$ 40,805,793	\$ 41,381,080	\$ 46,066,951	\$ 47,699,706	\$ 49,986,098	\$ 53,177,314
Support services	13,263,050	14,427,865	15,932,558	18,411,760	19,568,398	19,427,238	20,549,840	21,867,206	23,519,009	25,271,227
Operation of non-instructional services	3,992,924	28,770	0	5,124,100	5,138,749	5,410,808	5,773,611	6,566,066	7,097,811	7,593,835
Capital outlay	22,430	258,496	27,923	32,203	0	315,847	111,296	82,790	2,896,952	163,913
Capital projects	1,900,316	1,070,555	54,404	0	0	0	0	0	0	0
Debt Service:	789,203	900,265	902,335	0	0	0	0	0	0	0
Principal on debt	0	0	0	2,500,000	415,000	415,000	415,000	415,000	525,500	615,141
Interest on debt	0	0	0	107,500	96,111	83,400	66,800	50,200	197,940	168,766
Other debt service	0	0	0	284,207	408,983	58,917	58,917	58,917	58,915	0
Total Expenditures	\$ 53,012,515	\$ 55,979,159	\$ 58,324,778	\$ 64,906,165	\$ 66,433,034	\$ 67,092,290	\$ 73,042,415	\$ 76,739,885	\$ 84,282,225	\$ 86,990,196
Excess (Deficiency) of revenues over expenditures	\$ (1,171,251)	\$ 529,561	\$ 940,725	\$ (3,151,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ (1,207,808)	\$ (1,311,516)
Other financing sources (uses)										
Transfers in	\$ 1,090,185	\$ 35,486	\$ 166,152	\$ 12,196	\$ 26,679	\$ 103,287	\$ 74,701	\$ 4,315	\$ 0	\$ 0
Transfers out	(1,563,700)	(354,161)	(410,486)	(12,196)	(26,679)	(103,237)	(74,701)	(4,315)	0	0
Notes issued	0	0	0	2,500,000	0	0	0	0	2,850,157	0
Total other financing sources (uses)	\$ (473,565)	\$ (318,675)	\$ (244,334)	\$ 2,500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,850,157	\$ 0
Net change in fund balances	\$ (1,644,816)	\$ 210,886	\$ 696,391	\$ (651,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ 1,642,349	\$ (1,311,516)
Debt service as a percentage of non-capital expenditures	1.54%	1.65%	1.55%	4.48%	1.38%	0.83%	0.74%	0.68%	0.93%	0.90%

(1) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

(2) Conversion to GASB 34 resulted in changes in classification from 2001 to 2002.

Table 7

**Blount County, Tennessee
General Government and
Discretely Presented Blount County School Department
Governmental Activities Tax Revenues by Source
Last Ten Years**

(modified accrual basis of accounting)

Fiscal Year	(1) Property Tax	Local Option Sales Tax	Other County		Franchise Tax	Hotel Motel Tax	Litigation Tax	Business Tax	Mineral Severance Tax	Wholesale Beer		Bank Excise Tax	Total
			Local Option Tax	Local Option Tax						Beer Tax	Beer Tax		
Primary Government													
1999	\$ 15,810,061	\$ 1,971,001	\$ 0	\$ 0	\$ 314,443	\$ 978,988	\$ 307,584	\$ 498,909	\$ 89,783	\$ 220,082	\$ 269,292	\$ 20,460,143	
2000	19,821,941	2,027,267	4,775		389,490	1,133,344	382,495	579,243	153,109	220,232	193,939	24,905,835	
2001	20,571,589	2,008,098	11,806		377,832	1,246,765	385,228	576,400	200,069	237,387	282,269	25,897,443	
2002	21,118,885	1,946,451	10,580		412,349	1,192,724	386,535	568,087	221,961	204,906	220,421	26,282,899	
2003	20,367,261	2,038,023	13,070		516,793	1,247,852	436,846	543,934	200,841	192,900	237,050	25,794,570	
2004	20,634,240	2,080,256	11,966		334,840	1,432,895	468,306	573,916	241,471	211,531	185,911	26,175,332	
2005	24,283,974	2,099,490	11,841		444,644	1,208,531	452,121	614,025	187,439	197,842	163,315	29,663,222	
2006	24,991,736	2,194,306	12,245		475,310	1,593,827	518,586	658,608	186,116	219,321	261,904	31,111,959	
2007	32,389,404	2,269,956	11,732		545,288	1,537,843	477,816	711,111	197,573	221,209	268,930	38,630,862	
2008	35,265,180	2,229,493	9,130		585,024	1,616,514	514,972	746,103	116,132	245,241	294,884	41,622,673	
Component Unit													
1999	\$ 8,676,833	\$ 7,077,308	\$ 0	\$ 0	\$ 274,254	\$ 16,028,395	\$ 302,679	\$ 18,036,863	\$ 293,231	\$ 18,968,425	\$ 20,403,532	\$ 22,112,836	
2000	10,082,713	8,206,126	8,933		317,847	337,708	368,371	399,145	412,822	25,545,405	26,195,130	26,870,464	
2001	10,460,135	8,241,650	10,436		393,395	367,529	27,731,451						
2002	11,833,599	8,608,959	12,823										
2003	13,153,346	9,060,688	11,667										
2004	13,352,744	9,394,839	11,610										
2005	15,739,811	10,062,340	11,895										
2006	15,708,073	10,404,032	11,254										
2007	16,061,783	10,717,260	8,691										
2008	16,637,971												

(1) The change in property taxes from 2004 to 2005 is due to a tax increase from \$2.15 to \$2.20.

Table 8

Blount County, Tennessee
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Year	Real Property			Tangible Personal Property Assessed	Public Utility Assessment	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Farms Property	Commercial Industrial Property						
1999	1998	\$ 730,126,450	\$ 253,809,200	\$ 144,229,094	\$ 49,644,107	\$ 1,177,808,851	2.15	\$ 4,677,727,105	25%	
2000	1999	914,685,050	317,818,160	208,023,880	58,768,971	1,499,296,061	2.07	5,281,336,351	28%	
2001	2000	945,864,875	326,351,440	211,035,528	61,973,835	1,545,225,678	2.36	5,859,498,893	26%	
2002	2001	1,144,720,425	375,231,480	245,276,006	74,499,300	1,839,727,211	2.36	6,507,801,273	28%	
2003	2002	1,183,518,750	381,677,600	239,712,697	77,983,116	1,882,892,163	2.15	6,665,966,801	28%	
2004	2003	1,225,719,350	383,341,000	229,918,665	76,918,382	1,915,897,397	2.15	7,348,354,761	26%	
2005	2004	1,272,890,050	401,972,880	230,817,467	93,371,186	1,999,051,583	2.15	7,646,390,263	26%	
2006	2005	1,320,505,025	412,208,880	226,599,419	92,003,890	2,051,317,214	2.43	8,629,870,466	24%	
2007	2006	1,768,732,750	490,095,200	271,597,700	108,579,121	2,639,004,771	2.18	9,454,242,525	28%	
2008	2007	1,837,158,675	515,030,040	302,786,095	109,082,317	2,764,057,127	2.23	9,929,654,226	28%	

Table 9

Blount County, Tennessee
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Year	General Fund		General Purpose School Fund		General Debt Service Fund		Total		City of	
										Maryville	Alcoa
1999	1998	\$	0.740	\$	0.940	\$	0.39	\$	2.07	\$	2.15
2000	1999		0.815		1.025		0.52		2.36		2.15
2001	2000		0.815		1.025		0.52		2.36		2.40
2002	2001		0.710		0.990		0.45		2.15		2.15
2003	2002		0.690		1.070		0.39		2.15		2.15
2004	2003		0.690		1.070		0.39		2.15		2.20
2005	2004		0.780		1.210		0.44		2.43		2.20
2006	2005		0.790		1.200		0.44		2.43		1.92
2007	2006		0.720		0.950		0.51		2.18		1.92
2008	2007		0.770		0.950		0.51		2.23		2.20

Table 10

Blount County, Tennessee
Principal Taxpayers
June 30, 2008

<u>Taxpayer</u>	<u>Fiscal Year 2008</u>			<u>Fiscal Year 1999</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Alcoa Inc.	\$105,054,550	1	3.66%	\$82,753,980	2	7.03%
Denso Manufacturing Tennessee	91,448,549	2	3.18%	89,602,346	1	7.61%
Alcoa Aluminum Company, Inc.	49,008,765	3	1.71%	N/A	-	
CMH Services, Inc.	13,165,586	4	0.46%	N/A	-	
Sanford Brands	7,777,376	5	0.27%	N/A	-	
Presbyterian Homes of Tennessee, Inc.	7,357,735	6	0.26%	N/A	-	
CBL & Associates Limited	6,868,080	7	0.24%	6,733,560	4	0.57%
Faulkner Properties	6,393,640	8	0.22%	N/A	-	
Sanford LP	6,250,000	9	0.22%	N/A	-	
McKeough Land Company, Inc.	<u>6,058,575</u>	10	<u>0.21%</u>	<u>N/A</u>	-	
Total	<u>\$299,382,856</u>		<u>10.42%</u>	<u>\$179,089,886</u>		<u>15.21%</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 2006 Real and Personal Property Assessment figure of \$2,764,057,127 plus total 2007 Public Utilities Assessment figure of \$109,079,017.
- (3) Denominator - Total Assessed Value

Table 11

Blount County, Tennessee
Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Total Tax Levy	Current Collections	Percent of Levy Collected	Adjustments and Delinquent Collections	Total Tax Collections and Adjustments	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
1998	\$ 28,298,037	\$ 26,843,314	94.90%	\$ 1,406,182	\$ 28,249,496	99.83%	\$ 48,541	0.17%
1999	33,960,073	32,383,291	95.40%	1,563,694	33,946,985	99.96%	13,088	0.04%
2000	34,939,330	32,854,459	94.00%	1,996,490	34,850,949	99.75%	88,381	0.25%
2001	37,958,289	35,571,677	93.70%	1,731,740	37,303,417	98.27%	654,872	1.73%
2002	39,115,205	36,661,486	93.70%	1,729,938	38,391,424	98.15%	723,782	1.85%
2003	39,711,720	37,425,998	94.20%	2,073,308	39,499,306	99.47%	212,414	0.53%
2004	46,308,037	43,855,503	94.70%	2,221,403	46,076,906	99.50%	231,131	0.50%
2005	47,621,873	44,927,221	94.34%	2,400,756	47,327,977	99.38%	293,896	0.62%
2006	55,164,171	52,201,876	94.63%	2,638,789	54,840,665	99.41%	323,506	0.59%
2007	59,203,343	56,108,671	94.77%	N/A(4)	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 include 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 12

Blount County, Tennessee
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Capital Outlay Notes	Capital Leases	Other Loans Payable	Total Primary Government	Percentage of Personal Income	Per Capita Income
1999	\$6,365,000	\$9,581,758	\$0	\$35,892,681	\$51,839,439	\$23,416	\$504.35
2000	4,055,000	8,303,583	0	53,789,104	66,147,687	24,262	625.08
2001	2,075,000	6,393,500	0	82,832,180	91,300,680	25,370	845.38
2002	0	5,562,500	0	112,081,960	117,644,460	28,455	1,055.11
2003	0	4,010,000	0	120,964,217	124,974,217	26,253	1,120.74
2004	0	3,105,000	0	131,538,817	134,643,817	27,111	1,183.74
2005	27,285,000	2,480,000	0	114,711,877	144,476,877	22,364	1,274.13
2006	27,170,000	1,845,000	0	131,231,616	160,246,616	22,220	1,355.88
2007	26,970,000	1,190,000	3,061,925	145,876,433	177,098,358	22,220	1,498.47
2008	26,340,000	525,000	2,866,784	188,478,261	218,210,045	N/A	N/A

NOTES:

(1) Gross bonded debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports not including undrawn proceeds from loan agreements.

Table 13

Blount County, Tennessee
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Population	Assessed Value	General Obligation Debt	Less: Amounts Available on Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1999	102,785	\$1,499,296,061	\$51,839,439	\$3,084,996	\$48,754,443	3.3%	\$474.33
2000	105,823	1,545,225,678	66,147,687	3,210,460	62,937,227	4.1%	594.74
2001	108,000	1,839,727,211	91,300,680	5,249,215	86,051,465	4.7%	796.77
2002	111,500	1,882,892,163	117,644,460	7,362,429	110,282,031	5.9%	989.08
2003	111,510	1,915,897,397	124,974,217	7,638,661	117,335,556	6.1%	1,052.24
2004	113,744	1,999,051,583	134,643,817	5,188,632	129,455,185	6.5%	1,138.13
2005	113,393	2,051,317,214	144,476,877	5,682,938	138,793,939	6.8%	1,224.01
2006	118,186	2,639,004,771	160,246,616	4,979,673	155,266,943	5.9%	1,313.75
2007	119,855	2,764,057,127	177,098,358	7,676,296	169,422,062	6.1%	1,413.56
2008	N/A	N/A	218,210,045	10,248,838	207,961,207	N/A	N/A

NOTES:

- (1) U.S. Bureau of Census figures were used for 2000. Figures for 1998 and 1999 were projected by Woods & Poole Economics, Inc. Recent figures are taken from the website www.tennesseeanytime.gov.
- (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 Report including undrawn proceeds from loan agreements.

Table 14

Blount County, Tennessee
Schedule of Direct and Overlapping Debt
June 30, 2008

DIRECT DEBT

Notes Payable	\$ 525,000	
Public Building Authority Loan Agreements	188,478,261	
General Bonded Debt	26,340,000	
Capital Leases Payable	2,866,784	
Less Debt Service Funds	<u>(10,248,838)</u>	
Total Direct Debt		\$ 207,961,207

OVERLAPPING DEBT

City of Maryville	\$ 68,365,083	
City of Alcoa	<u>51,063,895</u>	
Total Overlapping Debt		<u>119,428,978</u>

TOTAL DIRECT AND OVERLAPPING DEBT \$ 327,390,185

NOTES:

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 Schools debt only, and exclude other component unit debt serviced by the individual component units.

Table 15

Blount County, Tennessee
Pledged-Revenue Coverage
Last Ten Fiscal Years

(Not applicable to Blount County, Tennessee)

Table 16

Blount County, Tennessee
Pledged-Revenue Coverage
Last Ten Fiscal Years

(Not applicable to Blount County, Tennessee)

Table 17

Blount County, Tennessee
Demographic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	(1) <u>Population</u>	(2) <u>Per Capita Income</u>	(3) <u>Median Age</u>	<u>Unemployment Rate</u>
1998	101,211	\$22,227	38.1	3.20%
1999	102,785	23,416	38.1	3.70%
2000	105,823	24,262	38.4	2.70%
2001	108,000	25,370	38.4	4.00%
2002	111,500	28,455	38.4	3.70%
2003	111,510	26,253	38.4	4.00%
2004	113,744	27,111	38.5	4.90%
2005	113,393	22,364	40.2	4.60%
2006	118,186	22,220	39.5	4.30%
2007	119,855	24,091	39.7	4.00%

NOTES:

- (1) The 2000 figure is from the U.S. Bureau of the Census.
Years 2001 - 2004 taken from the www.tennesseeanytime.gov website.
- (2) The 2005 figures are from the 2005 American Community Survey.
- (3) U.S. Bureau of the Census figures for 2000 were used to interpolate intervening years and to project 1996 through 1999.
The 2000 figure is actual per U.S. Bureau of the Census.
- (4) The 2006 and 2007 figures are from factfinder.census.gov.

These figures reflect the latest reliable information.

Table 18

**Blount County, Tennessee
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	2008			1999		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Denso Manufacturing Tennessee	2,500	1	4.19%	2,282	2	4.52%
Alcoa, Inc.	1,660	2	2.78%	2,300	1	4.56%
Blount Memorial Hospital	1,584	3	2.65%	1,350	3	2.68%
Clayton Homes, Inc.	1,373	4	2.30%	550	7	1.09%
Blount County Schools	1,200	5	2.01%	1,144	4	2.27%
Eldon (Sanford Brand/Rubbermaid)	900	6	1.51%	-	-	-
Maryville City Schools	679	7	1.14%	480	9	0.95%
Blount County Government	550	8	0.92%	460	10	0.91%
Walmart Super Center	550	8	0.92%	-	-	-
APAC-TENN Inc/Harrison Div.	500	9	0.84%	-	-	-
Ruby Tuesday	500	9	0.84%	-	-	-
Staffing Solutions	500	9	0.99%	-	-	-
IJ Company	483	10	0.81%	500	8	0.99%
	<u>12,979</u>		<u>21.89%</u>	<u>9,066</u>		<u>17.97%</u>
Total Employment 2008	59,720					
Total Employment 1999	50,450					

Table 19

Blount County, Tennessee
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Department	Fiscal Year									
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General County	Commission	0	0	0	0	1	1	1	1	1	1
	County Mayor	3	3	3	3	3	3	3	3	3	3
	Insurance and Risk Management	1	2	3	3	2	3	3	2	5	4
	Election Commission	3	3	3	3	3	3	3	3	2	3
	Register of Deeds	8	11	12	12	12	12	11	11	9	9
	Planning	3	3	3	3	3	3	3	3	3	3
	Engineering	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1.5
	County Buildings	4	11	11	11	12	12	12	13	13	14
	Human Resources	1	1	1	1	1	1	2	2	1	2
	Preservation of Records	0	1	1	1	1	1	2	2	2	2
	Accounting and Budgeting	9	10	10	10	11	13	13	16	14	11
	Purchasing	4	5	5	5	5	5	5	6	6	6
	Property Assessor	15	17	15	15	16	17	18	19	17	19
	Trustee	7	7	7	7	7	7	7	7	7	7
	County Clerk	23	23	25	25	25	25	25	25	23	23
	Information Technology	6	6	7	8	8	9	9	9	9	9
	Circuit Court Clerk	37	37	38	38	39	34	40	42	47	38
	Clerk and Master	8	9	9	9	10	10	10	10	9	10
	Juvenile Court	5	5	6	7	7	8	8	7	7	6
	Public Defender	0	0	0	0	0	0	0	0	0	0
	Sheriff's Department	144	141	130	130	133	133	139	139	135	148
	Justice Center	89	82	90	90	86	86	86	98	98	102
	Juvenile Services	2	4	4	4	27	27	28	31	31	25
	Emergency Management	1	1	1	1	1	1	2	2	2	2
	Local Health Center	11	14	13	13	14	14	15	16	20	22
	Field Line Inspection	5	5	5	5	5	5	6	6	6	5
	Soil Conservation	2	2	2	2	2	2	2	2	2	2
	Veteran's Services	3	3	3	3	3	3	3	3	3	3
	Building Commissioner	0	0	1	1	1	1	1	5	2	3
	Building Codes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2
	Animal Control	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
	Probation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	6
Employee Benefits	1	1	0	0	0	0	0	0	0	0	
Sub-Total		395	407	408	410	438	439	458	484	487	492
Public Library	County Buildings	0	0	0	0	4	4	4	4	5	5
	Other General Administration	0	0	0	0	0	0	0	0	0	1
	Libraries	13	13	14.5	21.5	25	25	25	25	21	19
	Sub-Total		13	13	14.5	21.5	29	29	29	29	26
Drug Court	State	0	3	3	3	3	3	3	3	2	2
Highway	Administration	5	5	6	5	5	5	5	5	8	7
	Highway and Bridge Maintenance	54	54	54	51	58	58	56	56	53	54
	Operation and Maintenance of Equipment	12	12	12	13	13	14	14	14	13	14
	Sub-Total		71	71	71	69	76	77	75	75	74
Schools	Educational and Instructional Programs	693	917	756	762.8	792	799	818	825	850	851
	Attendance Program	3	3	2.8	2.8	3	3	3	3	3	3
	Health Services Program	2	7	7	7	6	4	4	7	6	15
	Guidance and Testing Program	24	22	26	26	27	24	24	26	25	30
	Family Resource Center	1	1	1	1	1	1	1	1	1	1
	Libraries	19	19	21	21	31	25.5	25.5	25.5	26.0	37
	Psychological Services	4	4	4	4	2.4	8	8	8	6	7
	Career Technical Education	0	0	0	0	0	4	4	4	2	2
	Office of the Superintendent	3	3	2.5	3	3	3	3	4	4	4
	Office of the Principal	56	63	63.5	65.5	67	72	73	73	73	77
	Fiscal Services	4	5	5	5	5	5	5	0	0	3
	Operation and Maintenance of Plant	78	79	83	94	95	98	99.5	100.5	101.5	110
	Board of Education	0	0	0	0	0	0	0	0	0.5	0.0
	Transportation	1	1	1	1	1	2	2	2	2	2
	Student Management and Technology	4	5	5	5	5	5	4.5	5.5	7.5	7.5
	Food Service	70	58	51	51	60	60	58	58	58	101
Blount County Extended School	3	9	9	9	11	12	12	13	14	58	
Sub-Total		965	1196	1037.8	1058.1	1109.4	1125.5	1144.5	1155.5	1179.5	1308.5
GRAND TOTAL		1,444	1,690	1,534.3	1,561.6	1,655.4	1,673.5	1,709.5	1,746.5	1,768.5	1,902.5

Table 20

Blount County, Tennessee
General Government and Discretely
Presented Blount County School Department
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Property Assessor:										
Taxable/Non-taxable properties maintained	59,300	55,873	59,185	59,185	60,616	61,482	62,491	63,548	64,602	65,309
Personal properties maintained	3,400	470	4,000	4,000	4,406	4,664	4,688	4,985	5,282	5,677
Parcels reviewed for reappraisal	11,487	11,531	58,453	58,453	16,972	14,997	21,463	63,548	21,012	28,983
Real property	11,487	11,531	58,453	58,453	59,126	59,986	60,990	62,044	63,098	64,861
Trustee:										
Delinquent taxes	N/A	N/A	\$ 192,113	\$ 326,439	\$ 249,561	\$ 296,593	\$ 212,301	\$ 175,466	\$ 214,620	\$ 334,337
Commissions earned	\$ 888,422	\$ 1,146,229	\$ 1,192,907	\$ 1,486,142	\$ 1,287,681	\$ 1,313,657	\$ 1,486,142	\$ 1,536,815	\$ 1,726,786	\$ 1,822,745
Interest earned on investments	\$ 1,363,000	\$ 1,588,072	\$ 2,191,785	\$ 1,347,805	\$ 663,869	\$ 482,860	\$ 758,424	\$ 1,436,537	\$ 1,955,463	\$ 1,678,910
County Clerk:										
New business licenses issued	758	864	833	895	882	960	961	963	965	777
Marriage licenses issued	1,621	1,552	1,350	1,381	1,255	1,160	976	961	960	1,000
Estates filed for probate	535	590	570	578	612	532	533	509	500	500
Building Commissioner:										
Building permits	N/A	N/A	933	1,187	1,139	1,235	1,115	1,390	1,565	815
Circuit Court Clerk:										
Criminal cases filed*	16,822	1,290	1,411	1,461	1,032	870	1,001	1,050	1,100	1,238
Civil cases filed	N/A	565	1,903	1,871	642	808	1,022	1,070	1,125	646
General Sessions Court:										
State cases filed*	820	11,360	10,318	10,395	10,020	7,561	8,864	9,310	9,775	18,078
Civil cases filed	N/A	3,562	3,996	3,935	4,920	5,614	5,624	5,905	6,240	7,240
Traffic division	N/A	N/A	N/A	N/A	1,023	8,117	9,715	8,120	8,550	8,937
Sheriff's Office:										
Civil papers received	19,728	21,996	23,106	17,497	17,350	17,836	18,500	18,951	18,951	18,536
Complaints answered	29,498	29,135	32,828	32,116	46,273	34,608	65,163	65,163	65,163	67,761
DARE programs conducted	618	659	619	504	495	383	335	118	118	-
DUI arrests	213	248	161	188	250	215	228	228	228	144
Speeding tickets issued	771	373	257	249	531	490	1,437	1,437	1,437	9,092
Average inmates housed a day	135	255	298	298	328	325	352	358	364	425
Cost per day to house inmate	\$ 41.00	\$ 41.00	\$ 45.00	\$ 45.00	\$ 47.60	\$ 44.77	\$ 53.91	\$ 54.00	\$ 54.00	\$ 40.56
Correctional officers certified by State	33	59	59	60	65	63	65	70	70	63
Rabies and Animal Control:										
Animal control complaints	2,671	2,994	2,997	3,610	1,179	3,518	3,674	1,469	3,085	2,356
Animals adopted **	243	285	263	255	192	354	433	255	535	N/A
Animals euthanized **	2,066	2,272	2,277	2,062	689	1,803	1,662	901	1,892	N/A
Animals picked up **	N/A	555								
Parks and Recreation:										
Youth basketball participants	450	450	375	475	450	508	545	550	575	475
Youth soccer participants	485	1,100	905	1,045	1,100	1,132	1,150	1,200	1,200	1,350
Adult softball teams	205	205	201	181	182	185	183	185	180	166
Adult basketball teams	37	37	39	35	36	33	33	34	35	25
Adult volleyball teams	33	33	N/A	N/A	36	36	36	34	36	42
Senior center membership	N/A	N/A	N/A	N/A	450	450	500	500	550	416
Highway Department:										
Miles of road maintained	1,071	1,079	1,085	1,081	1,079	1,085	1,258	1,261	1,261	1,261
Bridges maintained	182	120	120	120	120	120	120	120	120	120
Miles of rights-of-way mowed	4,284	2,158	2,170	2,162	2,158	2,170	2,516	2,522	2,522	2,522
Schools:										
Enrollment	11,350	11,297	11,410	10,962	10,978	11,137	11,308	11,379	11,479	11,636
Pupils transported by bus	6,333	7,558	8,042	6,166	6,200	6,500	8,438	8,500	8,500	8,485

* Cases are not separated by category

** Blount County created their own Animal Control department in FY 07-08; the animals were previously handled by Maryville City

Table 21

Blount County, Tennessee
General Government and Discretely Presented
Blount County School Department
Capital Asset Statistics by Function
Last Five Fiscal Years

<u>Function</u>	Fiscal Year				
	2004	2005	2006	2007	2008
General Government					
Blount County Courthouse	1	1	1	1	1
County Buildings					
Pickup Trucks	2	2	2	3	3
Property Assessor					
Cars	3	3	3	3	3
Sport Utility Vehicles	2	2	2	2	2
County Clerk					
Cars	1	1	1	1	1
Veterans Department					
Cars	1	1	1	0	1
County Mayor					
Sport Utility Vehicles	1	1	0	0	0
Planning					
Cars	0	0	0	0	1
Building Safety					
Cars	0	0	0	0	2
Risk Management					
Cars	0	0	0	1	0
Trucks	0	0	0	1	1
Sport Utility Vehicles	0	0	0	0	1
Surplus					
Sport Utility Vehicles	0	0	0	0	3
Administration of Justice					
Circuit Court					
Cars	1	1	1	0	0
Sport Utility Vehicles	0	0	0	1	1
Public Safety					
Sheriffs Department Building	1	1	1	1	1
Patrol Cars	165	177	189	177	175
Sport Utility Vehicles	27	32	39	36	33
Trucks	8	8	9	8	10
Vans	4	4	5	6	6
Mobile Command Unit	0	1	1	1	2
ATV	1	1	2	3	3
Boat	3	3	3	3	3
Motorcycles	0	4	10	6	6
Miscellaneous Vehicle Equipment	0	0	0	3	3
Metro Narcotics Department Building	1	1	1	1	1
Cars	4	4	6	4	4
Trucks	2	2	5	6	5
Sport Utility Vehicles	0	0	0	0	3
Emergency Management					
Cars	0	0	0	0	1
Fire Truck	0	0	0	0	1
Utility Vehicles	0	2	2	2	3

Table 21

Blount County, Tennessee
General Government and Discretely Presented
Blount County School Department
Capital Asset Statistics by Function
Last Five Fiscal Years (Cont.)

<u>Function</u>	Fiscal Year				
	2004	2005	2006	2007	2008
Public Health and Welfare					
Blount County Health Department	1	1	1	1	1
Environmental, Building Codes and Engineering Building	1	1	1	1	1
Engineering Vehicles					
Sports Utility	1	1	1	1	1
Overlook Mental Health Building	1	1	1	1	1
Social, Cultural, and Recreational Services					
Parks and Recreation Office Building	1	1	1	1	1
Senior Center Building	1	1	1	1	1
Everett Gym Building	1	1	1	1	1
Public Library (New)	1	1	1	1	1
Animal Control Truck	0	0	0	1	1
Other General Government					
Thompson Brown House	1	1	1	1	1
Townsend Visitors Center	1	1	1	1	1
Lincoln Extension Pavilion	1	1	1	1	1
Highway Department					
Highway Department Office	1	1	1	1	1
Salt Storage Building	1	1	1	1	1
Bridges	61	62	62	62	62
Roads	371	395	413	424	451
Cars	5	5	5	2	2
Trucks	24	24	24	28	27
Sport Utility Vehicles	7	7	7	5	10
Heavy Equipment	59	59	59	50	53
Trailers	0	0	0	4	4
Vans	0	0	0	2	2
<u>Function</u>					
Component Unit					
Blount County School Department					
Central Office	1	1	1	1	1
Elementary Schools	11	11	12	12	12
Middle Schools	4	4	4	4	4
High Schools	2	2	2	2	2
Vocation Buildings	2	2	2	2	2
Buses	3	6	6	6	6
Cars	6	6	6	6	5
Vans	7	7	7	7	7
Trucks	15	15	16	17	17
Utility Vehicles	3	3	4	3	3
Storage Buildings	1	1	1	1	1
Maintenance Buildings	1	1	1	1	1

Sources: Primary governments and discretely presented Blount County School Department's capital asset records.

SINGLE AUDIT SECTION

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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 INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

December 5, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated December 5, 2008. Our report was modified to include references to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the 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 as described in our report on Blount County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blount County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blount County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

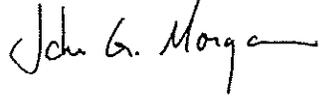
Compliance and Other Matters

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

We noted certain matters that we reported to management of Blount County in separate communications.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, County Commission, Board of Education, others within Blount County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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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

December 5, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Blount County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Blount County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Blount County's management. Our responsibility is to express an opinion on Blount County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Blount County's compliance with those requirements.

In our opinion, Blount County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.01 and 08.02.

Internal Control Over Compliance

The management of Blount County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Blount County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blount County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

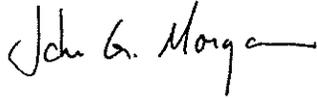
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County as of and for the year ended June 30, 2008, and have issued

our report thereon dated December 5, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Blount County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, County Commission, Board of Education, others within Blount County, 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.

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan" with a horizontal line extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

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Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 611,134
National School Lunch Program	10.555	N/A	1,746,490 (8)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	195,077 (8)
Total U.S. Department of Agriculture			<u>\$ 2,552,701</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 138,541
Total Bureau of Land Management, Department of the Interior			<u>\$ 138,541</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	(2)	\$ 42,901
Passed-through City of Knoxville:			
Community Prosecution and Project Safe Neighborhoods	16.609	(2)	30,490
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	246,660
Total U.S. Department of Justice			<u>\$ 320,051</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 25,459
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(3)	124,318
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-07-035718-00	1,833
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	Z-07-035716-00	40,268
Alcohol Open Container Requirements	20.607	(4)	16,073
Safety Belt Performance Grants	20.609	(5)	16,351
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG-07-20336-00	6,720
Total U.S. Department of Transportation			<u>\$ 230,022</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,553,851
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,202,927
Special Education - Preschool Grants	84.173	N/A	87,906
Career and Technical Education - Basic Grants to States	84.048	N/A	184,816
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	34,051
Tech-Prep Education	84.243	N/A	11,181
State Grants for Innovative Programs	84.298	N/A	16,226
Education Technology State Grants	84.318	(2)	17,230
English Language Acquisition Grants	84.365	(2)	12,757
Improving Teacher Quality State Grants	84.367	N/A	486,650

(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	(2)	\$ 143,913
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	446
Total U.S. Department of Education			<u>\$ 4,751,954</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	GG-04-10712-01	\$ 17,913
Homeland Security Grant Program	97.067	(6)	489,826
Total U.S. Department of Homeland Security			<u>\$ 507,739</u>
Total Expenditures of Federal Awards			<u>\$ 8,501,008</u>

State Grants		Contract Number	
Tourism Grant - State Department of Tourism Development	N/A	(2)	\$ 38,000
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	51,177
Community Enhancement Grant Program- Sheriff - Tennessee Secretary of State	N/A	(2)	3,000
Community Enhancement Grant Program- Family Social Services - Tennessee Secretary of State	N/A	(2)	3,000
Community Enhancement Grant Program- Archives - Tennessee Secretary of State	N/A	(2)	4,000
Local Archives Development Grant - Tennessee Secretary of State	N/A	(2)	5,000
State Reappraisal - Comptroller of the Treasury	N/A	(2)	39,305
Health Department Program - State Department of Health	N/A	(7)	623,094
Child Care Assistance Program - State Department of Human Services	N/A	(2)	133,757
Adult Basic Education - State Department of Education	N/A	(2)	102,772
Family Resource Center Grant - State Department of Education	N/A	(2)	30,192
Coordinated School Health Program	N/A	(2)	124,834
Safe Schools Act Grant - State Department of Education	N/A	(2)	63,351
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	305,023
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	73,294
Model Dropout Prevention Program - State Department of Education	N/A	(2)	6,000
Community Enhancement Grant Program- Drug Court - Tennessee Secretary of State	N/A	(2)	22,000
Technology That Works Grant - Tennessee Secretary of State	N/A	(2)	13,000
Security Enhancement Grant - Administrative Office of the Courts	N/A	(2)	41,845
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	81,054
Total State Grants			<u>\$ 1,772,698</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting

(2) Information not available.

(3) Z-07-035716-00: \$40,268; Z-07-036053-00: \$58,300; Z-08-023685-00: \$24,640; Z-08-023826-00: \$1,110

(4) Z-07-035719-00: \$14,518; Z-08-023826-00: \$555

(5) Z-07-035719-00: \$14,517; Z-07-035718-00: \$1,834

(6) Z-05-025134-01: \$341,810; GG-07-20682-01: \$82,047; GG-08-24123-00: \$65,969

(7) Z-08-020325-00: \$607,305; GG-08-23285-00: \$15,789

(8) Total for CFDA No. 10.555 is \$1,941,567.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, 2007, which have not been corrected.

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BLOUNT COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unqualified.
2. The audit of the financial statements of Blount County disclosed no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Blount County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our examination, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. School officials offered oral responses to this finding, which have not been included in this report. In addition, the Director of Schools has prepared and submitted a written corrective action plan, which is included as Auditee's Reporting Responsibilities in the Single Audit section of this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.01 THE SCHOOL DEPARTMENT USED FEDERAL SPECIAL EDUCATION FUNDS TO PAY TEACHING ASSISTANTS WHO WERE NOT ASSISTING SPECIAL EDUCATION STUDENTS
(Noncompliance Under OMB Circular A-133)

During the period under audit, the Special Education Grant Cluster was monitored by the State of Tennessee, Department of Education, Division of Special Education. This monitoring involved the examination of federal funds allocated to Blount County and expended under the Special Education – Grants to States and the Special Education – Preschool Grants programs. The monitoring showed little correlation between the individual education program (IEP) services listed for students and the assignment of special education teaching assistants in the system's elementary schools.

As a result of the monitoring, the following deficiencies were noted:

- A. From July 2007 through June 2008, teaching assistants funded through both the general purpose special education funds and federal IDEA funds were placed in general education classrooms for more time than was dictated by student IEP. Some special education teaching assistants were placed in general education classrooms containing no students with IEP, and some were in classrooms with students whose IEP listed only speech services in the special education setting. Additionally, it seems that some schools were using special education teaching assistants to conduct small group reading intervention in the general education setting. The School Department used federal Special Education grant funds to pay salaries totaling \$110,645 to educational assistants. As a result, the state Division of Special Education has requested the School Department to repay the federal Special Education grant funds used for this purpose. This is a violation of the Activities Allowed or Unallowed and Allowable Costs compliance requirements for federal programs and is a questioned cost under the provisions of OMB Circular A-133.
- B. Also, from July 2007 through June 2008, local funds were also expended for the above-noted purpose. While these expenditures did not involve federal funds directly, local funds spent for Special Education are used to determine compliance with maintenance of effort requirements of the program. The state's Division of Special Education has requested the School Department revise and resubmit state special education expenditure reports by deducting amounts paid to the educational assistants for salaries and benefits. Once revised, a

determination will be made as to whether the School Department met maintenance of effort requirements for the year in question.

It should be noted that subsequent to June 30, 2008, the School Department transferred \$110,645 from the "regular instruction" category of the General Purpose School to pay for the salaries of these educational assistants with local funds. In addition, the School Department has submitted revised documentation to the State Department of Education for their maintenance of effort calculation for the 2007-08 year, which has been reviewed and approved by the state.

RECOMMENDATION

Federal IDEA and general purpose special education expenditures should be for allowable purposes. The School Department should comply with the state's request for repayment of funds and revision of special education expenditure reports.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Special Education Grants to States	8.02	84.027	Circular A-133, Section 500 (d)(1)	Noncompliance - See Finding 08.01 - The School Department made inappropriate payments to educational assistants using federal Special Education funds. The School Department also included certain inappropriate costs in documenting compliance with maintenance of effort requirements of the grant.	\$ 110,645

**BLOUNT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008**

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

Director of Schools – Corrective Action Plan for Current-year Findings

FINDINGS 08.01 and 08.02

Contact person: Alvin Hord, Director of Blount County Schools

Corrective action completed: The School Department used federal special education funds to pay salaries totaling \$110,645 to educational assistants working with regular education students. As a result, the State of Tennessee Division of Special Education directed Blount County Schools to repay the federal grant funds used for such a purpose. In addition, local funds were also spent for the above-noted purpose, and as a result, the Division of Special Education directed Blount County Schools to revise and resubmit the state special education expenditure reports for fiscal year 2007-2008 by deducting amounts paid to the educational assistants for salaries and benefits.

On October 31, 2008, a letter of reply was sent to Ms. Kathi Rowe, Special Education Director of Fiscal Management to address the corrective actions. For those education assistants paid incorrectly with federal funds, the costs were "transferred" to and paid by the General Purpose School Fund, cost center 71100 Regular Education. In addition, we have revised our fiscal year 2007-2008 state special education expenditure report and submitted it to the state. Copies of all documentation related to the corrective actions were included with this letter to Ms. Rowe.

On November 7, 2008, Blount County Schools received a letter from Mr. Joseph Fisher, Assistant Commissioner, stating that his office had reviewed the documentation submitted for corrective action, and Blount County Schools have completed all steps and are in compliance.

Corrective action completion date: November 2008

