

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



**FOR THE YEAR ENDED JUNE 30, 2009**



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**BLOUNT COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2009**

*DEPARTMENT OF AUDIT*  
*JUSTIN P. WILSON*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
*RICHARD V. NORMENT*  
*Assistant to the Comptroller*

*JAMES R. ARNETTE*  
*Director*

*BRYAN W. BURKLIN, CPA, CGFM*  
*Audit Manager*

*AMY HEMBREE, CPA*  
*ANGIE COLLINS, CPA, CFE*  
*ANDREW WAY, CPA*  
*GARRETT RAIDEN*  
*DOUG SANDIDGE, CISA, CFE*  
*State Auditors*

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

This financial report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller)

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# ***Audit Highlights***

Comprehensive Annual Financial Report  
Blount County, Tennessee  
For the Year Ended June 30, 2009

## ***Scope***

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2009.

## ***Results***

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

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

## ***Finding***

The following is a summary of the audit finding:

### **OTHER FINDING**

- ◆ Preliminary findings and questioned costs have been reported from a Tennessee Department of Transportation monitoring report.

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## INTRODUCTORY SECTION

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

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



**Letter of Transmittal**

December 4, 2009

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, 2009. 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 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, 2009, 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, 2009, 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 resolutions, 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; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Blount County also is financially accountable for a legally separate school district, which is reported separately within its financial statements. Additional information on this legally separate entity, along with the county's other discretely presented component units, can be found in Note I.A. in the notes of the financial statements.

The annual budget serves as the foundation for Blount County's financial planning and control. All agencies of Blount County are required to submit requests for appropriation to the Budget Office before the beginning of February 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, 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 is managing its way through this economic environment. The effects of the national economy have been felt locally. 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.

**Long-term Financial Planning.** Blount County faces opportunities unparalleled in its history. As the county continues 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 continue 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 continues 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 and discussions are ongoing as to the appropriation of construction monies for this school. It is anticipated that this school will be constructed with an eye on opening in the fall of 2011. 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.

**Financial Policies.** The following policies have been instituted to assist in the management and administration, along with the protection of, the county's financial position. While not all inclusive, each has positively impacted the 2009 financial statements. In 2008, the County Commission provided for risk prevention and loss control activities to be handled by the county mayor. 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 county mayor. 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. 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. 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. And finally, the county's debt management practices continue to have a very positive impact on the county's financial well being. These practices include a healthy balance of fixed rate debt, variable rate debt, and synthetically fixed debt. Again, all of the above practices have aided the county in maintaining a strong balance sheet at June 30, 2009.

### **Awards and Acknowledgments**

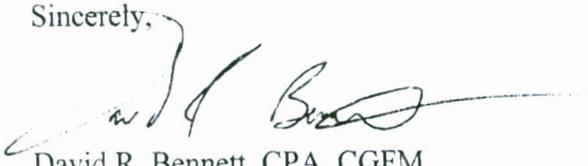
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Blount County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This is the 15th consecutive year that Blount County has received 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 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 light gray rectangular background.

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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

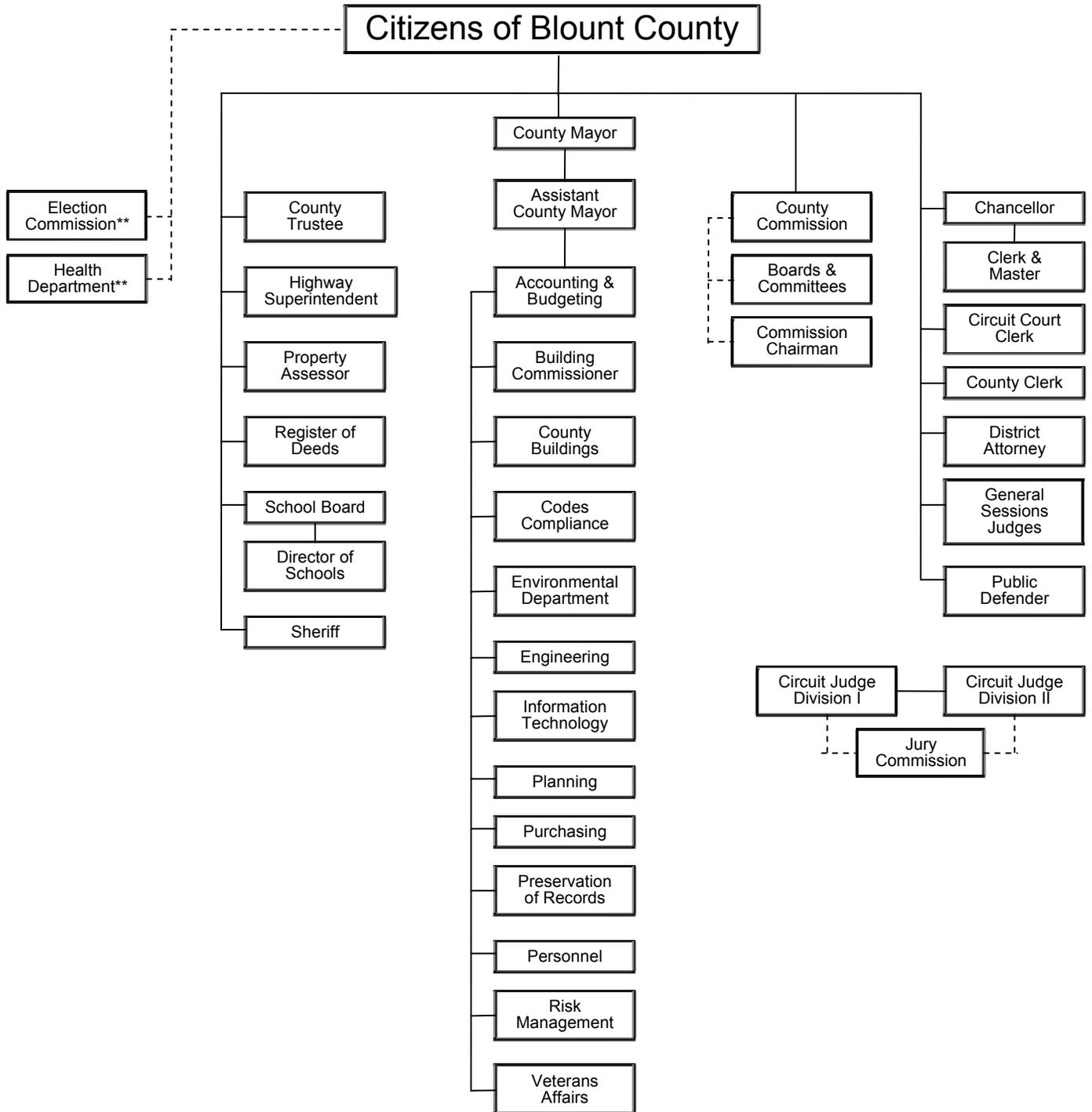
A handwritten signature in black ink, reading "Jeffrey R. Emer", is written above the title "Executive Director".

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, 2009

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### **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  
James Carroll, Clerk and Master  
Penny Whaley, Register  
James Berrong, Sheriff  
David Bennett, Director of Accounts and Budgets  
Judy Hackney, Purchasing Agent

### **Board of County Commissioners**

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

### **Board of Education**

Chris Cantrell, Chairman	John Paul Davis, Jr.
Charles Finley	Brad Long
Don McNelly	Mike Treadway
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 37243-1402  
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

December 4, 2009

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, 2009, 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 Blount County Children's Home (which represent .1 percent of the assets and revenues of the aggregate discretely presented component units); Blount Memorial Hospital, Inc. (which represent 38.2 and 66 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); Blount County Emergency Communications District (which represent .3 and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and Blount County Public Building Authority (which represent 39.7 and .2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Blount County Children's Home; Blount Memorial Hospital, Inc.; Blount County Emergency Communications District; and Blount County Public Building Authority, is based on the reports of 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, 2009, 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 4, 2009, 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.B., Blount County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

As described in Note I.A., the Industrial Development Board of Blount County was reported as a discretely presented component unit in prior years. During the current year, that entity was reorganized as the Industrial Development Board of Blount County and the cities of Alcoa and Maryville, and is reported as a joint venture in the current year.

The management's discussion and analysis on pages 31 through 40 and the budgetary comparison, pension, and postemployment benefits information on pages 143 through 151 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 black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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Blount County, Tennessee  
Management's Discussion and Analysis  
For the Year Ended June 30, 2009

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, 2009. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A separate set of financial statements is not issued for the Blount County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. In addition, readers should review the separately issued discretely presented component units' financial statements for their MD&A.

**FINANCIAL HIGHLIGHTS FOR FY 2009**

**Key Financial Highlights**

In total, net assets of the Primary Government increased by \$.19 million. Net assets of the DPCU School Department decreased by \$.69 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 \$44 million in revenue or 53.3 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$38.6 million or 46.7 percent of total revenues of \$82.6 million. General revenues of the DPCU School Department were \$74.5 million.

Total assets of governmental activities in the Primary Government were \$204 million as taxes receivable ended at \$38.9 million, cash ended at \$28.4 million, and capital assets, net of accumulated depreciation, ended at \$130.8 million. Total assets in the DPCU School Department were \$159.3 million as taxes receivable ended at \$18.2 million, cash ended at \$8.7 million, and capital assets, net of accumulated depreciation, ended at \$130 million.

The county had \$82.4 million in expenses with \$38.6 million of these expenses offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$36.3 million) were adequate to provide current funding for these programs. The DPCU School Department had \$92.3 million in expenses related to governmental activities; \$17.1 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 \$17 and \$9.9 million, respectively) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$41 million in revenues and \$41.6 million in expenditures. The Highway/Public Works Fund had \$6.3 million in revenues and \$5.9 million in expenditures. The General Debt Service Fund had \$15.4 million in revenues and \$13.8 million in expenditures. The Other Capital Projects Fund had \$5.1 million in revenues and \$12.2 million in expenditures. Major funding for this fund was provided by long-term loan proceeds. Fund balance for the General Fund increased by \$.8 million to \$11.1 million, fund balance for the Highway Public/Works Fund increased by \$.4 million to \$1.1 million, and fund balance in the General Debt Service Fund increased by \$1.6 million to \$11.9 million. Increases in the General and Highway/Public Works funds are attributed to management maintaining expenditures less than appropriations and less than revenues. Increases in the General Debt Service Fund can be attributed to management of the county's debt portfolio and savings on variable and synthetically fixed rate debt. Fund balance increased in the Other Capital Projects Fund by \$.01 million to \$.63 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 (an 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 General Debt Service, Highway/Public Works, and Other Capital Projects funds. 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 a large number of funds used by the county and the DPCU School Department to provide programs and activities financed during 2009, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2009. 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, Highway/Public Works, General Debt Service, and Other Capital Projects funds. 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 proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the county's various functions. Specifically, the Insurance Fund accounts 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 \$56.1 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$132.6 million at the close of the most recent fiscal year.

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

Although the county's and the DPCU School Department's investment in 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 2009 and a comparison to the prior year.

An additional portion of the county's net assets, \$17.7 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$.8 million of net assets is subject to external restriction.

Tables 2a and 2b show changes in net assets for fiscal year 2009 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year.

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

	<u>Blount County Government</u>	
	<u>2009</u>	<u>2008</u>
Assets:		
Current and Other Assets	\$ 73,227,143	\$ 75,584,158
Capital Assets	130,760,291	126,399,168
Total Assets	<u>\$ 203,987,434</u>	<u>\$ 201,983,326</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 214,147,492	\$ 214,843,375
Other Liabilities	45,951,196	43,441,999
Total Liabilities	<u>\$ 260,098,688</u>	<u>\$ 258,285,374</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 88,192,324	\$ 84,766,395
Restricted	17,659,731	14,719,161
Unrestricted	(161,963,309)	(155,787,604)
Total Net Assets	<u>\$ (56,111,254)</u>	<u>\$ (56,302,048)</u>

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

	<u>DPCU School Department</u>	
	<u>2009</u>	<u>2008</u>
Assets:		
Current and Other Assets	\$ 29,380,938	\$ 31,428,913
Capital Assets	<u>129,951,057</u>	<u>128,228,018</u>
Total Assets	<u>\$ 159,331,995</u>	<u>\$ 159,656,931</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 2,791,930	\$ 2,609,911
Other Liabilities	<u>23,915,104</u>	<u>23,735,825</u>
Total Liabilities	<u>\$ 26,707,034</u>	<u>\$ 26,345,736</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 127,519,652	\$ 128,228,018
Restricted	816,019	875,351
Unrestricted	<u>4,289,290</u>	<u>4,207,826</u>
Total Net Assets	<u>\$ 132,624,961</u>	<u>\$ 133,311,195</u>

Public Safety expenditures of \$19.3 million accounted for approximately 23 percent of the \$82.4 total expenses for governmental activities, while Highways and Education expenses accounted for 14 percent and 21.6 percent, respectively. Of that \$82.4 million in governmental activities expenses, \$38.6 million was covered by direct charges to users of the services. A significant portion of those charges is for constitutional officers' fees and commission and for premiums charged to the DPCU School Department for health insurance. Public safety charges for service include things like fees for boarding of prisoners in the county jail.

While sales taxes are not levied for a particular program or function, approximately \$2.2 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	
	2009	2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 27,045,271	\$ 26,848,478
Operating Grants and Contributions	4,838,146	5,163,438
Capital Grants and Contributions	6,732,731	10,217,506
General Revenues:		
Property Taxes	36,280,272	35,029,006
Sales Taxes	2,238,198	2,229,493
Other Taxes	2,952,279	3,248,092
Grants and Contributions Not Restricted to Specific Programs	1,852,747	2,128,290
Unrestricted Investment Income	660,578	1,043,904
Gain on Sale of Capital Assets	0	2,865,782
Miscellaneous	5,433	9,145
Total Revenues	<u>\$ 82,605,655</u>	<u>\$ 88,783,134</u>
Expenses:		
General Government	\$ 6,923,832	\$ 4,753,520
Finance	4,487,118	4,294,152
Administration of Justice	4,814,644	4,596,462
Public Safety	19,289,086	19,231,988
Public Health and Welfare	1,932,343	1,941,135
Social, Cultural, and Recreational Services	3,199,073	2,717,539
Agriculture and Natural Resources	295,610	265,620
Other Operations	3,356,818	4,310,751
Highways	11,491,174	13,334,983
Education	17,821,378	52,796,062
Interest	7,429,795	8,273,643
Other Debt Service	1,373,990	1,303,697
Total Expenses	<u>\$ 82,414,861</u>	<u>\$ 117,819,552</u>
Increase (Decrease) in Net Assets	\$ 190,794	\$ (29,036,418)
Nets Assets - July 1	(56,302,048)	(27,265,630)
Net Assets - June 30	<u>\$ (56,111,254)</u>	<u>\$ (56,302,048)</u>

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

	Blount County School Department	
	2009	2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,065,723	\$ 4,482,522
Operating Grants and Contributions	9,076,203	7,727,229
Capital Grants and Contributions	3,955,112	24,506,283
General Revenues:		
Property Taxes	16,959,961	16,531,569
Sales Taxes	9,925,283	10,717,260
Other Taxes	339,964	376,220
Grants and Contributions Not Restricted to Specific Programs	47,011,413	45,433,236
Unrestricted Investment Income	226,811	506,843
Miscellaneous	15,292	201,139
Total Revenues	<u>\$ 91,575,762</u>	<u>\$ 110,482,301</u>
Expenses:		
Education	\$ 92,261,996	\$ 88,933,180
Total Expenses	<u>\$ 92,261,996</u>	<u>\$ 88,933,180</u>
Increase (Decrease) in Net Assets	\$ (686,234)	\$ 21,549,121
Nets Assets - July 1	133,311,195	111,762,074
Net Assets - June 30	<u>\$ 132,624,961</u>	<u>\$ 133,311,195</u>

### Financial Analysis of the Government's Funds

As noted earlier, the county and the 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 \$27.8 million. Approximately \$24.4 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 \$4.8 million. Approximately \$4 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 \$8.9 million, while total fund balance was \$11.1 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 21.5 percent of total General Fund expenditures, while total fund balance represents 26.7 percent of that same amount.

The Highway/Public Works Fund continues to hold its own in terms of funding the needs of the department. Revenues exceeded expenditures by \$.45 million bringing fund balance to a total of \$1.1 million.

The General Debt Service Fund again finished very strong at June 30, 2009. A net increase of \$1.6 million in fund balance was realized bringing total fund balance in the General Debt Service Fund to \$11.9 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 fund 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 \$3.4 million, while total fund balance was \$3.8 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 4.4 percent of total General Purpose School Fund expenditures, while total fund balance represents 4.9 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, 2009, totals \$88.2 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, 2009, totals \$127.5 million (net of accumulated depreciation and related debt).

Note IV.C. (Capital Assets) provides capital assets activity during the 2009 fiscal year. During 2009, the county moved closer to completing several capital projects. These included primarily construction projects related to new schools and school improvements.

**Long-term Debt.** At the end of the 2009 fiscal year, the county had total loan agreements outstanding of \$190.9 million. In addition, the county had total general obligation refunding bonds outstanding of \$24.7 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.G. of this report. Notes I.D.4. and IV.G. discuss compensated absences and notes payable.

Interest and fiscal charges totaled 10.7 percent of the total expenses for governmental activities.

The DPCU School Department has a capital lease payable of \$2.4 million.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the county is currently 9.3 percent. The state's average unemployment rate is currently 10.2 percent and the national average is 9.5 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 2010 fiscal year. At the end of the 2009 fiscal year, unreserved fund balance in the General Fund was \$8.9 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.

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Blount County, Tennessee  
 Statement of Net Assets  
 June 30, 2009

	Primary Government Total	Component Units					
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Cash	\$ 110,342	\$ 0	\$ 206,633	\$ 5,557,182	\$ 766,677	\$ 4,197,268	
Equity in Pooled Cash and Investments	28,341,492	8,651,732	0	0	0	0	
Inventories	0	0	0	2,088,772	0	0	
Accounts Receivable	533,854	221,270	0	16,775,044	224,611	3,650,000	
Due from Other Governments	2,300,043	2,601,200	53,917	0	0	0	
Due from Component Units	822,741	0	0	0	0	0	
Property Taxes Receivable	38,912,453	18,188,835	0	0	0	0	
Allowance for Uncollectible Property Taxes	(603,512)	(282,099)	0	0	0	0	
Prepaid Items	0	0	0	1,157,956	0	0	
Other Current Assets	0	0	0	4,953,592	0	0	
Restricted Assets:							
Restricted for Foundation	0	0	0	1,070,889	0	0	
Other Restricted Assets	0	0	0	142,419,282	0	0	
Notes Receivable	638,929	0	0	0	0	0	
Unamortized Debt Issuance Cost	2,170,801	0	0	989,429	0	1,583,196	
Loan Agreements Receivable - Noncurrent	0	0	0	0	0	281,697,530	
Capital Assets:							
Assets Not Depreciated:							
Land	8,581,561	9,951,059	0	8,669,112	61,038	0	
Construction in Progress	7,483,509	34,570,101	0	417,318	294,369	0	
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	32,101,255	84,172,392	233,607	76,109,253	416,005	0	
Other Capital Assets	4,155,475	1,257,505	10,977	19,668,367	555,247	0	
Infrastructure	78,438,491	0	0	0	0	0	
Total Assets	\$ 203,987,434	\$ 159,331,995	\$ 505,134	\$ 279,876,196	\$ 2,317,947	\$ 291,127,994	

(Continued)

Exhibit A

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

	Primary Government Total	Component Units					
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Accounts Payable	\$ 1,667,628	\$ 673,676	\$ 684	\$ 2,546,763	\$ 147,762	\$ 419	
Accrued Payroll	68,986	4,691,957	0	7,485,661	31,635	0	
Accrued Interest Payable	621,303	87,553	0	571,059	0	0	
Payroll Deductions Payable	13,632	14	0	0	0	0	
Due to Primary Government	0	784,853	0	0	0	0	
Due to State of Tennessee	5,816	1,199	0	0	0	0	
Other Current Liabilities	1,783,702	608,430	0	4,534,663	0	4,104,446	
Unearned Revenue - Current Property Taxes	36,212,319	16,926,713	0	0	0	0	
Noncurrent Liabilities:							
Due Within One Year	5,577,810	140,709	0	3,450,000	0	3,650,000	
Due in More Than One Year	214,147,492	2,791,930	0	106,670,639	0	281,697,530	
Total Liabilities	\$ 260,098,688	\$ 26,707,034	\$ 684	\$ 125,258,785	\$ 179,397	\$ 289,452,395	

NET ASSETS

Invested in Capital Assets,							
Net of Related Debt	\$ 88,192,324	\$ 127,519,652	\$ 0	\$ 202,719	\$ 0	\$ 0	
Invested in Capital Assets Restricted for:	0	0	244,584	0	1,326,659	0	
Public Library	850,236	0	0	0	0	0	
Highways	998,256	0	0	0	0	0	
Debt Service	12,695,744	0	0	0	0	0	

(Continued)

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

Exhibit A

	Primary Government Total	Component Units					
		School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Restricted for: (Cont.)							
Drug Control	\$ 1,415,754	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Tourism	283,313	0	0	0	0	0	0
Constitutional Officers' Data Processing Systems	505,553	0	0	0	0	0	0
Federal Assistance Programs	0	816,019	0	0	0	0	0
Drug Court	145,185						
District Attorney General	120,516			678,919			0
Other Purposes	155,350						
Permanent Endowment:							
Nonexpendable	489,824	0	0	0	0	0	0
Unrestricted	(161,963,309)	4,289,290	259,866	153,735,773	811,891		1,675,599
Total Net Assets	\$ (56,111,254)	\$ 132,624,961	\$ 504,450	\$ 154,617,411	\$ 2,138,550	\$ 1,675,599	

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, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets																					
	Program Revenues					Component Units																
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Blount County School Department	Blount County Children's Home	Blount Memorial Hospital	Emergency Communications District	Public Building Authority												
												Primary Government										
	\$	6,923,832	\$	3,098,599	\$	22,162	\$	29,983	\$	(3,773,088)	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
		4,487,118		3,022,424		78,918		0		(1,385,776)		0		0		0		0		0		0
Administration of Justice		4,814,644		4,231,455		176,634		0		(406,555)		0		0		0		0		0		0
Public Safety		19,289,086		4,761,602		431,396		149,667		(13,946,421)		0		0		0		0		0		0
Public Health and Welfare		1,932,343		125,119		652,646		0		(1,154,578)		0		0		0		0		0		0
Social, Cultural, and Recreational Services		3,199,073		265,634		911,662		539,717		(1,482,060)		0		0		0		0		0		0
Agriculture and Natural Resources		295,610		0		0		0		(295,610)		0		0		0		0		0		0
Other Operations		3,356,818		3,622		38,000		0		(3,315,196)		0		0		0		0		0		0
Highways		11,491,174		556,853		2,526,728		6,013,364		(2,394,229)		0		0		0		0		0		0
Education		17,821,378		10,979,963		0		0		(6,841,415)		0		0		0		0		0		0
Interest on Long-term Debt		7,429,795		0		0		0		(7,429,795)		0		0		0		0		0		0
Debt Service		1,373,990		0		0		0		(1,373,990)		0		0		0		0		0		0
Total Primary Government		\$ 82,414,861		\$ 27,045,271		\$ 4,838,146		\$ 6,732,731		\$ (43,798,713)		\$ 0		\$ 0		\$ 0		\$ 0		\$ 0		\$ 0
Component Units																						
Blount County School Department		\$ 92,261,996		\$ 4,065,723		\$ 9,076,203		\$ 3,955,112		\$ 0		\$ (75,164,958)		\$ 0		\$ 0		\$ 0		\$ 0		\$ 0
Blount County		452,907		0		295,820		0		(3,315,196)		(157,087)		0		0		0		0		0
Children's Home																						
Blount Memorial Hospital		186,759,457		169,227,060		13,063,380		0		(13,946,421)		0		(4,469,017)		0		0		0		0
Emergency Communications District		1,957,133		859,759		534,759		21,038		0		0		0		0		(541,577)		0		0
Public Building Authority		376,872		84,719		0		0		0		0		0		0		0		0		(292,153)
Total Component Units		\$ 281,808,365		\$ 174,237,261		\$ 22,970,162		\$ 3,976,150		\$ 0		\$ (75,164,958)		\$ (4,469,017)		\$ (541,577)		\$ (292,153)		\$ 0		\$ 0

(Continued)

Exhibit B

Blount County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues			Primary				Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Blount County School Department	Blount County Children's Home	Blount County Memorial Hospital	Emergency Communications District	Public Building Authority	
General Revenues:										
Property Taxes Levied for General Purposes				\$ 21,822,781	\$ 16,959,961	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service				14,457,491	0	0	0	0	0	0
Local Option Sales Taxes				2,238,198	9,925,283	0	0	0	0	0
Hotel/Motel Taxes				1,424,814	0	0	0	0	0	0
Litigation - General Taxes				489,891	0	0	0	0	0	0
Business Taxes				698,761	331,792	0	0	0	0	0
Other Taxes				343,813	8,172	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				1,852,747	47,011,413	12,035	889,147	610,365	0	0
Unrestricted Investment Income				660,578	226,811	7,889	0	10,304	352,187	0
Gain on Disposal of Capital Assets				0	0	0	0	0	0	0
Miscellaneous				5,433	15,292	0	0	5,683	0	0
Total General Revenues				\$ 43,989,507	\$ 74,478,724	\$ 19,924	\$ 889,147	\$ 626,352	\$ 352,187	
Change in Net Assets				\$ 190,794	\$ (686,234)	\$ (137,163)	\$ (3,579,870)	\$ 84,775	\$ 60,034	
Net Assets, July 1, 2008				(56,302,048)	133,311,195	641,613	158,197,281	2,053,775	1,615,565	
Net Assets, June 30, 2009				(56,111,254)	132,624,961	504,450	154,617,411	2,138,550	1,675,599	

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

Exhibit C-1

Blount County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	Governmental Funds	
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 15,856	\$ 15,956	
Equity in Pooled Cash and Investments	10,609,573	149,830	11,615,010	670,816	3,075,368	26,120,597	
Accounts Receivable	240,345	62,029	27,735	91,936	44,105	466,150	
Due from Other Governments	1,319,677	973,293	0	0	7,073	2,300,043	
Due from Other Funds	15,756	452	200,000	0	0	216,208	
Due from Component Units	37,888	0	0	0	0	37,888	
Property Taxes Receivable	23,408,272	0	15,504,181	0	0	38,912,453	
Allowance for Uncollectible Property Taxes	(363,050)	0	(240,462)	0	0	(603,512)	
Notes Receivable	0	0	638,929	0	0	638,929	
Total Assets	\$ 35,268,561	\$ 1,185,604	\$ 27,745,393	\$ 762,752	\$ 3,142,402	\$ 68,104,712	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 570,677	\$ 28,393	\$ 0	\$ 130,208	\$ 42,847	\$ 772,125
Accounts Payable	6,253	62,733	0	0	0	68,986
Accrued Payroll	1,334	12,298	0	0	0	13,632
Payroll Deductions Payable	315,758	0	0	0	15,756	331,514
Due to Other Funds	5,797	0	0	0	19	5,816
Due to State of Tennessee	27,487	0	0	0	7,398	34,885
Other Current Liabilities	21,783,973	0	14,428,346	0	0	36,212,319
Deferred Revenue - Current Property Taxes	1,184,935	0	784,828	0	0	1,969,763
Deferred Revenue - Delinquent Property Taxes	262,282	0	638,929	0	0	901,211
Other Deferred Revenues	\$ 24,158,496	\$ 103,424	\$ 15,852,103	\$ 130,208	\$ 66,020	\$ 40,310,251
Total Liabilities						

(Continued)

Exhibit C-1

Blount 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	Governmental Funds	
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 1,245,757	\$ 51,080	\$ 0	\$ 582,565	\$ 126,178	\$ 2,005,580	
Reserved for Sexual Offender Registration	42,370	0	0	0	0	42,370	
Reserved for Computer System - Register	184,970	0	0	0	0	184,970	
Reserved for Automation Purposes - Circuit Court	149,501	0	0	0	0	149,501	
Reserved for Automation Purposes - Sheriff	171,082	0	0	0	0	171,082	
Reserved for Other General Purposes	382,474	0	0	0	485,403	867,877	
Unreserved, Reported In:							
General Fund	8,933,911	0	0	0	0	8,933,911	
Special Revenue Funds	0	1,031,100	0	0	2,460,380	3,491,480	
Debt Service Funds	0	0	11,893,290	0	0	11,893,290	
Capital Projects Funds	0	0	0	49,979	0	49,979	
Permanent Funds	0	0	0	0	4,421	4,421	
Total Fund Balances	\$ 11,110,065	\$ 1,082,180	\$ 11,893,290	\$ 632,544	\$ 3,076,382	\$ 27,794,461	
Total Liabilities and Fund Balances	\$ 35,268,561	\$ 1,185,604	\$ 27,745,393	\$ 762,752	\$ 3,142,402	\$ 68,104,712	

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, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 27,794,461
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 8,581,561	
Add: construction in progress	7,483,509	
Add: infrastructure net of accumulated depreciation	78,438,491	
Add: buildings and improvements net of accumulated depreciation	32,101,255	
Add: other capital assets net of accumulated depreciation	<u>4,155,475</u>	130,760,291
(2) An internal service fund is used by management to charge the cost of liability, workers' compensation, and employee health benefits to an individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		638,824
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,616,260)	
Less: other loans payable	(190,857,798)	
Less: capital leases payable	(296,746)	
Less: bonds payable	(24,665,000)	
Add: deferred amount on refunding	2,719,202	
Add: deferred charges - debt issuance costs	2,170,801	
Less: compensated absences payable	(1,385,448)	
Less: other postemployment benefits liability	(205,583)	
Less: accrued interest on bonds, notes, and capital leases	(621,303)	
Less: other deferred revenue - premium on debt	<u>(3,417,669)</u>	(218,175,804)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,870,974</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (56,111,254)</u>

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

Blount County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	Funds		
						Other Governmental Funds	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 24,328,807	\$ 2,475,179	\$ 14,604,948	\$ 0	\$ 0	\$ 79,686	\$ 41,488,620	
Licenses and Permits	228,043	743,211	0	0	0	0	971,254	
Fines, Forfeitures, and Penalties	1,115,154	0	0	0	0	370,842	1,485,996	
Charges for Current Services	910,262	0	0	0	0	115,749	1,026,011	
Other Local Revenues	767,569	263,960	367,066	2,703,148	0	255,151	4,356,894	
Fees Received from County Officials	7,544,605	0	0	0	0	0	7,544,605	
State of Tennessee	2,522,148	2,824,430	39,055	0	0	0	5,385,633	
Federal Government	3,584,453	0	160,945	2,296,467	0	50,000	6,091,865	
Other Governments and Citizens Groups	46,750	0	211,276	95,660	0	899,521	1,253,207	
Total Revenues	\$ 41,047,791	\$ 6,306,780	\$ 15,383,290	\$ 5,095,275	\$ 1,770,949	\$ 1,770,949	\$ 69,604,085	
<u>Expenditures</u>								
Current:								
General Government	\$ 6,305,901	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,590	\$ 6,490,491	
Finance	4,372,956	0	0	0	0	0	4,372,956	
Administration of Justice	4,531,907	0	0	0	0	124,931	4,656,838	
Public Safety	17,886,442	0	0	0	0	70,000	17,956,442	
Public Health and Welfare	1,923,913	0	0	0	0	0	1,923,913	
Social, Cultural, and Recreational Services	670,053	0	0	0	0	1,846,739	2,516,792	
Agriculture and Natural Resources	295,903	0	0	0	0	0	295,903	
Other Operations	4,129,595	0	0	2,029,378	0	44,551	6,203,524	
Highways	75,997	5,860,336	0	0	0	0	5,936,333	
Debt Service:								
Principal on Debt	0	0	4,486,023	0	0	0	4,486,023	
Interest on Debt	0	0	7,525,587	0	0	0	7,525,587	
Other Debt Service	0	0	1,774,808	0	0	0	1,774,808	
Capital Projects	1,426,809	0	0	10,149,514	0	0	11,576,323	
Total Expenditures	\$ 41,619,476	\$ 5,860,336	\$ 13,786,418	\$ 12,178,892	\$ 2,270,811	\$ 2,270,811	\$ 75,715,933	
Excess (Deficiency) of Revenues Over Expenditures	\$ (571,685)	\$ 446,444	\$ 1,596,872	\$ (7,083,617)	\$ (499,862)	\$ (499,862)	\$ (6,111,848)	

(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		
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 1,346,260	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,346,260
Refunding Debt Issued	0	0	97,885,000	0	0	0	0	97,885,000
Premiums on Debt Issued	0	0	2,787,580	0	0	0	0	2,787,580
Other Loans Issued	550,000	0	0	6,405,038	0	0	0	6,955,038
Transfers In	325,000	0	0	700,000	0	899,520	0	1,924,520
Transfers Out	(899,520)	0	(700,000)	0	0	0	0	(1,599,520)
Discounts on Debt Issued	0	0	0	(9,440)	0	0	0	(9,440)
Payments to Refunded Debt Escrow Agent	0	0	(99,925,000)	0	0	0	0	(99,925,000)
Total Other Financing Sources (Uses)	\$ 1,321,740	\$ 0	\$ 47,580	\$ 7,095,598	\$ 899,520	\$ 0	\$ 0	\$ 9,364,438
Net Change in Fund Balances	\$ 750,055	\$ 446,444	\$ 1,644,452	\$ 11,981	\$ 399,658	\$ 0	\$ 0	\$ 3,252,590
Fund Balance, July 1, 2008	10,360,010	635,736	10,248,838	620,563	2,676,724	0	0	24,541,871
Fund Balance, June 30, 2009	\$ 11,110,065	\$ 1,082,180	\$ 11,893,290	\$ 632,544	\$ 3,076,382	\$ 0	\$ 0	\$ 27,794,461

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, 2009

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)		\$ 3,252,590
(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	\$ 6,623,424	
Less: current year depreciation expense	<u>(6,237,822)</u>	385,602
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 4,048,885	
Less: book value of capital assets disposed	<u>(73,364)</u>	3,975,521
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 2,870,974	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(4,888,538)</u>	(2,017,564)
(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: note proceeds	\$ (1,346,260)	
Less: other loan proceeds	(6,955,038)	
Less: refunding loan proceeds	(97,885,000)	
Less: change in premium on debt issuances	(2,659,568)	
Less: change in deferred debt issuance costs	(298,986)	
Add: principal payments on bonds	1,675,000	
Add: principal payments on notes	255,000	
Add: principal payments on other loans	2,535,501	
Add: principal payments on capital leases	20,522	
Add: payment to refunding agent	99,925,000	
Add: change in deferred amount on refunding debt	<u>709,244</u>	(4,024,585)

(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	\$	(32,220)
	Change in compensated absences payable		(192,644)
	Change in other postemployment benefits liability		<u>(205,583)</u>
		\$	(430,447)
(6)	An internal service fund is used by management to charge the cost of liability, workers' compensation, and employee health benefits to an individual fund. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(950,323)</u>
	Change in net assets of governmental activities (Exhibit B)	\$	<u>190,794</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, 2009

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 94,386
Equity in Pooled Cash and Investments	2,220,895
Accounts Receivable	67,704
Due from Other Funds	115,306
Due from Component Units	784,853
Total Assets	<hr/> <u>\$ 3,283,144</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 895,503
Other Current Liabilities	1,748,817
Total Liabilities	<hr/> <u>\$ 2,644,320</u>
<u>NET ASSETS</u>	
Unrestricted	<hr/> <u>\$ 638,824</u>
Total Net Assets	<hr/> <u><u>\$ 638,824</u></u>

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

Exhibit D-2

Blount County, Tennessee  
Statement of Revenues, Expenses, and Changes  
in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund
	<u>Self Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 16,724,045
Total Operating Revenues	<u>\$ 16,724,045</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 663,350
Insurance Premiums	630,840
Building and Contents Insurance	150,007
Other Administrative Expenses	95,577
Medical Claims	14,921,273
Liability Insurance	13,437
Other Self-Insured Claims	583,569
Medical Clinic Administrative Expenses	54,026
Medical Clinic Other Contracted Services	269,388
Total Operating Expenses	<u>\$ 17,381,467</u>
Operating Income (Loss)	<u>\$ (657,422)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 32,099
Total Nonoperating Revenues (Expenses)	<u>\$ 32,099</u>
Income (Loss) Before Transfers	\$ (625,323)
Transfers Out	<u>(325,000)</u>
Change in Net Assets	\$ (950,323)
Net Assets, July 1, 2008	<u>1,589,147</u>
Net Assets, June 30, 2009	<u><u>\$ 638,824</u></u>

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

Exhibit D-3

Blount County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 16,523,426
Payments to Fiscal Agents	(663,350)
Payments to Insurers	(703,914)
Payments for Claims	(15,273,415)
Payments for Administrative Costs	(95,577)
Payments for Medical Clinic Administrative Costs	(56,742)
Payments for Medical Clinic Contracted Services	(269,388)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (538,960)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 37,546
Net Cash Provided By (Used In) Investing Activities	<u>\$ 37,546</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (325,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (325,000)</u>
Increase (Decrease) in Cash	\$ (826,414)
Cash, July 1, 2008	<u>3,141,695</u>
Cash, June 30, 2009	<u>\$ 2,315,281</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (657,422)
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	(200,619)
Increase (Decrease) in Other Current Liabilities	<u>319,081</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (538,960)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 94,386
Equity in Pooled Cash and Investments per Net Assets	<u>2,220,895</u>
Cash, June 30, 2009	<u>\$ 2,315,281</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,908,279
Equity in Pooled Cash and Investments	1,492,579
Accounts Receivable	1,288
Due from Other Governments	3,242,851
Taxes Receivable	10,691,501
Allowance for Uncollectible Taxes	<u>(165,820)</u>
Total Assets	<u>\$ 18,170,678</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,896
Payroll Deductions Payable	339,190
Due to Other Taxing Units	13,786,937
Due to Litigants, Heirs, and Others	2,908,279
Due to Joint Ventures	1,059,920
Other Current Liabilities	<u>74,456</u>
Total Liabilities	<u>\$ 18,170,678</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, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

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

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

The Industrial Development Board of Blount County was previously reported as a component unit of Blount County. During the year it was reorganized as the Industrial Development Board of Blount County and the cities of Alcoa and Maryville. This was accomplished through filing of an amended and restated certificate of incorporation and amended and restated bylaws for the entity. See note V.F. for information related to the new entity, now classified as a joint venture.

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 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

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, 2009, Blount County issued \$5,585,096 of debt for school purposes. Proceeds from these debt issues were deposited into the Other Capital Projects Fund. During the year, \$3,955,112 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 fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

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

Blount County reports the following major governmental funds:

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

**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 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 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 demand deposits and cash on deposit with the county trustee.

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

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

**2. Receivables and Payables**

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

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .83 percent of the total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. The balance in the Accounts Payable account on the Statement of Net Assets includes \$763,464 related to self insured health claims. The balance in the account Other Current Liabilities on the Statement of Net Assets includes \$1,748,817 of internal service fund liabilities for other self-insured claims.

### **3. Capital Assets**

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	5-20
Infrastructure	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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

The county enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements. See Note IV.G. for details of the swap agreements.

## 6. Net Assets and Fund Equity

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

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

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

As of June 30, 2009, Blount County had \$174,370,059 in outstanding debt for capital purposes of other entities (schools of \$170,563,944 and industrial purposes of \$3,806,115). 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, 2009.

Fund/Purpose	Amount
Public Library:	
Capital Purposes	\$ 206,702

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 (\$283,313), (2) a reserve for expenditures of the Public Defender’s Office in the General Fund (\$99,161), and (3) a reserve of endowment principal for the Blount County Children’s Home in nonmajor governmental funds (\$485,403).

**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**

### **Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the 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.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

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

## Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009, 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	\$ 119,914

**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, 2009, Blount County's investment in the State Treasurer's Investment Pool was unrated.

**B. Notes Receivable**

During the fiscal year ended June 30, 2006, Blount County purchased property intended for use as a county fairground. The purchase price of \$785,000 was internally financed from the General Debt Service Fund. In January 2007, this property was transferred to the Industrial Development Board, for sale to a third party. The county executed an agreement with the Industrial Development Board 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 (\$56,071) under the contract, to Blount County in July 2008. However, when the second payment came due in June 2009, the purchaser was unable to make the payment and requested an extension. The Industrial Development Board, along with the Blount County management agreed, rather than hold the purchaser in default under the contract, to allow the purchaser to pay the delinquent payment, plus interest, at the time the final payment on the note is made. The entire balance of \$638,929 due on the contract as of June 30, 2009, is reflected as notes receivable on the balance sheet of the General Debt Service Fund. The amount of this receivable not expected to be received within one year is \$582,858.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2009, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 6,816,755	\$ 1,785,844	\$ (21,038)	\$ 8,581,561
Construction in Progress	4,001,395	3,482,114	0	7,483,509
Total Capital Assets Not Depreciated	<u>\$ 10,818,150</u>	<u>\$ 5,267,958</u>	<u>\$ (21,038)</u>	<u>\$ 16,065,070</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,621,927	\$ 0	\$ 0	\$ 44,621,927
Roads, Streets, and Bridges	125,839,073	4,299,374	0	130,138,447
Other Capital Assets	11,821,720	1,104,977	(418,777)	12,507,920
Total Capital Assets Depreciated	<u>\$ 182,282,720</u>	<u>\$ 5,404,351</u>	<u>\$ (418,777)</u>	<u>\$ 187,268,294</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,633,616	\$ 887,056	\$ 0	\$ 12,520,672
Roads, Streets, and Bridges	47,362,671	4,337,285	0	51,699,956
Other Capital Assets	7,705,415	1,013,481	(366,451)	8,352,445
Total Accumulated Depreciation	<u>\$ 66,701,702</u>	<u>\$ 6,237,822</u>	<u>\$ (366,451)</u>	<u>\$ 72,573,073</u>
Total Capital Assets Depreciated, Net	<u>\$ 115,581,018</u>	<u>\$ (833,471)</u>	<u>\$ (52,326)</u>	<u>\$ 114,695,221</u>
Governmental Activities Capital Assets, Net	<u>\$ 126,399,168</u>	<u>\$ 4,434,487</u>	<u>\$ (73,364)</u>	<u>\$ 130,760,291</u>

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

**Governmental Activities:**

General Government	\$ 185,365
Finance	15,183
Administration of Justice	231,874
Public Safety	989,507
Public Health and Welfare	21,638
Social, Cultural, and Recreational	270,375
Other Operations	11,805
Highways	<u>4,512,075</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 6,237,822</u></u>

**Discretely Presented Blount County School Department**

**Governmental Activities:**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 9,951,059	\$ 0	\$ 0	\$ 9,951,059
Construction in Progress	33,179,678	3,689,085	(2,298,662)	34,570,101
Total Capital Assets Not Depreciated	<u>\$ 43,130,737</u>	<u>\$ 3,689,085</u>	<u>\$ (2,298,662)</u>	<u>\$ 44,521,160</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 118,737,803	\$ 2,340,808	\$ 0	\$ 121,078,611
Other Capital Assets	3,615,341	600,265	(178,638)	4,036,968
Total Capital Assets Depreciated	<u>\$ 122,353,144</u>	<u>\$ 2,941,073</u>	<u>\$ (178,638)</u>	<u>\$ 125,115,579</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 34,527,307	\$ 2,378,912	\$ 0	\$ 36,906,219
Other Capital Assets	2,728,556	222,301	(171,394)	2,779,463
Total Accumulated Depreciation	<u>\$ 37,255,863</u>	<u>\$ 2,601,213</u>	<u>\$ (171,394)</u>	<u>\$ 39,685,682</u>

**Governmental Activities: (Cont.)**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Total Capital Assets				
Depreciated, Net	\$ 85,097,281	\$ 339,860	\$ (7,244)	\$ 85,429,897
Governmental Activities				
Capital Assets, Net	\$ 128,228,018	\$ 4,028,945	\$ (2,305,906)	\$ 129,951,057

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

**Governmental Activities:**

Instruction	\$ 32,143
Support Services	2,422,015
Operation of Non-Instructional Services	<u>147,055</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,601,213</u>

**D. Construction Commitments**

At June 30, 2009, the county had various uncompleted construction projects of approximately \$582,565 in the Other Capital Projects Fund. Funding has been provided through authorized loan agreements (see Note IV.F.), which the county draws as the projects progress.

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2009, is as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 15,756
Highway/Public Works	General	452
General Debt Service	General	200,000
Internal Service	General	<u>115,306</u>
Total		<u>\$ 331,514</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: General Internal Service	Component Unit: School Department School Department	\$ 37,888 784,853
Total		<u>\$ 822,741</u>

The receivable in the General Fund (\$37,888) was in transit from the Blount County School Department at June 30, 2009.

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Other Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 899,520
General Debt Service Fund		700,000	
Internal Service Fund	325,000	0	
Total Transfers	<u>\$ 325,000</u>	<u>\$ 700,000</u>	<u>\$ 899,520</u>

**Discretely Presented Blount County School Department**

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 362,109

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

**F. Capital Leases**

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.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds	
	Primary Government	School Department
2010	\$ 56,246	\$ 261,974
2011	34,799	268,313
2012	34,799	281,797
2013	34,800	288,730
2014	34,799	295,872
2015-2019	173,907	1,594,204
2020	0	343,450
Total Minimum Lease Payments	\$ 369,350	\$ 3,334,340
Less: Amount Representing Interest	(72,604)	(902,935)
Present Value of Minimum Lease Payments	\$ 296,746	\$ 2,431,405

**G. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 15 years for bonds, 12 years for notes, and up to 29 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds - Refunding	2 to 5%	\$ 27,325,000	\$ 24,665,000
Capital Outlay Notes	4.11 to 6	3,846,260	1,616,260
Other Loans - Variable Rate	Variable	4,100,000	2,300,000
Other Loans - Fixed Rate	2.5 to 6.2	42,930,000	39,962,530
Other Loans - Variable Rate - Refunding	Variable	101,840,000	101,495,000
Other Loans - Fixed Rate - Refunding	2.5 to 5	46,545,000	46,545,000
Loan Agreement - State School Bond Authority	0	727,865	555,268

The capital outlay notes above include \$270,000, 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 these loan agreements outstanding at June 30, 2009:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
<b>Blount County Public Building Authority</b>					
Library	\$ 4,100,000	\$ 2,300,000	Variable	5.75%	.375%
Industrial Park (Series B-10-A)	2,000,000	1,800,000	Fixed	5.55 to 6.2	N/A
Various Purpose (Series B-16-A)	33,550,000	32,145,000	Fixed	3 to 5	N/A
Refunding (Series E-1-A)	50,500,000	50,500,000	Variable	.9	.5
Industrial Park (Series B-17-A) (1)	3,000,000	2,006,115	Fixed	3.25 to 4.5	N/A
Refunding (Series E-3-B)	20,165,000	20,165,000	Variable	.31 (2)	.75
Refunding (Series E-5-A)	31,175,000	30,830,000	Variable	.23 (2)	.64

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority (Cont.)</u>					
Various Purpose (Series B-18-A)(3)	\$ 4,380,000	\$ 4,011,415	Fixed	2.5 to 5%	N/A
Refunding (Series B-18-A)	46,545,000	46,545,000	Fixed	2.5 to 5 (2)	N/A
<u>TN State School Bond Authority</u>					
Qualified Zone Academy Bonds	727,865	<u>555,268</u>	N/A	0	N/A
		<u>\$ 190,857,798</u>			

- (1) \$993,885 remains available for future draws under this loan agreement at June 30, 2009.
- (2) In addition to the interest requirements on the refunding debt, the county is also obligated for payments under swap agreements that were entered into in connection with the refunded debt. See the swap agreements section of this note.
- (3) \$368,585 remains available for future draws under this loan agreement at June 30, 2009.

In addition to the amounts reflected above, 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. This loan agreement is reflected as a liability of the discretely presented Blount Memorial Hospital; however, it is also backed by the general obligation pledge of the county.

During the year, due to the ratings of certain bond assurance companies being downgraded, the county received tender notice from the bondholders of Series IV-C-1 and Series A-5-A Bonds issued by the Public Building Authorities of Sevier County and Blount County, respectively. Proceeds of those bonds had been loaned to Blount County under loan agreements with the Public Building Authorities. This tender notice resulted in the bonds being purchased under Standby Bond Purchase Agreements (liquidity agreements). The Series IV-C-1 agreement was not renewed, and the county was unable to obtain a replacement provider of liquidity. Therefore, the bonds could not be remarketed. Under the Series IV-C-1 liquidity agreement, the county was subject to reamortization of the outstanding principal over a

much shorter term, and interest rates substantially greater than those previously borne by the Series IV-C-1 bonds. Similarly, under the A-5-A liquidity agreement and from time-to-time upon remarketing, the county was paying interest rates substantially greater than those previously borne by the A-5-A bonds.

Based on these events, on March 2, 2009, the county issued a loan agreement, Series B-18-A, which included funds for refinancing the Series IV-C-1 and A-5-A agreements. This agreement requires that the principal related to the refinancing, \$46,545,000, be entirely repaid during fiscal year 2011. The County Commission intends to refinance these bonds prior to the scheduled payments; however, no refinancing is in place as of the date of this report.

Blount County refunded other variable rate debt during the year, as discussed in the current refunding section of this note.

In addition to the debt issued during the year, the county has also authorized issuance of an additional \$26,120,000 in loan agreements that have not been issued as of the date of this report. These loans were authorized for capital purposes of the primary government and the School Department.

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2009, including interest payments and other fees, are presented in the following tables. 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 \$190,857,798. Estimated interest payments and estimated other fees are included for the variable rate loan agreements. Those agreements carry variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2009.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2015-2019	13,515,000	1,748,071	15,263,071
Total	\$ 24,665,000	\$ 5,833,353	\$ 30,498,353

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 410,000	\$ 62,870	\$ 472,870
2011	140,000	49,577	189,577
2012	145,000	43,823	188,823
2013	150,000	37,864	187,864
2014	155,000	31,699	186,699
2015-2018	616,260	61,035	677,295
Total	\$ 1,616,260	\$ 286,868	1,903,128

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 2,415,501	\$ 5,767,211	\$ 609,920	\$ 8,792,632
2011	49,035,501	5,696,136	606,427	55,338,064
2012	2,810,501	3,194,432	602,934	6,607,867
2013	2,900,501	3,107,043	599,281	6,606,825
2014	3,035,501	3,012,261	595,628	6,643,390
2015-2019	11,083,920	13,453,197	2,950,175	27,487,292
2020-2024	9,585,258	12,156,153	2,936,375	24,677,786
2025-2029	40,406,115	7,959,280	2,454,730	50,820,125
2030-2034	43,635,000	3,310,113	1,288,364	48,233,477
2035-2037	25,950,000	447,300	248,500	26,645,800
Total	\$ 190,857,798	\$ 58,103,126	\$ 12,892,334	\$ 261,853,258

There is \$11,893,290 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$233, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$2,055, 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. The Series A-1-A bonds have since been refunded with a portion of the proceeds of

the Series E-3-B bonds and the interest rate swap is now associated with the Series E-3-B bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.31 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. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-B bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2031. As of June 30, 2009, 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>-1.871%</u>
Net interest rate swap payments		2.439%
Variable-rate bond coupon payments		<u>0.310%</u>
 Synthetic interest rate on bonds		 <u><u>2.749%</u></u>

**Fair value.** As of June 30, 2009, the swap had a negative fair value of \$3,805,570. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investors Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.45 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.45 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

**Swap payments and associated debt.** As of June 30, 2009, 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	
2010	\$ 0	\$ 62,000	\$ 487,772	\$ 549,772
2011	0	62,000	487,772	549,772
2012	0	62,000	487,772	549,772
2013	0	62,000	487,772	549,772
2014	0	62,000	487,772	549,772
2015-2019	0	310,000	2,438,860	2,748,860
2020-2024	0	310,000	2,438,860	2,748,860
2025-2029		310,000	2,438,860	2,748,860
2030-2031	20,000,000	101,014	794,702	20,895,716
Total	\$ 20,000,000	\$ 1,341,014	\$ 10,550,142	\$ 31,891,156

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

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed-rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series A-5-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series A-5-A bonds have since been refunded with a portion of the proceeds of the Series B-18-A bonds and the interest rate swap is now associated with the Series B-18-A bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.9 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. In February 2009, Blount County refinanced the variable rate bonds associated with this swap. This was due to lack of liquidity in the market and the inability to obtain a satisfactory liquidity facility to back the variable rate bonds. Therefore, per resolution of the county legislative body, the variable rate bonds were refinanced with two-year fixed rate bonds, which will be due and payable in June 2011. Also per the resolution, the county legislative body has said that the county expects to refinance this bond with variable rate bonds with the exact amortization that was in place before. Therefore, with the completion of that refinancing by June 2011, at no time would the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2030. As of June 30, 2009, 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	<u>-1.864%</u>
Net interest rate swap payments		2.036%
True Interest Cost (B-18-A)		<u>2.754%</u>
 Total		 <u><u>4.790%</u></u>

**Fair value.** As of June 30, 2009, the swap had a negative fair value of \$1,266,749. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.2 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.2 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

**Swap payments and associated debt.** As of June 30, 2009, net swap payments, assuming current interest rates remain the same, for the term were as follows. The table below reflects the assumptions, consistent with a resolution of the County Legislative Body, that upon maturity of the short-term fixed rate bonds, they will be refinanced with variable rate bonds with maturities matching those that were in place when the original bonds were issued. It should be noted that there is a balloon payment of \$46,625,000 due in 2011 for the B-18-A short-term fixed rate loans, which refunded both the IV-C-1 and the A-5-A loans. As rates vary, net swap payments will vary.

Year Ending June 30	Estimated Requirements on Anticipated Issue of		Net Interest	
	Variable Rate Bonds		Rate Swap	
	Principal	Interest	Payment	Total
2010	\$ 0	\$ 275,400	\$ 203,623	\$ 479,023
2011	0	275,400	203,623	479,023
2012	0	275,400	203,623	479,023
2013	0	275,400	203,623	479,023
2014	0	275,400	203,623	479,023
2015-2019	0	1,377,000	1,018,116	2,395,116
2020-2024	0	1,377,000	1,018,116	2,395,116
2025-2029	6,430,000	1,377,000	1,018,116	8,825,116
2030	3,570,000	98,318	72,693	3,741,011
Total	\$ 10,000,000	\$ 5,606,318	\$ 4,145,156	\$ 19,751,474

**Market-access risk.** Market-access risk is the risk that the county will not be able to enter credit markets or that credit will become more costly. The county is exposed to market-access risk because the county expects to refund the B-18-A short-term debt; therefore, the county is exposed to market-access risk in anticipation of that issue. If the county is not able to refund the issue or is unable to refund with variable rates as planned, then the expected benefits of the swap may not be realized.

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

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.264 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding

principal of the Series E-5-A bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2028. As of June 30, 2009, 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>-1.740%</u>
Net interest rate swap payments		1.524%
Variable-rate bond coupon payments		<u>0.230%</u>
 Synthetic interest rate on bonds		 <u><u>1.754%</u></u>

**Fair value.** As of June 30, 2009, the swap had a negative fair value of \$618,528. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**Credit risk.** As of June 30, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investors Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investor Service. The counterparty has posted all collateral requirements with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the rate on the bonds increase to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination risk.** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or

the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2010	\$ 0	\$ 23,000	\$ 152,409	\$	175,409
2011	0	23,000	152,409		175,409
2012	0	23,000	152,409		175,409
2013	0	23,000	152,409		175,409
2014	0	23,000	152,409		175,409
2015-2019	0	115,000	762,045		877,045
2020-2024	0	115,000	762,045		877,045
2025-2029	10,000,000	88,550	586,775		10,675,325
Total	\$ 10,000,000	\$ 433,550	\$ 2,872,910	\$	13,306,460

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

**Objective of the interest rate swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$39 million Series IV-C-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-C-1 bonds have since been refunded with a portion of the proceeds of the Series B-18-A bonds and the interest rate swap is now associated with the Series B-18-A bonds.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.45 percent of the five-year London Interbank Offered Rate (LIBOR). The

bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$39 million. In February 2009, Blount County refinanced the variable rate bonds associated with this swap. This was due to lack of liquidity in the market and the inability to obtain a satisfactory liquidity facility to back the variable rate bonds. Therefore, per resolution of the county legislative body, the variable rate bonds were refinanced with two-year fixed rate bonds which will be due and payable in June 2011. Also per the resolution, the county legislative body has said that the county expects to refinance this bond with variable rate bonds with the exact amortization that was in place before. Therefore, with the completion of that refinancing by June 2011, at no time would the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2023. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.270%
Variable payment from counterparty	% LIBOR	<u>-1.871%</u>
Net interest rate swap payments		2.399%
True Interest Cost (B-18-A)		<u>2.754%</u>
 Total		 <u><u>5.153%</u></u>

**Fair value.** As of June 30, 2009, the swap had a negative fair value of \$4,846,740. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investors Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investor Service. The counterparty has posted all collateral requirements with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.45 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.45 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

**Swap payments and associated debt.** As of June 30, 2009, net swap payments, assuming current interest rates remain the same, for the term were as follows. The table below reflects the assumptions, consistent with a resolution of the county legislative body, that upon maturity of the short-term fixed rate bonds, they will be refinanced with variable rate bonds with maturities matching those that were in place when the original bonds were issued. It should be noted that there is a balloon payment of \$46,625,000 due in 2011 for the B-18-A short-term fixed rate loans, which refunded both the IV-C-1 and the A-5-A loans. As rates vary, net swap payments will vary.

Year Ending June 30	Estimated Requirements on Anticipated Issue of		Net Interest Rate Swap Payment	Total
	Variable Rate Bonds			
	Principal	Interest		
2010	\$ 0	\$ 1,074,060	\$ 935,555	\$ 2,009,615
2011	0	1,074,060	935,555	2,009,615
2012	0	1,074,060	935,555	2,009,615
2013	0	1,074,060	935,555	2,009,615
2014	0	1,074,060	935,555	2,009,615
2015-2019	8,645,000	5,191,290	4,521,850	18,358,140
2020-2023	30,355,000	2,145,917	1,869,191	34,370,108
<b>Total</b>	<b>\$ 39,000,000</b>	<b>\$ 12,707,507</b>	<b>\$ 11,068,816</b>	<b>\$ 62,776,323</b>

**Market-access risk.** Market-access risk is the risk that the county will not be able to enter credit markets or that credit will become more costly. The

county is exposed to market-access risk because the county expects to refund the B-18-A short-term debt; therefore, the county is exposed to market-access risk in anticipation of that issue. If the county is not able to refund the issue or is unable to refund with variable rates as planned, then the expected benefits of the swap may not be realized.

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

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

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.533 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$14 million and the associated variable-rate bond has a \$14 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series E-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, 2027. As of June 30, 2009, 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>-1.740%</u>
Net interest rate swap payments		1.793%
Variable-rate bond coupon payments		<u>0.230%</u>
 Synthetic interest rate on bonds		 <u><u>2.023%</u></u>

**Fair value.** As of June 30, 2009, the swap had a negative fair value of \$1,246,219. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investor Service. The counterparty has posted all collateral requirements with a third-party custodian.

**Basis risk.** As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 59 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

**Swap payments and associated debt.** As of June 30, 2009, 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	
	Principal	Interest	Rate Swap Payment	Total
2010	\$ 0	\$ 32,200	\$ 250,963	\$ 283,163
2011	0	32,200	250,963	283,163
2012	0	32,200	250,963	283,163
2013	0	32,200	250,963	283,163
2014	0	32,200	250,963	283,163
2015-2019	0	128,800	1,003,850	1,132,650
2020-2024	4,000,000	161,000	1,254,813	5,415,813
2025-2029	10,000,000	41,400	322,666	10,364,066
<b>Total</b>	<b>\$ 14,000,000</b>	<b>\$ 492,200</b>	<b>\$ 3,836,144</b>	<b>\$ 18,328,344</b>

The county has also issued bonds and other loans on behalf of Blount Memorial Hospital, Inc. Hospital Revenue Bonds outstanding at June 30, 2009, totaled \$16,390,000. 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, 2009, totaled \$95,045,000. 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, 2009, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 26,340,000	\$ 525,000	\$ 188,478,261
Additions	0	1,346,260	104,840,038
Deductions	(1,675,000)	(255,000)	(102,460,501)
<b>Balance, June 30, 2009</b>	<b>\$ 24,665,000</b>	<b>\$ 1,616,260</b>	<b>\$ 190,857,798</b>
<b>Balance Due Within One Year</b>	<b>\$ 2,085,000</b>	<b>\$ 410,000</b>	<b>\$ 2,415,501</b>

	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2008	\$ 0	\$ 317,268	\$ 1,192,804
Additions	565,549	0	1,067,857
Deductions	(359,966)	(20,522)	(875,213)
Balance, June 30, 2009	<u>\$ 205,583</u>	<u>\$ 296,746</u>	<u>\$ 1,385,448</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 43,857</u>	<u>\$ 623,452</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 219,026,835
Less: Balance Due Within One Year	(5,577,810)
Add: Unamortized Premium on Debt	3,417,669
Less: Deferred Amount on Refunding	<u>(2,719,202)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 214,147,492</u>

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

Current Refunding

During the year, Blount County issued three refunding loan agreements, Series E-3-B, Series E-5-A, and Series B-18-A, totaling \$46,545,000 of fixed rate and \$51,340,000 of variable rate debt to provide resources for the current refunding of six 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 \$179,581 for Series E-3-B, \$400,482 for Series E-5-A, and \$399,679 for Series B-18-A. These amounts are netted against the new debt and amortized over the remaining life of either the new debt or the old debt, whichever is shorter. 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.

**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, 2009, was as follows:

	Capital Leases	Compensated Absences
	<u>          </u>	<u>          </u>
Balance, July 1, 2008	\$ 2,549,516	\$ 60,395
Additions	0	3,514
Deductions	(118,111)	(9,737)
	<u>          </u>	<u>          </u>
Balance, June 30, 2009	<u>\$ 2,431,405</u>	<u>\$ 54,172</u>
Balance Due Within One Year	<u>\$ 130,645</u>	<u>\$ 10,064</u>

	Other Postemployment Benefits
	<u>          </u>
Balance, July 1, 2008	\$ 0
Additions	1,229,846
Deductions	(782,784)
	<u>          </u>
Balance, June 30, 2009	<u>\$ 447,062</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Current Liabilities, June 30, 2009	\$ 2,932,639
Less: Balance Due Within One Year	<u>(140,709)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,791,930</u>

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

**H. Pledges of Future Revenues**

During the current fiscal year, the county, with approval of the State Legislature, amended the private act authorizing a hotel/motel tax in Blount County to increase the tax from four percent to five percent. The county pledged the additional hotel/motel tax collections generated by the one percent increase to purchase land adjacent to the Townsend Visitor's Center. A capital outlay note totaling \$1,346,260 was issued to provide financing for this purpose. The principal and interest requirements on the note are to be paid from the increase in the tax, and then from the remaining hotel/motel tax revenues if the additional revenues are insufficient to meet the debt service requirements on the note. The note is a general obligation issue and also guaranteed by the county in the event that hotel/motel tax revenues are not sufficient. The additional hotel/motel tax collections are projected to produce 218 percent of the debt service requirements over the life of the note. Total principal and interest requirements for the notes are \$1,620,978 payable monthly through June 2018. Principal and interest payments, as well as revenues generated by the tax increase will begin during the fiscal year ended June 30, 2010.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Blount County School Department. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2009, were \$50,564. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**J. 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 and are reflected as transfers (not notes receivable) in the financial statements. During a 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 is to 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 a 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. During the current year, the county issued another

internal financing agreement of \$700,000 to the Other Capital Projects Fund to provide additional funding for the purchase of property to relocate various county departments, including the Highway Department. All 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
Relocation of County Offices	700,000	(1)	1-9-09	6-1-09

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

	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
Industrial Development Board	\$ 1,100,000	\$ 0	\$ (677,795)	\$ 422,205
Animal Shelter	350,000		0	350,000
Relocation of County Offices	0	700,000	(700,000)	0
Total	\$ 1,450,000	\$ 700,000	\$ (1,377,795)	\$ 772,205

**K. Donor-restricted Endowments**

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal will be expended to benefit the Blount County Children's Home. During the year ended June 30, 2009, interest earned totaled \$26,454 while interest expended totaled \$37,471.

**V. OTHER INFORMATION**

**A. Risk Management**

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

\$400,000 for each employee and approximately \$1,000,000 for all claims in any plan year for workers' compensation coverage, and \$100,000 for building and personal property coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits, with the exception of general liability, for which the county does not have a stop/loss policy.

All full-time employees of the primary government and the discretely presented Blount County School Department are eligible to participate in the health program. A premium charge for the general liability, property, casualty, health, and workers' compensation programs is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophe losses. That reserve was \$307,429 for general liability, property, casualty, and workers' compensation coverage; and \$275,214 for health coverage at June 30, 2009, and has been designated by management for future catastrophe losses. Reserves of the self insurance fund include \$56,181 related to the employee dental plan, which was previously self insured. Employee dental claims are now covered by commercial insurance. Liabilities of this fund are reported when losses are probable and the amount of the losses can be reasonably estimated. The self-insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. It is expected that these claims liabilities will be paid within the next fiscal year. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

General Liability, Property, Casualty and Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2007-2008	\$ 996,321	\$ 1,016,183	\$ (1,097,040)	\$ 915,464
2008-2009	915,464	1,511,383	(1,384,819)	1,042,028

## Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2007-2008	\$ 887,533	\$ 13,201,339	\$ (12,785,752)	\$ 1,303,120
2008-2009	1,303,120	13,993,459	(13,826,326)	1,470,253

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Assets includes \$763,464 related to self insured health claims, and the balance in the account Other Current Liabilities includes \$1,748,817 of internal service fund liabilities for other self-insured claims.

### **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, Blount County and the Blount County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Blount County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Blount County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Blount County for the year ended June 30, 2009, since the county had no endowment investments in land or other real estate. However, it is reasonably expected that Blount County could have such endowment investments in subsequent years.

**C. Subsequent Events**

On July 1, 2009, Alvin Hord left the Office of Director of Schools and was succeeded by Rob Britt.

On July 1, 2009, Judy Hackney left the Office of Purchasing Agent and was succeeded by Teresa Johnson.

On July 5, 2009, James Carroll left the Office of Clerk and Master and was succeeded by Stephen Ogle.

Subsequent to June 30, 2009, the County Commission authorized \$12,755,779 in expenditures for the construction of a new school. Funding for the project is anticipated to come from proceeds of Qualified School Construction Bonds authorized under the American Recovery and Reinvestment Act of 2009.

Subsequent to June 30, 2009, the county substituted all its existing interest rate swap agreements discussed in note IV.G. with Deutsche Bank being the new counterparty to the agreements. These swap agreements were originally entered into with Ambac Financial Services and were insured by Ambac Assurance Corporation.

**D. Contingent Liabilities**

The Tennessee Department of Transportation (TDOT) issued a monitoring report on three contracts and questioned costs of \$857,869. However, the county has responded that they disagree with each of the findings and questioned costs and therefore does not feel that any corrective action is necessary. TDOT has advised us that the outcome of the monitoring is still pending as of the date of this report; therefore, we have not reported these preliminary monitoring findings and questioned costs in this report. See Finding 09.01.

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital. Outstanding loan agreements Series E-5-A reflected in long-term debt for the hospital (see note VII.G.) are payable from, but not secured by revenues of the hospital. This issue also carries the general obligation pledge of the county. Therefore, Blount County would be

liable in the event of default by the hospital. Outstanding principal amounts under these loan agreements as of June 30, 2009, totaled \$95,045,000.

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

**E. Change in Administration**

On May 15, 2009, Brenda Flowers left the Office of Clerk and Master and was succeeded by James Carroll.

**F. Joint Ventures**

During the year, the Industrial Development Board of Blount County, formerly a component unit of Blount County, became The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville. This was accomplished through filing of an amended and restated certificate of incorporation and amended and restated bylaws for the entity. The Industrial Development Board was organized to promote industrial development and provide additional job opportunities in Blount County, the cities of Alcoa and Maryville, and the surrounding counties in accordance with Title 7, Chapter 53, Tennessee Code Annotated. The board is governed by a ten-member board of directors appointed jointly by the Blount County Commission and the governing bodies of Maryville and Alcoa. The board provides incentives toward the location of certain industrial facilities in the county and cities. Upon approval for the Industrial Development Board to provide these incentives, the County Commission also expressed its intent to provide certain funding for these incentives in future years. During the year, Blount County provided \$926,627 to the Industrial Development Board to be applied toward those incentives, related debt payments, and operations of the board.

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

The Blount County Solid Waste Authority is a joint venture that is operated by Blount County, the City of Alcoa, and the City of Maryville. The authority comprises 11 members, three of whom are appointed by the Blount County Commission. The cities appoint two members each, and the remaining members are selected from the citizens at large and from private industry. Blount County has control over budgeting and financing the joint venture only to the extent of representation by the three appointed authority members. Blount County, along with the City of Alcoa and the City of Maryville, has entered into two contracts in-lieu-of performance bonds with the Tennessee Department of Environment and Conservation to ensure the proper operation and closure/postclosure care of the Blount County landfill, which is operated by the Blount County Solid Waste Authority. The total of these contracts in-lieu-of performance bonds is \$11,349,298 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 \$670,053 to the operations of the commission during the year ended June 30, 2009.

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

Administrative Offices:

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

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

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

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

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

**G. 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 [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

### **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, 2009, was 10.26 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, 2009, Blount County's annual pension cost of \$3,238,147 to TCRS was equal to Blount County's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 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, 2007, was eight 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
6-30-09	\$3,238,147	100%	\$0
6-30-08	3,030,629	100	0
6-30-07	2,800,825	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 \$12.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$28 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 [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

### **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, 2009, was 6.42 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, 2009, 2008, and 2007, were \$2,614,312, \$2,417,207, and \$2,274,983, respectively, equal to the required contributions for each year.

## **H. Other Postemployment Benefits (OPEB)**

### **Plan Description**

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

### **Funding Policy**

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

Annual OPEB Cost and Net OPEB Obligation

ARC	\$ 1,795,395
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<u>\$ 1,795,395</u>
Amount of contribution	<u>(1,142,750)</u>
Increase/decrease in NPO	\$ 652,645
Net OPEB obligation, 7-1-08	<u>0</u>
Net OPEB obligation, 6-30-09	<u><u>\$ 652,645</u></u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Self-insured Plan	\$ 1,795,395	63.6 %	\$ 652,645

\* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial valuation date	2-1-08
Actuarial accrued liability (AAL)	\$ 19,329,693
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 19,329,693
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 78,985,978
UAAL as a % of covered payroll	24%

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

## Actuarial Methods and Assumptions

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

In the February 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of ten percent initially, reduced by decrements to an ultimate rate of five percent after five years. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2009.

### **I. Termination Benefits**

The Blount County School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This incentive is available to all full-time certified teachers and classified employees who retire from the School Department with the last 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, 23 certified and six classified individuals participate in the program. Payments of \$294,000 for certified and \$75,537 for classified individuals were made from the General Purpose School Fund, and a payment of \$13,500 for a certified individual was made from the School Federal Projects Fund for retirement incentive obligations during the year. A liability of \$276,000 for certified and \$79,000 for classified individuals is reflected in the General Purpose School Fund for retirement incentives. These amounts are expected to be paid within one year.

### **J. Office of Central Accounting, Budgeting, and Purchasing**

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

**K. Purchasing Laws**

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

**VI. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY CHILDREN’S HOME**

**A. Summary of Significant Accounting Policies**

**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 Children’s Home maintains budgetary controls, which are designed to ensure compliance with budgetary and legal provisions embodied in the annual appropriated operating budget approved by the board of directors. All operating activities are included in the annual appropriated operating budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the board of directors. However, for budget administrative purposes, the Children’s Home maintains budgeting controls at department appropriation levels.

### **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, 2009, totals \$2,520.

3. **Capital Assets**

Capital assets activity for the year ended June 30, 2009, was as follows:

**Governmental Activities:**

	Balance 7-1-08	Additions	Balance 6-30-09
Buildings and Improvements	\$ 737,600	\$ 35,749	\$ 773,349
Equipment	178,460	2,105	180,565
Furniture and Fixtures	38,622	0	38,622
<b>Totals</b>	<b>\$ 954,682</b>	<b>\$ 37,854</b>	<b>\$ 992,536</b>
Less: Accumulated Depreciation			
Buildings and Improvements	\$ (532,651)	\$ (7,091)	\$ (539,742)
Equipment	(165,979)	(4,156)	(170,135)
Furniture and Fixtures	(37,760)	(315)	(38,075)
<b>Total Accumulated Depreciation</b>	<b>\$ (736,390)</b>	<b>\$ (11,562)</b>	<b>\$ (747,952)</b>
Governmental Activities			
Capital Assets, net	<b>\$ 218,292</b>	<b>\$ 26,292</b>	<b>\$ 244,584</b>

Depreciation expense was charged to governmental activities as follows:

Children’s Home \$ 11,562

4. **Accrued Expenses**

Payables in the governmental funds are composed of:

Accounts Payable	<u>\$ 684</u>
Total	<u><u>\$ 684</u></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, 2009, the home contributed \$1,592 to the plan.

**2. Risk Financing Activities**

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

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

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

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

**A. Description of Reporting Entity and Significant Accounting Policies**

**1. Affiliate Entities**

Other assets include the hospital's \$2,040,000 investment in a general partnership, which operates a medical facility in Blount County, as well as \$2,913,592 related to the hospital's acquisition of a rehabilitation clinic during 2009. The hospital also has ownership interests in other entities, which are involved in activities related to the hospital's mission of providing health care services. The hospital has not included these entities or presented summarized disclosures in its financial statements due to the relative insignificance of the financial activities of these entities.

**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 revenues when earned.

The hospital diversifies its investments into a broad range of asset classes to reduce the concentration of credit risk and to maximize return with reasonable and prudent levels of risk. It is also the hospital's policy to limit the maximum position for each type of investment at varying levels within these classifications. As of June 30, 2009, the hospital's fixed income investments all have quality ratings of A or better (by both Standard and Poor's and Moody's Investors Service).

To limit its exposure to fair value losses arising from changing interest rates, the hospital's investment policy restricts the type and maturities of fixed income investments to increase the overall investment horizon. The current duration of the hospital's fixed income investments ranges from 2.9 to 4.8 years, based on timing of interest payments, maturity dates, and expectations of minimal interest changes.

**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 that 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**

Revenues and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Nonoperating revenues consist primarily of investment income (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 include U.S. government instruments and other securities held at financial institutions in the hospital's name (uninsured credit risk category) and are categorized by investment type as follows:

	Year Ended 6-30-09
U.S. Treasury portfolio (cash equivalents)	\$ 10,672,106
U.S. government agency securities	10,352,731
Municipal bonds	4,632,991
Corporate bonds	23,542,583
Bond mutual funds	81,126,746
Equity mutual funds	<u>12,092,125</u>
Total	<u>\$ 142,419,282</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:

	Year Ended 6-30-09
Cash	\$ 96,365
U.S. Treasury portfolio (cash equivalents)	171,771
Bond mutual funds	437,697
Equity mutual funds	<u>365,056</u>
Total	<u>\$ 1,070,889</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:

	Year Ended 6-30-09
Gross patient service charges	\$ 549,891,305
Contractual adjustments and discounts	(346,386,024)
Charity care charges foregone	(26,874,149)
Provision for bad debts	<u>(7,404,072)</u>
Net patient service revenue	<u>\$ 169,227,060</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 36 and 11 percent, respectively, for 2009.

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

**E. Malpractice Trust Fund and Employee Group Health Claims**

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

The hospital provides professional liability coverage through a self-insurance malpractice trust fund. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust. The assets of, and contributions to, the trust are reported in the 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 \$185,470 were paid from the fund during the year ended June 30, 2009. As of June 30, 2009, 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 \$1,047,796 at June 30, 2009. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$11,118,000 for 2009.

**F. Property and Equipment**

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

	Balance 7-1-08	Additions	Retirements and Transfers	Balance 6-30-09
Land	\$ 8,560,804	\$ 111,822	\$ (3,514)	\$ 8,669,112
Land improvements	2,403,837	0	3,514	2,407,351
Buildings, improvements, and fixed equipment	132,978,308	377,838	328,713	133,684,859
Equipment	86,698,111	2,075,439	1,698,163	90,471,713
Construction in progress	619,450	1,870,459	(2,072,591)	417,318
Total Cost	<u>\$ 231,260,510</u>	<u>\$ 4,435,558</u>	<u>\$ (45,715)</u>	<u>\$ 235,650,353</u>
Less: allowances for depreciation:				
Land improvements	\$ (2,028,959)	\$ (89,049)	\$ 0	\$ (2,118,008)
Buildings, improvements, and fixed equipment	(51,819,403)	(6,045,546)	0	(57,864,949)
Equipment	(64,141,678)	(6,700,064)	38,396	(70,803,346)
Total allowances for depreciation	<u>\$ (117,990,040)</u>	<u>\$ (12,834,659)</u>	<u>\$ 38,396</u>	<u>\$ (130,786,303)</u>
Total	<u>\$ 113,270,470</u>	<u>\$ (8,399,101)</u>	<u>\$ (7,319)</u>	<u>\$ 104,864,050</u>

**G. Long-term Debt**

Changes in long-term debt are summarized as follows:

	Balance 7-1-08	Additions	Principal Payments	Balance 6-30-09
Series 1998A Bonds	\$ 6,935,000	\$ 0	\$ (1,270,000)	\$ 5,665,000
Series 1998B Bonds	11,435,000	0	(710,000)	10,725,000
Series A-3-A Bonds	40,000,000	0	(40,000,000)	0
Series C-2-A Bonds	55,575,000	0	(55,575,000)	0
Series E-5-A Bonds	0	96,350,000	(1,305,000)	95,045,000
Total outstanding	\$ 113,945,000	<u>\$ 96,350,000</u>	<u>\$ (98,860,000)</u>	\$ 111,435,000
Less current portion	(3,230,000)			(3,450,000)
Less unamortized loss on bond refunding	<u>(284,531)</u>			<u>(1,314,361)</u>
Long-term portion	<u>\$ 110,430,469</u>			<u>\$ 106,670,639</u>

In December 1998, Blount County issued, on behalf of the hospital, \$15,420,000 of Hospital Revenue Refunding Bonds, Series 1998A, and \$16,000,000 of Hospital Revenue Improvement Bonds, Series 1998B. The Series 1998A Bonds provided the funds necessary to refund the previously issued Blount County Hospital Revenue Bonds. The hospital computed a loss on the refunding in 1999 of \$959,455, which has been deferred and is being amortized over the life of the refunded debt (\$71,312 in 2009). 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 2010 to \$1,515,000 in 2013 at interest rates ranging from 4.3 percent to 4.6 percent. The Series 1998B Bonds mature in increasing annual amounts ranging from \$745,000 in 2010 to \$4,610,000 in 2020 at interest rates ranging from five percent to 5.15 percent. The Series 1998A Bonds are subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The Series 1998B Bonds maturing on 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, 2019, are subject to mandatory sinking fund redemptions prior to maturity beginning on July 1, 2016.

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 2009, as described 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 described below.

Interest on the Series A-3-A and C-2-A Bonds was based on variable rates. The hospital utilizes two separate interest rate swap agreements to effectively fix the interest rates on a portion of the amounts. One interest rate swap agreement establishes interest at an effective rate of 4.9 percent on \$25,000,000. The second interest rate swap agreement establishes interest at an effective rate of 4.33 percent on \$30,700,000. The counterparties to these agreements owe the hospital interest based on a variable rate that is calculated based on a published index rate. The bond principal subject to the swap agreements is not exchanged; only the net difference in interest payments is actually exchanged with the counterparties and recorded by the hospital as interest expense. The hospital, through the trustee, continued to pay interest to the bondholders at the variable rate provided by the bonds. During the term of each swap agreement, the hospital effectively pays a fixed rate on the debt plus or minus the difference between the variable rate due 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 \$7,334,000 as of June 30, 2009. These amounts, which were estimated by obtaining quotes from the financial institution, are not recorded in the accompanying financial statements. The net interest expenditures resulting from the swap agreements are recorded in the financial statements. Pursuant to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, the fair value of the swap agreements will be recorded in the financial statements, effective for the year ending June 30, 2010.

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 (\$54,348 amortized in 2009).

The Series E-5-A Bonds bear interest at variable rates; however, the interest rate 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 \$1,380,000 in 2010 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, 2009, are summarized as follows:

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2010	\$ 1,380,000	\$ 2,070,000	\$ 3,450,000
2011	1,455,000	2,165,000	3,620,000
2012	1,505,000	2,270,000	3,775,000
2013	1,580,000	2,385,000	3,965,000
2014	3,200,000	915,000	4,115,000
2015-2019	18,550,000	5,340,000	23,890,000
2020-2024	29,025,000	1,245,000	30,270,000
2025-2029	38,350,000	0	38,350,000
Total	<u>\$ 95,045,000</u>	<u>\$ 16,390,000</u>	<u>\$ 111,435,000</u>

Future interest payments related to the bonds are as follows (interest for variable rate portion of the Series E-5-A Bonds is determined using the rate in effect at June 30, 2009, which was 1.8 percent):

Year Ending June 30	Series E-5-A	Series 1998A and B	Total
2010	\$ 3,261,448	\$ 752,074	\$ 4,013,522
2011	3,236,495	654,045	3,890,540
2012	3,210,230	550,923	3,761,153
2013	3,183,028	440,973	3,624,001
2014	3,152,158	360,828	3,512,986
2015-2019	14,832,664	1,031,411	15,864,075
2020-2024	12,174,172	31,903	12,206,075
2025-2029	5,085,158	0	5,085,158
Total	<u>\$ 48,135,353</u>	<u>\$ 3,822,157</u>	<u>\$ 51,957,510</u>

The revenues of the hospital are pledged as collateral for the bonds outstanding. Payment of principal and interest for the Series 1998A, are

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

Funds held by trustees as of June 30, 2009, for the outstanding bond issues consisted of the following:

	<u>6-30-09</u>
Debt service reserve funds	\$ 3,073,126
Bond funds	<u>2,711,114</u>
Total	<u>\$ 5,784,240</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 \$3,477,796 in 2009. Employee contributions were \$3,388,916 in 2009.

#### **I. Foundation**

At June 30, 2009, the foundation's assets total \$1,070,889, and consist of cash and investments. A portion of the investments at June 30, 2009, totaling \$678,919, 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, 2009, total \$1,296,932. The 2009 statement of revenues, expenses, and changes in net assets includes foundation contribution revenue of \$293,759, net investment loss of \$108,011, and distributions and other expenses of \$411,791. 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.

VIII. 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, includes 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, 2009, 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, and local laws and contractual regulations. An analysis of the entity's compliance with significant laws and regulations and demonstration of its stewardship over entity resources follows.

### **Fund Accounting Requirements**

The district complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts issued by the State of Tennessee, Comptroller of the Treasury, Division of County Audit, effective July 1, 2008.

### Use of Estimates

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

### Annual Budget

An annual budget is adopted by the district, approved by the Board of Directors, and submitted to the Tennessee Emergency Communications Board. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of accounting. If changes to estimated amounts become evident during the fiscal year, the district board may amend the budget. All budget items lapse at the end of the fiscal year.

## **B. 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 7-1-08	Additions	Balance 6-30-09	Accumulated Depreciation	Net Value 6-30-09
Land	\$ 40,000	\$ 21,038	\$ 61,038	\$ 0	\$ 61,038
Construction in progress	0	294,369	294,369	0	294,369
Building	501,250	0	501,250	317,458	183,792
Building and improvements	465,226	0	465,226	233,013	232,213
Emergency equipment	767,687	88,183	855,870	322,686	533,184
Furniture and equipment	110,970	0	110,970	102,920	8,050
Vehicle	0	16,486	16,486	2,473	14,013
Total	<u>\$ 1,885,133</u>	<u>\$ 420,076</u>	<u>\$ 2,305,209</u>	<u>\$ 978,550</u>	<u>\$ 1,326,659</u>

Depreciation expense for the fiscal year ended June 30, 2009, totaled \$102,919.

**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 AT&T vary with increases or decreases mandated by the TPSC, and for the Per 1000 Access Lines Served for the Combined Automatic Number and SALI. The access charge is based upon the maximum number of access lines in service during the calendar year and is adjusted annually at the end of each calendar year.

The lease term with AT&T is indefinite as to time and is currently at a rate of \$7,499 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, 2009, the Blount County Emergency Communications District contributed \$113,398 to the plan, in addition to \$52,257 withheld from employees.

An actuarial valuation is made every two years, the most recent having been completed July 1, 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 construction of a new emergency communications facility. The contract is for \$2,437,174. At June 30, 2009, cost incurred with respect to the contract was \$146,213.

The facility is being funded through a line of credit and proceeds from the sale of its existing facility. The line of credit was entered into on July 15, 2009, and is for a maximum amount of \$1,500,000. The line of credit with interest at four percent is due April 15, 2010.

In April, the district entered into a purchase agreement to sell its existing facility for \$1,550,000. The closing is to take place within 30 days of the contingency date, which is the date when all items detailed in the agreement are satisfied. At June 30, 2009, all contingencies were not satisfied.

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

**A. Summary of Significant Accounting Policies**

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

**1. Financial Reporting Entity**

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

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

**2. Basis of Presentation**

**Government-wide Financial Statements:**

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

**3. Measurement Focus and Basis of Accounting**

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

refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus:**

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

**Basis of Accounting:**

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

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

**a. Cash and Investments**

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

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

**b. Receivables**

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

**c. Equity Classifications**

In the government-wide statements, equity is classified as net assets and displayed as unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**5. Revenues and Expenses**

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

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

**6. Budgetary Accounting**

Budgets are approved in essence when bond and loan documents are approved. The bond and loans are pass-throughs to the various entities borrowing monies.

**7. Use of Estimates**

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

**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, 2009.

**C. Cash and Investments**

**Cash** – All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions, which participate in the

bank collateral pool administered by the treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions.

**Investments** – The PBA is authorized to make investments in bonds, notes, or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government. Cash in excess of current requirements is on deposit with a financial institution in obligations guaranteed by the U.S. Government. Cash and cash equivalents consist of demand deposits and obligations of the U.S. Treasury with an original maturity of 90 days or less. At June 30, 2009, cash and cash equivalents totaled \$4,197,268.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the PBA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in treasury notes are securities that are held by the PBA’s agent.

**Interest Rate Risk** – The PBA does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses from increasing interest rate risks. However, a substantial portion of the investments have maturity dates of 90 days thus limiting its exposure to this type of risk.

**Credit Risk** – The PBA has no limit on the amount it may invest in any one issuer. More than 99 percent of the PBA’s cash and cash equivalents are invested in commercial paper (Treasury notes) that has various maturity dates of 90 days or less.

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

A summary of bond transactions of the authority for the period from July 1, 2008, through June 30, 2009, is as follows:

	<u>Public Facility Bonds</u>
Debt payable - July 1, 2008	\$ 244,570,000
Issued during the period	228,107,530
Debt retired in prior year	(87,730,000)
Debt retired in current year	<u>(99,600,000)</u>
Debt payable - June 30, 2009	<u>\$ 285,347,530</u>

Bonds payable at June 30, 2009, include the following issues:

Public Facility Bonds	Amount Outstanding
\$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%.	\$ 2,300,000
\$2,006,115 - 2008 Local Government Improvement Bonds due in installments of \$85,000 beginning June 2010 through June 2030 at \$225,000; average interest of 4.35%.	2,006,115
\$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%.	1,800,000
\$32,145,000 - 2008 Local Government Improvement Bonds due in installments of \$3,600,000 to \$500,000 payable June 2010 through June 2037; interest payable semi-annual rates ranging from 3% to 5%. (Average rate 4.54%).	32,145,000
\$50,500,000 - 2008 Local Government Improvement Bonds due in installments of \$1,000,000 to \$8,500,000 payable June 2024 through June 2037; interest payable annually at 5%.	50,500,000
\$20,165,000 - 2008 Local Government (Series E-3-B) Improvement Bonds due in installments of \$7,500,000 to \$12,665,000 payable 2030 and 2031 respectively; interest payable annually at 5%.	20,165,000
\$30,830,000 - 2008 Local Government (Series E-5-A) Improvement bonds due in installments ranging from \$370,000 to \$920,000 payable June 2010 through June 2030. Interest payable annually at 4.31%.	30,830,000
\$95,045,000 - 2008 Local Government (Series E-5-A) Bonds (Hospital) due in installments ranging from \$1,380,000 to \$8,425,000 payable June 2010 through June 2029. Interest payable annually at 4.89%.	95,045,000
\$50,925,000 - Local Government (Series B-18-A) Improvement Bonds due in installments ranging from \$50,000 payable June 2010, \$46,625,000 payable June 2011, and payables ranging from \$200,000 in June 2012 to June 2019 of \$900,000. Interest payable annually at 7.02%.	50,925,000
Less: Undrawn commitment	<u>(368,585)</u>
Total Bonds Outstanding	<u>\$ 285,347,530</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2009, including interest payments, are \$483,307,882 as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 3,650,000	\$ 15,139,187	\$ 18,789,187
2011	50,335,000	14,979,543	65,314,543
2012	4,155,000	11,084,340	15,239,340
2013	4,310,000	10,901,345	15,211,345
2014	6,060,000	10,706,711	16,766,711
2015-2019	29,195,000	49,286,303	78,481,303
2020-2024	39,675,000	42,460,783	82,135,783
2025-2029	78,561,115	28,083,392	106,644,507
2030-2034	43,825,000	12,691,248	56,516,248
2035-2037	25,950,000	2,627,500	28,577,500
Less: Undrawn funds	(368,585)	0	(368,585)
<b>Total</b>	<b>\$ 285,347,530</b>	<b>\$ 197,960,352</b>	<b>\$ 483,307,882</b>

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

**E. Risk Management**

The PBA 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 is provided through policies issued jointly with Blount County, Tennessee. For the year ended June 30, 2009, 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, 1998, through June 30, 2009, the PBA entered into 18 loan agreements with Blount County, Tennessee, whereby the PBA has issued revenue bonds totaling \$453,466,115 as listed below. The proceeds were loaned to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, and the Blount Memorial Hospital (component unit) as of June 30, 2009, are as follows:

Bond Issue Amount	Loaned to Blount County	Outstanding 6-30-09
\$ 39,000,000	\$ 39,000,000	\$ 0
20,000,000	20,000,000	0
4,100,000	4,100,000	2,300,000
10,000,000	10,000,000	0
9,100,000	9,100,000	0
10,000,000	10,000,000	0
14,000,000	14,000,000	0
13,650,000	13,650,000	0
35,000,000	35,000,000	0
2,000,000	2,000,000	1,800,000
15,000,000	15,000,000	0
50,500,000	50,500,000	50,500,000
20,165,000	20,165,000	20,165,000
30,830,000	30,830,000	30,830,000
95,045,000	95,045,000	95,045,000
50,925,000	50,925,000	50,925,000
32,145,000	32,145,000	32,145,000
2,006,115	1,637,530	1,637,530
\$ 453,466,115	\$ 453,097,530	\$ 285,347,530

During the year ended June 30, 2009, two projects were completed. The school projects (Union Grove Elementary and Union Grove Middle) completed were funded by the Blount County Board of Education under supervision of the PBA.

Expenditures were as follows during the fiscal year ended June 30, 2009:

Construction:

West Side Elementary and Middle Schools (Union Grove)	\$ 55,573
Total Construction	<u>\$ 55,573</u>

Administration:

Salaries and Payroll Taxes	\$ 6,894
Other Administrative Expenses	<u>3,145</u>
Total Administration	<u>\$ 10,039</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. Cumberland Securities, Division of Morgan Keegan & Co., Knoxville, Tennessee, will purchase each series of bonds authorized by this resolution. Management and administration of the bonds will be by TN-LOANS Program Administrators, Knoxville, Tennessee. Regions Bank was confirmed as trustee for the loan program. Bonds totaling \$1,752,430,000 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, Loudon, 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 PBA has issued bonds totaling \$1,752,430,000 to other governmental entities (Note H.) as of June 30, 2009. The proceeds of the bonds are used to make loans to governmental entities in the State of Tennessee possessing general powers of taxation to finance public facility projects. The proceeds are loaned pursuant to a loan agreement, whereas the borrower pledges revenues and receipts therefrom, which are pledged by the

PBA to the bond trustee. The PBA has no obligation for the issued debt beyond the resources provided by related loan agreements.

**J. Capital Assets**

During the year, the PBA transferred its only capital asset, a vehicle with a net book value of \$15,523, to Blount County. Therefore, the PBA had no capital assets to report as of June 30, 2009.

**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, 450,636, and \$123,613 are being amortized over the applicable life of the bond issues. Amortization expense totaled \$74,510 for the year ended June 30, 2009.

**L. Payroll and Personnel**

Salaries and benefits for PBA personnel (through the completion of Union Grove schools) totaled \$6,784 for the year ended June 30, 2009. The PBA currently operates with a board of directors (non-salaried).

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**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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 24,328,807	\$ 0	\$ 0	\$ 24,328,807	\$ 24,661,114	\$ 24,661,114	\$ (332,307)
Licenses and Permits	228,043	0	0	228,043	1,017,626	1,017,626	(789,583)
Fines, Forfeitures, and Penalties	1,115,154	0	0	1,115,154	898,773	901,173	213,981
Charges for Current Services	910,262	0	0	910,262	906,750	909,350	912
Other Local Revenues	767,569	0	0	767,569	574,350	754,350	13,219
Fees Received from County Officials	7,544,605	0	0	7,544,605	6,586,249	8,321,231	(776,626)
State of Tennessee	2,522,148	0	0	2,522,148	2,658,816	2,738,616	(216,468)
Federal Government	3,584,453	0	0	3,584,453	2,662,000	3,070,318	514,135
Other Governments and Citizens Groups	46,750	0	0	46,750	175,750	175,750	(129,000)
Total Revenues	\$ 41,047,791	\$ 0	\$ 0	\$ 41,047,791	\$ 40,141,428	\$ 42,549,528	\$ (1,501,737)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 207,319	(4,697)	5,560	208,182	209,601	209,601	1,419
Board of Equalization	848	(275)	575	1,148	2,456	2,456	1,308
Beer Board	296	(104)	8	200	200	200	0
Budget and Finance Committee	3,100	0	0	3,100	3,100	3,100	0
County Mayor/Executive	277,982	(317)	212	277,877	287,850	287,850	9,973
Personnel Office	165,958	(4,185)	4,492	166,265	168,956	168,956	2,691
Election Commission	479,579	(39,452)	107,594	547,721	579,964	597,464	49,743
Register of Deeds	554,017	(1,910)	509	552,616	597,582	597,582	44,966
Planning	203,987	(980)	3,100	206,107	210,833	210,833	4,726
Building	84,591	(3,391)	1,538	82,738	91,397	91,397	8,659
Engineering	151,847	0	18,777	170,624	175,351	175,351	4,727
Codes Compliance	179,411	(4,952)	5,538	179,997	203,386	203,386	23,389

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
County Buildings	\$ 1,328,033	\$ (62,772)	\$ 45,873	\$ 1,311,134	\$ 1,326,324	\$ 1,326,324	\$ 15,190
Other General Administration	2,289,357	(6,717)	10,180	2,292,820	960,689	2,605,156	312,336
Preservation of Records	98,520	(12,284)	12,451	98,687	119,381	119,381	20,694
Risk Management	281,056	(23,407)	26,122	283,771	315,286	317,286	33,515
<u>Finance</u>							
Accounting and Budgeting	663,840	(3,555)	3,948	664,233	698,307	698,307	34,074
Purchasing	335,742	(1,643)	2,164	336,263	338,454	338,454	2,191
Property Assessor's Office	900,188	(195,788)	186,454	890,854	927,676	927,676	36,822
Reappraisal Program	339,903	(31,325)	41,820	350,398	396,199	396,199	45,801
County Trustee's Office	427,334	(3,139)	2,990	427,185	436,388	436,388	9,203
County Clerk's Office	1,090,472	(11,061)	8,616	1,088,027	1,117,994	1,117,994	29,767
Data Processing	615,477	(27,587)	27,202	615,092	652,989	652,989	37,897
<u>Administration of Justice</u>							
Circuit Court	1,608	(1,608)	0	0	0	0	0
Circuit Court Judge	46,311	(10,186)	18,992	55,117	108,995	108,995	53,878
Circuit Court Clerk	1,874,663	(73,450)	70,989	1,872,202	1,873,796	1,933,575	61,373
General Sessions Court	556	(556)	0	0	0	0	0
General Sessions Judge	868,843	(4,643)	4,052	868,252	901,217	901,217	32,965
Chancery Court	481,173	(2,998)	4,894	483,069	497,098	501,841	18,772
Juvenile Court	411,105	(25,256)	25,778	411,627	425,870	425,870	14,243
Office of Public Defender	70,455	(2,171)	537	68,821	73,148	73,148	4,327
Other Administration of Justice	449,543	(29,900)	0	419,643	468,616	468,616	48,973
Probation Services	327,650	(65)	2,300	329,885	407,557	407,557	77,672

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 9,284,615	\$ (127,464)	\$ 183,733	\$ 9,340,884	\$ 9,571,742	\$ 9,777,112	\$ 436,228
Administration of the Sexual Offender Registry	3,400	0	1,600	5,000	0	5,000	0
Jail	6,758,855	(84,741)	152,232	6,826,346	7,001,135	7,181,135	354,789
Workhouse	10,318	0	0	10,318	10,318	10,318	0
Juvenile Services	1,262,609	(10,018)	29,220	1,281,811	1,350,138	1,350,138	68,327
Fire Prevention and Control	4,500	0	0	4,500	4,500	4,500	0
Civil Defense	195,837	(18,242)	16,369	193,964	165,257	556,075	362,111
Disaster Relief	6,575	(6,575)	0	0	0	0	0
Other Emergency Management	302,133	0	0	302,133	302,135	302,135	2
County Coroner/Medical Examiner	57,600	(675)	0	56,925	65,000	65,000	8,075
<u>Public Health and Welfare</u>							
Local Health Center	1,135,676	(14,456)	7,834	1,129,054	1,342,293	1,342,292	213,238
Rabies and Animal Control	124,142	(1,388)	5,359	128,113	138,349	138,349	10,236
Ambulance/Emergency Medical Services	60,000	0	0	60,000	60,000	60,000	0
General Welfare Assistance	168,904	0	0	168,904	169,029	169,029	125
Other Local Welfare Services	102,819	0	0	102,819	131,557	131,557	28,738
Sanitation Management	12,472	0	0	12,472	23,000	23,000	10,528
Other Public Health and Welfare	319,900	(19,156)	12,704	313,448	374,250	374,250	60,802
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	670,053	0	0	670,053	670,053	670,053	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	180,176	0	29	180,205	180,240	180,239	34
Soil Conservation	115,727	(25)	1,158	116,860	108,746	117,382	522

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 2,093,449	\$ (24,607)	\$ 23,215	\$ 2,092,057	\$ 818,790	\$ 2,228,865	\$ 136,808
Industrial Development	926,627	0	0	926,627	926,627	926,627	0
Other Economic and Community Development	211,102	(27,424)	19,491	203,169	204,697	235,697	32,528
Veterans' Services	169,868	(213)	198	169,853	175,883	175,883	6,030
Other Charges	42,279	0	56	42,335	47,500	42,757	422
Contributions to Other Agencies	45,000	0	0	45,000	45,000	45,000	0
Miscellaneous	641,270	(1,235)	1,235	641,270	606,156	651,156	9,886
<u>Highways</u>							
Litter and Trash Collection	75,997	(3,025)	2,567	75,539	80,489	80,489	4,950
<u>Capital Projects</u>							
Other General Government Projects	1,426,809	(606,477)	145,492	965,824	1,059,664	1,059,664	93,840
Total Expenditures	\$ 41,619,476	\$ (1,536,095)	\$ 1,245,757	\$ 41,329,138	\$ 40,209,208	\$ 44,208,651	\$ 2,879,513
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (571,685)	\$ 1,536,095	\$ (1,245,757)	\$ (281,347)	\$ (67,780)	\$ (1,659,123)	\$ 1,377,776
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 1,346,260	\$ 0	\$ 0	\$ 1,346,260	\$ 0	\$ 1,400,000	\$ (53,740)
Other Loans Issued	550,000	0	0	550,000	550,000	550,000	0
Transfers In	325,000	0	0	325,000	332,300	332,300	(7,300)
Transfers Out	(899,520)	0	0	(899,520)	(899,520)	(899,520)	0
Total Other Financing Sources (Uses)	\$ 1,321,740	\$ 0	\$ 0	\$ 1,321,740	\$ (17,220)	\$ 1,382,780	\$ (61,040)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2008	\$ 750,055	\$ 1,536,095	\$ (1,245,757)	\$ 1,040,393	\$ (85,000)	\$ (276,343)	\$ 1,316,736
Fund Balance, June 30, 2009	\$ 11,110,065	\$ 0	\$ (1,245,757)	\$ 9,864,308	\$ 7,915,000	\$ 7,723,657	\$ 2,140,651

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,475,179	\$ 0	\$ 0	\$ 2,475,179	\$ 2,405,000	\$ 2,405,000	\$ 70,179
Licenses and Permits	743,211	0	0	743,211	420,000	420,000	323,211
Other Local Revenues	263,960	0	0	263,960	553,645	553,645	(289,685)
State of Tennessee	2,824,430	0	0	2,824,430	3,328,586	3,328,586	(504,156)
Other Governments and Citizens Groups	0	0	0	0	50,000	50,000	(50,000)
Total Revenues	\$ 6,306,780	\$ 0	\$ 0	\$ 6,306,780	\$ 6,757,231	\$ 6,757,231	\$ (450,451)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 774,091	(1,148)	839	773,782	800,812	800,812	27,030
Highway and Bridge Maintenance	3,736,110	(5,053)	6,051	3,737,108	4,039,058	4,039,058	301,950
Operation and Maintenance of Equipment	1,298,774	(1,917)	8,635	1,305,492	1,763,861	1,763,861	458,369
Capital Outlay	51,361	(18,543)	35,555	68,373	153,500	153,500	85,127
Total Expenditures	\$ 5,860,336	\$ (26,661)	\$ 51,080	\$ 5,884,755	\$ 6,757,231	\$ 6,757,231	\$ 872,476
Excess (Deficiency) of Revenues Over Expenditures	\$ 446,444	\$ 26,661	\$ (51,080)	\$ 422,025	\$ 0	\$ 0	\$ 422,025
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 446,444	\$ 26,661	\$ (51,080)	\$ 422,025	\$ 0	\$ 0	\$ 422,025
Fund Balance, July 1, 2008	635,736	(26,661)	0	609,075	500,000	500,000	109,075
Fund Balance, June 30, 2009	\$ 1,082,180	\$ 0	\$ (51,080)	\$ 1,031,100	\$ 500,000	\$ 500,000	\$ 531,100

Exhibit F-3

Blount County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Blount County School Department  
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	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)
6-30-09	7-1-07	\$ 53,424	\$ 65,825	\$ 12,401	81.16 %	\$ 27,711	44.75 %
6-30-08	7-1-07	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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the 2007-08 year; therefore, data is presented for only two years.

Exhibit F-4

Blount County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Primary Government and Discretely Presented Blount County School Department  
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	2-1-08	\$ 0	\$ 19,330	\$ 19,330	0%	\$ 78,986	24.47%

\*Data not available for two preceding years.

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**BLOUNT COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2009**

**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

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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.

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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

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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.

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

Exhibit G-1

Blount County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
\$	0	0	100	0	0	0
	13,819	39,822	887,419	1,387,511		120,516
	0	0	3,118	38,633		0
	0	0	0	0		0
	13,819	39,822	890,637	1,426,144		120,516

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0	0	39,156	2,992	0
Due to Other Funds	0	0	0	0	0
Due to State of Tennessee	0	0	19	0	0
Other Current Liabilities	0	0	0	7,398	0
Total Liabilities	0	0	39,175	10,390	0
<u>Fund Balances</u>					
Reserved for Encumbrances	2,835	3,946	97,848	19,426	200
Reserved for Other General Purposes	0	0	0	0	0
Unreserved	10,984	35,876	753,614	1,396,328	120,316
Total Fund Balances	13,819	39,822	851,462	1,415,754	120,516
Total Liabilities and Fund Balances	13,819	39,822	890,637	1,426,144	120,516

(Continued)

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

	Special Revenue Funds (Cont.)			Permanent Fund		Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	Endowment	Fund	
Cash	\$ 0	\$ 15,756	\$ 15,856	\$ 0	\$ 0	15,856
Equity in Pooled Cash and Investments	138,704	0	2,587,791	487,577		3,075,368
Accounts Receivable	107	0	41,858	2,247		44,105
Due from Other Governments	7,073	0	7,073	0		7,073
Total Assets	\$ 145,884	\$ 15,756	\$ 2,652,578	\$ 489,824	\$ 0	\$ 3,142,402
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 699	\$ 0	\$ 42,847	\$ 0	\$ 0	42,847
Due to Other Funds	0	15,756	15,756	0	0	15,756
Due to State of Tennessee	0	0	19	0	0	19
Other Current Liabilities	0	0	7,398	0	0	7,398
Total Liabilities	\$ 699	\$ 15,756	\$ 66,020	\$ 0	\$ 0	\$ 66,020
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 1,923	\$ 0	\$ 126,178	\$ 0	\$ 0	126,178
Reserved for Other General Purposes	0	0	0	485,403		485,403
Unreserved	143,262	0	2,460,380	4,421		2,464,801
Total Fund Balances	\$ 145,185	\$ 0	\$ 2,586,558	\$ 489,824	\$ 0	\$ 3,076,382
Total Liabilities and Fund Balances	\$ 145,884	\$ 15,756	\$ 2,652,578	\$ 489,824	\$ 0	\$ 3,142,402

Exhibit G-2

Blount County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2009

	Special Revenue Funds										Total Nonmajor Governmental Funds	
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	Other Special Revenue	Total	Endowment	Permanent Fund	Total		
<u>Revenues</u>												
Local Taxes	\$ 10,365	\$ 10,372	\$ 0	\$ 0	\$ 0	\$ 58,949	\$ 79,686	\$ 0	\$ 0	\$ 79,686	\$ 79,686	
Fines, Forfeitures, and Penalties	0	0	0	308,918	19,763	42,161	370,842	0	0	370,842	370,842	
Charges for Current Services	0	0	114,723	0	0	1,026	115,749	0	0	115,749	115,749	
Other Local Revenues	0	0	154,281	69,146	2,318	2,952	228,697	26,454	0	255,151	255,151	
Federal Government	0	0	0	0	0	50,000	50,000	0	0	50,000	50,000	
Other Governments and Citizens Groups	0	0	899,521	0	0	0	899,521	0	0	899,521	899,521	
<u>Total Revenues</u>	<u>\$ 10,365</u>	<u>\$ 10,372</u>	<u>\$ 1,168,525</u>	<u>\$ 378,064</u>	<u>\$ 22,081</u>	<u>\$ 155,088</u>	<u>\$ 1,744,495</u>	<u>\$ 26,454</u>	<u>\$ 0</u>	<u>\$ 1,770,949</u>	<u>\$ 1,770,949</u>	
<u>Expenditures</u>												
Current:												
General Government	\$ 18,964	\$ 0	\$ 165,626	\$ 0	\$ 0	\$ 0	\$ 184,590	\$ 0	\$ 0	\$ 184,590	\$ 184,590	
Administration of Justice	0	0	0	0	752	124,179	124,931	0	0	124,931	124,931	
Public Safety	0	0	0	70,000	0	0	70,000	0	0	70,000	70,000	
Social, Cultural, and Recreational Services	0	0	1,846,739	0	0	0	1,846,739	0	0	1,846,739	1,846,739	
Other Operations	100	6,980	0	0	0	0	7,080	37,471	0	44,551	44,551	
<u>Total Expenditures</u>	<u>\$ 19,064</u>	<u>\$ 6,980</u>	<u>\$ 2,012,365</u>	<u>\$ 70,000</u>	<u>\$ 752</u>	<u>\$ 124,179</u>	<u>\$ 2,233,340</u>	<u>\$ 37,471</u>	<u>\$ 0</u>	<u>\$ 2,270,811</u>	<u>\$ 2,270,811</u>	
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ (8,699)</u>	<u>\$ 3,392</u>	<u>\$ (843,840)</u>	<u>\$ 308,064</u>	<u>\$ 21,329</u>	<u>\$ 30,909</u>	<u>\$ (488,845)</u>	<u>\$ (11,017)</u>	<u>\$ 0</u>	<u>\$ (499,862)</u>	<u>\$ (499,862)</u>	
<u>Other Financing Sources (Uses)</u>												
Transfers In	0	0	899,520	0	0	0	899,520	0	0	899,520	899,520	
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 899,520</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 899,520</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 899,520</u>	<u>\$ 899,520</u>	
<u>Net Change in Fund Balances</u> <u>Fund Balance, July 1, 2008</u>	<u>\$ (8,699)</u>	<u>\$ 3,392</u>	<u>\$ 55,680</u>	<u>\$ 308,064</u>	<u>\$ 21,329</u>	<u>\$ 30,909</u>	<u>\$ 410,675</u>	<u>\$ (11,017)</u>	<u>\$ 0</u>	<u>\$ 399,658</u>	<u>\$ 399,658</u>	
<u>Fund Balance, July 1, 2008</u>	<u>22,518</u>	<u>36,430</u>	<u>795,782</u>	<u>1,107,690</u>	<u>99,187</u>	<u>114,276</u>	<u>2,175,883</u>	<u>500,841</u>	<u>0</u>	<u>2,676,724</u>	<u>2,676,724</u>	
<u>Fund Balance, June 30, 2009</u>	<u>\$ 13,819</u>	<u>\$ 39,822</u>	<u>\$ 851,462</u>	<u>\$ 1,415,754</u>	<u>\$ 120,516</u>	<u>\$ 145,185</u>	<u>\$ 2,586,558</u>	<u>\$ 489,824</u>	<u>\$ 0</u>	<u>\$ 3,076,382</u>	<u>\$ 3,076,382</u>	

Exhibit G-3

Blount County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Local Taxes	\$ 10,365 \$	0 \$	10,365 \$	7,500 \$	7,500 \$	2,865
Total Revenues	\$ 10,365 \$	0 \$	10,365 \$	7,500 \$	7,500 \$	2,865
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 18,964 \$	2,835 \$	21,799 \$	21,799 \$	21,799 \$	0
<u>Other Operations</u>						
Other Charges	100	0	100	0	100	0
Total Expenditures	\$ 19,064 \$	2,835 \$	21,899 \$	21,799 \$	21,899 \$	0
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,699) \$	(2,835) \$	(11,534) \$	(14,299) \$	(14,399) \$	2,865
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (8,699) \$	(2,835) \$	(11,534) \$	(14,299) \$	(14,399) \$	2,865
	22,518	0	22,518	0	15,000	7,518
Fund Balance, June 30, 2009	\$ 13,819 \$	(2,835) \$	10,984 \$	(14,299) \$	601 \$	10,383

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,372 \$	0 \$	0 \$	10,372 \$	6,750 \$	6,750 \$	3,622
Total Revenues	\$ 10,372 \$	0 \$	0 \$	10,372 \$	6,750 \$	6,750 \$	3,622
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 6,980 \$	(4,223) \$	3,946 \$	6,703 \$	6,750 \$	6,750 \$	47
Total Expenditures	\$ 6,980 \$	(4,223) \$	3,946 \$	6,703 \$	6,750 \$	6,750 \$	47
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,392 \$	4,223 \$	(3,946) \$	3,669 \$	0 \$	0 \$	3,669
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 3,392 \$	4,223 \$	(3,946) \$	3,669 \$	0 \$	0 \$	3,669
	36,430	(4,223)	0	32,207	0	0	32,207
Fund Balance, June 30, 2009	\$ 39,822 \$	0 \$	(3,946) \$	35,876 \$	0 \$	0 \$	35,876

Exhibit G-5

Blount County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Public Library Fund  
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 114,723	\$ 0	\$ 0	\$ 114,723	\$ 100,500	\$ 100,500	\$ 14,223
Other Local Revenues	154,281	0	0	154,281	173,000	173,000	(18,719)
State of Tennessee	0	0	0	0	12,000	12,000	(12,000)
Other Governments and Citizens Groups	899,521	0	0	899,521	899,521	899,521	0
Total Revenues	\$ 1,168,525	\$ 0	\$ 0	\$ 1,168,525	\$ 1,185,021	\$ 1,185,021	\$ (16,496)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 165,626	\$ (22,765)	\$ 20,276	\$ 163,137	\$ 186,401	\$ 186,401	\$ 23,264
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,776,219	(115,611)	65,586	1,726,194	1,837,141	1,837,141	110,947
Other Social, Cultural, and Recreational	70,520	(9,520)	11,986	72,986	87,499	87,499	14,513
Total Expenditures	\$ 2,012,365	\$ (147,896)	\$ 97,848	\$ 1,962,317	\$ 2,111,041	\$ 2,111,041	\$ 148,724
Excess (Deficiency) of Revenues Over Expenditures	\$ (843,840)	\$ 147,896	\$ (97,848)	\$ (793,792)	\$ (926,020)	\$ (926,020)	\$ 132,228
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Total Other Financing Sources (Uses)	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 55,680	\$ 147,896	\$ (97,848)	\$ 105,728	\$ (26,500)	\$ (26,500)	\$ 132,228
	795,782	(147,896)	0	647,886	26,500	700,000	(52,114)
Fund Balance, June 30, 2009	\$ 851,462	\$ 0	\$ (97,848)	\$ 753,614	\$ 0	\$ 673,500	\$ 80,114

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 308,918	\$ 0	\$ 0	\$ 308,918	\$ 210,700	\$ 210,700	\$ 98,218
Other Local Revenues	69,146	0	0	69,146	59,000	59,000	10,146
Total Revenues	\$ 378,064	\$ 0	\$ 0	\$ 378,064	\$ 269,700	\$ 269,700	\$ 108,364
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 70,000	(45,321)	19,426	\$ 44,105	\$ 437,000	\$ 437,000	\$ 392,895
Total Expenditures	\$ 70,000	(45,321)	19,426	\$ 44,105	\$ 437,000	\$ 437,000	\$ 392,895
Excess (Deficiency) of Revenues Over Expenditures	\$ 308,064	\$ 45,321	(19,426)	\$ 333,959	\$ (167,300)	\$ (167,300)	\$ 501,259
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 308,064	\$ 45,321	(19,426)	\$ 333,959	\$ (167,300)	\$ (167,300)	\$ 501,259
	1,107,690	(45,321)	0	1,062,369	167,300	300,000	762,369
Fund Balance, June 30, 2009	\$ 1,415,754	\$ 0	(19,426)	\$ 1,396,328	\$ 0	\$ 132,700	\$ 1,263,628

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 58,949	\$ 0	\$ 0	\$ 58,949	\$ 53,000	\$ 53,000	\$ 5,949
Fines, Forfeitures, and Penalties	42,161	0	0	42,161	20,600	37,600	4,561
Charges for Current Services	1,026	0	0	1,026	800	800	226
Other Local Revenues	2,952	0	0	2,952	2,743	2,743	209
Fees Received from County Officials	0	0	0	0	17,000	0	0
Federal Government	50,000	0	0	50,000	50,000	50,000	0
Total Revenues	\$ 155,088	\$ 0	\$ 0	\$ 155,088	\$ 144,143	\$ 144,143	\$ 10,945
<u>Expenditures</u>							
<u>Administration of Justice</u>							
Criminal Court	\$ 124,179	(8,649)	1,923	\$ 117,453	\$ 119,143	\$ 119,143	\$ 1,690
Total Expenditures	\$ 124,179	(8,649)	1,923	\$ 117,453	\$ 119,143	\$ 119,143	\$ 1,690
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,909	\$ 8,649	(1,923)	\$ 37,635	\$ 25,000	\$ 25,000	\$ 12,635
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 30,909	\$ 8,649	(1,923)	\$ 37,635	\$ 25,000	\$ 25,000	\$ 12,635
	114,276	(8,649)	0	105,627	25,000	50,000	55,627
Fund Balance, June 30, 2009	\$ 145,185	\$ 0	(1,923)	\$ 143,262	\$ 50,000	\$ 75,000	\$ 68,262

# **Major Governmental Fund**

## **General Debt Service Fund**

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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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 14,604,948	\$ 14,058,447	\$ 14,058,447	\$ 546,501
Other Local Revenues	367,066	518,000	518,000	(150,934)
State of Tennessee	39,055	200,000	200,000	(160,945)
Federal Government	160,945	0	0	160,945
Other Governments and Citizens Groups	211,276	215,000	215,000	(3,724)
Total Revenues	<u>\$ 15,383,290</u>	<u>\$ 14,991,447</u>	<u>\$ 14,991,447</u>	<u>\$ 391,843</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,486,023	\$ 5,631,500	\$ 4,931,500	\$ 445,477
<u>Interest on Debt</u>				
General Government	7,525,587	9,940,366	9,940,366	2,414,779
<u>Other Debt Service</u>				
General Government	1,774,808	1,087,200	1,834,780	59,972
Total Expenditures	<u>\$ 13,786,418</u>	<u>\$ 16,659,066</u>	<u>\$ 16,706,646</u>	<u>\$ 2,920,228</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,596,872</u>	<u>\$ (1,667,619)</u>	<u>\$ (1,715,199)</u>	<u>\$ 3,312,071</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 97,885,000	\$ 0	\$ 97,885,000	\$ 0
Premiums on Debt Issued	2,787,580	0	2,787,580	0
Transfers Out	(700,000)	0	(700,000)	0
Payments to Refunded Debt Escrow Agent	(99,925,000)	0	(99,925,000)	0
Total Other Financing Sources (Uses)	<u>\$ 47,580</u>	<u>\$ 0</u>	<u>\$ 47,580</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,644,452	\$ (1,667,619)	\$ (1,667,619)	\$ 3,312,071
Fund Balance, July 1, 2008	<u>10,248,838</u>	<u>9,000,000</u>	<u>9,000,000</u>	<u>1,248,838</u>
Fund Balance, June 30, 2009	<u>\$ 11,893,290</u>	<u>\$ 7,332,381</u>	<u>\$ 7,332,381</u>	<u>\$ 4,560,909</u>

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# Fiduciary Funds

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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.

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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, 2009

	Agency Funds								Total
	City		School		Constitu-		tional		
	Cities - Sales Tax	School ADA - Alcoa	School ADA - Maryville	Joint Venture	Officers - Agency	Other Agency	Agency	Agency	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,908,279	\$ 0	\$ 0	\$ 2,908,279
Equity in Pooled Cash and Investments	0	4,625	14,482	1,134,984	0	0	338,488	0	1,492,579
Accounts Receivable	0	0	0	1,288	0	0	0	0	1,288
Due from Other Governments	2,251,980	243,332	746,837	0	0	0	702	0	3,242,851
Taxes Receivable	0	2,628,111	8,063,390	0	0	0	0	0	10,691,501
Allowance for Uncollectible Taxes	0	(40,761)	(125,059)	0	0	0	0	0	(165,820)
Total Assets	\$ 2,251,980	\$ 2,835,307	\$ 8,699,650	\$ 1,136,272	\$ 2,908,279	\$ 339,190	\$ 0	\$ 0	\$ 18,170,678
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,896	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,896
Payroll Deductions Payable	0	0	0	0	0	0	339,190	0	339,190
Due to Other Taxing Units	2,251,980	2,835,307	8,699,650	0	0	0	0	0	13,786,937
Due to Litigants, Heirs, and Others	0	0	0	0	0	2,908,279	0	0	2,908,279
Due to Joint Ventures	0	0	0	1,059,920	0	0	0	0	1,059,920
Other Current Liabilities	0	0	0	74,456	0	0	0	0	74,456
Total Liabilities	\$ 2,251,980	\$ 2,835,307	\$ 8,699,650	\$ 1,136,272	\$ 2,908,279	\$ 339,190	\$ 0	\$ 0	\$ 18,170,678

ASSETS

LIABILITIES

## Exhibit I-2

Blount County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 13,819,896	\$ 13,819,896	\$ 0
Due from Other Governments	2,520,449	2,251,980	2,520,449	2,251,980
Total Assets	\$ 2,520,449	\$ 16,071,876	\$ 16,340,345	\$ 2,251,980
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,520,449	\$ 16,071,876	\$ 16,340,345	\$ 2,251,980
Total Liabilities	\$ 2,520,449	\$ 16,071,876	\$ 16,340,345	\$ 2,251,980
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 5,114	\$ 4,408,552	\$ 4,409,041	\$ 4,625
Due from Other Governments	254,044	243,332	254,044	243,332
Taxes Receivable	2,496,981	2,628,111	2,496,981	2,628,111
Allowance for Uncollectible Taxes	(52,817)	(40,761)	(52,817)	(40,761)
Total Assets	\$ 2,703,322	\$ 7,239,234	\$ 7,107,249	\$ 2,835,307
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,703,322	\$ 7,239,234	\$ 7,107,249	\$ 2,835,307
Total Liabilities	\$ 2,703,322	\$ 7,239,234	\$ 7,107,249	\$ 2,835,307
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 16,040	\$ 13,565,745	\$ 13,567,303	\$ 14,482
Due from Other Governments	796,826	746,837	796,826	746,837
Taxes Receivable	7,835,059	8,063,390	7,835,059	8,063,390
Allowance for Uncollectible Taxes	(165,728)	(125,059)	(165,728)	(125,059)
Total Assets	\$ 8,482,197	\$ 22,250,913	\$ 22,033,460	\$ 8,699,650
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,482,197	\$ 22,250,913	\$ 22,033,460	\$ 8,699,650
Total Liabilities	\$ 8,482,197	\$ 22,250,913	\$ 22,033,460	\$ 8,699,650

(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	\$ 1,138,903	\$ 257,060	\$ 260,979	\$ 1,134,984
Accounts Receivable	2,352	1,288	2,352	1,288
Due from Other Governments	42,128	0	42,128	0
Total Assets	<u>\$ 1,183,383</u>	<u>\$ 258,348</u>	<u>\$ 305,459</u>	<u>\$ 1,136,272</u>
<u>Liabilities</u>				
Accounts Payable	\$ 12,170	\$ 1,896	\$ 12,170	\$ 1,896
Due to Joint Venture	1,096,757	181,996	218,833	1,059,920
Other Current Liabilities	74,456	74,456	74,456	74,456
Total Liabilities	<u>\$ 1,183,383</u>	<u>\$ 258,348</u>	<u>\$ 305,459</u>	<u>\$ 1,136,272</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,340,246	\$ 22,966,497	\$ 22,398,464	\$ 2,908,279
Accounts Receivable	259,964	0	259,964	0
Total Assets	<u>\$ 2,600,210</u>	<u>\$ 22,966,497</u>	<u>\$ 22,658,428</u>	<u>\$ 2,908,279</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,600,210	\$ 22,966,497	\$ 22,658,428	\$ 2,908,279
Total Liabilities	<u>\$ 2,600,210</u>	<u>\$ 22,966,497</u>	<u>\$ 22,658,428</u>	<u>\$ 2,908,279</u>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 563,007	\$ 81,174,308	\$ 81,398,827	\$ 338,488
Due from Other Governments	0	702	0	702
Total Assets	<u>\$ 563,007</u>	<u>81,175,010</u>	<u>81,398,827</u>	<u>339,190</u>
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 563,007	\$ 81,175,010	\$ 81,398,827	\$ 339,190
Total Liabilities	<u>\$ 563,007</u>	<u>\$ 81,175,010</u>	<u>\$ 81,398,827</u>	<u>\$ 339,190</u>

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,340,246	\$ 22,966,497	\$ 22,398,464	\$ 2,908,279
Equity in Pooled Cash and Investments	1,723,064	113,225,561	113,456,046	1,492,579
Accounts Receivable	262,316	1,288	262,316	1,288
Due from Other Governments	3,613,447	3,242,851	3,613,447	3,242,851
Taxes Receivable	10,332,040	10,691,501	10,332,040	10,691,501
Allowance for Uncollectible Taxes	(218,545)	(165,820)	(218,545)	(165,820)
Total Assets	<u>\$ 18,052,568</u>	<u>\$ 149,961,878</u>	<u>\$ 149,843,768</u>	<u>\$ 18,170,678</u>
<u>Liabilities</u>				
Accounts Payable	\$ 12,170	\$ 1,896	\$ 12,170	\$ 1,896
Payroll Deductions Payable	563,007	81,175,010	81,398,827	339,190
Due to Other Taxing Units	13,705,968	45,562,023	45,481,054	13,786,937
Due to Litigants, Heirs, and Others	2,600,210	22,966,497	22,658,428	2,908,279
Due to Joint Ventures	1,096,757	181,996	218,833	1,059,920
Other Current Liabilities	74,456	74,456	74,456	74,456
Total Liabilities	<u>\$ 18,052,568</u>	<u>\$ 149,961,878</u>	<u>\$ 149,843,768</u>	<u>\$ 18,170,678</u>

# Blount County School Department

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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.

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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.

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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, 2009

Functions/Programs	Program Revenues			Charges for Services	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions			Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 55,028,807	\$ 78,962	\$ 6,196,749	\$ 0	\$ 0	\$ (48,753,096)	
Support Services	29,432,327	3,986,761	50,564	3,697,239		(21,697,763)	
Operation of Non-Instructional Services	7,800,862	0	2,828,890	257,873		(4,714,099)	
Total Governmental Activities	\$ 92,261,996	\$ 4,065,723	\$ 9,076,203	\$ 3,955,112	\$ (75,164,958)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 16,959,961		
Local Option Sales Taxes					9,925,283		
Business Taxes					331,792		
Other Local Taxes					8,172		
Grants and Contributions Not Restricted for Specific Programs					47,011,413		
Unrestricted Investment Income					226,811		
Miscellaneous					15,292		
Total General Revenues					\$ 74,478,724		
Change in Net Assets					\$ (686,234)		
Net Assets, July 1, 2008					133,311,195		
Net Assets, June 30, 2009					\$ 132,624,961		

Exhibit J-2

Blount County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Blount County School Department  
June 30, 2009

	<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	\$ 7,845,177	\$ 806,555	\$ 8,651,732
Accounts Receivable	120,418	100,852	221,270
Due from Other Governments	1,862,927	738,273	2,601,200
Property Taxes Receivable	18,188,835	0	18,188,835
Allowance for Uncollectible Property Taxes	(282,099)	0	(282,099)
Total Assets	<u>\$ 27,735,258</u>	<u>\$ 1,645,680</u>	<u>\$ 29,380,938</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 579,371	\$ 94,305	\$ 673,676
Accrued Payroll	4,247,390	444,567	4,691,957
Payroll Deductions Payable	0	14	14
Due to Primary Government	700,223	84,630	784,853
Due to State of Tennessee	0	1,199	1,199
Other Current Liabilities	574,632	33,798	608,430
Deferred Revenue - Current Property Taxes	16,926,713	0	16,926,713
Deferred Revenue - Delinquent Property Taxes	920,725	0	920,725
Total Liabilities	<u>\$ 23,949,054</u>	<u>\$ 658,513</u>	<u>\$ 24,607,567</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 376,762	\$ 350,262	\$ 727,024
Reserved for Special Education - Grants to States	0	8,717	8,717
Unreserved, Reported In:			
General Fund	3,409,442	0	3,409,442
Special Revenue Funds	0	628,188	628,188
Total Fund Balances	<u>\$ 3,786,204</u>	<u>\$ 987,167</u>	<u>\$ 4,773,371</u>
Total Liabilities and Fund Balances	<u>\$ 27,735,258</u>	<u>\$ 1,645,680</u>	<u>\$ 29,380,938</u>

Exhibit J-3

Blount County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
Discretely Presented Blount County School Department  
June 30, 2009

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)		\$	4,773,371
(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		34,570,101	
Add: buildings and improvements net of accumulated depreciation		84,172,392	
Add: other capital assets net of accumulated depreciation		<u>1,257,505</u>	129,951,057
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(2,431,405)	
Less: other postemployment benefits liability		(447,062)	
Less: accrued interest on capital leases		(87,553)	
Less: compensated absences payable		<u>(54,172)</u>	(3,020,192)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>920,725</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 132,624,961</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, 2009

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 26,897,184	\$ 0	\$ 26,897,184
Licenses and Permits	5,823	0	5,823
Charges for Current Services	38,600	3,986,761	4,025,361
Other Local Revenues	586,541	20,147	606,688
State of Tennessee	46,586,922	220,894	46,807,816
Federal Government	356,912	8,210,819	8,567,731
Total Revenues	<u>\$ 74,471,982</u>	<u>\$ 12,438,621</u>	<u>\$ 86,910,603</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 50,475,808	\$ 4,142,443	\$ 54,618,251
Support Services	25,569,050	1,108,317	26,677,367
Operation of Non-Instructional Services	408,770	7,016,460	7,425,230
Capital Outlay	494,299	0	494,299
Debt Service:			
Principal on Debt	118,111	0	118,111
Interest on Debt	137,709	0	137,709
Total Expenditures	<u>\$ 77,203,747</u>	<u>\$ 12,267,220</u>	<u>\$ 89,470,967</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,731,765)</u>	<u>\$ 171,401</u>	<u>\$ (2,560,364)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 362,109	\$ 0	\$ 362,109
Transfers Out	0	(362,109)	(362,109)
Total Other Financing Sources (Uses)	<u>\$ 362,109</u>	<u>\$ (362,109)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (2,369,656)	\$ (190,708)	\$ (2,560,364)
Fund Balance, July 1, 2008	6,155,860	1,177,875	7,333,735
Fund Balance, June 30, 2009	<u>\$ 3,786,204</u>	<u>\$ 987,167</u>	<u>\$ 4,773,371</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, 2009

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (2,560,364)
(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	\$ 370,259	
Less: current year depreciation expense	<u>(2,601,213)</u>	(2,230,954)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 3,961,237	
Less: book value of assets disposed	<u>(7,244)</u>	3,953,993
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 920,725	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(451,159)</u>	469,566
(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 capital leases		118,111
(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	\$ 4,253	
Change in compensated absences payable	6,223	
Change in other postemployment benefits liability	<u>(447,062)</u>	<u>(436,586)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (686,234)</u>

Exhibit J-6

Blount County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Blount County School Department  
June 30, 2009

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Extended School Program</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 14,114	\$ 630,208	\$ 162,233	\$ 806,555
Accounts Receivable	0	0	100,852	100,852
Due from Other Governments	501,942	222,329	14,002	738,273
<b>Total Assets</b>	<b>\$ 516,056</b>	<b>\$ 852,537</b>	<b>\$ 277,087</b>	<b>\$ 1,645,680</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 32,303	\$ 42,953	\$ 19,049	\$ 94,305
Accrued Payroll	321,249	49,838	73,480	444,567
Payroll Deductions Payable	0	14	0	14
Due to Primary Government	47,558	31,470	5,602	84,630
Due to State of Tennessee	0	1,199	0	1,199
Other Current Liabilities	13,552	12,438	7,808	33,798
<b>Total Liabilities</b>	<b>\$ 414,662</b>	<b>\$ 137,912</b>	<b>\$ 105,939</b>	<b>\$ 658,513</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 92,677	\$ 215,880	\$ 41,705	\$ 350,262
Reserved for Special Education - Grants to States	8,717	0	0	8,717
Unreserved	0	498,745	129,443	628,188
<b>Total Fund Balances</b>	<b>\$ 101,394</b>	<b>\$ 714,625</b>	<b>\$ 171,148</b>	<b>\$ 987,167</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 516,056</b>	<b>\$ 852,537</b>	<b>\$ 277,087</b>	<b>\$ 1,645,680</b>

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, 2009

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 2,517,699	\$ 1,469,062	\$ 3,986,761
Other Local Revenues	0	10,312	9,835	20,147
State of Tennessee	0	56,575	164,319	220,894
Federal Government	5,659,830	2,550,989	0	8,210,819
Total Revenues	<u>\$ 5,659,830</u>	<u>\$ 5,135,575</u>	<u>\$ 1,643,216</u>	<u>\$ 12,438,621</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 4,142,443	\$ 0	\$ 0	\$ 4,142,443
Support Services	1,108,317	0	0	1,108,317
Operation of Non-Instructional Services	19,313	5,222,555	1,774,592	7,016,460
Total Expenditures	<u>\$ 5,270,073</u>	<u>\$ 5,222,555</u>	<u>\$ 1,774,592</u>	<u>\$ 12,267,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 389,757</u>	<u>\$ (86,980)</u>	<u>\$ (131,376)</u>	<u>\$ 171,401</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (362,109)	\$ 0	\$ 0	\$ (362,109)
Total Other Financing Sources (Uses)	<u>\$ (362,109)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (362,109)</u>
Net Change in Fund Balances	\$ 27,648	\$ (86,980)	\$ (131,376)	\$ (190,708)
Fund Balance, July 1, 2008	<u>73,746</u>	<u>801,605</u>	<u>302,524</u>	<u>1,177,875</u>
Fund Balance, June 30, 2009	<u>\$ 101,394</u>	<u>\$ 714,625</u>	<u>\$ 171,148</u>	<u>\$ 987,167</u>

Exhibit J-8

Blount County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Blount County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 26,897,184	\$ 0	\$ 0	\$ 26,897,184	\$ 28,652,000	\$ 27,734,746	\$ (837,562)
Licenses and Permits	5,823	0	0	5,823	4,000	4,000	1,823
Charges for Current Services	38,600	0	0	38,600	38,000	38,000	600
Other Local Revenues	586,541	0	0	586,541	728,300	706,613	(120,072)
State of Tennessee	46,586,922	0	0	46,586,922	46,094,700	46,533,153	53,769
Federal Government	356,912	0	0	356,912	276,000	318,431	38,481
<u>Total Revenues</u>	<u>\$ 74,471,982</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,471,982</u>	<u>\$ 75,793,000</u>	<u>\$ 75,334,943</u>	<u>\$ (862,961)</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 38,511,197	\$ (153,781)	\$ 107,817	\$ 38,465,233	\$ 34,855,000	\$ 38,879,045	\$ 413,812
Alternative Instruction Program	360,909	0	1,111	362,020	0	362,108	88
Special Education Program	7,342,480	(26,232)	24,433	7,340,681	8,321,000	7,897,600	556,919
Vocational Education Program	3,123,229	(14,707)	1,881	3,110,403	3,363,000	3,259,000	148,597
Adult Education Program	204,608	(519)	745	204,834	253,150	221,000	16,166
Other	933,385	(1,008)	0	932,377	980,000	975,000	42,623
<u>Support Services</u>							
Attendance	164,891	0	0	164,891	174,250	169,000	4,109
Health Services	771,793	(22,751)	4,863	753,905	726,000	786,600	32,695
Other Student Support	1,859,062	(10,900)	26,470	1,874,632	2,184,700	1,968,080	93,448
Regular Instruction Program	1,997,478	(7,602)	2,443	1,992,319	2,307,000	2,043,000	50,681
Special Education Program	477,858	(2,800)	606	475,664	646,300	502,200	26,536
Vocational Education Program	72,571	(1,058)	170	71,683	75,900	73,400	1,717
Adult Programs	106,214	(388)	250	106,076	124,000	113,000	6,924
Other Programs	141,019	0	0	141,019	123,600	161,764	20,745
Board of Education	1,048,304	(13,293)	12,252	1,047,263	1,214,600	1,124,455	77,192

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 454,630	\$ (10,032)	\$ 5,072	\$ 449,670	\$ 498,800	\$ 478,000	\$ 28,330
Office of the Principal	5,142,461	(2,243)	12,816	5,153,034	5,367,700	5,194,700	41,666
Fiscal Services	173,170	0	0	173,170	185,600	181,000	7,830
Operation of Plant	7,225,213	(8,003)	56,868	7,274,078	7,702,750	7,276,450	2,372
Maintenance of Plant	1,621,392	(52,383)	44,364	1,613,373	1,763,800	1,659,500	46,127
Transportation	3,699,348	(2,247)	1,827	3,698,928	4,007,900	3,949,900	250,972
Central and Other	613,646	(8,074)	44,839	650,411	792,700	702,000	51,589
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	408,770	(965)	393	408,198	467,000	495,515	87,317
<u>Capital Outlay</u>							
Regular Capital Outlay	494,299	(227,613)	27,542	294,228	609,250	337,991	43,763
Principal on Debt							
Education	118,111	0	0	118,111	256,000	118,200	89
Interest on Debt							
Education	137,709	0	0	137,709	0	137,800	91
Total Expenditures	\$ 77,203,747	\$ (566,599)	\$ 376,762	\$ 77,013,910	\$ 77,000,000	\$ 79,066,308	\$ 2,052,398
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (2,731,765)	\$ 566,599	\$ (376,762)	\$ (2,541,928)	\$ (1,207,000)	\$ (3,731,365)	\$ 1,189,437
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 362,109	\$ 0	\$ 0	\$ 362,109	\$ 0	\$ 362,109	\$ 0
Total Other Financing Sources (Uses)	\$ 362,109	\$ 0	\$ 0	\$ 362,109	\$ 0	\$ 362,109	\$ 0
Net Change in Fund Balance	\$ (2,369,656)	\$ 566,599	\$ (376,762)	\$ (2,179,819)	\$ (1,207,000)	\$ (3,369,256)	\$ 1,189,437
Fund Balance, July 1, 2008	6,155,860	(566,599)	0	5,589,261	1,207,000	5,000,000	589,261
Fund Balance, June 30, 2009	\$ 3,786,204	\$ 0	\$ (376,762)	\$ 3,409,442	\$ 0	\$ 1,630,744	\$ 1,778,698

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,659,830	\$ 0	\$ 0	\$ 5,659,830	\$ 4,917,388	\$ 9,149,144	\$ (3,489,314)
Total Revenues	\$ 5,659,830	\$ 0	\$ 0	\$ 5,659,830	\$ 4,917,388	\$ 9,149,144	\$ (3,489,314)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,363,644	\$ (70)	\$ 1,486	\$ 2,365,060	\$ 1,893,177	\$ 2,902,096	\$ 537,036
Special Education Program	1,617,717	(963)	17,877	1,634,631	1,863,000	3,396,499	1,761,868
Vocational Education Program	161,082	(11,526)	10,554	160,110	190,561	375,045	214,935
Support Services							
Other Student Support	182,972	(4,212)	28,351	207,111	140,575	368,707	161,596
Regular Instruction Program	207,866	(3,286)	9,980	214,560	173,575	343,099	128,539
Special Education Program	554,119	(27,950)	4,015	530,184	538,000	1,076,200	546,016
Vocational Education Program	1,930	(366)	0	1,564	5,500	7,065	5,501
Transportation	161,430	0	0	161,430	113,000	218,324	56,894
<u>Operation of Non-Instructional Services</u>							
Food Service	19,313	0	20,414	39,727	0	100,000	60,273
Total Expenditures	\$ 5,270,073	\$ (48,373)	\$ 92,677	\$ 5,314,377	\$ 4,917,388	\$ 8,787,035	\$ 3,472,658
Excess (Deficiency) of Revenues Over Expenditures	\$ 389,757	\$ 48,373	\$ (92,677)	\$ 345,453	\$ 0	\$ 362,109	\$ (16,656)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (362,109)	\$ 0	\$ 0	\$ (362,109)	\$ 0	\$ (362,109)	\$ 0
Total Other Financing Sources (Uses)	\$ (362,109)	\$ 0	\$ 0	\$ (362,109)	\$ 0	\$ (362,109)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 27,648	\$ 48,373	\$ (92,677)	\$ (16,656)	\$ 0	\$ 0	\$ (16,656)
	73,746	(48,373)	0	25,373	0	0	25,373
Fund Balance, June 30, 2009	\$ 101,394	\$ 0	\$ (92,677)	\$ 8,717	\$ 0	\$ 0	\$ 8,717

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,517,699	\$ 0	\$ 0	\$ 2,517,699	\$ 2,930,000	\$ 2,930,000	\$ (412,301)
Other Local Revenues	10,312	0	0	10,312	25,000	25,000	(14,688)
State of Tennessee	56,575	0	0	56,575	57,000	57,000	(425)
Federal Government	2,550,989	0	0	2,550,989	2,388,000	2,446,650	104,339
Total Revenues	\$ 5,135,575	\$ 0	\$ 0	\$ 5,135,575	\$ 5,400,000	\$ 5,458,650	\$ (323,075)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,222,555	\$ (95,910)	\$ 215,880	\$ 5,342,525	\$ 5,700,000	\$ 5,884,650	\$ 542,125
Total Expenditures	\$ 5,222,555	\$ (95,910)	\$ 215,880	\$ 5,342,525	\$ 5,700,000	\$ 5,884,650	\$ 542,125
Excess (Deficiency) of Revenues Over Expenditures	\$ (86,980)	\$ 95,910	\$ (215,880)	\$ (206,950)	\$ (300,000)	\$ (426,000)	\$ 219,050
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (86,980)	\$ 95,910	\$ (215,880)	\$ (206,950)	\$ (300,000)	\$ (426,000)	\$ 219,050
	\$ 801,605	\$ (95,910)	\$ 0	\$ 705,695	\$ 300,000	\$ 500,000	\$ 205,695
Fund Balance, June 30, 2009	\$ 714,625	\$ 0	\$ (215,880)	\$ 498,745	\$ 0	\$ 74,000	\$ 424,745

Exhibit J-11

Blount County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Blount County School Department  
Extended School Program Fund  
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,469,062	\$ 0	\$ 0	\$ 1,469,062	\$ 1,733,000	\$ 1,733,000	\$ (263,938)
Other Local Revenues	9,835	0	0	9,835	20,000	20,000	(10,165)
State of Tennessee	164,319	0	0	164,319	125,000	163,000	1,319
Total Revenues	\$ 1,643,216	\$ 0	\$ 0	\$ 1,643,216	\$ 1,878,000	\$ 1,916,000	\$ (272,784)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,774,592	\$ (21,297)	\$ 41,705	\$ 1,795,000	\$ 2,048,000	\$ 2,068,000	\$ 273,000
Total Expenditures	\$ 1,774,592	\$ (21,297)	\$ 41,705	\$ 1,795,000	\$ 2,048,000	\$ 2,068,000	\$ 273,000
Excess (Deficiency) of Revenues Over Expenditures	\$ (131,376)	\$ 21,297	\$ (41,705)	\$ (151,784)	\$ (170,000)	\$ (152,000)	\$ 216
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (131,376)	\$ 21,297	\$ (41,705)	\$ (151,784)	\$ (170,000)	\$ (152,000)	\$ 216
Fund Balance, June 30, 2009	\$ 302,524	\$ (21,297)	\$ 0	\$ 281,227	\$ 170,000	\$ 200,000	\$ 81,227
	\$ 171,148	\$ 0	\$ (41,705)	\$ 129,443	\$ 0	\$ 48,000	\$ 81,443

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## 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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT</b>									
<b>NOTES PAYABLE</b>									
Payable through General Fund									
General Obligation Capital Outlay Notes Series 2009A	\$ 1,346,260	4.11%	6-29-09	6-1-18	\$ 0	\$ 1,346,260	\$ 0	\$ 0	\$ 1,346,260
Total Payable through General Fund					\$ 0	\$ 1,346,260	\$ 0	\$ 0	\$ 1,346,260
Payable through General Debt Service Fund									
Industrial Park	2,500,000	4.2 to 6	6-26-1998	4-1-10	\$ 525,000	\$ 0	\$ 255,000	\$ 0	\$ 270,000
Total Payable through General Debt Service Fund					\$ 525,000	\$ 0	\$ 255,000	\$ 0	\$ 270,000
Total Notes Payable					\$ 525,000	\$ 1,346,260	\$ 255,000	\$ 0	\$ 1,616,260
<b>OTHER LOANS PAYABLE</b>									
Payable through General Debt Service Fund									
Various Purposes	7,000,000	4.15 to 4.8	8-1-1999	4-1-09	\$ 345,000	\$ 0	\$ 345,000	\$ 0	\$ 0
Various Purposes (Series IV-C-1)	39,000,000	Variable (2)	3-1-00	6-1-23	39,000,000	0	0	39,000,000	0
Library	4,100,000	Variable	12-1-00	6-1-23	2,600,000	0	300,000	0	2,300,000
Various Purposes (Series A-1-A)	20,000,000	Variable (2)	4-1-01	6-1-31	20,000,000	0	0	20,000,000	0
Various Purposes (Series A-5-A)	10,000,000	Variable (3)	6-27-02	6-1-30	10,000,000	0	0	10,000,000	0
Various Purposes (Series B-1-C)	9,100,000	Variable	2-27-03	6-1-30	6,925,000	0	0	6,925,000	0
Various Purposes (Series B-4-A)	10,000,000	Variable (3)	1-29-04	6-1-28	10,000,000	0	0	10,000,000	0
Various Purposes (Series D-1-B)	14,000,000	Variable (4)	3-17-05	6-1-27	14,000,000	0	0	14,000,000	0
Industrial Park (Series B-10-A)	2,000,000	5.55 to 6.2	6-29-06	6-1-21	1,900,000	0	100,000	0	1,800,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	31,106,377	2,443,623	1,405,000	0	32,145,000
Refunding (Series E-1-A)	50,500,000	Variable	6-20-08	6-1-37	50,500,000	0	0	0	50,500,000
Industrial Park (Series B-17-A)	(1)	3.25 to 4.5	6-20-08	6-1-30	1,506,115	500,000	0	0	2,006,115
Refunding (Series E-3-B)	20,165,000	Variable (6)	7-31-08	6-1-31	0	20,165,000	0	0	20,165,000
Refunding (Series E-5-A)	31,175,000	Variable (5)	8-7-08	6-1-30	0	31,175,000	345,000	0	30,830,000
Various Purposes (Series B-18-A)	(7)	2.5 to 5	3-2-09	6-1-19	0	4,011,415	0	0	4,011,415
Refunding (Series B-18-A)	46,545,000	2.5 to 5 (8)	3-2-09	6-1-11	0	46,545,000	0	0	46,545,000
<b>Tennessee State School Bond Authority</b>									
Loan Agreement									
Qualified Zone Academy Bonds - School Building: Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	595,769	0	40,501	0	555,268
Total Other Loans Payable					\$ 188,478,261	\$ 104,840,038	\$ 2,535,501	\$ 99,925,000	\$ 190,857,798

(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 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT (CONT.)</u>									
<u>BONDS PAYABLE</u>									
Payable through General Debt Service Fund									
General Obligation Refunding, Series 2004 A	\$ 7,405,000	2 to 4.15%	9-1-04	3-1-19	\$ 6,740,000	0 \$	515,000 \$	0 \$	6,225,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	4,910,000	0	50,000	0	4,860,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	14,690,000	0	1,110,000	0	13,580,000
Total Bonds Payable					\$ 26,340,000	0 \$	1,675,000 \$	0 \$	24,665,000
<u>CAPITAL LEASES PAYABLE</u>									
Payable through General Debt Service Fund									
Drug Task Force Building	350,000	4.5	11-1-05	6-1-19	\$ 317,268	0 \$	20,522 \$	0 \$	296,746
Total Capital Leases Payable					\$ 317,268	0 \$	20,522 \$	0 \$	296,746
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>									
<u>CAPITAL LEASES PAYABLE</u>									
Payable through General Purpose School Fund									
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	\$ 2,549,516	0 \$	118,111 \$	0 \$	2,431,405
Total Capital Leases Payable					\$ 2,549,516	0 \$	118,111 \$	0 \$	2,431,405

- (1) Total amount available under this Public Building Authority of Blount County Loan Agreement is \$3,000,000, of which \$993,885 had not been drawn as of June 30, 2009.
- (2) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.
- (3) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2005.
- (4) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2006.
- (5) This loan agreement included refunding of outstanding principal of \$10,000,000 on Series B-4-A, and outstanding principal of \$14,000,000 on Series D-1-B, which were swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2005, and 2006, respectively. The swap agreements have been retained.
- (6) This loan agreement refunded outstanding principal of \$20,000,000 on Series A-1-A, which was swapped from variable to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002. The swap agreements have been retained.
- (7) Total amount available under this Public Building Authority of Blount County Loan Agreement is \$4,380,000, of which \$368,585 had not been drawn as of June 30, 2009.
- (8) This loan agreement refunded outstanding principal of \$39,000,000 on Series IV-C-1, and outstanding principal of \$10,000,000 on Series A-5-A, which were swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2002, and 2005, respectively. The swap agreements have been retained.

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	\$ 410,000	\$ 62,870	\$ 472,870
2011	140,000	49,577	189,577
2012	145,000	43,823	188,823
2013	150,000	37,864	187,864
2014	155,000	31,699	186,699
2015	160,000	25,328	185,328
2016	165,000	18,752	183,752
2017	170,000	11,971	181,971
2018	121,260	4,984	126,244
Total	\$ 1,616,260	\$ 286,868	\$ 1,903,128

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2010	\$ 2,415,501	\$ 5,767,211	\$ 609,920	\$ 8,792,632
2011	49,035,501	5,696,136	606,427	55,338,064
2012	2,810,501	3,194,432	602,934	6,607,867
2013	2,900,501	3,107,043	599,281	6,606,825
2014	3,035,501	3,012,261	595,628	6,643,390
2015	3,260,501	2,907,567	593,703	6,761,771
2016	3,420,501	2,786,069	591,435	6,798,005
2017	2,140,501	2,657,346	589,167	5,387,014
2018	1,380,501	2,577,088	588,399	4,545,988
2019	881,916	2,525,127	587,471	3,994,514
2020	365,501	2,472,442	587,471	3,425,414
2021	385,501	2,454,925	587,226	3,427,652
2022	190,501	2,436,362	587,226	3,214,089
2023	188,755	2,429,987	587,226	3,205,968
2024	8,455,000	2,362,437	587,226	11,404,663
2025	8,775,000	2,128,580	556,626	11,460,206
2026	8,936,115	1,858,660	526,026	11,320,801
2027	9,245,000	1,572,740	495,426	11,313,166
2028	9,700,000	1,283,445	468,026	11,451,471
2029	3,750,000	1,115,855	408,626	5,274,481
2030	8,420,000	1,104,980	384,626	9,909,606
2031	12,665,000	897,633	322,488	13,885,121
2032	7,100,000	552,000	227,500	7,879,500
2033	7,550,000	468,850	194,500	8,213,350
2034	7,900,000	286,650	159,250	8,345,900
2035	8,250,000	220,050	122,250	8,592,300
2036	8,650,000	150,300	83,500	8,883,800
2037	9,050,000	76,950	42,750	9,169,700
Total	\$ 190,857,798	\$ 58,103,126	\$ 12,892,334	\$ 261,853,258

(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
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	\$ 24,665,000	\$ 5,833,353	\$ 30,498,353

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2010	\$ 43,857	\$ 12,389	\$ 56,246
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	\$ 296,746	\$ 72,604	\$ 369,350

DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
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	\$ 2,431,405	\$ 902,935	\$ 3,334,340

Exhibit K-3

Blount County, Tennessee  
Schedule of Notes Receivable  
June 30, 2009

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-09</u>
<u>General Debt Service Fund</u> Sale of Land	The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	\$ 695,000	2-27-07	6-30-12	0%	\$ 638,929
Total Notes Receivable						<u>\$ 638,929</u>

Exhibit K-4

Blount County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Blount County School Department  
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 899,520
Self-Insurance	General	Payroll	325,000
General Debt Service	Other Capital Projects	Purchase capital assets	<u>700,000</u>
Total Transfers Primary Government			<u>\$ 1,924,520</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	IDEA - Early intervening services	\$ 362,109
Total Transfers Discretely Presented Blount County School Department			<u>\$ 362,109</u>

Exhibit K-5

Blount County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Blount County School Department  
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 118,492	\$ 50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	81,406	100,000 "	"
Director of Schools	Board of Education	110,824 (1)	50,000 "	"
Trustee	Section 8-24-102, <u>TCA</u>	73,944	3,123,000 "	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	73,944	10,000 "	"
Director of Accounts and Budgets	County Commission	87,158 (2)	50,000 "	"
County Clerk	Section 8-24-102, <u>TCA</u>	73,944	50,000 "	"
Circuit and General Sessions Courts Clerk and Master:	Section 8-24-102, <u>TCA</u>	73,944	50,000 "	"
Brenda Flowers (7-1-08 through 5-16-09)	Section 8-24-102, <u>TCA</u>	65,189	55,000 "	"
James Carroll (5-17-09 through 6-30-09)	Section 8-24-102, <u>TCA</u>	8,755	55,000 "	"
Register	Section 8-24-102, <u>TCA</u>	73,944	25,000 "	"
Sheriff	Section 8-24-102, <u>TCA</u>	98,395 (3)	25,000 "	"
Purchasing Agent	and County Commission County Commission	59,948	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 officer training supplement of \$1,000.

(2) Includes \$13,214 for serving as assistant county mayor.

(3) Includes \$8,022 for serving as director of the Juvenile Detention Center, a law enforcement training supplement of \$600 and \$8,277 for serving as superintendent of the workhouse.

Exhibit K-6

Blount County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2009

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 20,345,931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(275,348)	0	0	0	0	0	0
Trustee's Collections - Prior Year	727,550	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	109,442	0	0	0	0	0	0
Interest and Penalty	137,676	0	0	0	0	0	0
Pick-up Taxes	166,924	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	314,900	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	1,424,814	0	0	0	0	0	0
Litigation Tax - General	430,942	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	10,365	10,372	0	0	0	0
Business Tax	410,955	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
Other County Local Option Taxes	8,608	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	283,494	0	0	0	0	0	0
Wholesale Beer Tax	242,919	0	0	0	0	0	0
<u>Total Local Taxes</u>	<u>\$ 24,328,807</u>	<u>\$ 10,365</u>	<u>\$ 10,372</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Vaccination	\$ 911	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	1,330	0	0	0	0	0	0
<u>Permits</u>							
Building Permits	222,649	0	0	0	0	0	0
Other Permits	3,153	0	0	0	0	0	0
<u>Total Licenses and Permits</u>	<u>\$ 228,043</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 6,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Drug Control Fines	0	0	0	0	898	0	
Drug Court Fees	0	0	0	0	0	0	
District Attorney General Fees	0	0	0	0	0	1,199	
DUI Treatment Fines	0	0	0	0	0	0	
<u>Criminal Court</u>							
Fines	2,702	0	0	0	0	0	
Officers Costs	31,918	0	0	0	0	0	
<u>General Sessions Court</u>							
Fines	123,271	0	0	0	0	0	
Officers Costs	730,866	0	0	0	0	0	
Game and Fish Fines	1,143	0	0	0	0	0	
Drug Control Fines	0	0	0	0	23,007	0	
Jail Fees	46,253	0	0	0	0	0	
District Attorney General Fees	70,523	0	0	0	0	18,564	
DUI Treatment Fines	0	0	0	0	0	0	
Data Entry Fee - General Sessions Court	60,728	0	0	0	0	0	
Courtroom Security Fee	30,234	0	0	0	0	0	
<u>Chancery Court</u>							
Officers Costs	4,957	0	0	0	0	0	
Data Entry Fee - Chancery Court	2,447	0	0	0	0	0	
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	3,855	0	0	0	285,013	0	
Total Fines, Forfeitures, and Penalties	\$ 1,115,154	\$ 0	\$ 0	\$ 0	\$ 308,918	\$ 19,763	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	\$ 6,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Other General Service Charges	162,482	0	0	4,440	0	0	

(Continued)

Exhibit K-6

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

	Special Revenue Funds						District Attorney General
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Copy Fees	\$ 6,479	\$ 0	\$ 24,212	\$ 0	\$ 0	\$ 0	0
Library Fees	0	0	86,071	0	0	0	0
Telephone Commissions	51,465	0	0	0	0	0	0
Data Processing Fee - Register	50,200	0	0	0	0	0	0
Probation Fees	626,956	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	5,980	0	0	0	0	0	0
Total Charges for Current Services	\$ 910,262	\$ 0	\$ 114,723	\$ 0	\$ 0	\$ 0	0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 234,160	\$ 0	\$ 19,231	\$ 28,928	\$ 0	\$ 2,318	0
Lease/Rentals	2	0	0	0	0	0	0
Sale of Materials and Supplies	381,657	0	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0	0
Sale of Maps	388	0	0	0	0	0	0
Miscellaneous Refunds	631	0	0	27,984	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	29,579	0	0	12,234	0	0	0
Sale of Property	0	0	0	0	0	0	0
Contributions and Gifts	7,735	0	12,141	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	113,417	0	122,909	0	0	0	0
Total Other Local Revenues	\$ 767,569	\$ 0	\$ 154,281	\$ 69,146	\$ 0	\$ 2,318	0
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of-Salary</u>							
County Clerk	\$ 1,203,465	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	432,171	0	0	0	0	0	0
General Sessions Court Clerk	2,935,656	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Clerk and Master	\$ 381,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Register	709,903	0	0	0	0	0	0
Sheriff	65,917	0	0	0	0	0	0
Trustee	1,816,003	0	0	0	0	0	0
<u>Total Fees Received from County Officials</u>	<u>\$ 7,544,605</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	39,918	0	0	0	0	0	0
Other General Government Grants	38,000	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	79,800	0	0	0	0	0	0
Other Public Safety Grants	3,450	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	626,192	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	52,449	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	513,900	0	0	0	0	0	0
Beer Tax	18,701	0	0	0	0	0	0
Alcoholic Beverage Tax	128,247	0	0	0	0	0	0
Mixed Drink Tax	80,155	0	0	0	0	0	0
Contracted Prisoner Boarding	800,000	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	14,912	0	0	0	0	0	0
Other State Grants	117,424	0	0	0	0	0	0
<u>Total State of Tennessee</u>	<u>\$ 2,522,148</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	District Attorney General	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 27,469	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	161,128	0	0	0	0	0	0
Other Federal through State	260,111	0	0	0	0	0	0
<u>Direct Federal Revenue</u>	3,135,745	0	0	0	0	0	0
Other Direct Federal Revenue							
Total Federal Government	\$ 3,584,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 39,000	\$ 0	\$ 0	\$ 899,521	\$ 0	\$ 0	\$ 0
Contracted Services	7,250	0	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	500	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 46,750	\$ 0	\$ 0	\$ 899,521	\$ 0	\$ 0	\$ 0
Total	\$ 41,047,791	\$ 10,365	\$ 10,372	\$ 1,168,525	\$ 378,064	\$ 22,081	\$ 22,081

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Permanent Fund		Total
	Other Special Revenue	Highway/Public Works	General Debt Service	Other Capital Projects	Other Capital Projects	Endowment			
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0	\$ 0	\$ 13,529,035	\$ 0	\$ 0	\$ 33,874,966	0	0	\$ 33,874,966
Discount on Property Taxes	0	0	(182,374)	0	0	(457,722)	0	0	(457,722)
Trustee's Collections - Prior Year	0	0	436,075	0	0	1,163,625	0	0	1,163,625
Circuit/Clerk & Master Collections - Prior Years	0	0	72,488	0	0	181,930	0	0	181,930
Interest and Penalty	0	0	89,005	0	0	226,681	0	0	226,681
Pick-up Taxes	0	0	108,834	0	0	275,758	0	0	275,758
Payments in-Lieu-of Taxes - Local Utilities	0	165,432	109,572	0	0	275,004	0	0	275,004
Payments in-Lieu-of Taxes - Other	0	0	159,507	0	0	474,407	0	0	474,407
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	2,238,198	0	0	0	2,238,198	0	0	2,238,198
Hotel/Motel Tax	0	0	0	0	0	1,424,814	0	0	1,424,814
Litigation Tax - General	58,949	0	0	0	0	489,891	0	0	489,891
Litigation Tax - Special Purpose	0	0	0	0	0	20,737	0	0	20,737
Business Tax	0	0	282,806	0	0	693,761	0	0	693,761
Mineral Severance Tax	0	71,549	0	0	0	71,549	0	0	71,549
Other County Local Option Taxes	0	0	0	0	0	8,608	0	0	8,608
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	0	0	0	0	283,494	0	0	283,494
Wholesale Beer Tax	0	0	0	0	0	242,919	0	0	242,919
Total Local Taxes	\$ 58,949	\$ 2,475,179	\$ 14,604,948	\$ 0	\$ 0	\$ 41,488,620	0	0	\$ 41,488,620
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Vaccination	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 911	0	0	\$ 911
Cable TV Franchise	0	448,241	0	0	0	449,571	0	0	449,571
<u>Permits</u>									
Building Permits	0	0	0	0	0	222,649	0	0	222,649
Other Permits	0	294,970	0	0	0	298,123	0	0	298,123
Total Licenses and Permits	\$ 0	\$ 743,211	\$ 0	\$ 0	\$ 0	\$ 971,254	0	0	\$ 971,254

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Permanent Fund	Total
	Other Special Revenue	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment			
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,257
Drug Control Fines	0	0	0	0	0	0	0	898
Drug Court Fees	22,494	0	0	0	0	0	0	22,494
District Attorney General Fees	0	0	0	0	0	0	0	1,199
DUI Treatment Fines	268	0	0	0	0	0	0	268
<u>Criminal Court</u>								
Fines	0	0	0	0	0	0	0	2,702
Officers Costs	0	0	0	0	0	0	0	31,918
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	123,271
Officers Costs	0	0	0	0	0	0	0	730,866
Game and Fish Fines	0	0	0	0	0	0	0	1,143
Drug Control Fines	0	0	0	0	0	0	0	23,007
Jail Fees	0	0	0	0	0	0	0	46,253
District Attorney General Fees	0	0	0	0	0	0	0	89,087
DUI Treatment Fines	19,399	0	0	0	0	0	0	19,399
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	60,728
Courtroom Security Fee	0	0	0	0	0	0	0	30,234
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	4,957
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	2,447
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	288,868
Total Fines, Forfeitures, and Penalties	\$ 42,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,485,996
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,700
Other General Service Charges	0	0	0	0	0	0	0	166,922

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Permanent Fund	Total
	Other Special Revenue	Highway / Public Works	General Debt Service	Other Capital Projects	Other Capital Projects	Endowment		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,691
Library Fees	0	0	0	0	0	0	0	86,071
Telephone Commissions	0	0	0	0	0	0	0	51,465
Data Processing Fee - Register	0	0	0	0	0	0	0	50,200
Probation Fees	0	0	0	0	0	0	0	626,956
<u>Other Charges for Services</u>								
Other Charges for Services	1,026	0	0	0	0	0	0	7,006
Total Charges for Current Services	\$ 1,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,026,011
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 2,742	\$ 2,077	\$ 339,023	\$ 0	\$ 26,454	\$ 654,933		
Lease/Rentals	0	0	28,000	0	0	28,002		
Sale of Materials and Supplies	0	481	0	0	0	382,138		
Sale of Gasoline	0	253,874	0	0	0	253,874		
Sale of Maps	0	0	0	0	0	388		
Miscellaneous Refunds	0	0	43	485	0	29,143		
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	41,813		
Sale of Property	0	0	0	2,700,000	0	2,700,000		
Contributions and Gifts	210	0	0	0	0	20,086		
<u>Other Local Revenues</u>								
Other Local Revenues	0	7,528	0	2,663	0	246,517		
Total Other Local Revenues	\$ 2,952	\$ 263,960	\$ 367,066	\$ 2,703,148	\$ 26,454	\$ 4,356,894		
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of-Salary</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,203,465		
Circuit Court Clerk	0	0	0	0	0	432,171		
General Sessions Court Clerk	0	0	0	0	0	2,935,656		

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Permanent Fund	Total
	Other Special Revenue	Highway / Public Works	General Debt Service	Other Capital Projects	Endowment			
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees in-Lieu-of Salary (Cont.)</u>								
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 381,490
Register	0	0	0	0	0	0	0	709,903
Sheriff	0	0	0	0	0	0	0	65,917
Trustee	0	0	0	0	0	0	0	1,816,003
<b>Total Fees Received from County Officials</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,544,605</b>
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	0	0	0	0	0	0	0	39,918
Other General Government Grants	0	0	0	0	0	0	0	38,000
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	0	79,800
Other Public Safety Grants	0	0	0	0	0	0	0	3,450
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	0	626,192
<u>Public Works Grants</u>								
State Aid Program	0	350,151	0	0	0	0	0	350,151
Litter Program	0	0	0	0	0	0	0	52,449
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	513,900
Beer Tax	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	0	0	0	0	0	0	0	128,247
Mixed Drink Tax	0	0	0	0	0	0	0	80,155
Contracted Prisoner Boarding	0	0	39,055	0	0	0	0	839,055
Gasoline and Motor Fuel Tax	0	2,389,292	0	0	0	0	0	2,389,292
Petroleum Special Tax	0	84,987	0	0	0	0	0	84,987
Registrar's Salary Supplement	0	0	0	0	0	0	0	14,912
Other State Grants	0	0	0	0	0	0	0	117,424
<b>Total State of Tennessee</b>	<b>\$ 0</b>	<b>\$ 2,824,430</b>	<b>\$ 39,055</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,385,633</b>

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Permanent Fund	Total
	Other Special Revenue	Highway / Public Works	General Debt Service	Other Capital Projects	Other Capital Projects	Endowment		
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,469
Homeland Security Grants	0	0	0	0	0	0	0	161,128
Other Federal through State	50,000	0	0	0	455,140	0	0	765,251
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	0	0	160,945	1,841,327	0	0	0	5,138,017
<u>Total Federal Government</u>	\$ 50,000	\$ 0	\$ 160,945	\$ 2,296,467	\$ 0	\$ 0	\$ 0	\$ 6,091,865
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0	\$ 0	\$ 0	\$ 95,660	\$ 0	\$ 0	\$ 0	\$ 1,034,181
Contracted Services	0	0	211,276	0	0	0	0	218,526
<u>Citizens Groups</u>								
Donations	0	0	0	0	0	0	0	500
<u>Total Other Governments and Citizens Groups</u>	\$ 0	\$ 0	\$ 211,276	\$ 95,660	\$ 0	\$ 0	\$ 0	\$ 1,253,207
<u>Total</u>	\$ 155,088	\$ 6,306,780	\$ 15,383,290	\$ 5,095,275	\$ 26,454	\$ 69,604,085		

Exhibit K-7

Blount County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Blount County School Department  
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 15,812,005	\$ 0	\$ 0	\$ 0	\$ 15,812,005
Discount on Property Taxes	(213,950)	0	0	0	(213,950)
Trustee's Collections - Prior Year	557,682	0	0	0	557,682
Circuit/Clerk & Master Collections - Prior Years	85,041	0	0	0	85,041
Interest and Penalty	112,416	0	0	0	112,416
Pick-up Taxes	137,201	0	0	0	137,201
Payments in-Lieu-of Taxes - T.V.A.	12,998	0	0	0	12,998
Payments in-Lieu-of Taxes - Local Utilities	128,544	0	0	0	128,544
<u>County Local Option Taxes</u>					
Local Option Sales Tax	9,925,283	0	0	0	9,925,283
Business Tax	331,792	0	0	0	331,792
Other County Local Option Taxes	8,172	0	0	0	8,172
<b>Total Local Taxes</b>	<b>\$ 26,897,184</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,897,184</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,823	\$ 0	\$ 0	\$ 0	\$ 5,823
<b>Total Licenses and Permits</b>	<b>\$ 5,823</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,823</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Contract for Instructional Services with Other LEAs	\$ 38,600	\$ 0	\$ 0	\$ 0	\$ 38,600
Receipts from Individual Schools	0	0	2,517,699	0	2,517,699
Community Service Fees - Children	0	0	0	1,469,062	1,469,062
<b>Total Charges for Current Services</b>	<b>\$ 38,600</b>	<b>\$ 0</b>	<b>\$ 2,517,699</b>	<b>\$ 1,469,062</b>	<b>\$ 4,025,361</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 213,323	\$ 0	\$ 7,535	\$ 5,953	\$ 226,811
Lease/Rentals	40,362	0	0	0	40,362
Miscellaneous Refunds	134,592	0	0	0	134,592
<u>Nonrecurring Items</u>					
Sale of Equipment	8,969	0	2,777	0	11,746
Damages Recovered from Individuals	10,790	0	0	0	10,790
Contributions and Gifts	69,780	0	0	622	70,402
<u>Other Local Revenues</u>					
Other Local Revenues	108,725	0	0	3,260	111,985
<b>Total Other Local Revenues</b>	<b>\$ 586,541</b>	<b>\$ 0</b>	<b>\$ 10,312</b>	<b>\$ 9,835</b>	<b>\$ 606,688</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 50,564	\$ 0	\$ 0	\$ 0	\$ 50,564
<u>State Education Funds</u>					
Basic Education Program	43,395,999	0	0	0	43,395,999
Early Childhood Education	420,726	0	0	0	420,726
School Food Service	0	0	56,575	0	56,575
Driver Education	12,320	0	0	0	12,320
Other State Education Funds	419,216	0	0	164,319	583,535

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder Program	\$ 503,754	\$ 0	\$ 0	\$ 0	\$ 503,754
Career Ladder - Extended Contract	219,700	0	0	0	219,700
<u>Other State Revenues</u>					
Mixed Drink Tax	50,437	0	0	0	50,437
State Revenue Sharing - T.V.A.	1,134,494	0	0	0	1,134,494
Other State Grants	379,712	0	0	0	379,712
Total State of Tennessee	<u>\$ 46,586,922</u>	<u>\$ 0</u>	<u>\$ 56,575</u>	<u>\$ 164,319</u>	<u>\$ 46,807,816</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,885,727	\$ 0	\$ 1,885,727
Breakfast	0	0	644,988	0	644,988
Adult Education State Grant Program	155,519	0	0	0	155,519
Vocational Education - Basic Grants to States	0	186,243	0	0	186,243
Title I Grants to Local Education Agencies	0	2,192,367	0	0	2,192,367
Innovative Education Program Strategies	0	14,224	0	0	14,224
Special Education - Grants to States	83,029	2,674,776	0	0	2,757,805
Eisenhower Professional Development State Grants	0	452,262	0	0	452,262
Other Federal through State	0	139,958	20,274	0	160,232
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	118,364	0	0	0	118,364
Total Federal Government	<u>\$ 356,912</u>	<u>\$ 5,659,830</u>	<u>\$ 2,550,989</u>	<u>\$ 0</u>	<u>\$ 8,567,731</u>
Total	<u>\$ 74,471,982</u>	<u>\$ 5,659,830</u>	<u>\$ 5,135,575</u>	<u>\$ 1,643,216</u>	<u>\$ 86,910,603</u>

Exhibit K-8

Blount County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Clerical Personnel	\$	41,080	
Temporary Personnel		2,466	
Board and Committee Members Fees		113,400	
Social Security		9,480	
State Retirement		4,215	
Employee and Dependent Insurance		6,323	
Life Insurance		194	
Medical Insurance		4,128	
Dental Insurance		272	
Unemployment Compensation		81	
Employer Medicare		2,252	
Dues and Memberships		6,158	
Operating Lease Payments		1,882	
Legal Notices, Recording, and Court Costs		2,603	
Printing, Stationery, and Forms		793	
Travel		3,817	
Tuition		1,525	
Other Contracted Services		4,970	
Data Processing Supplies		195	
Duplicating Supplies		503	
Office Supplies		225	
Periodicals		27	
Other Supplies and Materials		495	
Workers' Compensation Insurance		235	
Total County Commission			\$ 207,319

Board of Equalization

Board and Committee Members Fees	\$	780	
Social Security		48	
Unemployment Compensation		6	
Employer Medicare		11	
Workers' Compensation Insurance		3	
Total Board of Equalization			848

Beer Board

Legal Notices, Recording, and Court Costs	\$	296	
Total Beer Board			296

Budget and Finance Committee

Operating Lease Payments	\$	700	
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(Continued)

Exhibit K-8

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	\$	118,492	
Assistant(s)		13,214	
Clerical Personnel		77,645	
Social Security		11,517	
State Retirement		20,836	
Employee and Dependent Insurance		12,704	
Life Insurance		592	
Medical Insurance		12,421	
Dental Insurance		818	
Unemployment Compensation		112	
Employer Medicare		2,867	
Advertising		201	
Dues and Memberships		3,266	
Maintenance and Repair Services - Office Equipment		283	
Travel		14	
Tuition		404	
Duplicating Supplies		150	
Gasoline		197	
Office Supplies		283	
Periodicals		136	
Other Supplies and Materials		503	
Workers' Compensation Insurance		315	
Other Charges		1,012	
Total County Mayor/Executive			277,982

Personnel Office

Supervisor/Director	\$	71,356	
Clerical Personnel		42,433	
Social Security		6,703	
State Retirement		11,675	
Employee and Dependent Insurance		12,646	
Life Insurance		391	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Medical Insurance	\$	8,256	
Dental Insurance		544	
Unemployment Compensation		112	
Employer Medicare		1,568	
Advertising		489	
Dues and Memberships		243	
Operating Lease Payments		1,800	
Legal Services		1,440	
Travel		486	
Tuition		784	
Office Supplies		1,057	
Workers' Compensation Insurance		172	
Other Charges		3,803	
Total Personnel Office			\$ 165,958

Election Commission

County Official/Administrative Officer	\$	66,550
Clerical Personnel		76,015
Custodial Personnel		1,175
Temporary Personnel		74,512
Other Salaries and Wages		16,000
Election Commission		26,700
Election Workers		75,585
In-Service Training		6,950
Social Security		14,860
State Retirement		14,627
Life Insurance		538
Medical Insurance		12,384
Dental Insurance		816
Unemployment Compensation		789
Employer Medicare		3,841
Dues and Memberships		250
Operating Lease Payments		1,562
Legal Notices, Recording, and Court Costs		8,125
Printing, Stationery, and Forms		3,720
Rentals		1,000
Travel		3,887
Tuition		2,020
Other Contracted Services		60,681
Office Supplies		3,077

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Workers' Compensation Insurance	\$	227	
Data Processing Equipment		960	
Furniture and Fixtures		2,728	
Total Election Commission			\$ 479,579

Register of Deeds

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		274,456	
Social Security		21,015	
State Retirement		35,746	
Employee and Dependent Insurance		22,131	
Life Insurance		1,500	
Medical Insurance		37,151	
Dental Insurance		2,447	
Unemployment Compensation		448	
Employer Medicare		4,915	
Dues and Memberships		852	
Operating Lease Payments		6,492	
Maintenance and Repair Services - Office Equipment		200	
Printing, Stationery, and Forms		115	
Travel		1,886	
Tuition		475	
Other Contracted Services		1,825	
Data Processing Supplies		1,564	
Office Supplies		1,142	
Other Supplies and Materials		5,197	
Workers' Compensation Insurance		557	
Data Processing Equipment		59,959	
Total Register of Deeds			554,017

Planning

Assistant(s)	\$	78,896	
Supervisor/Director		70,086	
Social Security		9,046	
State Retirement		15,286	
Employee and Dependent Insurance		6,323	
Life Insurance		524	
Medical Insurance		11,649	
Dental Insurance		767	
Unemployment Compensation		172	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Employer Medicare	\$	2,116	
Dues and Memberships		1,813	
Operating Lease Payments		1,896	
Legal Notices, Recording, and Court Costs		1,652	
Maintenance and Repair Services - Vehicles		78	
Printing, Stationery, and Forms		78	
Travel		403	
Tuition		240	
Duplicating Supplies		296	
Food Supplies		499	
Gasoline		194	
Library Books/Media		254	
Office Supplies		1,493	
Workers' Compensation Insurance		226	
Total Planning			\$ 203,987

Building

Supervisor/Director	\$	46,704	
Clerical Personnel		11,605	
Social Security		3,550	
State Retirement		5,983	
Employee and Dependent Insurance		2,833	
Life Insurance		277	
Medical Insurance		5,979	
Dental Insurance		394	
Unemployment Compensation		81	
Employer Medicare		830	
Legal Notices, Recording, and Court Costs		2,285	
Printing, Stationery, and Forms		177	
Travel		1,141	
Tuition		255	
Other Contracted Services		825	
Office Supplies		409	
Workers' Compensation Insurance		88	
Other Charges		1,175	
Total Building			84,591

Engineering

Supervisor/Director	\$	61,938
Deputy(ies)		31,751

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Clerical Personnel	\$	11,584	
Social Security		6,365	
State Retirement		9,450	
Employee and Dependent Insurance		9,151	
Life Insurance		398	
Medical Insurance		10,104	
Dental Insurance		665	
Unemployment Compensation		178	
Employer Medicare		1,488	
Dues and Memberships		2,500	
Maintenance and Repair Services - Vehicles		324	
Printing, Stationery, and Forms		165	
Travel		101	
Gasoline		1,374	
Office Supplies		225	
Workers' Compensation Insurance		159	
Other Charges		2,083	
Data Processing Equipment		560	
Furniture and Fixtures		1,284	
Total Engineering			\$ 151,847

Codes Compliance

Supervisor/Director	\$	50,410
Clerical Personnel		10
Other Salaries and Wages		69,670
Social Security		7,106
State Retirement		10,673
Employee and Dependent Insurance		13,309
Life Insurance		518
Medical Insurance		12,812
Dental Insurance		844
Unemployment Compensation		237
Employer Medicare		1,662
Dues and Memberships		695
Legal Notices, Recording, and Court Costs		28
Printing, Stationery, and Forms		376
Travel		1,738
Tuition		1,185
Other Contracted Services		451
Gasoline		3,750

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Office Supplies	\$	914	
Textbooks		473	
Other Supplies and Materials		507	
Workers' Compensation Insurance		192	
Other Charges		1,851	
Total Codes Compliance			\$ 179,411

County Buildings

Supervisor/Director	\$	60,620
Clerical Personnel		24,645
Custodial Personnel		176,073
Maintenance Personnel		114,067
Part-time Personnel		11,351
Bonus Payments		27,950
Social Security		24,929
State Retirement		40,641
Employee and Dependent Insurance		31,577
Life Insurance		1,691
Medical Insurance		56,708
Dental Insurance		3,738
Unemployment Compensation		916
Employer Medicare		5,831
Dues and Memberships		138
Maintenance Agreements		33,326
Maintenance and Repair Services - Buildings		23,913
Maintenance and Repair Services - Equipment		27,720
Maintenance and Repair Services - Office Equipment		561
Maintenance and Repair Services - Vehicles		1,242
Pest Control		3,480
Disposal Fees		3,000
Permits		1,919
Other Contracted Services		952
Custodial Supplies		45,143
Gasoline		3,095
Natural Gas		73,197
Office Supplies		630
Periodicals		109
Uniforms		3,082
Utilities		514,840
Vehicle Parts		37

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Supplies and Materials	\$	9,569	
Workers' Compensation Insurance		655	
Maintenance Equipment		688	
Total County Buildings			\$ 1,328,033

Other General Administration

Audit Services	\$	31,747	
Communication		163,681	
Legal Services		57,268	
Legal Notices, Recording, and Court Costs		1,653,104	
Postal Charges		176,240	
Other Contracted Services		85,611	
Electricity		3,147	
Utilities		2,198	
Boiler Insurance		1,857	
Building and Contents Insurance		12,030	
Trustee's Commission		12,680	
Vehicle and Equipment Insurance		62,302	
Other Charges		17,416	
Heating and Air Conditioning Equipment		5,358	
Motor Vehicles		4,610	
Other Capital Outlay		108	
Total Other General Administration			2,289,357

Preservation of Records

Other Salaries and Wages	\$	63,051	
Social Security		3,825	
State Retirement		5,277	
Employee and Dependent Insurance		4,480	
Life Insurance		294	
Medical Insurance		7,912	
Dental Insurance		523	
Unemployment Compensation		174	
Employer Medicare		895	
Communication		1,455	
Dues and Memberships		195	
Operating Lease Payments		651	
Travel		430	
Tuition		35	
Other Contracted Services		2,765	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Data Processing Supplies	\$	73	
Office Supplies		542	
Utilities		4,500	
Other Supplies and Materials		1,346	
Workers' Compensation Insurance		97	
Total Preservation of Records			\$ 98,520

Risk Management

Other Salaries and Wages	\$	158,998	
Social Security		9,497	
State Retirement		16,452	
Employee and Dependent Insurance		12,646	
Life Insurance		680	
Medical Insurance		12,384	
Dental Insurance		1,087	
Unemployment Compensation		224	
Employer Medicare		2,221	
Communication		11,429	
Consultants		1,414	
Operating Lease Payments		2,010	
Legal Services		12,911	
Maintenance and Repair Services - Vehicles		8,236	
Postal Charges		10,527	
Travel		3,240	
Tuition		3,310	
Other Contracted Services		600	
Duplicating Supplies		437	
Gasoline		2,692	
Office Supplies		1,338	
Other Supplies and Materials		266	
Workers' Compensation Insurance		246	
Other Charges		1,157	
Data Processing Equipment		3,487	
Furniture and Fixtures		3,567	
Total Risk Management			281,056

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	73,944	
Accountants/Bookkeepers		416,085	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Social Security	\$	29,904	
State Retirement		48,776	
Employee and Dependent Insurance		21,019	
Life Insurance		1,850	
Medical Insurance		43,993	
Dental Insurance		2,896	
Unemployment Compensation		770	
Employer Medicare		6,994	
Dues and Memberships		1,780	
Operating Lease Payments		5,563	
Printing, Stationery, and Forms		1,869	
Travel		2,251	
Tuition		2,622	
Data Processing Supplies		195	
Duplicating Supplies		367	
Office Supplies		702	
Workers' Compensation Insurance		751	
Other Charges		1,509	
Total Accounting and Budgeting			\$ 663,840

Purchasing

County Official/Administrative Officer	\$	59,948
Purchasing Personnel		166,975
Social Security		13,169
State Retirement		22,573
Employee and Dependent Insurance		31,616
Life Insurance		955
Medical Insurance		24,767
Dental Insurance		1,631
Unemployment Compensation		336
Employer Medicare		3,080
Dues and Memberships		583
Operating Lease Payments		1,932
Legal Notices, Recording, and Court Costs		3,420
Maintenance and Repair Services - Office Equipment		198
Printing, Stationery, and Forms		1,666
Travel		746
Tuition		510
Data Processing Supplies		243
Duplicating Supplies		156

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Office Supplies	\$	576	
Other Supplies and Materials		321	
Workers' Compensation Insurance		341	
Total Purchasing			\$ 335,742

Property Assessor's Office

County Official/Administrative Officer	\$	73,944	
Assistant(s)		273,731	
Clerical Personnel		179,178	
Social Security		31,507	
State Retirement		52,927	
Employee and Dependent Insurance		43,208	
Life Insurance		2,264	
Medical Insurance		47,814	
Dental Insurance		3,423	
Unemployment Compensation		728	
Employer Medicare		7,369	
Data Processing Services		31,277	
Dues and Memberships		1,947	
Operating Lease Payments		5,601	
Maintenance and Repair Services - Vehicles		845	
Printing, Stationery, and Forms		542	
Travel		7,553	
Tuition		620	
Other Contracted Services		5,534	
Duplicating Supplies		1,372	
Gasoline		1,833	
Office Supplies		2,602	
Other Supplies and Materials		1,339	
Premiums on Corporate Surety Bonds		266	
Workers' Compensation Insurance		821	
Other Charges		99,090	
Building Improvements		4,079	
Motor Vehicles		18,774	
Total Property Assessor's Office			900,188

Reappraisal Program

Assistant(s)	\$	167,089	
Clerical Personnel		61,939	
Social Security		13,761	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

State Retirement	\$	20,798	
Employee and Dependent Insurance		25,292	
Life Insurance		1,091	
Medical Insurance		27,175	
Dental Insurance		1,792	
Unemployment Compensation		451	
Employer Medicare		3,218	
Data Processing Services		16,046	
Dues and Memberships		175	
Travel		124	
Office Supplies		573	
Workers' Compensation Insurance		379	
Total Reappraisal Program			\$ 339,903

County Trustee's Office

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		234,994	
Temporary Personnel		6,472	
Social Security		17,598	
State Retirement		29,482	
Employee and Dependent Insurance		18,969	
Life Insurance		1,150	
Medical Insurance		24,767	
Dental Insurance		1,631	
Unemployment Compensation		388	
Employer Medicare		4,142	
Dues and Memberships		1,153	
Operating Lease Payments		1,764	
Legal Services		4,182	
Legal Notices, Recording, and Court Costs		173	
Maintenance and Repair Services - Office Equipment		74	
Printing, Stationery, and Forms		1,389	
Travel		549	
Tuition		50	
Other Contracted Services		654	
Duplicating Supplies		414	
Office Supplies		1,845	
Other Supplies and Materials		173	
Workers' Compensation Insurance		477	
Furniture and Fixtures		900	
Total County Trustee's Office			427,334

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		655,044	
Part-time Personnel		13,257	
Social Security		43,673	
State Retirement		74,609	
Employee and Dependent Insurance		72,716	
Life Insurance		3,185	
Medical Insurance		94,941	
Dental Insurance		6,252	
Unemployment Compensation		1,335	
Employer Medicare		10,214	
Dues and Memberships		902	
Operating Lease Payments		5,178	
Maintenance Agreements		10,843	
Printing, Stationery, and Forms		9,397	
Travel		255	
Other Contracted Services		710	
Data Processing Supplies		1,479	
Duplicating Supplies		3,909	
Gasoline		806	
Office Supplies		5,562	
Periodicals		63	
Other Supplies and Materials		995	
Premiums on Corporate Surety Bonds		62	
Workers' Compensation Insurance		1,141	
Total County Clerk's Office			\$ 1,090,472

Data Processing

Supervisor/Director	\$	86,058
Data Processing Personnel		334,326
Social Security		25,625
State Retirement		43,132
Employee and Dependent Insurance		15,808
Life Insurance		1,661
Medical Insurance		37,151
Dental Insurance		2,447
Unemployment Compensation		504
Employer Medicare		5,993
Data Processing Services		2,544
Maintenance and Repair Services - Equipment		14,002

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Postal Charges	\$	10	
Printing, Stationery, and Forms		15,295	
Travel		614	
Tuition		1,069	
Other Contracted Services		2,189	
Data Processing Supplies		5,082	
Equipment Parts - Light		9,247	
Office Supplies		780	
Workers' Compensation Insurance		647	
Data Processing Equipment		11,293	
Total Data Processing			\$ 615,477

Administration of Justice

Circuit Court

Other Contracted Services	\$	1,608	
Total Circuit Court			1,608

Circuit Court Judge

Jury and Witness Fees	\$	20,193	
Other Per Diem and Fees		1,666	
Social Security		62	
State Retirement		103	
Unemployment Compensation		2	
Employer Medicare		14	
Operating Lease Payments		1,663	
Legal Notices, Recording, and Court Costs		48	
Printing, Stationery, and Forms		7,119	
Travel		349	
Other Contracted Services		2,802	
Duplicating Supplies		248	
Office Supplies		226	
Other Supplies and Materials		4,312	
Building Improvements		6,823	
Furniture and Fixtures		681	
Total Circuit Court Judge			46,311

Circuit Court Clerk

County Official/Administrative Officer	\$	73,944	
Clerical Personnel		1,175,837	
Overtime Pay		6,728	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Social Security	\$	74,957	
State Retirement		116,940	
Employee and Dependent Insurance		103,280	
Life Insurance		5,481	
Medical Insurance		162,362	
Dental Insurance		10,698	
Unemployment Compensation		2,812	
Employer Medicare		17,695	
Bank Charges		223	
Communication		154	
Dues and Memberships		1,162	
Operating Lease Payments		4,043	
Maintenance Agreements		9,674	
Maintenance and Repair Services - Office Equipment		1,190	
Printing, Stationery, and Forms		25,027	
Travel		6,764	
Tuition		2,012	
Other Contracted Services		4,327	
Data Processing Supplies		6,190	
Duplicating Supplies		4,382	
Library Books/Media		59	
Office Supplies		5,079	
Other Supplies and Materials		16,691	
Workers' Compensation Insurance		1,935	
Building Improvements		7,094	
Data Processing Equipment		5,022	
Other Equipment		22,901	
Total Circuit Court Clerk			\$ 1,874,663

General Sessions Court

Library Books/Media	\$	556	
Total General Sessions Court			556

General Sessions Judge

Judge(s)	\$	558,809
Secretary(ies)		107,131
Other Salaries and Wages		9,600
Other Per Diem and Fees		2,348
Social Security		33,768
State Retirement		68,345

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Employee and Dependent Insurance	\$	18,443	
Life Insurance		1,249	
Medical Insurance		28,207	
Dental Insurance		1,857	
Unemployment Compensation		170	
Employer Medicare		9,587	
Dues and Memberships		1,485	
Operating Lease Payments		2,966	
Maintenance and Repair Services - Office Equipment		807	
Printing, Stationery, and Forms		1,289	
Travel		5,002	
Tuition		645	
Other Contracted Services		50	
Library Books/Media		1,558	
Office Supplies		603	
Other Supplies and Materials		4,398	
Workers' Compensation Insurance		1,032	
Other Charges		74	
Furniture and Fixtures		9,420	
Total General Sessions Judge			\$ 868,843

Chancery Court

County Official/Administrative Officer	\$	73,944
Clerical Personnel		273,174
Social Security		20,418
State Retirement		34,187
Employee and Dependent Insurance		16,335
Life Insurance		1,376
Medical Insurance		36,463
Dental Insurance		2,378
Unemployment Compensation		597
Employer Medicare		4,903
Dues and Memberships		162
Operating Lease Payments		4,414
Legal Services		50
Legal Notices, Recording, and Court Costs		417
Printing, Stationery, and Forms		7,003
Travel		204
Duplicating Supplies		1,106
Office Supplies		2,948

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Other Supplies and Materials	\$	414	
Premiums on Corporate Surety Bonds		150	
Workers' Compensation Insurance		530	
Total Chancery Court			\$ 481,173

Juvenile Court

Youth Service Officer(s)	\$	188,192	
Secretary(ies)		25,037	
Other Salaries and Wages		66,356	
Social Security		17,088	
State Retirement		28,685	
Employee and Dependent Insurance		5,797	
Life Insurance		1,152	
Medical Insurance		28,895	
Dental Insurance		1,903	
Unemployment Compensation		404	
Employer Medicare		3,997	
Dues and Memberships		415	
Evaluation and Testing		972	
Operating Lease Payments		6,029	
Medical and Dental Services		3,694	
Printing, Stationery, and Forms		5,031	
Travel		4,412	
Tuition		2,440	
Other Contracted Services		2,080	
Library Books/Media		406	
Office Supplies		1,357	
Other Supplies and Materials		1,919	
Workers' Compensation Insurance		426	
Other Charges		2,607	
Building Improvements		717	
Furniture and Fixtures		9,976	
Office Equipment		1,118	
Total Juvenile Court			411,105

Office of Public Defender

Clerical Personnel	\$	34,800	
Social Security		2,158	
Unemployment Compensation		112	
Employer Medicare		505	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Office of Public Defender (Cont.)

Communication	\$	579	
Operating Lease Payments		16,900	
Travel		736	
Tuition		75	
Other Contracted Services		12,120	
Workers' Compensation Insurance		53	
Furniture and Fixtures		2,417	
Total Office of Public Defender			\$ 70,455

Other Administration of Justice

Captain(s)	\$	57,061	
Lieutenant(s)		46,931	
Attendants		197,540	
Longevity Pay		5,903	
Social Security		18,779	
State Retirement		31,612	
Employee and Dependent Insurance		15,165	
Life Insurance		1,310	
Medical Insurance		30,352	
Dental Insurance		2,001	
Unemployment Compensation		439	
Local Retirement		3	
Employer Medicare		4,392	
Workers' Compensation Insurance		8,155	
Law Enforcement Equipment		29,900	
Total Other Administration of Justice			449,543

Probation Services

Supervisor/Director	\$	55,125	
Probation Officer(s)		103,657	
Accountants/Bookkeepers		24,068	
Secretary(ies)		22,161	
Other Salaries and Wages		6,486	
Social Security		12,626	
State Retirement		19,004	
Employee and Dependent Insurance		20,325	
Life Insurance		941	
Medical Insurance		28,286	
Dental Insurance		1,705	
Unemployment Compensation		445	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Employer Medicare	\$	2,953	
Communication		201	
Printing, Stationery, and Forms		1,429	
Travel		884	
Tuition		400	
Other Contracted Services		18,806	
Duplicating Supplies		500	
Office Supplies		2,370	
Other Supplies and Materials		3,470	
Workers' Compensation Insurance		340	
Furniture and Fixtures		1,468	
Total Probation Services			\$ 327,650

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	81,496
Assistant(s)		109,486
Supervisor/Director		329,576
Deputy(ies)		3,246,542
Detective(s)		302,921
Investigator(s)		28,811
Captain(s)		167,690
Lieutenant(s)		257,930
Sergeant(s)		405,001
Mechanic(s)		36,785
Clerical Personnel		192,056
Attendants		184,780
Longevity Pay		66,384
Overtime Pay		392,312
Other Salaries and Wages		12,417
In-Service Training		88,400
Social Security		357,363
State Retirement		579,498
Employee and Dependent Insurance		485,110
Life Insurance		23,902
Medical Insurance		566,851
Dental Insurance		37,268
Unemployment Compensation		8,333
Employer Medicare		83,585
Communication		19,228

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Contracts with Private Agencies	\$	890	
Dues and Memberships		4,455	
Evaluation and Testing		8,728	
Operating Lease Payments		9,785	
Legal Services		619	
Licenses		7,135	
Maintenance Agreements		69,630	
Maintenance and Repair Services - Equipment		39,800	
Maintenance and Repair Services - Office Equipment		105	
Maintenance and Repair Services - Vehicles		40,761	
Matching Share		23,750	
Printing, Stationery, and Forms		12,101	
Transportation - Other than Students		2,877	
Travel		40,471	
Tuition		25,063	
Other Contracted Services		8,747	
Basic Skills Materials		31,655	
Data Processing Supplies		16,387	
Duplicating Supplies		2,240	
Electricity		4,379	
Equipment and Machinery Parts		1,193	
Garage Supplies		339	
Gasoline		431,716	
Law Enforcement Supplies		18,474	
Lubricants		5,335	
Office Supplies		11,372	
Small Tools		977	
Tires and Tubes		30,281	
Uniforms		94,192	
Vehicle Parts		37,027	
In-Service/Staff Development		1,170	
Other Supplies and Materials		19,173	
Workers' Compensation Insurance		151,042	
Liability Claims		10,000	
Other Charges		4,546	
Communication Equipment		33,498	
Law Enforcement Equipment		20,977	
Total Sheriff's Department	\$		9,284,615

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Charges	\$ 3,400		
Total Administration of the Sexual Offender Registry		\$	3,400

Jail

Assistant(s)	\$ 46,944
Supervisor/Director	49,271
Captain(s)	59,914
Lieutenant(s)	110,535
Sergeant(s)	95,838
Computer Programmer(s)	141,034
Medical Personnel	156,775
Salary Supplements	1,000
Guards	130,344
Clerical Personnel	179,637
Attendants	2,410,661
Cafeteria Personnel	74,075
Part-time Personnel	150,387
Longevity Pay	30,477
Overtime Pay	106,365
In-Service Training	31,800
Social Security	228,685
State Retirement	340,489
Employee and Dependent Insurance	292,762
Life Insurance	15,575
Medical Insurance	425,800
Dental Insurance	28,086
Unemployment Compensation	7,781
Employer Medicare	53,482
Contracts with Private Agencies	14,197
Dues and Memberships	990
Evaluation and Testing	6,308
Maintenance and Repair Services - Buildings	315
Maintenance and Repair Services - Equipment	1,505
Medical and Dental Services	486,156
Printing, Stationery, and Forms	6,758
Travel	33,787
Tuition	2,230
Other Contracted Services	5,231
Custodial Supplies	50,096
Data Processing Supplies	7,045

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Food Preparation Supplies	\$	20,224	
Food Supplies		395,698	
Prisoners Clothing		6,067	
Uniforms		20,265	
Other Supplies and Materials		90,638	
Workers' Compensation Insurance		101,946	
Other Charges		341,682	
Total Jail			\$ 6,758,855

Workhouse

County Official/Administrative Officer	\$	8,277	
Social Security		514	
State Retirement		850	
Medical Insurance		350	
Employer Medicare		120	
Workers' Compensation Insurance		207	
Total Workhouse			10,318

Juvenile Services

Captain(s)	\$	31,455	
Lieutenant(s)		57,061	
Sergeant(s)		100,395	
Medical Personnel		21,879	
Guards		82,331	
Attendants		513,464	
Part-time Personnel		7,187	
Overtime Pay		10,731	
Other Salaries and Wages		33,789	
Social Security		51,496	
State Retirement		83,464	
Employee and Dependent Insurance		93,916	
Life Insurance		3,626	
Medical Insurance		105,139	
Dental Insurance		6,923	
Unemployment Compensation		1,509	
Employer Medicare		12,044	
Medical and Dental Services		3,298	
Travel		260	
Tuition		2,885	
Other Contracted Services		3,480	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Duplicating Supplies	\$	433	
Instructional Supplies and Materials		1,005	
Office Supplies		2,899	
Prisoners Clothing		427	
Other Supplies and Materials		8,724	
Workers' Compensation Insurance		22,789	
Total Juvenile Services	\$		1,262,609

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	57,440	
Clerical Personnel		42,774	
Social Security		6,130	
State Retirement		10,353	
Employee and Dependent Insurance		6,323	
Life Insurance		366	
Medical Insurance		8,256	
Dental Insurance		544	
Unemployment Compensation		56	
Employer Medicare		1,434	
Dues and Memberships		300	
Operating Lease Payments		1,320	
Maintenance and Repair Services - Vehicles		66	
Printing, Stationery, and Forms		68	
Travel		484	
Tuition		75	
Other Contracted Services		3,176	
Data Processing Supplies		20	
Gasoline		1,251	
Office Supplies		127	
Other Supplies and Materials		6	
Workers' Compensation Insurance		157	
Other Charges		58	
Law Enforcement Equipment		55,053	
Total Civil Defense			195,837

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Disaster Relief

Law Enforcement Equipment	\$ 6,575	
Total Disaster Relief		\$ 6,575

Other Emergency Management

Contracts with Government Agencies	\$ 302,133	
Total Other Emergency Management		302,133

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 57,600	
Total County Coroner/Medical Examiner		57,600

Public Health and Welfare

Local Health Center

Guidance Personnel	\$ 22,304
Medical Personnel	481,109
Clerical Personnel	88,856
Custodial Personnel	27,887
Part-time Personnel	39,029
Social Security	39,028
State Retirement	55,894
Employee and Dependent Insurance	58,753
Life Insurance	2,615
Medical Insurance	86,685
Dental Insurance	5,709
Unemployment Compensation	1,787
Employer Medicare	9,276
Communication	26,238
Contracts with Government Agencies	100,164
Operating Lease Payments	5,272
Maintenance and Repair Services - Buildings	2,113
Maintenance and Repair Services - Equipment	622
Pest Control	372
Postal Charges	5,380
Printing, Stationery, and Forms	495
Travel	6,841
Other Contracted Services	5,612
Custodial Supplies	6,241
Electricity	41,745
Office Supplies	3,993
Other Supplies and Materials	6,410

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Workers' Compensation Insurance	\$	1,252	
Other Charges		<u>3,994</u>	
Total Local Health Center			\$ 1,135,676

Rabies and Animal Control

Part-time Personnel	\$	19,380	
Other Salaries and Wages		32,518	
Social Security		3,212	
State Retirement		2,037	
Life Insurance		175	
Medical Insurance		5,848	
Dental Insurance		433	
Unemployment Compensation		232	
Employer Medicare		751	
Maintenance and Repair Services - Vehicles		270	
Travel		327	
Tuition		700	
Gasoline		2,326	
Tires and Tubes		404	
Uniforms		284	
Utilities		1,289	
Other Supplies and Materials		638	
Workers' Compensation Insurance		69	
Other Charges		<u>53,249</u>	
Total Rabies and Animal Control			124,142

Ambulance/Emergency Medical Services

Ambulance Services	\$	<u>60,000</u>	
Total Ambulance/Emergency Medical Services			60,000

General Welfare Assistance

Contributions	\$	163,029	
Pauper Burials		<u>5,875</u>	
Total General Welfare Assistance			168,904

Other Local Welfare Services

Contracts with Private Agencies	\$	<u>102,819</u>	
Total Other Local Welfare Services			102,819

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Contracts with Government Agencies	\$ 12,472	
Total Sanitation Management		\$ 12,472

Other Public Health and Welfare

Assistant(s)	\$ 107,461	
Supervisor/Director	63,099	
Secretary(ies)	27,372	
Part-time Personnel	396	
Other Per Diem and Fees	7,200	
Social Security	12,386	
State Retirement	21,087	
Employee and Dependent Insurance	19,008	
Life Insurance	834	
Medical Insurance	18,626	
Dental Insurance	1,091	
Unemployment Compensation	280	
Employer Medicare	2,897	
Communication	6,299	
Dues and Memberships	30	
Operating Lease Payments	1,632	
Postal Charges	1,370	
Travel	22,881	
Tuition	360	
Other Contracted Services	105	
Custodial Supplies	607	
Office Supplies	3,530	
Uniforms	90	
Other Supplies and Materials	67	
Workers' Compensation Insurance	366	
Other Charges	149	
Office Equipment	50	
Health Equipment	627	
Total Other Public Health and Welfare		319,900

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$ 670,053	
Total Parks and Fair Boards		670,053

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	5,180	
Contracts with Government Agencies		170,681	
Operating Lease Payments		1,471	
Travel		1,000	
Office Equipment		1,844	
Total Agriculture Extension Service			\$ 180,176

Soil Conservation

Assistant(s)	\$	39,233	
Paraprofessionals		46,704	
Social Security		5,323	
State Retirement		8,817	
Life Insurance		400	
Medical Insurance		8,256	
Dental Insurance		544	
Unemployment Compensation		112	
Employer Medicare		1,245	
Communication		1,925	
Dues and Memberships		675	
Maintenance Agreements		600	
Postal Charges		800	
Printing, Stationery, and Forms		136	
Travel		457	
Office Supplies		370	
Workers' Compensation Insurance		130	
Total Soil Conservation			115,727

Other Operations

Tourism

Other Salaries and Wages	\$	297,983	
Advertising		380,752	
Dues and Memberships		2,338	
Operating Lease Payments		3,927	
Legal Notices, Recording, and Court Costs		303	
Printing, Stationery, and Forms		5,352	
Rentals		20,000	
Travel		823	
Tuition		1,034	
Other Contracted Services		35,847	
Office Supplies		144	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Other Charges	\$	951	
Land		1,343,995	
Total Tourism			\$ 2,093,449

Industrial Development

Contracts for Development Costs	\$	926,627	
Total Industrial Development			926,627

Other Economic and Community Development

Other Salaries and Wages	\$	80,000	
Communication		13,108	
Maintenance and Repair Services - Buildings		43,076	
Rentals		40,000	
Other Contracted Services		9,227	
Custodial Supplies		6,147	
Office Supplies		1,084	
Utilities		10,351	
Other Supplies and Materials		1,790	
Other Charges		919	
Heating and Air Conditioning Equipment		5,400	
Total Other Economic and Community Development			211,102

Veterans' Services

County Official/Administrative Officer	\$	64,288	
Supervisor/Director		35,585	
Clerical Personnel		22,065	
Social Security		7,370	
State Retirement		12,564	
Employee and Dependent Insurance		6,323	
Life Insurance		460	
Medical Insurance		12,384	
Dental Insurance		816	
Unemployment Compensation		168	
Employer Medicare		1,724	
Dues and Memberships		55	
Operating Lease Payments		1,650	
Maintenance Agreements		700	
Printing, Stationery, and Forms		238	
Travel		1,247	
Duplicating Supplies		178	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Gasoline	\$	906	
Office Supplies		680	
Workers' Compensation Insurance		190	
Other Charges		30	
Office Equipment		247	
Total Veterans' Services			\$ 169,868

Other Charges

Local Retirement	\$	42,195	
Office Supplies		84	
Total Other Charges			42,279

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		485,114	
Total Miscellaneous			641,270

Highways

Litter and Trash Collection

Attendants	\$	31,768	
Longevity Pay		250	
Social Security		1,874	
State Retirement		3,285	
Employee and Dependent Insurance		6,151	
Life Insurance		146	
Medical Insurance		3,973	
Dental Insurance		261	
Unemployment Compensation		53	
Employer Medicare		438	
Contracts with Government Agencies		2,524	
Licenses		15	
Other Contracted Services		21,337	
Tires and Tubes		550	
Other Supplies and Materials		2,572	
Workers' Compensation Insurance		800	
Total Litter and Trash Collection			75,997

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Capital Projects

Other General Government Projects

Other Capital Outlay

\$ 1,426,809

Total Other General Government Projects

\$ 1,426,809

Total General Fund

\$ 41,619,476

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Building Improvements

\$ 18,964

Total County Buildings

\$ 18,964

Other Operations

Other Charges

Trustee's Commission

\$ 100

Total Other Charges

100

Total Courthouse and Jail Maintenance Fund

19,064

Law Library Fund

Other Operations

Other Charges

Other Contracted Services

\$ 6,876

Trustee's Commission

104

Total Other Charges

\$ 6,980

Total Law Library Fund

6,980

Public Library Fund

General Government

County Buildings

Supervisor/Director

\$ 3,532

Custodial Personnel

60,153

Maintenance Personnel

24,493

Part-time Personnel

8,163

Social Security

5,763

State Retirement

10,914

Employee and Dependent Insurance

12,414

Life Insurance

424

Medical Insurance

15,984

Dental Insurance

1,044

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Unemployment Compensation	\$	269	
Employer Medicare		1,348	
Maintenance and Repair Services - Buildings		17,290	
Maintenance and Repair Services - Equipment		2,013	
Other Supplies and Materials		483	
Workers' Compensation Insurance		155	
Maintenance Equipment		1,184	
Total County Buildings			\$ 165,626

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	155,338
Assistant(s)		67,783
Supervisor/Director		166,931
Paraprofessionals		204,673
Part-time Personnel		233,622
Bonus Payments		2,276
Social Security		49,889
State Retirement		73,153
Employee and Dependent Insurance		47,128
Life Insurance		2,666
Medical Insurance		77,925
Dental Insurance		5,092
Unemployment Compensation		2,393
Local Retirement		7,678
Employer Medicare		11,730
Advertising		1,000
Communication		9,412
Data Processing Services		29,255
Dues and Memberships		760
Operating Lease Payments		11,846
Maintenance Agreements		8,568
Pest Control		638
Postal Charges		16,016
Printing, Stationery, and Forms		139
Travel		3,742
Tuition		872
Permits		934
Other Contracted Services		27,249
Custodial Supplies		18,748

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Supplies	\$	4,221	
Library Books/Media		246,027	
Office Supplies		32,102	
Periodicals		21,755	
Utilities		185,812	
Other Supplies and Materials		10,424	
Building and Contents Insurance		20,000	
Trustee's Commission		1,350	
Workers' Compensation Insurance		1,315	
Data Processing Equipment		15,757	
Total Libraries			\$ 1,776,219

Other Social, Cultural, and Recreational

Paraprofessionals	\$	13,459	
Part-time Personnel		14,004	
Social Security		1,807	
State Retirement		1,940	
Life Insurance		82	
Medical Insurance		3,440	
Dental Insurance		224	
Unemployment Compensation		154	
Employer Medicare		423	
Other Supplies and Materials		34,933	
Workers' Compensation Insurance		54	
Total Other Social, Cultural, and Recreational			<u>70,520</u>

Total Public Library Fund \$ 2,012,365

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$	7,650	
Other Contracted Services		14,334	
Animal Food and Supplies		9,991	
Other Supplies and Materials		34,464	
Trustee's Commission		3,561	
Total Sheriff's Department			<u>\$ 70,000</u>

Total Drug Control Fund 70,000

(Continued)

Exhibit K-8

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

District Attorney General Fund

Administration of Justice

District Attorney General

Other Contracted Services	\$	525	
Trustee's Commission		227	
Total District Attorney General			\$ 752

Total District Attorney General Fund \$ 752

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$	12,583	
Probation Officer(s)		27,698	
Secretary(ies)		28,290	
Part-time Personnel		9,786	
Social Security		4,721	
State Retirement		5,296	
Employee and Dependent Insurance		6,323	
Life Insurance		249	
Medical Insurance		6,880	
Dental Insurance		452	
Unemployment Compensation		189	
Employer Medicare		1,104	
Communication		2,168	
Dues and Memberships		700	
Operating Lease Payments		1,014	
Postal Charges		240	
Printing, Stationery, and Forms		342	
Travel		2,185	
Tuition		955	
Other Contracted Services		2,765	
Data Processing Supplies		997	
Instructional Supplies and Materials		2,060	
Office Supplies		1,175	
Other Supplies and Materials		4,026	
Trustee's Commission		837	
Workers' Compensation Insurance		101	
Data Processing Equipment		1,043	
Total Criminal Court			\$ 124,179

Total Other Special Revenue Fund 124,179

(Continued)

Exhibit K-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	81,406	
Assistant(s)		72,501	
Supervisor/Director		63,839	
Accountants/Bookkeepers		45,755	
Dispatchers/Radio Operators		37,328	
Clerical Personnel		35,793	
Other Salaries and Wages		72,476	
Social Security		24,788	
State Retirement		40,486	
Employee and Dependent Insurance		31,328	
Life Insurance		1,482	
Medical Insurance		32,368	
Dental Insurance		2,118	
Unemployment Compensation		164	
Local Retirement		1,851	
Employer Medicare		5,798	
Communication		14,999	
Dues and Memberships		3,950	
Maintenance Agreements		6,262	
Postal Charges		210	
Travel		627	
Tuition		230	
Drugs and Medical Supplies		510	
Electricity		27,656	
Natural Gas		20,373	
Office Supplies		534	
Water and Sewer		5,421	
Building and Contents Insurance		1,939	
Liability Insurance		38,041	
Trustee's Commission		56,626	
Vehicle and Equipment Insurance		38,669	
Workers' Compensation Insurance		5,134	
Liability Claims		1,453	
Other Charges		1,976	
Total Administration			\$ 774,091

Highway and Bridge Maintenance

Supervisor/Director	\$	124,214
Foremen		142,816
Equipment Operators		226,062

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators - Heavy	\$	114,583	
Equipment Operators - Light		784,691	
Truck Drivers		134,791	
Laborers		144,967	
Overtime Pay		33,475	
Other Salaries and Wages		272,277	
Social Security		119,448	
State Retirement		197,792	
Employee and Dependent Insurance		192,011	
Life Insurance		8,589	
Medical Insurance		218,772	
Dental Insurance		14,287	
Unemployment Compensation		1,257	
Local Retirement		11,378	
Employer Medicare		28,063	
Evaluation and Testing		1,961	
Laundry Service		20,693	
Permits		900	
Other Contracted Services		188,974	
Asphalt - Hot Mix		100,647	
Asphalt - Liquid		17,041	
Crushed Stone		19,152	
Pipe - Metal		4,935	
Road Signs		11,350	
Structural Steel		4,462	
Uniforms		4,200	
Other Supplies and Materials		949	
Workers' Compensation Insurance		24,909	
State Aid Projects		566,464	
Total Highway and Bridge Maintenance			\$ 3,736,110

Operation and Maintenance of Equipment

Supervisor/Director	\$	58,133
Foremen		89,656
Mechanic(s)		308,499
Nightwatchmen		98,785
Overtime Pay		5,651
Bonus Payments		1,983
Social Security		33,504
State Retirement		56,272

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Employee and Dependent Insurance	\$	50,662	
Life Insurance		2,569	
Medical Insurance		57,072	
Dental Insurance		3,731	
Unemployment Compensation		321	
Employer Medicare		7,836	
Maintenance and Repair Services - Equipment		50	
Diesel Fuel		100,143	
Equipment and Machinery Parts		57,461	
Gasoline		301,565	
Lubricants		4,056	
Tires and Tubes		19,384	
Other Supplies and Materials		34,147	
Workers' Compensation Insurance		7,294	
Total Operation and Maintenance of Equipment	\$		1,298,774

Capital Outlay

Bridge Construction	\$	1,548	
State Aid Projects		49,813	
Total Capital Outlay			51,361

Total Highway/Public Works Fund \$ 5,860,336

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,675,000	
Principal on Notes		255,000	
Principal on Capital Leases		20,522	
Principal on Other Loans		2,535,501	
Total General Government	\$		4,486,023

Interest on Debt

General Government

Interest on Bonds	\$	1,006,450	
Interest on Notes		23,498	
Interest on Capital Leases		13,638	
Interest on Other Loans		6,482,001	
Total General Government			7,525,587

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 291,449	
Interest on Bonds	3,680	
Underwriter's Discount	264,906	
Other Debt Issuance Charges	478,994	
Other Debt Service	735,779	
Total General Government		\$ 1,774,808

Total General Debt Service Fund \$ 13,786,418

Other Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 2,029,378	
Total Payments to Cities		\$ 2,029,378

Capital Projects

General Administration Projects

Other Contracted Services	\$ 31,828	
Other Charges	1,228	
Building Improvements	64,244	
Total General Administration Projects		97,300

Public Safety Projects

Law Enforcement Equipment	\$ 93,808	
Total Public Safety Projects		93,808

Public Health and Welfare Projects

Other Contracted Services	\$ 78,076	
Total Public Health and Welfare Projects		78,076

Social, Cultural, and Recreation Projects

Architects	\$ 8,790	
Other Contracted Services	435,670	
Other Charges	435,557	
Building Improvements	110,106	
Total Social, Cultural, and Recreation Projects		990,123

Other General Government Projects

Other Contracted Services	\$ 9,809	
Site Development	500,000	
Total Other General Government Projects		509,809

(Continued)

Exhibit K-8

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Highway and Street Capital Projects

Engineering Services	\$	9,949	
Other Contracted Services		1,739,724	
Site Development		87,392	
Building Purchases		<u>2,645,797</u>	
Total Highway and Street Capital Projects	\$		4,482,862

Education Capital Projects

Other Contracted Services	\$	3,767,335	
Library Books/Media		25,277	
Other Supplies and Materials		17,453	
Underwriter's Discount		25,435	
Other Debt Issuance Charges		10,067	
Building Improvements		29,098	
Data Processing Equipment		<u>22,871</u>	
Total Education Capital Projects			<u>3,897,536</u>

Total Other Capital Projects Fund \$ 12,178,892

Endowment Fund

Other Operations

Miscellaneous

Other Charges	\$	<u>37,471</u>	
Total Miscellaneous			<u>\$ 37,471</u>

Total Endowment Fund 37,471

Total Governmental Funds - Primary Government \$ 75,715,933

Exhibit K-9

Blount County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Blount County School Department  
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 25,373,507	
Career Ladder Program	372,805	
Career Ladder Extended Contracts	180,250	
Salary Supplements	421,636	
Educational Assistants	1,269,761	
Overtime Pay	8,271	
Bonus Payments	752,132	
Certified Substitute Teachers	405,186	
Non-certified Substitute Teachers	291,153	
Social Security	1,745,304	
State Retirement	1,763,911	
Employee and Dependent Insurance	1,864,653	
Life Insurance	112,612	
Medical Insurance	2,370,864	
Dental Insurance	157,616	
Employer Medicare	410,675	
Contracts with Other School Systems	251,385	
Maintenance and Repair Services - Equipment	11,043	
Printing, Stationery, and Forms	7,347	
Other Contracted Services	27,520	
Instructional Supplies and Materials	376,527	
Textbooks	337,039	
Total Regular Instruction Program		\$ 38,511,197

Alternative Instruction Program

Teachers	\$ 119,958	
Educational Assistants	160,144	
Social Security	17,366	
State Retirement	9,153	
Employee and Dependent Insurance	12,648	
Life Insurance	585	
Medical Insurance	14,448	
Dental Insurance	966	
Employer Medicare	4,061	
Instructional Supplies and Materials	20,678	
Workers' Compensation Insurance	902	
Total Alternative Instruction Program		360,909

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 4,560,094	
Career Ladder Program	60,072	
Career Ladder Extended Contracts	2,250	
Educational Assistants	892,444	
Social Security	330,253	
State Retirement	343,050	
Employee and Dependent Insurance	366,559	
Life Insurance	21,379	
Medical Insurance	513,855	
Dental Insurance	33,660	
Employer Medicare	77,925	
Contracts with Other Public Agencies	55,730	
Contracts with Private Agencies	26,744	
Maintenance and Repair Services - Equipment	1,182	
Other Contracted Services	2,369	
Instructional Supplies and Materials	46,061	
Other Supplies and Materials	985	
Special Education Equipment	7,868	
Total Special Education Program		\$ 7,342,480

Vocational Education Program

Teachers	\$ 2,294,461	
Career Ladder Program	20,000	
Career Ladder Extended Contracts	2,000	
Social Security	138,613	
State Retirement	147,571	
Employee and Dependent Insurance	189,324	
Life Insurance	10,175	
Medical Insurance	199,237	
Dental Insurance	13,370	
Employer Medicare	32,418	
Maintenance and Repair Services - Equipment	4,228	
Other Contracted Services	3,000	
Instructional Supplies and Materials	65,681	
Other Supplies and Materials	2,607	
Liability Insurance	544	
Total Vocational Education Program		3,123,229

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	131,769	
Paraprofessionals		7,652	
Instructional Computer Personnel		31,000	
Social Security		8,758	
State Retirement		5,445	
Life Insurance		324	
Medical Insurance		4,178	
Dental Insurance		276	
Employer Medicare		2,471	
Instructional Supplies and Materials		12,556	
Data Processing Equipment		179	
Total Adult Education Program			\$ 204,608

Other

Local Retirement	\$	918,167	
Other Charges		15,218	
Total Other			933,385

Support Services

Attendance

Supervisor/Director	\$	85,554	
Clerical Personnel		33,858	
Social Security		7,112	
State Retirement		8,221	
Employee and Dependent Insurance		15,233	
Life Insurance		358	
Medical Insurance		12,140	
Dental Insurance		752	
Employer Medicare		1,663	
Total Attendance			164,891

Health Services

Medical Personnel	\$	472,170	
Secretary(ies)		13,599	
Other Salaries and Wages		54,348	
Social Security		32,538	
State Retirement		35,555	
Employee and Dependent Insurance		25,292	
Life Insurance		1,574	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Medical Insurance	\$	37,532	
Dental Insurance		2,568	
Employer Medicare		7,610	
Postal Charges		2,495	
Printing, Stationery, and Forms		408	
Travel		6,452	
Other Contracted Services		2,000	
Drugs and Medical Supplies		19,320	
Instructional Supplies and Materials		50,202	
Other Supplies and Materials		804	
Other Equipment		7,326	
Total Health Services			\$ 771,793

Other Student Support

Guidance Personnel	\$	1,313,835	
Social Workers		12,517	
Secretary(ies)		47,911	
Social Security		84,856	
State Retirement		91,689	
Employee and Dependent Insurance		80,540	
Life Insurance		5,490	
Medical Insurance		118,973	
Dental Insurance		7,780	
Employer Medicare		19,855	
Evaluation and Testing		66,074	
Travel		1,988	
Other Contracted Services		444	
Instructional Supplies and Materials		1,704	
Office Supplies		185	
In-Service/Staff Development		216	
Other Supplies and Materials		5,005	
Total Other Student Support			1,859,062

Regular Instruction Program

Supervisor/Director	\$	127,478
Librarians		1,064,936
Secretary(ies)		130,349
Educational Assistants		194,705
Social Security		90,854

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	98,065	
Employee and Dependent Insurance		87,464	
Life Insurance		5,377	
Medical Insurance		123,185	
Dental Insurance		8,384	
Employer Medicare		21,248	
Travel		11,633	
Tuition		800	
Library Books/Media		23,169	
In-Service/Staff Development		7,842	
Other Supplies and Materials		1,989	
Total Regular Instruction Program			\$ 1,997,478

Special Education Program

Supervisor/Director	\$	66,944	
Psychological Personnel		261,816	
Secretary(ies)		36,609	
Social Security		20,298	
State Retirement		22,968	
Employee and Dependent Insurance		12,642	
Life Insurance		1,199	
Medical Insurance		25,060	
Dental Insurance		1,655	
Employer Medicare		5,182	
Travel		17,167	
Other Contracted Services		2,958	
In Service/Staff Development		3,360	
Total Special Education Program			477,858

Vocational Education Program

Secretary(ies)	\$	48,706	
Social Security		2,981	
State Retirement		5,000	
Life Insurance		228	
Medical Insurance		8,155	
Dental Insurance		534	
Employer Medicare		697	
Postal Charges		400	
Travel		1,072	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Tuition	\$	25	
Office Supplies		2,266	
Other Supplies and Materials		572	
Other Equipment		1,935	
Total Vocational Education Program			\$ 72,571

Adult Programs

Supervisor/Director	\$	52,636	
Clerical Personnel		22,255	
Social Security		4,405	
State Retirement		5,663	
Employee and Dependent Insurance		6,313	
Life Insurance		299	
Medical Insurance		8,340	
Dental Insurance		551	
Employer Medicare		1,030	
Other Contracted Services		1,984	
In Service/Staff Development		2,738	
Total Adult Programs			106,214

Other Programs

Social Workers	\$	21,137	
Educational Assistants		40,031	
Social Security		3,598	
State Retirement		5,241	
Employee and Dependent Insurance		6,323	
Life Insurance		289	
Medical Insurance		12,190	
Dental Insurance		805	
Employer Medicare		841	
On-Behalf Payments to OPEB		50,564	
Total Other Programs			141,019

Board of Education

Other Salaries and Wages	\$	72,121	
Board and Committee Members Fees		37,800	
Social Security		6,702	
State Retirement		5,406	
Employee and Dependent Insurance		4,435	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Medical Insurance	\$	2,498	
Dental Insurance		574	
Unemployment Compensation		11,890	
Employer Medicare		1,569	
Audit Services		62,000	
Dues and Memberships		8,145	
Legal Services		8,188	
Printing, Stationery, and Forms		3,122	
Travel		1,415	
Tuition		915	
Other Contracted Services		700	
Other Supplies and Materials		5,511	
Liability Insurance		85,886	
Trustee's Commission		557,873	
Workers' Compensation Insurance		161,555	
Other Charges		9,999	
Total Board of Education			\$ 1,048,304

Director of Schools

County Official/Administrative Officer	\$	109,824
Supervisor/Director		88,507
Career Ladder Program		1,000
Secretary(ies)		44,098
Clerical Personnel		38,398
Other Salaries and Wages		19,253
Social Security		17,338
State Retirement		26,056
Employee and Dependent Insurance		18,251
Life Insurance		1,788
Medical Insurance		15,965
Dental Insurance		1,059
Disability Insurance		1,404
Employer Medicare		4,213
Communication		2,750
Dues and Memberships		1,721
Postal Charges		8,595
Printing, Stationery, and Forms		7,539
Travel		626
Other Contracted Services		18,219

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Office Supplies	\$	15,053	
Other Supplies and Materials		3,165	
Other Charges		9,808	
Total Director of Schools			\$ 454,630

Office of the Principal

Principals	\$	1,478,140	
Accountants/Bookkeepers		56,280	
Assistant Principals		1,122,123	
Secretary(ies)		1,029,317	
Social Security		221,619	
State Retirement		269,212	
Employee and Dependent Insurance		249,048	
Life Insurance		12,050	
Medical Insurance		307,286	
Dental Insurance		20,908	
Employer Medicare		51,847	
Communication		275,574	
Dues and Memberships		4,250	
Travel		1,307	
Tuition		140	
Other Contracted Services		39,129	
Other Supplies and Materials		2,296	
Other Charges		645	
Other Equipment		1,290	
Total Office of the Principal			5,142,461

Fiscal Services

Accountants/Bookkeepers	\$	125,652	
Social Security		6,962	
State Retirement		12,518	
Employee and Dependent Insurance		12,646	
Life Insurance		564	
Medical Insurance		12,384	
Dental Insurance		816	
Employer Medicare		1,628	
Total Fiscal Services			173,170

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	2,358,836	
Other Salaries and Wages		418	
Social Security		141,069	
State Retirement		221,852	
Employee and Dependent Insurance		265,742	
Life Insurance		10,790	
Medical Insurance		354,072	
Dental Insurance		23,524	
Employer Medicare		32,988	
Evaluation and Testing		1,425	
Other Contracted Services		104,991	
Custodial Supplies		217,541	
Electricity		2,779,906	
Fuel Oil		20,744	
Natural Gas		263,369	
Water and Sewer		294,053	
Building and Contents Insurance		91,250	
Plant Operation Equipment		42,643	
Total Operation of Plant			\$ 7,225,213

Maintenance of Plant

Supervisor/Director	\$	44,627
Secretary(ies)		31,481
Maintenance Personnel		597,187
Social Security		40,338
State Retirement		67,359
Employee and Dependent Insurance		51,470
Life Insurance		3,014
Medical Insurance		68,097
Dental Insurance		4,202
Employer Medicare		9,433
Communication		848
Maintenance and Repair Services - Buildings		35,806
Maintenance and Repair Services - Equipment		57,418
Maintenance and Repair Services - Vehicles		15,908
Other Contracted Services		188,641
Equipment and Machinery Parts		100,146
Gasoline		54,933
Uniforms		34,442

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Water and Sewer	\$	1,215	
Other Supplies and Materials		193,300	
Other Charges		21,527	
Total Maintenance of Plant			\$ 1,621,392

Transportation

Supervisor/Director	\$	60,620	
Clerical Personnel		37,046	
Social Security		5,982	
State Retirement		7,712	
Life Insurance		368	
Medical Insurance		8,306	
Dental Insurance		548	
Employer Medicare		1,399	
Contracts with Parents		6,169	
Contracts with Vehicle Owners		2,777,939	
Maintenance and Repair Services - Vehicles		3,726	
Medical and Dental Services		3,690	
Other Contracted Services		521,461	
Tires and Tubes		740	
Vehicle and Equipment Insurance		263,642	
Total Transportation			3,699,348

Central and Other

Supervisor/Director	\$	44,627	
Teachers		69,658	
Computer Programmer(s)		164,332	
Clerical Personnel		75,008	
Social Security		21,006	
State Retirement		31,916	
Employee and Dependent Insurance		34,766	
Life Insurance		1,430	
Medical Insurance		30,947	
Dental Insurance		2,036	
Employer Medicare		4,913	
Other Contracted Services		87,579	
Data Processing Supplies		9,813	
Data Processing Equipment		32,734	
Regular Instruction Equipment		2,881	
Total Central and Other			613,646

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	235,634	
Educational Assistants		63,879	
Social Security		18,100	
State Retirement		21,051	
Employee and Dependent Insurance		12,569	
Life Insurance		1,464	
Medical Insurance		42,847	
Dental Insurance		2,788	
Employer Medicare		4,233	
Instructional Supplies and Materials		4,885	
In Service/Staff Development		1,320	
Total Early Childhood Education			\$ 408,770

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	2,970	
Other Supplies and Materials		14,822	
Building Construction		59,045	
Building Improvements		170,960	
Furniture and Fixtures		19,881	
Vocational Instruction Equipment		100,000	
Other Equipment		54,891	
Other Capital Outlay		71,730	
Total Regular Capital Outlay			494,299

Principal on Debt

Education

Principal on Capital Leases	\$	118,111	
Total Education			118,111

Interest on Debt

Education

Interest on Capital Leases	\$	137,709	
Total Education			137,709

Total General Purpose School Fund \$ 77,203,747

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,025,380	
Educational Assistants		779,657	
Social Security		99,175	
State Retirement		79,329	
Employee and Dependent Insurance		68,240	
Life Insurance		4,908	
Medical Insurance		123,173	
Dental Insurance		8,368	
Employer Medicare		25,628	
Other Contracted Services		16,160	
Instructional Supplies and Materials		62,563	
Other Supplies and Materials		29,870	
Workers' Compensation Insurance		5,719	
Other Charges		26,444	
Regular Instruction Equipment		9,030	
Total Regular Instruction Program			\$ 2,363,644

Special Education Program

Teachers	\$	44,320	
Clerical Personnel		93,930	
Educational Assistants		948,531	
Social Security		64,335	
State Retirement		83,348	
Employee and Dependent Insurance		117,512	
Life Insurance		3,856	
Medical Insurance		195,341	
Dental Insurance		14,070	
Employer Medicare		15,228	
Instructional Supplies and Materials		28,174	
Workers' Compensation Insurance		3,072	
In Service/Staff Development		6,000	
Total Special Education Program			1,617,717

Vocational Education Program

Secretary(ies)	\$	800	
Social Security		1,451	
State Retirement		2,401	
Life Insurance		109	
Employer Medicare		339	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Postal Charges	\$	150	
Instructional Supplies and Materials		31,259	
Office Supplies		300	
Workers' Compensation Insurance		75	
In Service/Staff Development		51	
Other Charges		2,961	
Vocational Instruction Equipment		121,186	
Total Vocational Education Program			\$ 161,082

Support Services

Other Student Support

Social Workers	\$	25,227	
Other Salaries and Wages		15,650	
Social Security		1,007	
State Retirement		1,378	
Life Insurance		47	
Medical Insurance		4,472	
Dental Insurance		295	
Employer Medicare		226	
Evaluation and Testing		18,139	
Travel		16,980	
Other Contracted Services		2,090	
Workers' Compensation Insurance		95	
In Service/Staff Development		92,216	
Other Equipment		5,150	
Total Other Student Support			182,972

Regular Instruction Program

Supervisor/Director	\$	32,854
Secretary(ies)		38,398
Social Security		4,126
State Retirement		6,049
Employee and Dependent Insurance		9,484
Life Insurance		276
Medical Insurance		6,192
Dental Insurance		408
Employer Medicare		965
Travel		1,527
Other Supplies and Materials		2,871

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Workers' Compensation Insurance	\$	229	
In Service/Staff Development		65,506	
Other Equipment		38,981	
Total Regular Instruction Program			\$ 207,866

Special Education Program

Psychological Personnel	\$	125,210	
Clerical Personnel		76,797	
Other Salaries and Wages		30,207	
Social Security		13,513	
State Retirement		16,956	
Employee and Dependent Insurance		6,323	
Life Insurance		863	
Medical Insurance		17,400	
Dental Insurance		1,378	
Employer Medicare		3,308	
Other Contracted Services		259,341	
Workers' Compensation Insurance		806	
In Service/Staff Development		2,017	
Total Special Education Program			554,119

Vocational Education Program

Travel	\$	1,700	
Other Equipment		230	
Total Vocational Education Program			1,930

Transportation

Other Contracted Services	\$	161,430	
Total Transportation			161,430

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	3,661	
Social Security		227	
Employer Medicare		53	
Food Supplies		13,734	
Other Supplies and Materials		1,638	
Total Food Service			19,313

Total School Federal Projects Fund \$ 5,270,073

(Continued)

Exhibit K-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	68,657	
Accountants/Bookkeepers		59,800	
Cafeteria Personnel		1,948,627	
Bonus Payments		28,178	
Social Security		125,455	
State Retirement		125,927	
Employee and Dependent Insurance		180,735	
Life Insurance		6,254	
Medical Insurance		241,530	
Dental Insurance		15,908	
Unemployment Compensation		3,169	
Local Retirement		16,066	
Employer Medicare		29,606	
Dues and Memberships		3,272	
Maintenance and Repair Services - Equipment		55,508	
Printing, Stationery, and Forms		1,450	
Transportation - Other than Students		43,225	
Travel		10,794	
Other Contracted Services		82,168	
Custodial Supplies		30,251	
Food Supplies		1,909,140	
Office Supplies		3,263	
Uniforms		7,296	
Other Supplies and Materials		92,948	
Workers' Compensation Insurance		40,000	
In Service/Staff Development		21,964	
Other Charges		1,200	
Data Processing Equipment		21,692	
Food Service Equipment		48,472	
Total Food Service			\$ 5,222,555

Total Central Cafeteria Fund \$ 5,222,555

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	61,324
Clerical Personnel		38,398
Custodial Personnel		99,000

(Continued)

Exhibit K-9

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

Extended School Program Fund (Cont.)  
Operation of Non-Instructional Services (Cont.)  
Community Services (Cont.)

Part-time Personnel	\$ 1,130,947	
Bonus Payments	14,884	
Social Security	77,771	
State Retirement	52,923	
Employee and Dependent Insurance	34,319	
Life Insurance	771	
Medical Insurance	42,622	
Dental Insurance	3,083	
Employer Medicare	18,314	
Contracts with Vehicle Owners	24,416	
Travel	922	
Other Contracted Services	46,416	
Food Supplies	75,222	
Instructional Supplies and Materials	18,030	
Other Supplies and Materials	6,697	
Trustee's Commission	14,929	
Workers' Compensation Insurance	5,000	
Building Improvements	2,303	
Other Equipment	6,301	
Total Community Services		\$ <u>1,774,592</u>
Total Extended School Program Fund		\$ <u>1,774,592</u>
Total Governmental Funds - Blount County School Department		\$ <u><u>89,470,967</u></u>

Exhibit K-10

Blount County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 2,390,497	\$ 6,911,508	\$ 9,302,005
Trustee's Collections - Prior Years	0	80,430	247,009	327,439
Circuit/Clerk and Master Collections - Prior Years	0	12,383	38,107	50,490
Interest and Penalty	0	16,173	49,727	65,900
Pick-up Taxes	0	19,812	60,808	80,620
Payments in-Lieu-of Taxes - Local Utilities	0	18,572	56,989	75,561
Local Option Sales Taxes	13,819,896	1,322,497	4,485,753	19,628,146
Business Taxes	0	48,277	148,392	196,669
Other County Local Option Taxes	0	1,188	3,719	4,907
Marriage Licenses	0	743	2,285	3,028
Other Local Revenue	0	110	338	448
Mixed Drink Taxes	0	7,275	22,327	29,602
Other Loans Issued	0	490,595	1,538,783	2,029,378
<b>Total Cash Receipts</b>	<b>\$ 13,819,896</b>	<b>\$ 4,408,552</b>	<b>\$ 13,565,745</b>	<b>\$ 31,794,193</b>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 13,681,697	\$ 4,348,232	\$ 13,376,770	\$ 31,406,699
Trustee's Commission	138,199	60,809	190,533	389,541
<b>Total Cash Disbursements</b>	<b>\$ 13,819,896</b>	<b>\$ 4,409,041</b>	<b>\$ 13,567,303</b>	<b>\$ 31,796,240</b>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (489)	\$ (1,558)	\$ (2,047)
Cash Balance, July 1, 2008	0	5,114	16,040	21,154
<b>Cash Balance, June 30, 2009</b>	<b>\$ 0</b>	<b>\$ 4,625</b>	<b>\$ 14,482</b>	<b>\$ 19,107</b>

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## STATISTICAL SECTION

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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
<b>Financial Trends:</b>		
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	267-277
<b>Revenue Capacity:</b>		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	8-11	278-281
<b>Debt Capacity:</b>		
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	282-286
<b>Demographic and Economic Information:</b>		
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	287-288
<b>Operating Information:</b>		
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	289-292

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 Eight Fiscal Years (1)**

(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Primary government</b>								
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	\$ 88,192,324
Restricted	9,990,936	9,911,031	8,653,731	8,814,195	8,728,044	12,779,291	14,719,161	17,659,731
Unrestricted (2)	(51,088,982)	(63,242,963)	(79,010,778)	(87,675,281)	(104,591,839)	(119,981,142)	(155,787,604)	(161,963,309)
<b>Total primary government net assets</b>	<b>\$ 10,630,162</b>	<b>\$ 4,019,660</b>	<b>\$ (10,650,507)</b>	<b>\$ (9,187,186)</b>	<b>\$ (23,917,825)</b>	<b>\$ (27,265,630)</b>	<b>\$ (56,302,048)</b>	<b>\$ (56,111,254)</b>
<b>Discretely presented school department</b>								
Invested in capital assets, net of related debt	\$ 0	\$ 75,973,266	\$ 82,774,679	\$ 85,326,140	\$ 96,178,828	\$ 105,663,939	\$ 128,228,018	\$ 127,519,652
Invested in capital assets	72,770,777	0	0	0	0	0	0	0
Restricted	754,323	721,330	1,017,010	1,265,274	1,131,898	1,191,359	875,351	816,019
Unrestricted	5,104,102	4,631,320	4,764,596	5,167,705	6,132,311	4,906,776	4,207,826	4,289,290
<b>Total discretely presented school department</b>	<b>\$ 78,629,202</b>	<b>\$ 81,325,916</b>	<b>\$ 88,556,285</b>	<b>\$ 91,759,119</b>	<b>\$ 103,443,037</b>	<b>\$ 111,762,074</b>	<b>\$ 133,311,195</b>	<b>\$ 132,624,961</b>

(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 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 Eight Fiscal Years (1)**

(accrual basis of accounting)

	2002		2003		2004		2005	
	Primary Government	Component Unit						
<b>Expenses</b>								
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)	39,276,376	0	18,534,543	0	20,527,255	0	18,423,799	0
Debt Service:								
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
<b>Program Revenues</b>								
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 Eight 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
<b>General Revenues and Other Changes in Net Assets</b>								
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	\$ 15,818,864
Sales taxes	1,933,074	8,260,215	2,051,371	8,608,959	2,051,999	9,047,945	2,089,375	9,417,172
Other taxes	2,584,793	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	31,727,487	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
<b>Change in Net Assets</b>								
<b>Total</b>	<u>\$(27,890,649)</u>	<u>\$ 15,498,837</u>	<u>\$(6,610,502)</u>	<u>\$ 2,696,714</u>	<u>\$(14,964,538)</u>	<u>\$ 7,230,369</u>	<u>\$(5,024,590)</u>	<u>\$ 3,202,834</u>

(Continued)

Table 2

**Blount County, Tennessee**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**

(accrual basis of accounting) (Cont.)

	2006		2007		2008		2009	
	Primary Government	Component Unit						
<b>Expenses</b>								
Governmental activities:								
General government	\$ 4,574,541	\$ 0	\$ 4,320,235	\$ 0	\$ 4,753,520	\$ 0	\$ 6,923,832	\$ 0
Finance	4,219,651	0	4,295,393	0	4,294,152	0	4,487,118	0
Administration of justice	4,417,115	0	5,141,149	0	4,596,462	0	4,814,644	0
Public safety	16,897,954	0	17,355,681	0	19,231,988	0	19,289,086	0
Public health and welfare	1,798,707	0	1,975,908	0	1,941,135	0	1,932,343	0
Social, cultural, and recreational services	2,790,337	0	2,711,933	0	2,717,539	0	3,199,073	0
Agriculture and natural resources	229,274	0	234,364	0	265,620	0	295,610	0
Other operations (2)	10,411,231	0	2,827,630	0	4,310,751	0	3,356,818	0
Highways	10,424,179	0	9,946,373	0	13,334,983	0	11,491,174	0
Education (3)	28,004,179	0	27,216,725	0	52,796,062	0	17,821,378	0
Debt Service:								
Interest on long-term debt	5,938,315	0	6,467,567	0	8,273,643	0	7,429,795	0
Other debt service	675,651	0	1,289,553	0	1,303,697	0	1,373,990	0
Component unit - Blount County School Department (4)	0	78,658,428	0	86,389,144	0	88,933,180	0	92,261,996
Total Expenses	\$ 90,381,134	\$ 78,658,428	\$ 83,782,511	\$ 86,389,144	\$ 117,819,552	\$ 88,933,180	\$ 82,414,861	\$ 92,261,996
<b>Program Revenues</b>								
Governmental activities:								
Charges for service:								
General government	\$ 1,955,082	\$ 0	\$ 2,026,204	\$ 0	\$ 1,799,350	\$ 0	\$ 3,098,599	\$ 0
Finance	2,799,250	0	2,906,651	0	3,075,977	0	3,022,424	0
Administration of justice	3,693,907	0	4,730,640	0	4,460,532	0	4,231,455	0
Public safety	3,505,190	0	3,570,510	0	4,481,582	0	4,761,602	0
Public health and welfare	234,463	0	174,046	0	213,277	0	125,119	0
Social, cultural, and recreational services	299,353	0	288,594	0	273,602	0	265,634	0
Other operations	0	0	0	0	0	0	3,622	0
Highways	693,191	0	780,181	0	1,386,841	0	556,853	0
Education	10,448,576	0	11,215,988	0	11,157,317	0	10,979,963	0
Component unit - Blount County School Department	0	23,821,726	0	23,718,579	0	36,716,034	0	17,097,038
Operating grants and contributions	4,736,202	0	4,835,443	0	5,163,438	0	4,838,146	0
Capital grants and contributions	14,234,010	0	8,908,820	0	10,217,506	0	6,732,731	0
Total revenues	\$ 42,599,224	\$ 23,821,726	\$ 39,437,077	\$ 23,718,579	\$ 42,229,422	\$ 36,716,034	\$ 38,616,148	\$ 17,097,038
Net (expense)/revenue Total	<u><u>\$(47,781,910)</u></u>	<u><u>\$(54,836,702)</u></u>	<u><u>\$(44,345,434)</u></u>	<u><u>\$(62,670,565)</u></u>	<u><u>\$(75,590,130)</u></u>	<u><u>\$(52,217,146)</u></u>	<u><u>\$(43,798,713)</u></u>	<u><u>\$(75,164,958)</u></u>

(Continued)

Table 2

**Blount County, Tennessee  
Changes in Net Assets  
Last Eight Fiscal Years**

(accrual basis of accounting) (Cont.)

	2006		2007		2008		2009	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes (5)	\$ 24,920,611	\$ 15,647,059	\$ 32,159,284	\$ 15,982,164	\$ 35,029,006	\$ 16,531,569	\$ 36,280,272	\$ 16,959,961
Sales taxes	2,192,732	10,165,748	2,301,875	10,446,190	2,229,493	10,717,260	2,238,198	9,925,283
Other taxes	3,188,703	424,651	3,157,284	403,700	3,248,092	376,220	2,952,279	339,964
Grants and contributions not restricted	1,507,334	39,551,938	2,107,312	43,200,324	2,128,290	45,433,236	1,852,747	47,011,413
Unrestricted investment income	834,929	552,360	1,197,753	752,248	1,043,904	506,843	660,578	226,811
Gain on sale of capital assets	380,283	0	39,723	0	2,865,782	0	0	0
Miscellaneous	26,679	178,864	34,398	204,976	9,145	201,139	5,433	15,292
Total governmental activities	\$ 33,051,271	\$ 66,520,620	\$ 40,987,629	\$ 70,989,602	\$ 46,553,712	\$ 73,766,267	\$ 43,989,507	\$ 74,478,724
<b>Change in Net Assets</b>								
<b>Total</b>	<u>\$ (14,730,639)</u>	<u>\$ 11,683,918</u>	<u>\$ (3,347,805)</u>	<u>\$ 8,319,037</u>	<u>\$ (29,036,418)</u>	<u>\$ 21,549,121</u>	<u>\$ 190,794</u>	<u>\$ (686,234)</u>

- (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 Eight Years (1)**

(accrual basis of accounting)

Fiscal Year	Property Tax	(2)	Local Option		Other County		Franchise Tax	Hotel Motel Tax	Litigation Tax	Business Tax	Mineral Severance Tax	Wholesale Beer Tax	Bank Excise Tax	Total
			Sales Tax	Local Option Tax	Local Option Tax	Other County Tax								
<b>Primary Government</b>														
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		
2009	36,280,272		2,238,198	8,608	449,571	1,424,814	510,628	693,761	71,549	242,919	283,494	42,203,814		
<b>Component Unit</b>														
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		
2009	16,959,961		9,925,283	8,172				331,792				27,225,208		

(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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Primary Government:</b>										
General Fund										
Reserved	\$ 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	\$ 2,176,154
Unreserved (1)	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	8,933,911
Total General Fund	\$ 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	\$ 11,110,065
All other governmental funds										
Reserved	\$ 25,541,630	\$ 27,826,554	\$ 10,362,695	\$ 8,618,763	\$ 4,220,791	\$ 5,151,581	\$ 5,879,644	\$ 29,080,359	\$ 7,139,680	\$ 1,245,226
Unreserved, reported in:										
Special revenue funds	938,816	1,375,433	875,227	798,270	648,416	823,477	1,575,815	2,187,345	2,551,226	3,491,480
Debt service funds	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	11,893,290
Permanent funds	0	0	0	0	0	0	0	0	15,438	4,421
Capital projects funds	(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)	49,979
Total all other governmental funds	\$ 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	\$ 16,684,396
<b>Component Unit:</b>										
General Fund (General purpose school)										
Reserved	\$ 326,153	\$ 253,485	\$ 260,089	\$ 74,174	\$ 200,825	\$ 202,515	\$ 357,351	\$ 201,290	\$ 581,585	\$ 376,762
Unreserved	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	3,409,442
Total General Fund	\$ 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	\$ 3,786,204
All other governmental funds										
Reserved	\$ 235,424	\$ 336,988	\$ 155,189	\$ 137,384	\$ 331,076	\$ 607,445	\$ 384,685	\$ 367,814	\$ 190,953	\$ 358,979
Unreserved, reported in:										
Special revenue funds	920,279	817,358	754,072	725,021	947,734	899,112	968,848	1,118,312	986,922	628,188
Capital projects funds	10,252	955	0	0	0	0	0	0	0	0
Total all other governmental funds	\$ 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	\$ 987,167

(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.

(2) The increase in other governmental reserved funds is due to contracts outstanding relating to the new Union Grove Middle and Elementary schools.

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Local taxes	\$ 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	\$ 41,488,620
Licenses and permits	390,862	468,013	522,244	641,140	595,562	950,329	1,196,718	1,093,406	1,173,446	971,254
Fines, forfeitures, and penalties	483,554	533,230	445,239	659,520	820,307	946,992	1,352,569	1,586,703	1,038,231	1,485,996
Charges for current services	4,084,874	4,294,925	4,660,197	5,052,826	446,452	475,109	479,971	803,880	988,481	1,026,011
Other local revenues	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	4,356,894
Fees received from county officials	0	0	0	0	4,968,786	5,169,449	6,180,718	6,674,114	6,767,137	7,544,605
State of Tennessee	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	5,385,633
Federal government	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	6,091,865
Other governments and citizens groups	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	1,253,207
<b>Total Revenues</b>	<b>\$ 38,475,838</b>	<b>\$ 43,893,046</b>	<b>\$ 45,092,310</b>	<b>\$ 43,327,022</b>	<b>\$ 43,768,830</b>	<b>\$ 48,015,126</b>	<b>\$ 59,088,161</b>	<b>\$ 61,479,134</b>	<b>\$ 67,341,472</b>	<b>\$ 69,604,085</b>
<b>Expenditures (1)</b>										
General government	\$ 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	\$ 6,490,491
Finance	0	0	3,021,207	3,286,362	3,533,305	3,611,852	4,071,028	4,092,155	4,129,984	4,372,956
Administration of justice	0	0	2,857,349	3,228,252	3,699,015	4,171,933	4,272,273	4,788,615	4,363,794	4,656,838
Public safety	0	0	11,932,616	13,243,505	13,927,155	15,401,864	16,307,461	16,396,703	18,544,560	17,956,442
Public health and welfare	0	0	1,261,356	1,298,118	1,481,066	2,069,088	1,780,768	1,935,359	1,927,979	1,923,913
Social, cultural, and recreational services	0	0	452,604	1,758,217	1,848,469	2,090,873	2,244,575	2,303,766	2,430,396	2,516,792
Agriculture and natural resources	0	0	177,534	193,300	207,467	208,904	231,259	232,565	265,041	295,903
Other operations (2)	0	0	0	5,894,828	6,671,289	7,373,991	14,474,599	7,384,343	19,568,504	6,203,524
Highways	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	5,936,333
Debt service:	7,235,317	7,356,852	0	0	0	0	0	0	0	0
Principal	0	0	4,708,500	3,537,500	3,490,000	3,440,000	4,006,511	3,433,233	3,720,501	4,486,023
Interest	0	0	3,990,428	4,960,603	5,238,355	5,605,576	5,988,205	6,402,103	8,351,919	7,525,587
Other debt service	0	0	221,763	303,543	305,951	831,383	415,971	1,023,435	1,823,294	1,774,808
Capital projects	22,682,670	24,897,988	27,062,372	10,385,234	11,399,324	6,976,294	16,644,490	16,251,782	29,740,763	11,576,323
<b>Total expenditures</b>	<b>\$ 59,899,279</b>	<b>\$ 65,956,420</b>	<b>\$ 66,433,828</b>	<b>\$ 56,049,293</b>	<b>\$ 60,447,537</b>	<b>\$ 61,146,411</b>	<b>\$ 81,140,171</b>	<b>\$ 74,244,857</b>	<b>\$ 107,081,187</b>	<b>\$ 75,715,933</b>
Excess (Deficiency) of revenues over expenditures	<b>\$ (21,423,441)</b>	<b>\$ (22,063,374)</b>	<b>\$ (21,341,518)</b>	<b>\$ (12,722,271)</b>	<b>\$ (16,678,707)</b>	<b>\$ (13,131,285)</b>	<b>\$ (22,052,010)</b>	<b>\$ (12,765,723)</b>	<b>\$ (39,739,715)</b>	<b>\$ (6,111,848)</b>

(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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other financing sources (uses)</b>										
Transfers in	\$ 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	\$ 1,924,550
Transfers out	(4,855,989)	(4,753,287)	(5,122,593)	(5,555,205)	(775,957)	(1,180,756)	(1,690,100)	(2,317,115)	(876,735)	(1,599,520)
Operating transfers to component units	318,675	(647,319)	0	0	0	0	0	0	0	0
Public Building Authority loan proceeds	0	244,334	0	0	0	0	0	0	0	0
Other loans issued	18,898,506	30,099,743	31,052,280	11,282,257	13,574,600	12,343,060	20,191,250	17,610,318	44,957,329	6,955,038
Notes issued	422,000	0	0	0	0	0	0	0	0	0
Premiums on debt issued	895,000	0	0	0	0	448,731	0	0	418,255	1,346,280
Refunding bonds issued	3,500,000	0	0	0	0	27,325,000	0	0	69,975,000	97,885,000
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	(16,010)	(9,440)
Payments to refunded bond escrow agent	(4,390,000)	0	0	0	0	(27,290,095)	0	0	(69,485,000)	(99,925,000)
Total other financing sources (uses)	\$ 19,250,220	\$ 29,921,046	\$ 31,270,101	\$ 11,506,933	\$ 13,802,816	\$ 12,756,528	\$ 20,434,130	\$ 17,945,495	\$ 46,172,473	\$ 9,364,438
Net change in fund balances	\$ (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	\$ 3,252,590
Debt service as a percentage of non-capital expenditures	19.44%	17.92%	22.66%	19.27%	18.42%	18.23%	16.10%	18.72%	17.97%	21.49%

(1) Conversion to GASB Statement No. 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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>(modified accrual basis of accounting)</b>										
<b>Revenues</b>										
Local taxes (1)	\$ 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	\$ 26,897,184
Licenses and permits	4,871	4,249	4,321	3,895	3,530	3,030	2,888	2,969	4,260	5,823
Charges for current services	3,621,125	3,280,212	3,396,305	3,354,886	3,728,447	3,782,383	4,166,607	4,434,165	4,483,358	4,025,361
Other local revenues	811,919	890,853	492,091	370,430	450,343	759,551	886,819	1,021,290	845,529	606,688
State of Tennessee	29,302,321	30,535,730	31,249,021	32,831,035	33,617,315	36,193,548	39,276,204	43,311,492	45,575,829	46,807,816
Federal government	4,637,156	5,490,671	6,102,652	6,885,567	6,920,687	7,140,650	6,883,789	7,434,037	7,088,253	8,567,731
Other governments and citizens groups	0	0	0	0	0	6,000	0	0	0	0
<b>Total Revenues</b>	<b>\$ 56,508,720</b>	<b>\$ 59,265,503</b>	<b>\$ 61,754,296</b>	<b>\$ 65,685,011</b>	<b>\$ 67,643,668</b>	<b>\$ 73,580,530</b>	<b>\$ 77,531,773</b>	<b>\$ 83,074,417</b>	<b>\$ 85,678,680</b>	<b>\$ 86,910,603</b>
<b>Expenditures (2)</b>										
Current:										
Instruction	\$ 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	\$ 54,618,251
Support services	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	26,677,367
Operation of non-instructional services	28,770	0	5,124,100	5,138,749	5,410,808	5,773,611	6,566,066	7,097,811	7,593,835	7,425,230
Capital outlay	258,496	27,923	32,203	0	315,847	111,296	82,790	2,896,952	163,913	494,299
Capital projects	1,070,555	54,404	0	0	0	0	0	0	0	0
Debt service:	900,265	902,335	0	0	0	0	0	0	0	0
Principal on debt	0	0	2,500,000	415,000	415,000	415,000	415,000	525,500	615,141	118,111
Interest on debt	0	0	107,500	96,111	83,400	66,800	50,200	197,940	168,766	137,709
Other debt service	0	0	284,207	408,983	58,917	58,917	58,917	58,915	0	0
<b>Total Expenditures</b>	<b>\$ 55,979,159</b>	<b>\$ 58,324,778</b>	<b>\$ 64,906,165</b>	<b>\$ 66,433,034</b>	<b>\$ 67,092,290</b>	<b>\$ 73,042,415</b>	<b>\$ 76,739,885</b>	<b>\$ 84,282,225</b>	<b>\$ 86,990,196</b>	<b>\$ 89,470,967</b>
Excess (Deficiency) of revenues over expenditures	\$ 529,561	\$ 940,725	\$ (3,151,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ (1,207,808)	\$ (1,311,516)	\$ (2,560,364)
<b>Other financing sources (uses)</b>										
Transfers in	\$ 35,486	\$ 166,152	\$ 12,196	\$ 26,679	\$ 103,237	\$ 74,701	\$ 4,315	\$ 0	\$ 0	\$ 362,109
Transfers out	(354,161)	(410,486)	(12,196)	(26,679)	(103,237)	(74,701)	(4,315)	0	0	(362,109)
Notes issued	0	0	2,500,000	0	0	0	0	2,850,157	0	0
Total other financing sources (uses)	\$ (318,675)	\$ (244,334)	\$ 2,500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,850,157	\$ 0	\$ 0
Net change in fund balances	\$ 210,886	\$ 696,391	\$ (651,869)	\$ (748,023)	\$ 551,378	\$ 538,115	\$ 791,888	\$ 1,642,349	\$ (1,311,516)	\$ (2,560,364)
Debt service as a percentage of non-capital expenditures	1.65%	1.55%	4.46%	1.38%	0.83%	0.74%	0.68%	0.96%	0.90%	0.29%

(1) The change in property taxes from 2004 to 2005 is due to a tax increase from \$.15 to \$.20.

(2) Conversion to GASB Statement No. 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 Local Option Tax	Franchise Tax	Hotel Motel Tax	Litigation Tax	Business Tax	Mineral Severance Tax	Wholesale Beer Tax	Bank Excise Tax	Total
<b>Primary Government</b>											
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
2009	36,014,649	2,238,198	8,608	449,571	1,424,814	510,628	693,761	71,549	242,919	283,494	41,938,191
<b>Component Unit</b>											
2000	\$ 10,082,713	\$ 7,651,471	\$ 0				\$ 302,679			\$ 18,036,863	
2001	10,460,135	8,206,126	8,933				293,231			18,968,425	
2002	11,833,599	8,241,650	10,436				317,847			20,403,532	
2003	13,153,346	8,608,959	12,823				337,708			22,112,836	
2004	13,352,744	9,060,688	11,667				368,371			22,793,470	
2005	15,739,811	9,394,839	11,610				399,145			25,545,405	
2006	15,708,073	10,062,340	11,895				412,822			26,195,130	
2007	16,061,783	10,404,032	11,254				393,395			26,870,464	
2008	16,637,971	10,717,260	8,691				367,529			27,731,451	
2009	16,631,937	9,925,283	8,172				331,792			26,897,184	

(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	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, Farms Property	Commercial, Industrial Property							
1999	\$ 914,685,050	\$ 317,818,160	\$ 208,023,880	\$ 58,768,971	\$ 1,499,296,061	\$ 2.07	\$ 5,281,336,351	28%	
2000	945,864,875	326,351,440	211,035,528	61,973,835	1,545,225,678	2.36	5,859,498,893	26%	
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%	
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%	
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%	
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%	
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%	
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%	
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%	
2008	1,889,473,750	543,823,760	335,887,221	92,860,408	2,862,045,139	2.23	11,936,433,598	24%	

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	City of Alcoa
2000	1999	\$ 0.815	\$ 1.025	\$ 0.52	\$ 2.36	\$ 2.66	\$ 2.15
2001	2000	0.815	1.025	0.52	2.36	2.33	2.40
2002	2001	0.710	0.990	0.45	2.15	2.10	2.15
2003	2002	0.690	1.070	0.39	2.15	2.15	2.15
2004	2003	0.690	1.070	0.39	2.15	2.27	2.20
2005	2004	0.780	1.210	0.44	2.43	2.27	2.20
2006	2005	0.790	1.200	0.44	2.43	1.95	1.92
2007	2006	0.720	0.950	0.51	2.18	1.95	1.92
2008	2007	0.770	0.950	0.51	2.23	2.05	2.20
2009	2008	0.770	0.950	0.51	2.23	2.30	2.10

Table 10

**Blount County, Tennessee**  
**Principal Taxpayers**  
**June 30, 2009**

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Denso Manufacturing Tenn	\$92,951,243	1	3.15%	\$84,063,962	2	5.40%
Alcoa Inc.	66,074,163	2	2.24%	87,940,623	1	5.65%
Alcoa Aluminum Company, Inc.	33,734,861	3	1.14%	N/A	-	
CMH Services, Inc.	14,855,857	4	0.50%	4,479,135	8	0.29%
Standard Aero Alliance, Inc.	8,142,084	5	0.28%	N/A	-	
Presbyterian Homes of Tennessee, Inc.	7,507,560	6	0.25%	N/A	-	
Hamilton Crossing I LLC	7,342,080	7	0.25%	N/A	-	
Ruby Tuesday, Inc.	6,956,022	8	0.24%	N/A	-	
CBL & Associates Limited	6,827,080	9	0.23%	6,323,960	4	0.41%
Sanford LP	<u>6,250,000</u>	10	<u>0.21%</u>	<u>N/A</u>	<u>-</u>	
Totals	<u>\$250,640,950</u>		<u>8.48%</u>	<u>\$182,807,680</u>		<u>11.75%</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 2008 Real and Personal Property Assessment figure of \$2,862,045,139 plus total 2008 Public Utilities Assessment figure of \$92,857,108.
- (3) Denominator - Total Assessed Value.

Table 11

**Blount County, Tennessee**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Levy Collected</u>	<u>Adjustments and Delinquent Collections</u>	<u>Total Tax Collections and Adjustments</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
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%	815,559	56,924,230	96.15%	2,279,113	3.85%
2008	61,753,051	56,747,644	91.89%	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
2000	\$ 4,055,000	\$ 8,303,583	\$ 0	\$ 53,789,104	\$ 66,147,687	2.58%	\$ 24,262
2001	2,075,000	6,393,500	0	82,832,180	91,300,680	3.33%	25,370
2002	0	5,562,500	0	112,081,960	117,644,460	3.71%	28,455
2003	0	4,010,000	0	120,964,217	124,974,217	4.27%	26,253
2004	0	3,105,000	0	131,538,817	134,643,817	4.37%	27,111
2005	27,285,000	2,480,000	0	114,711,877	144,476,877	5.70%	22,364
2006	27,170,000	1,845,000	0	131,231,616	160,246,616	6.10%	22,220
2007	26,970,000	1,190,000	3,061,925	145,876,433	177,098,358	6.13%	22,220
2008	26,340,000	525,000	2,866,784	188,478,261	218,210,045	7.39%	24,091
2009	24,665,000	1,616,260	2,728,151	190,857,798	219,867,209	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 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 Bonds	Less: Amounts Available on Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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	119,620	2,862,045,139	218,210,045	10,248,838	207,961,207	7.3%	1,738.52
2009	N/A	N/A	219,867,209	11,893,290	207,973,919	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.tennesseeanyttime.gov](http://www.tennesseeanyttime.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 Reports including undrawn proceeds from loan agreements.
- (4) Debt service fund balance is per Comprehensive Annual Financial Reports without the reserves for internal notes.
- (5) Gross bonded debt includes all long-term general obligation debt and loan agreements per the Comprehensive Annual Financial Reports including undrawn proceeds from loan agreements.

Table 14

**Blount County, Tennessee**  
**Schedule of Direct and Overlapping Debt**  
**June 30, 2009**

**DIRECT DEBT**

Notes Payable	\$ 1,616,260	
Public Building Authority Loan Agreements	190,857,798	
General Bonded Debt	24,665,000	
Capital Leases Payable	2,728,151	
Less debt service funds	<u>(11,893,290)</u>	
Total Direct Debt		\$ 207,973,919

**OVERLAPPING DEBT**

City of Maryville	\$ 66,409,488	
City of Alcoa	<u>50,600,195</u>	
Total Overlapping Debt		<u>117,009,683</u>

**TOTAL DIRECT AND OVERLAPPING DEBT** **\$ 324,983,602**

NOTE:

Amounts for the City of Maryville and the City of Alcoa include both bonds and notes, but exclude debt specifically associated with utility revenues.

Amounts for the county include primary government and the discretely presented Blount County Schools debt only, and excludes other component unit debt serviced by the individual component units.

Table 15

**Blount County, Tennessee**  
**Legal Debt Margin Information**  
**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>	<u>Total Personal Income</u>	(3) <u>Median Age</u>	<u>Unemployment Rate</u>
1999	102,785	\$ 23,416	\$ 2,406,813,560	38.1	3.70%
2000	105,823	24,262	2,567,477,626	38.4	2.70%
2001	108,000	25,370	2,739,960,000	38.4	4.00%
2002	111,500	28,455	3,172,732,500	38.4	3.70%
2003	111,510	26,253	2,927,472,030	38.4	4.00%
2004	113,744	27,111	3,083,713,584	38.5	4.90%
2005	113,393	22,364	2,535,921,052	40.2	4.60%
2006	118,186	22,220	2,626,092,920	39.5	4.30%
2007	119,855	24,091	2,887,426,805	39.7	4.00%
2008	119,620	24,693	2,953,776,660	39.7	6.30%

## NOTES:

- (1) The 2000 figure is from the U.S. Bureau of the Census.  
Years 2001 - 2004 taken from the [www.tennesseeanytime.gov](http://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, 2007, and 2008 figures are from [factfinder.census.gov](http://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>	<u>2009</u>			<u>(3) 2000</u>		
	<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, Inc. (1)	2,500	1	4.45%	2,930	1	5.52%
Blount Memorial Hospital, Inc. (2)	1,886	2	3.36%	1,950	4	3.67%
Blount County School System (2)	1,572	3	2.80%	1,090	5	2.05%
Clayton Homes (1)	1,373	4	2.45%	2,508	2	4.73%
Alcoa, Inc. (1)	1,100	5	1.96%	2,000	3	3.77%
Sanford Brand/Rubbermaid (1)	900	6	1.60%	-	-	-
Blount County Government (2)	808	7	1.44%	-	-	-
Wal-Mart Super Center (2)	700	8	1.25%	613	7	1.16%
Maryville City Schools (2)	670	9	1.19%	480	8	0.90%
Ruby Tuesday (2)	544	10	0.97%	-	-	-
APAC-TENN Inc. Harrison Division (1)	500	11	0.89%	-	-	-
IJ Company (1)	483	12	0.91%	-	-	-
Staffing Solutions (2)	250	13	0.45%	-	-	0.00%
	<u>13,286</u>		<u>23.72%</u>	<u>11,571</u>		<u>21.80%</u>
Total Employment 2009 (as of 5-09)	56,140	(4)				
Total Employment 2000 (as of 6-00)	53,070	(4)				

\*Total employment for Blount County

Sources: (1) 2009 State of TN Economic & Community Development

(2) 2009 Responses from Employer

(3) Blount County Chamber of Commerce

(4) Tennessee Department of Labor

Table 19

**Blount County, Tennessee**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Department	Fiscal Year										
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
General County	Commission	0	0	0	1	1	1	1	1	1	1	
	County Mayor	3	3	3	3	3	3	3	3	3	3	
	Insurance and Risk Management	2	3	3	2	3	3	2	5	4	2	
	Election Commission	3	3	3	3	3	3	3	2	3	3	
	Register of Deeds	11	12	12	12	12	11	11	9	9	9	
	Planning	3	3	3	3	3	3	3	3	3	3	
	Engineering	N/A	N/A	N/A	N/A	N/A	1	1	1	1.5	2	
	County Buildings	11	11	11	12	12	12	13	13	14	14	
	Human Resources	1	1	1	1	1	2	2	1	2	2	
	Preservation of Records	1	1	1	1	1	2	2	2	2	3	
	Accounting and Budgeting	10	10	10	11	13	13	16	14	11	10	
	Purchasing	5	5	5	5	5	5	6	6	6	6	
	Property Assessor	17	15	15	16	17	18	19	17	19	20	
	Trustee	7	7	7	7	7	7	7	7	7	7	
	County Clerk	23	25	25	25	25	25	25	23	23	23	
	Information Technology	6	7	8	8	9	9	9	9	9	9	
	Circuit Court Clerk	37	38	38	39	34	40	42	47	38	48	
	Clerk and Master	9	9	9	10	10	10	10	9	10	10	
	Juvenile Court	5	6	7	7	8	8	7	7	6	7	
	Public Defender	0	0	0	0	0	0	0	0	0	0	
	Sheriff's Department	141	130	130	133	133	139	139	135	148	145	
	Justice Center	82	90	90	86	86	86	98	98	102	111	
	Juvenile Services	4	4	4	27	27	28	31	31	25	25	
	Emergency Management	1	1	1	1	1	2	2	2	2	2	
	Local Health Center	14	13	13	14	14	15	16	20	22	21	
	Field Line Inspection	5	5	5	5	5	6	6	6	5	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	2	
	Building Commissioner	0	1	1	1	1	1	5	2	3	2	
	Codes Compliance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	3	
	Animal Control	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	2	
	Probation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	6	7	
Employee Benefits	1	0	0	0	0	0	0	0	0	0		
Subtotal		407	408	410	438	439	458	484	487	492	509	
Public Library	County Buildings	0	0	0	4	4	4	4	5	5	4	
	Other General Administration	0	0	0	0	0	0	0	0	1	0	
	Libraries	13	14.5	21.5	25	25	25	25	21	19	20	
	Subtotal	13	14.5	21.5	29	29	29	29	26	25	24	
Drug Court	State	3	3	3	3	3	3	3	2	2	3	
Highway	Administration	5	5	5	5	5	5	5	8	7	7	
	Highway and Bridge Maintenance	54	54	51	58	58	56	56	53	54	53	
	Operation and Maintenance of Equip.	12	12	13	13	14	14	14	13	14	14	
	Subtotal	71	71	69	76	77	75	75	74	75	74	
Schools	Educational and Instructional Program	917	756	762.8	792	799	818	825	850	1,011	1,060	
	Attendance Program	3	2.8	2.8	3	3	3	3	3	3	3	
	Health Services Program	7	7	7	6	4	4	7	6	15	20	
	Guidance and Testing Program	22	26	26	27	24	24	26	25	29	29	
	Family Resource Center	1	1	1	1	1	1	1	1	1	1	
	Libraries	19	21	21	31	25.5	25.5	25.5	26.0	37	38	
	Psychological Services	4	4	4	2.4	8	8	8	6	10	10	
	Career Technical Education	0	0	0	0	4	4	4	2	2	2	
	Office of the Superintendent	3	2.5	3	3	3	3	4	4	4	4	
	Office of the Principal	63	63.5	65.5	67	72	73	73	73	87	94	
	Fiscal Services	5	5	5	5	5	5	0	0	3	3	
	Operation and Maintenance of Plant	79	83	94	95	98	99.5	100.5	101.5	111	117	
	Board of Education	0	0	0	0	0	0	0	0.5	7.0	7.0	
	Transportation	1	1	1	1	2	2	2	2	2	2	
	Student Management and Technology	5	5	5	5	5	4.5	5.5	7.5	7.5	7.5	
	Food Service	58	51	51	60	60	58	58	58	110	104	
	Blount County Extended School	9	9	9	11	12	12	13	14	67	70	
	Subtotal		1196	1037.8	1058.1	1109.4	1125.5	1144.5	1155.5	1179.5	1506.5	1,572
	<b>GRAND TOTAL</b>		<b>1,690</b>	<b>1,534.3</b>	<b>1,561.6</b>	<b>1,655.4</b>	<b>1,673.5</b>	<b>1,709.5</b>	<b>1,746.5</b>	<b>1,768.5</b>	<b>2,100.5</b>	<b>2,181.5</b>

Source: Information provided by Blount County Payroll Department

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
<b>Property Assessor:</b>										
Taxable/Non-taxable properties maintained	55,873	59,185	59,185	60,616	61,482	62,491	63,548	64,602	65,309	65,953
Personal properties maintained	470	4,000	4,000	4,000	4,664	4,688	4,985	5,282	5,677	5,254
Parcels reviewed for reappraisal	11,531	58,453	58,453	16,972	14,997	21,463	63,548	21,012	28,983	13,512
Real property	11,531	58,453	58,453	59,126	59,986	60,990	62,044	63,098	64,861	64,492
<b>Trustee:</b>										
Delinquent taxes	N/A	\$ 192,113	\$ 326,439	\$ 249,561	\$ 296,593	\$ 212,301	\$ 175,466	\$ 214,620	\$ 334,337	\$ 399,615
Commissions earned	\$ 1,146,229	\$ 1,192,907	\$ 1,486,142	\$ 1,287,681	\$ 1,315,657	\$ 1,486,142	\$ 1,536,815	\$ 1,726,786	\$ 1,822,745	\$ 1,816,003
Interest earned on investments	\$ 1,588,072	\$ 2,191,785	\$ 1,347,805	\$ 663,869	\$ 482,860	\$ 758,424	\$ 1,436,537	\$ 1,955,463	\$ 1,678,910	\$ 1,011,557
<b>County Clerk:</b>										
New business licenses issued	864	833	895	882	960	961	963	965	969	967
Marriage licenses issued	1,552	1,350	1,381	1,255	1,160	976	961	960	930	940
Estates filed for probate	590	570	578	612	532	533	509	500	500	556
<b>Building Commissioner:</b>										
Building permits	N/A	933	1,187	1,139	1,235	1,115	1,390	1,565	815	571
<b>Circuit Court Clerk:</b>										
Criminal cases filed*	1,290	1,411	1,461	1,032	870	1,001	1,050	1,100	1,238	1,291
Civil cases filed	565	1,903	1,871	642	808	1,022	1,070	1,125	646	655
<b>General Sessions Court:</b>										
State cases filed*	11,360	10,318	10,395	10,020	7,561	8,864	9,310	9,775	18,078	16,287
Civil cases filed	3,562	3,996	3,935	4,920	5,614	5,624	5,905	6,200	7,240	7,433
Traffic division	N/A	N/A	N/A	1,023	8,117	9,715	8,120	8,550	8,937	7,451
<b>Sheriff's Office:</b>										
Civil papers received	21,996	23,106	17,497	17,350	17,836	18,500	18,951	18,951	18,536	19,352
Complaints answered	29,135	32,828	32,116	46,273	34,608	65,163	65,163	65,163	67,761	66,772
DARE programs conducted	659	619	504	495	383	335	118	118	-	-
DUI arrests	248	161	188	250	215	228	228	228	144	154
Speeding tickets issued	373	257	249	531	490	1,437	1,437	1,437	9,092	4,617
Average inmates housed a day	205	298	298	328	325	352	358	364	425	445
Cost per day to house inmate	\$ 41,000	\$ 45,000	\$ 45,000	\$ 47,600	\$ 44,770	\$ 53,910	\$ 54,000	\$ 54,000	\$ 40,560	\$ 39,010
Correctional officers certified by State	59	59	60	65	63	65	70	70	63	72
<b>Rabies and Animal Control:</b>										
Animal control complaints	2,994	2,997	3,610	1,179	3,518	3,674	1,469	3,085	2,356	N/A
Animals adopted**	285	263	255	192	354	433	255	535	N/A	N/A
Animals euthanized**	2,272	2,277	2,062	689	1,803	1,662	901	1,892	N/A	N/A
Animals picked up**	N/A	555	N/A							
<b>Parks and Recreation:</b>										
Youth basketball participants	450	375	475	450	508	545	550	575	475	585
Youth soccer participants	485	905	1,045	1,100	1,132	1,150	1,200	1,200	1,350	1,345
Adult softball teams	205	201	181	182	185	183	185	180	166	135
Adult basketball teams	37	39	35	36	33	33	34	35	25	16
Adult volleyball teams	33	33	N/A	36	36	36	34	36	42	38
Senior center membership	N/A	N/A	N/A	450	450	500	500	550	416	500
<b>Highway Department:</b>										
Miles of road maintained	1,079	1,085	1,081	1,079	1,085	1,258	1,261	1,261	1,261	850
Bridges maintained	120	120	120	120	120	120	120	120	120	120
Miles of rights-of-way mowed	2,158	2,170	2,162	2,158	2,170	2,516	2,522	2,522	2,522	1,700
<b>Schools:</b>										
Enrollment	11,297	11,410	10,962	10,978	11,137	11,308	11,379	11,479	11,636	1,666
Pupils transported by bus	7,558	8,042	6,166	6,200	6,500	8,438	8,500	8,500	8,485	8,293

\* 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  
 Source: Information provided by Department Heads and Officials of Blount County

Table 21

**Blount County, Tennessee**  
**General Government and Discretely Presented**  
**Blount County School Department**  
**Capital Asset Statistics by Function**  
**Last Seven Fiscal Years**

<u>Function</u>	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>							
Blount County Courthouse	1	1	1	1	1	1	1
County Buildings							
Pickup Trucks	2	2	2	2	3	3	3
Property Assessor							
Cars	3	3	3	3	3	3	3
Sport Utility Vehicles	1	2	2	2	2	2	3
County Clerk							
Cars	1	1	1	1	1	1	1
Veterans Department							
Cars	1	1	1	1	0	1	1
County Mayor							
Sport Utility Vehicles	1	1	1	0	0	0	1
Planning							
Cars	0	0	0	0	0	1	1
Codes Compliance							
Cars	0	0	0	0	0	2	3
Sport Utility Vehicles	0	0	0	0	0	0	1
Risk Management							
Cars	0	0	0	0	1	0	0
Trucks	0	0	0	0	1	1	1
Sport Utility Vehicles	0	0	0	0	0	1	1
Surplus							
Cars	0	0	0	0	0	0	0
Trucks	0	0	0	0	0	0	0
Sport Utility Vehicles	0	0	0	0	0	3	0
<b>Administration of Justice</b>							
Circuit Court							
Cars	0	1	1	1	0	0	0
Sport Utility Vehicles	0	0	0	0	1	1	1
<b>Public Safety</b>							
Sheriffs Department Building	1	1	1	1	1	1	1
Patrol Cars	143	165	177	189	177	175	196
Sport Utility Vehicles	22	27	32	39	36	33	36
Trucks	5	8	8	9	8	10	12
Vans	3	4	4	5	6	6	7
Mobile Command Unit	0	0	1	1	1	2	2
ATV	1	1	1	2	3	3	3
Boat	3	3	3	3	3	3	3
Motorcycles	0	0	4	10	6	6	6
Miscellaneous Vehicle Equipment	0	0	0	0	3	3	3
Metro Narcotics Department Building	1	1	1	1	1	1	1
Cars	4	4	4	6	4	4	4
Trucks	2	2	2	5	6	5	4
Sport Utility Vehicles	0	0	0	0	0	3	4
Emergency Management							
Cars	0	0	0	0	0	1	1
Fire Truck	0	0	0	0	0	1	1
Utility Vehicles	0	0	2	2	2	3	4

(Continued)

Table 21

**Blount County, Tennessee**  
**General Government and Discretely Presented**  
**Blount County School Department**  
**Capital Asset Statistics by Function**  
**Last Seven Fiscal Years (cont.)**

<b><u>Function</u></b>	<b>Fiscal Year</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Public Health and Welfare</b>							
Blount County Health Department	1	1	1	1	1	1	1
Environmental, Building Codes, and Engineering Building	1	1	1	1	1	1	1
Engineering Vehicles							
Trucks							1
Sports Utility	0	1	1	1	1	1	1
Overlook Mental Health Bldg	1	1	1	1	1	1	1
<b>Social, Cultural, and Recreational Services</b>							
Parks and Recreational Office Building	1	1	1	1	1	1	1
Senior Center Building	1	1	1	1	1	1	1
Everett Gym Building	1	1	1	1	1	1	1
Public Library ( New )	1	1	1	1	1	1	1
Animal Control Truck	0	0	0	0	1	1	2
<b>Other General Government</b>							
Thompson Brown House	1	1	1	1	1	1	1
Townsend Visitors Center	1	1	1	1	1	1	1
Lincoln Extension Pavilion	1	1	1	1	1	1	1
<b>Highway Department</b>							
Highway Department Office	1	1	1	1	1	1	1
Salt Storage Building	1	1	1	1	1	1	1
Bridges	61	61	62	62	62	62	62
Roads	355	371	395	413	424	451	467
Cars	5	5	5	5	2	2	2
Trucks	24	24	24	24	28	27	26
Sport Utility Vehicles	7	7	7	7	5	10	10
Heavy Equipment	58	59	59	59	50	53	53
Trailers	0	0	0	0	4	4	4
Vans	0	0	0	0	2	2	2
<b><u>Function</u></b>							
<b>Component Unit</b>							
<b>Blount County School Department</b>							
Central Office	1	1	1	1	1	1	1
Elementary Schools	11	11	11	12	12	12	13
Middle Schools	4	4	4	4	4	4	5
High Schools	2	2	2	2	2	2	2
Vocation Buildings	2	2	2	2	2	2	2
Buses	3	3	6	6	6	6	5
Cars	6	6	6	6	6	5	6
Vans	7	7	7	7	7	7	7
Trucks	15	15	15	16	17	17	17
Utility Vehicle	3	3	3	4	3	3	3
Storage Building	1	1	1	1	1	1	1
Maintenance Building	1	1	1	1	1	1	1

Sources: Primary Governments and Discretely Presented Blount County School Department's capital asset records.

The information for this table is only available for seven years.

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## **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 37243-1402  
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

December 4, 2009

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, 2009, which collectively comprise Blount County's basic financial statements and have issued our report thereon dated December 4, 2009. 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 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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 09.01.

We noted certain matters that we reported to management of Blount County in separate communications.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, director of accounts and budgets, County Commission, Board of Education, others within Blount County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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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 37243-1402  
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 4, 2009

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, 2009. 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, 2009.

#### 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.

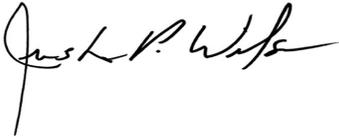
#### Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated December 4, 2009. 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, director of accounts and budgets, 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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Blount County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2009

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	\$ 644,988
National School Lunch Program	10.555	N/A	1,885,727 (7)
Fresh Fruit and Vegetable Program	10.582	N/A	20,274
Summer Food Service Program for Children	10.559	N/A	19,314
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	241,600 (7)
Total U.S. Department of Agriculture			\$ 2,811,903
Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 227,877
Total Department of the Interior			\$ 227,877
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	(2)	\$ 83,432
Total U.S. Department of Justice			\$ 83,432
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 455,140
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(3)	153,300
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-08-023685-00	37,973
Alcohol Open Container Requirements	20.607	(4)	41,338
Total U.S. Department of Transportation			\$ 687,751
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,201,308
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,663,067
Special Education - Preschool Grants	84.173	N/A	115,337
Career and Technical Education - Basic Grants to States	84.048	N/A	199,771
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	41,650
Education Technology State Grants	84.318	(2)	14,224
English Language Acquisition Grants	84.365	(2)	16,160
Improving Teacher Quality State Grants	84.367	N/A	444,378
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	155,519
Total U.S. Department of Education			\$ 5,851,414
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-09-217232-00	\$ 18,900
Total U.S. Election Assistance Commission			\$ 18,900

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 27,469
Emergency Management Performance Grants	97.042	(5)	60,000
Homeland Security Grant Program	97.067	(6)	<u>17,246</u>
Total U.S. Department of Homeland Security			<u>\$ 104,715</u>
Total Expenditures of Federal Awards			<u>\$ 9,785,992</u>

<u>State Grants</u>	N/A	Contract Number	Expenditures
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)	52,449
State Reappraisal - Comptroller of the Treasury	N/A	(2)	39,918
Health Department Program - State Department of Health	N/A	(7)	626,192
Child Care Assistance Program - State Department of Human Services	N/A	(2)	121,465
Adult Basic Education - State Department of Education	N/A	(2)	85,001
Family Resource Center Grant - State Department of Education	N/A	(2)	33,142
Coordinated School Health Program	N/A	(2)	128,744
Safe Schools Act Grant - State Department of Education	N/A	(2)	70,920
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	58,435
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	420,726
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	<u>117,424</u>
Total State Grants			<u>\$ 1,801,416</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-08-023663-00: \$3,826; Z-08-023685-00: \$37,973; Z-08-023826-00: \$71,333; Z-09-214267-00: \$1,846; Z-09-214268-00: \$8,516; Z-09-214269-00: \$29,806.
- (4) Z-08-023663-00: \$3,826; Z-08-023826-00: \$35,666; Z-09-214267-00: \$1,846.
- (5) GG-08-26004-00: \$25,000; 34101-0000000570: \$35,000.
- (6) GG-07-20682-01: \$11,731; GG-08-24123-00: \$5,515.
- (7) Total for CFDA No. 10.555 is \$2,127,327.

Blount County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2009

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, 2008, which have not been corrected.

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**BLOUNT COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2009**

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**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 no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Title I Grants to Local Educational Agencies (CFDA No. 84.010), Improving Teacher Quality State Grants (CFDA No. 84.367), and Highway Planning and Construction (CFDA No. 20.205) 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 did not qualify as a low-risk auditee.

**PART II, FINDING RELATING TO THE FINANCIAL STATEMENTS**

A finding, as a result of our examination, is presented below. Reference is made to a monitoring report issued by the Tennessee Department of Transportation dated August 27, 2009, for details regarding this finding.

**OTHER FINDING**

**FINDING 09.01      PRELIMINARY FINDINGS AND QUESTIONED COSTS FROM A MONITORING REPORT**  
 (Noncompliance Under Government Auditing Standards)

On August 27, 2009, the Tennessee Department of Transportation (TDOT) issued a monitoring report on certain contracts and questioned costs totaling \$888,738. However, Blount County responded that they disagreed with each of the five findings and questioned costs and therefore did not believe that any corrective action was necessary. TDOT subsequently reviewed the county’s responses, reduced the amount of questioned costs to \$857,869, and has requested clarification from the Federal Highway Administration (FHWA) on TDOT’s analysis of Finding No. 1. If the FHWA provides guidance that would negate Finding No. 1, then TDOT would revise its questioned costs accordingly. A summary of TDOT’s five findings and questioned costs is presented below:

<u>Finding Number</u>	<u>Grant Number</u>	<u>Description of Questioned Costs (CFDA No. 20.205)</u>	<u>Questioned Costs</u>
1	060006	Purchase of 3.24 acres questioned due to lack of independence	\$ 774,498
2	060006	Unacceptable match cost for subject grant	0
3	2001598	Purchase of construction services questioned due to lack of independence	32,058
4	2001598	Purchase of materials questioned due to failure to follow bidding/contract stipulations	22,999
5	2001661	Unacceptable match cost for subject grant	<u>28,314</u>
Total Questioned Costs			<u>\$ 857,869</u>

TDOT has advised us that the outcome of the monitoring is still pending as of the date of this report; therefore, we have not reported these preliminary monitoring findings and questioned costs in this report. Once a final determination has been made, we will report any findings and questioned costs, if any, in a subsequent report.

**PART III, FINDINGS AND QUESTIONED  
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

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**BLOUNT COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2009**

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

**Director of Schools – Summary Schedule of Prior-year's Findings**

**FINDINGS 08.01 and 08.02**

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. Also, the fiscal year 2007-2008 state special education expenditure report was revised and submitted to the state. The county received confirmation in November 2008 that all corrective action steps have been completed and the county is in compliance.