

BLOUNT COUNTY, TENNESSEE

CUSIP 095167

Continuing Disclosure Document

For Fiscal Year - Ending
June 30, 2011

The purpose of this document is to fulfill the continuing disclosure requirements of the Securities and Exchange Commission, Securities Act of 1934, Rule 15c2-12 (b) (5).

Dated: April 4, 2012

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTION

PURPOSE

This document is being published by Blount County, Tennessee (the “County”) in compliance with the continuing disclosure requirements of the Securities and Exchange Commission Rule 15c2-12, which governs primary and secondary market disclosure as it applies to municipal bond issuers.

INTENT

The intent of this Continuing Disclosure Document (the “Document”) is to provide relevant information to investors regarding changes or events that could affect the value of municipal securities. Under this ruling, municipal issuers must provide annual financial information and continuing notification of important developments that may affect the value of their municipal securities.

DISTRIBUTION

The County, in compliance with SEC Rule 15c2-12, is submitting this Document and a copy of its Comprehensive Annual Financial Report for fiscal year ending June 30, 2011, to the Electronic Municipal Market Access (EMMA) website for the Municipal Securities Rulemaking Board (MSRB) on www.emma.msrb.org.

MATERIAL EVENT NOTICES

Listed below are eleven events that may trigger prompt notification rules if they are deemed to be of material importance to investors.

- * Delinquencies on interest and principal payments
- * Defaults unrelated to nonpayments
- * Unexpected use of reserves due to financial problems
- * Unscheduled draws on credit enhancements due to financial problems
- * Change in banks or other providers of credit, or their failure to provide funds
- * Adverse tax opinions or other events that affect the tax-exempt status of a bond
- * Changes in the rights of a bond investor
- * Bond calls
- * Defeasance (where bonds are prepaid and the indenture is declared null and void)
- * Release, substitution or sale of property securing debt service
- * Changes in a bond’s credit rating
- * Tender Offers
- * Bankruptcy, insolvency, receivership or similar proceedings by issuer
- * Consummation of a merger, consolidation or acquisition involving issuer
- * Appointment of a successor or change to trustees

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GENERAL INFORMATION

LOCATION

Blount County (the “County”) is located in the eastern portion of the State of Tennessee. The County is bordered to the east by Sevier County, to the north by Knox County and to the west by Loudon County. The southern border is Monroe County and the State of North Carolina. Maryville, the county seat and the largest city, is approximately 15 miles south of Knoxville, Tennessee. Other incorporated towns within the County are Alcoa, Rockford, Friendsville and Townsend. Vonore is an unincorporated town that lies in both Blount County and Monroe County.

The County is in the extreme eastern portion of Tennessee. Bordering the Great Smoky Mountains National Park, the immediate surrounding terrain is hilly and mountainous while much of the county is covered with rolling farmlands. The County is situated near the geographic center of the eastern United States with approximately 50 percent of the U.S. population within a 500-mile radius. The County benefits from being a gateway to the Great Smoky Mountains National Park. The scenic and recreational attractions of the park attract an ever increasing number of tourists to the County yearly.

The County is also situated at the southern boundary of the Oak Ridge Technology Corridor, a nationally recognized high-technology research and development center. Additionally, Maryville is located about four miles from the Pellissippi Parkway extension, which makes residents within a 10 to 20 minute drive to the West Knoxville - Oak Ridge area.

GENERAL

The County covers 559 square miles (52.4% of which is devoted to agriculture) in the extreme eastern portion of Tennessee. The County lies in an agriculturally rich section of the State. Major crops include tobacco, strawberries, crimson clover, sheep, cattle, dairy and truck farming.

The County is part of the Knoxville Metropolitan Statistical Area (the “MSA”) that had a population of 693,826 according to the 2010 US Census. The MSA includes Knox (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Loudon (Loudon), and Union (Maynardville) Counties.

The County is also part of the Knoxville-Sevierville-Harriman-LaFollette Combined Statistical Area (the “CSA”). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. The County has a Census 2010 population of approximately 123,010. The population of Maryville as counted in the 2010 Census was 27,465.

GOVERNMENT

Blount County is governed by a County Commission/County Mayor form of government in which 21 County Commissioners make laws governs Blount County. All Commissioners are elected by district and serve four-year terms; the terms are not staggered. The County Mayor is the Chief Administrative Officer of Blount County. Offices are located in the Blount County Courthouse in Maryville.

TRANSPORTATION

The area has excellent transportation facilities by rail, air, river and highway. Both the Norfolk Southern and CSX Railroads have terminals and stops in the County, with lines radiating in nine directions. The Pellissippi Highway (I-140) provides a direct link to I-40 and I-75 in Knox County. Major highways serving the County include U.S. Highway 44, 129, 321, 411 and 441 as well as State Routes 33, 75 and 95.

McGhee Tyson Airport. The McGhee Tyson Airport is the principal commercial airport in East Tennessee, serving the commercial airline industry, air cargo, military aviation and general aviation. With parallel 9,000 feet runways, McGhee Tyson Airport can accommodate any size aircraft. The Airport is located within the city limits of Alcoa 12 miles south of downtown Knoxville. The airport occupies more than 2,000 acres of land with space for additional air cargo facilities or economic development. This facility is owned and managed by the Metropolitan Knoxville Airport Authority. About 2,700 people work at the airport.

According to a 2012 study by the University of Tennessee's Center for Transportation Research, the airport contributes over \$616 million to the local economy (including Anderson, Blount, Knox, Loudon and Sevier Counties) every year. The report examined the employment, business and tax impacts of the airport, including the Downtown Island Airport.

The Metropolitan Knoxville Airport Authority (MKAA) was established in 1978 as an independent nonprofit agency to own and operate McGhee Tyson Airport and Downtown Island Airport. The Authority's nine-member Board of Commissioners is appointed by the Mayor of Knoxville and confirmed by City Council. This board determines the policies for the current Airport Authority staff of 150 employees in six departments. The board appoints a President who serves as the chief administrator and executive officer. All of the revenues are generated by user fees and rental income so no taxpayer dollars are used to support airport operations.

Five air cargo services provide daily service. In addition, six passenger airlines carry air cargo on most flights. More than 92,000,000 pounds of airfreight annually pass through its cargo facilities. Federal Express, United Parcel Service and DHL are the main carriers.

McGhee Tyson Airport has several major airlines serving 21 non-stop destinations including Atlanta, Dallas/Ft. Worth, Orlando, Miami, Myrtle Beach, New York, Chicago, Denver and Washington D.C. With more than 120 arrivals and departures each day and more than 4,000 seats available, McGhee Tyson Airport is one of the most convenient and accessible regional airports in the nation.

The airport is served by several low fare carriers: Allegiant Air, AirTran Airways, and Frontier Airlines. Allegiant Travel Company is focused on linking travelers in small cities to world-class leisure destinations such as Las Vegas, NV, Myrtle Beach, NC, Orlando, Fla., Ft. Lauderdale, Fla., Sarasota/Fort Meyers, Fla. and Tampa/St. Petersburg, Fla. Through its subsidiary, Allegiant Air, the Company operates a low-cost, high-efficiency, all-jet passenger airline offering air travel both on a stand-alone basis and bundled with hotel rooms, rental cars and other travel related services. AirTran Airways returned to the airport after a nine-year absence to offer new low air fares. Flights began in summer of 2009, but it was announced that in the summer of 2012 the company would leave Knoxville again. Vision Airlines is a Suwannee, Georgia based airline that started flights in early 2011 to beach communities in Northwest Florida. However a few months later in August of 2011 those flights were suspended until the economy improves. Frontier Airlines started flight in the summer of 2011 from Knoxville to its hub in Denver, Colorado and to Provo, Utah and Sioux Falls, South Dakota.

McGhee Tyson is served by major and regional carriers including:

Major Airlines:

Regional Carriers:

Allegiant Air	AirTran Airways	American Eagle	United Express
Delta Airlines	Frontier Airlines	USAirways Express	

Source: Metropolitan Knoxville Airport Authority.

These airlines connect passengers with service to several hub airports across the nation on more than 120 flights daily.

McGhee Tyson Airport

<u>Total Year</u>	<u>Commercial Passengers</u>	<u>Total Air Cargo in Pounds</u>
2002	1,431,979	79,667,146
2003	1,428,061	76,826,235
2004	1,607,077	78,691,534
2005	1,846,794	84,346,541
2006	1,674,877	92,219,596
2007	1,821,581	100,286,989
2008	1,742,579	97,366,366
2009	1,680,716	82,304,377
2010	1,688,882	93,393,658
2011	1,774,252	92,390,849

Source: Metropolitan Knoxville Airport Authority.

McGhee Tyson Airport has undergone many improvements in the past few years:
 2000 Passenger terminal building renovation and expansion \$72 million
 2002 Northwest Airlines maintenance facility \$8.5 million
 2008 West Aviation Area \$50.7 million
 2008 Airport Rescue and Fire Fighting Facility \$11.3 million
 2009 New Food Court in Terminal \$615,000

Source: Metropolitan Knoxville Airport Authority.

TACAir is McGhee Tyson Airport's general aviation services provider. In addition to providing fuel and services to commercial carriers, they also accommodate the general aviation industry, which includes corporate aviation, charter flights, flight schools and people who fly as a hobby.

The Tennessee Air National Guard's 134th Air Refueling Group operates 10 aircraft at McGhee Tyson Airport. The Guard's KC-135E tankers provide refueling to the country's military aircraft. In addition, the Army Aviation Support Facility, the 110th and 119th Tactical Control Squadrons and the 228th Combat Communications Squadron operate on the base.

The direct and indirect economic impact of McGhee Tyson Airport, including payroll, local spending, transportation cost savings, capital spending and induced benefits is estimated at \$1 billion annually. The jobs formed by the aviation industry are perhaps the most important direct benefit that McGhee Tyson Airport offers East Tennessee. Approximately 2,700 people are now employed at McGhee Tyson Airport.

Downtown Island Home Airport. Knoxville's Downtown Island Home Airport, located five minutes from downtown, serves as another home base for smaller and privately owned airplanes. The Island Home Airport is a 150 acre general aviation facility with a 3,500 foot runway. It is home to more than 100 private and corporate aircraft, with 24 hour a day service available. Construction of three additional private aircraft hangars was completed in 2008. Future projects include a taxiway for new T-Hangars, secondary containment for the fuel depot and mobile fueling equipment and a planning study for future development. These projects are to be funded with a combination of federal grant funds, state grant funds and Airport Authority revenues.

Waterways. Fifteen miles away is the head of the Tennessee River navigation channel in Knoxville. This river is part of the Interconnected Inland Water System that links Knoxville with 21 states, the Mississippi River and the Great Lakes. Linkages may be made to the entire inland waterway system, allowing shipments to be made by water to Houston, Tampa, Pittsburgh, Minneapolis and Little Rock.

Six active river terminals handle barge shipments throughout the area. The Tennessee-Tombigbee Waterway links East Tennessee with 13 other states and the Gulf of Mexico. This 234-mile canal connects 16,000 miles of waterways throughout Tennessee, Mississippi and Alabama leading to the Port of Mobile and the Gulf of Mexico. This Waterway shortens the shipping between Tennessee and the Gulf of Mexico by 882 miles and enables East Tennessee products to arrive at their Gulf destination from eight to nine days earlier. The development of the Tennessee-Tombigbee Waterway has been a catalyst for the development of industry and agriculture throughout the area. Barge shipping has always been a popular alternative to rail in East Tennessee because of the existence of the Inland Water System.

Nearby Knoxville also has a Foreign Trade Zone, is an inland Port of Entry with a U.S. Customs Office. In 1988, Knoxville was given its Foreign Trade Zone designation by the U.S. Department of Commerce. This designation allows manufacturers to ship foreign raw materials and components to parts of Knoxville and store them duty free in Knoxville until used. In May 1991, the Foreign Trade Zone was activated.

EDUCATION

The *Blount County School System* is made up of 21 public schools: fourteen elementary schools, four middle schools, two senior high schools and one alternative education school. Fall 2011 enrollment for Blount County schools is about 10,761 with around 712 teachers total. The District's size is about 584 square miles.

The County is also home to 2 city school systems: Alcoa City schools and Maryville City schools. *Alcoa City Schools District* is made up of about 9 square miles with three schools: one elementary, one middle school and one high school with 110 teachers. The fall 2011 enrollment was about 1,688 students. *Maryville City Schools District* is made up of about 16.2 square miles with seven schools: four elementary, one intermediate, one middle school and one high school with 318 teachers. The fall 2011 enrollment was about 4,897 students.

Source: Tennessee Department of Education and the City.

Also, there are three private schools that serve the area: Foothills Christian Academy, New Horizon Montessori School, and Maryville Christian School.

The County has many opportunities for higher education. In addition to the following schools, the University of Tennessee Knoxville is located in nearby Knox County. It is the largest campus in the UT system.

Maryville College. The private, four-year, liberal arts college, located in Maryville, was founded in 1819 and is one of the fifty oldest institutions of higher learning in the United States. The college is co-educational and grants the degrees of Bachelor of Arts and Bachelor of Music with fifty diverse fields of study. Fall 2011 enrollment is over 1,100 students, and the college is situated on a 375 acre campus. A dual degree program in engineering is offered in conjunction with both Georgia Institute of Technology and the University of Tennessee at Knoxville. A \$47 million new Civic Arts Center was completed in 2010.

Source: Maryville College.

Pellissippi State Technical Community College Blount County Center. The Blount County Center satellite campus has been housed at the former Bungalow Elementary School building since 1991. While that location served the needs of the college for many years, the institution has outgrown the aging facility. Currently, more than 700 students attend classes at the Blount County Center. Yet roughly 1,300 Pellissippi State students list the County as their residence. A new, expanded 39.5-acre facility will allow more students to attend classes nearer to where they live. Construction began in early 2009 and offered classes for the first time in the fall of 2010 to an estimated 1,200 new students. The new campus is projected to cost more than \$22 million.

Since its founding in 1974 as State Technical Institute at Knoxville, Pellissippi State Technical Community College has expanded the teaching of technology, the use of technology in instruction, and the transfer of technology to local business and industry in support of regional economic development. Fall 2009 enrollment was listed as 10,297. The College continues to support and develop career/technical associate's degrees and institutional certificates, university parallel associate's degree programs, and continuing education opportunities for the citizens of Knox, Blount, and surrounding counties. Pellissippi State Technical Community College

(PSTCC) has been named one of the 200 fastest-growing community colleges in the nation, according to Community College Week.

Several campuses make up the College. The main campus is the Pellissippi Campus in west Knoxville. The Division Street Campus and the newer Magnolia Avenue Campus, which opened in 2000, are also in Knoxville. Finally, the Blount County Center has been located in Alcoa since 1985, and a new \$22 million campus in Maryville was completed in the fall of 2010.

Source: Pellissippi State Technical Community College and the City.

The Tennessee Technology Center at Knoxville. The Tennessee Technology Center at Knoxville is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Knoxville serves the central east region of the state including Knox and Blount Counties. The Technology Center at Knoxville began operations in 1966, and the main campus is located in Knox County. Fall 2009 enrollment was 1,650 students.

Source: Tennessee Technology Center at Knoxville and the City.

HOSPITALS

Blount Memorial Hospital. Blount Memorial is an acute care, short-term hospital located in the Maryville. The Hospital Facility consists of approximately 715,925 square feet and a licensed capacity of 304 beds and 176 physicians. The hospital employs about 2,256 people and had 12,353 admissions in 2009. The hospital facility is operated by Blount Memorial Hospital Incorporated (the "BMH, Inc."), a governmental non-profit corporation formed by the County pursuant to Tennessee law. The Hospital is governed by a board of directors appointed by the County, the Cities of Alcoa and Maryville, and Maryville College. The Hospital's property is owned either by the County or by BMH, Inc. There are several Special Care Units at Blount Memorial Hospital: ICU, CCU, same day surgery, medical/surgical patient care, Mountain View Recovery Center, emotional health center, family birthing center, and KidCare. The hospital's Emergency Room is open 24 hours and is equipped with 17 treatment rooms.

University of Tennessee Medical Center. Located in nearby Knoxville near the Blount County line, the *UT Medical Center* in Knoxville is an acute care teaching hospital with 581 beds and about 479 doctors. The hospital employs about 3,802 people and had 25,049 admissions for 2009. Designated as the region's Level I adult and pediatric Trauma Center by the state of Tennessee, the Medical Center provides the highest level of programs and emergency services. Critically ill patients are transported to the Medical Center via one of LIFESTAR'S two helicopters.

Special care units such as cardiac care, open heart, medical intensive care, neuro-respiratory, and trauma surgical intensive care are available for patients who require maximum medical attention. A Level IV Intensive Care Nursery, a Pediatric Intensive Care Unit, a newborn nursery and many other programs comprising Children's Health Services enable the hospital to provide the region's most comprehensive medical services for infants and children. University Hospital also serves as the Regional Perinatal Center. The new Heart Hospital was

opened in 2010. See “RECENT DEVELOPMENTS” for new construction on the facility.

Source: University Health Center and Knoxville News Sentinel.

MANUFACTURING AND COMMERCE

The economic base for Blount County includes a diversified group of industrial and service companies. The County has nine industrial parks within its boundaries with less than 400 acres remaining for development. Big Springs has 100 acres available in Maryville. Partnership Park North has 220 acres available about 8 miles from McGhee Tyson Airport in Alcoa. Partnership Park South has 210 acres in Maryville. Stock Creek Development Centre is a 24-acre site 5 miles from downtown Knoxville in Rockford.

The County is aligned with many strategic partners that assist growth and attract many advanced technology and R&D based companies. They are the Oak Ridge National Laboratory, the University of Tennessee, the Technology 2020 project, Tennessee Valley Authority and the National Safe Skies Alliance.

The *Oak Ridge National Laboratory* (the “ORNL”) based in nearby Roane County, is a multiprogram science and technology laboratory managed for the U.S. Department of Energy by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL also performs other work for the Department of Energy, including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations. The laboratory is a program of DOE's Oak Ridge Field Office.

The *University of Tennessee's* flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute).

The *Technology 2020* project was initiated in 1993 to capitalize on the unique resources of the East Tennessee region: the presence of the ORNL, the University of Tennessee-Knoxville, the headquarters of the Tennessee Valley Authority, and a significant number of both large and small technology companies in the region. A \$4.5 million investment has been made by DOE, South Central Bell, the Tennessee Public Service Commission and Lockheed-Martin to set up a regional telecommunications laboratory. This economic development resource center is located in Oak Ridge's Commerce Park. An 18,000 square foot facility has been constructed on the 5.2 acre site. The facility will be used for testing and demonstrating new communications technologies and applications. It will offer video conferencing, training and multi-media presentation capabilities and a new business incubator for emerging companies. The facility is expected to be particularly important to rural communities that might not otherwise have access to advanced communications resources.

The *Tennessee Valley Authority* (the “TVA”) provides support, technology, expertise, and financial resources to existing businesses and industries in the Valley to help them grow and be more efficient and profitable. These resources include technical assistance, low-interest loans, and other tools needed by businesses for successful operation.

National Safe Skies Alliance is a non-profit consortium dedicated to advancing aviation security by conducting independent testing and evaluation of anti-terrorism technologies in airports nationwide. Safe Skies' membership is comprised of airports, airlines, national laboratories, universities, and the security industry, working in partnership with the Department of Homeland Security - Transportation Security Administration, to protect the traveling public. Safe Skies' staff of security specialists, test engineers and statisticians are experts in the evaluation of security systems for the Passenger Checkpoint, Checked Baggage and Air Cargo, Access Control and the Airport Perimeter.

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Major Employers in Blount County, Tennessee

<u>Company</u>	<u>Product/Service</u>	<u>Employment</u>
Denso ²	Automotive Parts	2,700
Clayton Homes	Mobile Homes	2,542
Blount County Government	Government	2,279
Blount Memorial Hospital	Healthcare	2,256
Blount County Schools	Education	1,500
Ruby Tuesday Inc. ³	Restaurants	1,242
ALCOA ¹	Aluminum Ingot, Coiled Steel	1,218
Maryville City Schools	Education	658
Wal-Mart	Retail Store	603
Marriott Business Services	Hotel Customer Service	600
APAC-TENN Inc. Harrison		525
IJ Company	Wholesale Food Distribution	483
Newell Rubbermaid	Rubbermaid Plastic Products	350
City of Maryville	Government	336
Rockford Manufacturing	Yarn & Cordage	300
McGhee Tyson Air National Guard	Airbase	300
City of Alcoa	Government	284
First Tennessee Bank	Bank	282
Standard Aero Alliance Inc.	Aircraft Engines and Parts	270
U.S. Foodservice	Food Distribution	244
Alcoa City Schools	Education	227
Cornerstone of Recovery Inc.	Healthcare	197
Massey Electric Co.	Electrical Contracting	163
Skier's Choice	Ski Boats	135

¹ Headquarters are based in Blount County, but employment includes some employees working in Knox County.

² Headquarters based in Blount County, but employment excludes 1,050 employees in the McMinn County Plant.

³ Total employment for the Knoxville MSA is 1,301.

Source: Department of Economic & Community Development, Comprehensive Annual Financial Report, Blount County Chamber of Commerce, Blount County Audit, Alcoa Audit, Maryville Audit and Knoxville News Sentinel - 2011.

EMPLOYMENT INFORMATION

For the month of February 2012, the unemployment rate for Maryville stood at 7.4% with 12,510 persons employed out of a labor force of 13,510. As of February 2012, the unemployment rate for Blount County stood at 7.6% with 60,640 persons employed out of a labor force of 65,650.

The Knoxville MSA's unemployment for February 2012 was at 6.6% with 348,070 persons employed out of a labor force of 372,750. As of February 2012, the unemployment rate in the Knoxville-Sevierville-Harriman-LaFollette CSA stood at 8.0%, representing 501,430 persons employed out of a workforce of 544,880.

	Unemployment				
	Annual Average <u>2007</u>	Annual Average <u>2008</u>	Annual Average <u>2009</u>	Annual Average <u>2010</u>	Annual Average <u>2011</u>
National	4.6%	5.8%	9.3%	9.6%	8.9%
Tennessee	4.7%	6.4%	10.5%	9.7%	9.2%
Maryville	6.5%	10.4%	9.7%	8.5%	7.7%
Index vs. National	141	179	104	89	87
Index vs. State	138	163	92	88	84
Blount County	4.0%	6.0%	9.9%	8.4%	7.7%
Index vs. National	87	103	106	88	87
Index vs. State	85	94	94	87	84
Knoxville MSA	3.7%	5.2%	8.7%	7.9%	7.3%
Index vs. National	80	90	93	82	82
Index vs. State	79	81	83	81	79
Knoxville-Sevierville- Harriman-LaFollette CSA	4.2%	5.8%	9.7%	8.9%	8.3%
Index vs. National	91	100	104	93	93
Index vs. State	89	91	92	92	90

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

ECONOMIC DATA

Per Capita Personal Income

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
National	\$35,424	\$37,698	\$39,461	\$40,674	\$39,635
Tennessee	\$31,302	\$32,881	\$34,237	\$35,119	\$34,277
Blount County	\$28,429	\$29,616	\$30,855	\$30,901	\$30,362
Index vs. National	80	79	78	76	77
Index vs. State	91	90	90	88	89
Knoxville MSA	\$31,334	\$32,953	\$34,172	\$34,862	\$33,912
Index vs. National	88	87	87	86	86
Index vs. State	100	100	100	99	99
Knoxville-Sevierville-Harriman-LaFollette CSA	\$29,481	\$30,902	\$32,124	\$32,889	\$32,222
Index vs. National	83	82	81	81	81
Index vs. State	94	94	94	94	94

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Blount County</u>	<u>Alcoa</u>	<u>Maryville</u>
Median Value Owner Occupied Housing	\$188,400	\$134,100	\$157,200	\$116,600	\$177,300
% High School Graduates or Higher Persons 25 Years Old and Older	85.0%	82.5%	85.5%	85.1%	88.0%
% Persons with Income Below Poverty Level	13.8%	16.5%	11.7%	16.5%	11.5%
Median Household Income	\$51,914	\$43,314	\$47,322	\$42,799	\$49,588

Source: U.S. Census Bureau State & County QuickFacts - 2010.

RECREATION

Appalachian National Scenic Trail (the "AT"). The Appalachian Trail is a 2,175-mile long footpath stretching through 14 eastern states from Maine to Georgia. It can be accessed in Blount County through the Great Smoky Mountain National Park in Townsend. Conceived in 1921 and first completed in 1937, it traverses the wild, scenic, wooded, pastoral, and culturally significant lands of the Appalachian Mountains. The AT is enjoyed by an estimated 4 million people each year.

Source: National Park Service.

Fort Loudoun State Historic Park. Fort Loudoun State Park is located in Vonore (in Monroe County) on TVA's Tellico Reservoir. This 1,200-acre site is the location of one of the earliest British fortifications on the western frontier, built in 1756. Nearby were the principal towns of the Cherokee Nation including Tenase, namesake of the state, and Tuskegee, birthplace of the genius Sequoyah, commemorated by the Cherokee Nation's Museum. Today the fort and the 1794 Tellico Blockhouse overlook the Tellico Reservoir and the Appalachian Mountains. Much of the park's 1,200-acres lie on an island on Tellico Lake. The park has a Visitor Center/Museum that offers information on the area's history and artifacts that were excavated prior to the Fort's reconstruction. The largest event of each year is an 18th Century Trade Faire that showcases many aspects of that century. British soldiers, civilians, ladies and small children come together with traders, French soldiers, Creek and Cherokee Indians.

Source: Tennessee State Parks.

Great Smoky Mountains National Park (the "Park"). The Great Smoky Mountains National Park straddles the border between North Carolina and Tennessee in Blount and Sevier Counties and the southern part of Cocke County. Monroe County is located southwest of the Park. Over 500,000 acres were set aside in 1934 to form the Park. It includes 97 historic and 342 modern structures that are maintained by the Park. The Park is a hiker's paradise with over 800 miles of maintained trails, including the Appalachian Trail. The Smoky Mountains have the most biological diversity of any area in the world's temperate zone. The Park is a sanctuary for a magnificent array of animal and plant life, all of which is protected for future generations to enjoy. Located in the center of the eastern half of the United States, the Park is readily accessible to 70% of the country's population. Each year it draws the largest attendance of any of the National Parks in the United States. Visitors during 2011 reached over 9 million.

In 2008 construction was completed to build a \$4.5 million Twin Creeks Science and Education Center near Gatlinburg. In late 2009 construction began on the \$3 million Oconoluftee Visitor Center near Cherokee, N.C. These are the first new major buildings to be built in the Park since the Sugarlands Visitor Center opened in 1964 at the Gatlinburg entrance.

Source: National Park Service.

RECENT DEVELOPMENTS

ALCOA Inc. ALCOA announced in 2012 that the smelting operation that was idled in 2009 would be permanently closed. In early 2010 ALCOA cut 90 Blount County jobs on top of the 450 jobs cut in 2009 due to an unprecedented drop in aluminum prices. The 450 jobs represented almost a third of some 1,500 ALCOA jobs in Blount County. The layoffs further reduce employment at the Blount County facility that at one time was the largest aluminum manufacturing facility in the world with 12,000 employees. The Pittsburgh-based manufacturer shut down both smelting production lines in Blount County as part of an 18-percent reduction in annual aluminum output.

ALCOA owns and operates three plants located in the City of Alcoa near the McGhee Tyson Airport. These are the company's primary aluminum smelting and fabricating plants in the United States. The plant's primary product is flat, rolled aluminum sheets that are processed into beverage cans, Venetian blinds, lithographic sheets, and automobile trim. The plants have produced in the past about 200 metric tons of aluminum a year. This operation is the largest

aluminum-producing and fabricating complex in the United States.

Clayton Homes. Clayton Homes laid off 90 employees in 2008 from the 1,370 employed at the Maryville headquarters. The layoffs are a result of the decline in the housing market and economy. The company has also closed its Kentucky and Pennsylvania plants in late 2008. The company now has 41 operating plants.

Clayton Homes bought Oakwood Homes out of bankruptcy for \$373 million in 2004. The deal positioned Clayton Homes to become the nation's largest manufactured housing company, according to data from the Manufactured Housing Institute. This deal will give the combined companies manufacturing plants coast to coast.

Denso Tennessee. Denso Manufacturing had reduced its work-force schedule amid a recession-induced decline in automotive business in early 2009, but in August 2009 it had restored employees to a 40-hour work week. The reduction in work hours was an alternative to layoffs.

Denso in 2008 completed a \$185 million expansion at its Maryville plant in the Blount County Industrial Park. The 55-acre addition includes a new state-of-the-art electronics division and added up to 500 additional employees in 2011. The expansion added a 220,000-square-foot wing to the company's existing facility, covering 1.5 million square feet. Already one of the largest employers in the County, DENSO represents an investment exceeding \$1.1 billion in the Blount County Industrial Park. The company's entire campus, also featuring a training center, logistics center and associate fitness center, covers more than 154 acres.

Denso opened in 1988 and makes starters, alternators, instrument clusters and electronics for the automotive industry. The company provides parts for 20 automakers, including Toyota, Honda, Daimler Chrysler, General Motors, Ford and Subaru. Denso's parent company, Denso Corp., is based in Kariya, Japan. It employs over 112,000 in 32 countries and has global sales of \$34.5 billion as of 2008. In America, Denso employs more than 17,000 at 33 companies and has sales of \$6.5 billion as of 2007.

First Tennessee Bank. First Tennessee Bank created about 65 positions in 2010 in Maryville. This will bring some of its technology operations back to in-house. The workers will manage servers, mainframes and other technology infrastructure for the Memphis-based company.

G&T Industries. G&T Industries, a supplier to the boating, RV and private aircraft markets has two locations in Blount County and doubled in size by 2010. The manufacturer will consolidate the two existing operations into a new 105,000-square-foot facility build on 15.9 acres of land at the Big Springs Industrial Park. The expansion cost between \$4 to \$5 million dollars and increase the number of employees to about 100.

JTEKT Automotive. The automotive plant, JTEKT, has laid off about 150 people from their plant in Vonore. Reduced demand in the automotive industry has led to the downsizing. The company has eleven locations across the United States. The plant manufactures hydraulic steering gear equipment and hoses for automobiles.

MasterCraft Boat Company. Located in Vonore, MasterCraft added 300 new jobs in the spring of 2010 following its recent acquisition of Hydra-Sports, a maker of saltwater boats. MasterCraft moved all the Hydra-Sports production to the MasterCraft plant in Vonore. In 2009 MasterCraft had hired back about 248 employees that had been laid off during the winter months of 2008-2009. This downsizing was due to the weak economy and lower market demand. In 1993, MasterCraft moved from Blount County to Monroe County. At its peak, the company employed about 650 workers in Vonore. The plant is currently located on Excellence Way, in a Tellico Reservoir Development Agency industrial park located directly on Tellico Lake. The company makes several types of boats: Hydra-Sport salt water boats, ProStar ski boats, X-Series wake board boats, MariStar luxury family personal boats and Salt Water Series designed for brackish water and the inland coastal waterway conditions.

McGhee Tyson Airport. McGhee Tyson Airport is located south of Knoxville in Blount County. In the summer of 2009 a new food court in the terminal building opened that includes Starbucks Coffee, Quiznos subs, ZIA Smoothies and Soft Serve Treats and Cinnabon Cinnamon Rolls. Construction of a new \$35 million parking garage was to begin in the summer of 2009, but due to the weak economy that project is now on hold.

In late 2008 a new \$11.3 million Airport Rescue and Firefight Facility opened. The new 19,700-square-foot building replaces the original facility built in 1982 and is designed to handle the increase in passengers since then. A new \$2.6 million taxiway was also completed in late 2008.

Newell Rubbermaid. Rubbermaid added about 150 jobs to the Maryville facility after a companywide reorganization in response to the down economy. The company owns the Sharpie brand and the Maryville facility will produce markers, highlighters and dry erase products. The addition of jobs to the Maryville facility is accompanied by cuts elsewhere in Tennessee facilities. The Shelbyville plant will close, eliminating about 300 jobs. The Lewisburg facility is also shut down most operations at the end of 2009, with about 270 employees affected. Rubbermaid estimated a net loss of 445 jobs at the end of 2009, with about 800-900 permanent jobs remaining in Tennessee.

Pellissippi Place. The new 450 acre high tech park, Pellissippi Place on the Oak Ridge Corridor in Alcoa, first construction phase was begun in late 2008. The park plan includes a retail corridor with restaurants and shops along a river walk. Mixed-use space will be available for residential and professional office areas linked by an expansive pedestrian walkway. The business and research component of Pellissippi Place is projected to open between 2010 and 2020. The park will focus on technology, corporate research and high-tech business development. Phase I will involve the infrastructure for the park, a phase that is expected to cost around \$10 million and was completed in 2010. Subsequent development phases have the capacity to handle up to 100 merchants, six restaurants and a 14-screen cinema among more than 1 million square feet of retail space. The project design includes space for a hotel. Residential plans call for construction of upscale loft condominiums. The development is LEED certified, which requires all developers and contractors to following sustainable green building guidelines recognized by the U.S. Green Building Council.

Pellissippi Place is the collaboration of two cities, Alcoa and Maryville, and two counties, Blount and Knox, and the Economic Development Board of Blount County working

together. The anchor tenant is Molecular Pathology Laboratory Network, Inc. Over the course of the project, the park is expected to create over \$1 billion dollars in economic impact. Total build out of the park is estimated between 20 to 30 years.

Procynet. Procynet, an umbrella company that operated several other local businesses, went into bankruptcy in 2008 and over 100 jobs were lost. Companies under the Procynet umbrella were Direct IS, a Knoxville based computer services firm, Resource Imaging, a Maryville medical imaging company; Data Management Services, a medical office management firm also based in Maryville; and Basic Communications in Nashville. U.S. Bankruptcy Court has ordered Procynet's assets auctioned and former Direct IS employees formed a new company to continue servicing clients.

Royal Metal Powders Inc. The Rockford facility announced plans in 2011 for a \$5 million expansion over the next few years with 50 additional workers. Currently 20 people are employed to produce copper powders, copper alloy powders, pre-alloyed bronze and premixes.

TeamHealth. TeamHealth announced in 2011 an \$18 million expansion that will add 160 jobs to its facility in Alcoa. The company provides medical employees to hospitals, the military and other organizations. It is headquartered in Knoxville and already employs 400 people at a facility in Alcoa. Added up to 550 more jobs is also a possibility. Completion is expected in 2012. TeamHealth was founded in 1979 and has six principal service lines located in 13 regional sites that employ more than 6,600. These healthcare professionals provide services to more than 700 civilian and military hospitals, clinics and physician groups in 45 states.

Source: The Blount County Economic Development Board, The Daily Times, Knoxville News Sentinel and WBIR Knoxville, TN.

BLOUNT COUNTY, TENNESSEE
SUMMARY OF LONG-TERM INDEBTEDNESS
As of June 30, 2011

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	(1) & (8) OUTSTANDING
\$ 7,405,000	General Obligation Refunding Bonds, Series 2004A	Mar 2019	Fixed	\$ 5,150,000
5,060,000	General Obligation Refunding Bonds, Series 2004B	April 2019	Fixed	4,015,000
727,865	Qualified Academy Zone Bonds, Series 2004	Nov. 2020	Fixed	306,256
14,860,000	General Obligation Refunding Bonds, Series 2005	April 2019	Fixed	11,260,000
350,000	Capital Outlay Notes, Series 2005	June 2019	Fixed	229,470 (7)
2,000,000	Loan Agreement, Series B-10-A (Taxable)	June 2021	Fixed	1,580,000
33,550,000	Loan Agreement, Series B-16-A	June 2037	Fixed	29,185,000
3,000,000	Loan Agreement, Series B-17-A	June 2030	Fixed	2,825,000
50,500,000 (3)	Loan Agreement, Series E-1-A	June 2037	Synthetic Rate / Variable	50,500,000 (2)
20,165,000	Loan Agreement, Series E-3-B	June 2037	Variable	20,165,000 (2)
31,175,000 (3)	Loan Agreement, Series E-5-A (General Government)	June 2030	Synthetic Rate / Variable	30,090,000 (2)
50,925,000	Loan Agreement, Series B-18-A	June 2019	Fixed	4,250,000
1,346,250	Capital Outlay Note, Series 2009A	June 2018	Fixed	1,066,260
14,855,000	Loan Agreement, Series 2010 (QSCBs)	Sept 2027	Fixed	14,855,000
3,007,000	Lease Agreement, Series 2010 - Motorola - Net to County	Sept 2020	Fixed	1,336,269
46,390,000	General Obligation Refunding Bonds, Series 2011	June 2030	Fixed	46,390,000
15,420,000 (4)	Hospital Revenue Refunding Bonds, Series 1998A	July 2012	Fixed	2,960,000
16,000,000 (4)	Hospital Revenue Improvement Bonds, Series 1998B	July 2019	Fixed	9,195,000
96,350,000 (5)	Loan Agreement, Series E-5-A (Hospital Portion)	June 2029	Synthetic Rate / Variable	92,210,000 (2)
\$ 413,086,115				\$ 327,568,255
	Less: Revenue Supported Debt			<u>(104,365,000)</u>
				<u>\$ 223,203,255</u>

NET TOTAL DEBT

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.
- (2) The County budgets to account for interest rate and/or basis risk.
- (3) The Authority on behalf of the Borrower has entered into an interest rate swap agreement on the Series IV-C-1 Bonds, the Series A-5-A Bonds and a portion of the Series E-5-A Bonds in a notional amount of \$24,000,000 of the Series E-5-A Bonds attributable to the General Government. For more information, see the notes to the Financial Statements in the CAFR.
- (4) Revenue-Only Debt.
- (5) The Series E-5-A Bonds allocated to Blount Memorial Hospital (the "Hospital") are self-supporting debt of the Hospital but are backed by the County's full faith and credit. The Authority on behalf of the Borrower has entered into various interest rate swap agreement on a notional amount of \$55,700,000 of the Series E-5-A Bonds. The remaining Series E-5-A Bonds are in a variable mode. For more information, see the notes to the Financial Statements in the CAFR.
- (7) Payable from the Drug Task Force Revenue.
- (8) The County from time to time will evaluate outstanding bonds and loans for opportunities to refinance, restructure or enhance.

BLOUNT COUNTY, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the CAFR and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this Document.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
For Fiscal Years Ended June 30					
INDEBTEDNESS					
TAX SUPPORTED					
General Obligation Bonds & Notes	\$206,256,012	\$219,649,151	\$ 217,491,367	\$ 213,843,916	\$ 223,203,255
TOTAL TAX SUPPORTED	<u>\$206,256,012</u>	<u>\$219,649,151</u>	<u>\$217,491,367</u>	<u>\$213,843,916</u>	<u>\$223,203,255</u>
REVENUE SUPPORTED					
Hospital Revenue Bonds	\$117,035,000	\$113,945,000	\$111,435,000	\$107,985,000	\$104,365,000
TOTAL REVENUE SUPPORTED	<u>\$117,035,000</u>	<u>\$113,945,000</u>	<u>\$111,435,000</u>	<u>\$107,985,000</u>	<u>\$104,365,000</u>
TOTAL DEBT	\$323,291,012	\$333,594,151	\$328,926,367	\$321,828,916	\$327,568,255
Less: Revenue Supported Debt	(\$117,035,000)	(\$113,945,000)	(\$111,435,000)	(\$107,985,000)	(\$104,365,000)
Less: Debt Service Fund	<u>(8,096,296)</u>	<u>(10,248,838)</u>	<u>(11,893,290)</u>	<u>(13,380,486)</u>	<u>(12,254,678)</u>
NET DIRECT DEBT	<u>\$198,159,716</u>	<u>\$209,400,313</u>	<u>\$205,598,077</u>	<u>\$200,463,430</u>	<u>\$210,948,577</u>

PROPERTY TAX BASE					
Estimated Actual Value	\$9,454,242,525	\$9,929,654,227	\$11,936,433,598	\$11,898,916,259	\$11,317,275,603
Appraised Value	9,454,242,525	9,929,654,227	10,249,815,531	10,217,599,392	11,317,275,603
Assessed Value	2,639,004,771	2,764,057,127	2,862,045,139	2,846,818,331	3,152,224,840

For Fiscal Years Ended June 30

DEBT RATIOS	2007	2008	2009	2010	2011
TOTAL DEBT to Estimated Actual Value	3.65%	3.65%	3.65%	3.65%	3.65%
TOTAL DEBT to Appraised Value	4.33%	4.33%	4.33%	4.33%	4.33%
TOTAL DEBT to Assessed Value	15.36%	15.36%	15.36%	15.36%	15.36%
NET DIRECT DEBT to Estimated Actual Value	2.19%	2.19%	2.19%	2.19%	2.19%
NET DIRECT DEBT to Appraised Value	2.60%	2.60%	2.60%	2.60%	2.60%
NET DIRECT DEBT to Assessed Value	9.23%	9.23%	9.23%	9.23%	9.23%

PER CAPITA RATIOS

POPULATION (1)	119,821	121,624	122,627	123,010	123,010
PER CAPITA PERSONAL INCOME (2)	\$ 30,855	\$ 30,901	\$ 30,362	\$ 30,362	\$ 30,362
Estimated Actual Value to POPULATION	73,111.57	73,111.57	73,111.57	73,111.57	73,111.57
Assessed Value to POPULATION	17,378.59	17,378.59	17,378.59	17,378.59	17,378.59
Total Debt to POPULATION	2,669.31	2,669.31	2,669.31	2,669.31	2,669.31
Net Direct Debt to POPULATION	1,603.63	1,603.63	1,603.63	1,603.63	1,603.63
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	9.01%	9.01%	9.01%	9.01%	9.01%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	5.41%	5.41%	5.41%	5.41%	5.41%

(1) Per Capita computations are based upon POPULATION data according to the 2000 Census and 2010 Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

BLOUNT COUNTY, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
As of June 30, 2011

FY Ended 6/30	Total Bonded Debt Service Requirements			% Principal Repaid
	Principal	Interest (3)	TOTAL	
2012	\$ 6,083,993	\$ 9,654,468	\$ 15,738,461	
2013	6,414,008	9,322,368	15,736,376	
2014	6,634,758	9,119,841	15,754,600	
2015	6,950,744	8,920,494	15,871,238	
2016	7,221,974	8,680,288	15,902,263	14.92%
2017	6,993,457	8,428,331	15,421,788	
2018	7,091,466	8,176,298	15,267,765	
2019	7,432,139	7,937,449	15,369,588	
2020	7,674,735	7,690,006	15,364,741	
2021	7,945,777	7,416,846	15,362,624	31.56%
2022	8,151,929	7,067,753	15,219,681	
2023	8,511,929	6,707,628	15,219,556	
2024	9,491,929	6,329,578	15,821,506	
2025	9,816,929	5,943,815	15,760,744	
2026	10,176,929	5,521,340	15,698,269	52.24%
2027	10,543,173	5,080,853	15,624,026	
2028	11,522,382	4,651,112	16,173,495	
2029	11,555,000	4,154,206	15,709,206	
2030	11,825,000	3,624,975	15,449,975	
2031	12,665,000	3,050,750	15,715,750	78.27%
2032	7,100,000	2,417,500	9,517,500	
2033	7,550,000	2,063,750	9,613,750	
2034	7,900,000	1,687,500	9,587,500	
2035	8,250,000	1,293,750	9,543,750	
2036	8,650,000	882,500	9,532,500	95.95%
2037	9,050,000	451,250	9,501,250	100.00%
	<u>\$ 223,203,255</u>	<u>\$ 146,274,648</u>	<u>\$ 369,477,903</u>	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) The Authority on behalf of the Borrower has entered into an interest rate swap agreement on the Series IV-C-1 Bonds, the Series A-5-A Bonds and a portion of the Series E-5-A Bonds in a notional amount of \$24,000,000 of the Series E-5-A Bonds attributable to the General Government. For more information, see the notes to the Financial Statements in the CAFR.

(3) The County budgets to account for interest rate and/or basis risk.

(4) The County from time to time will evaluate outstanding bonds and loans for opportunities to refinance, restructure or enhance.

*Interim Financing to be Amortized at Maturity to 2023

BLOUNT COUNTY, TENNESSEE
HOSPITAL BONDED DEBT SERVICE REQUIREMENTS
As of June 30, 2011

F.Y. Ended 6/30	Total Bonded			% Principal Repaid
	Debt Service Requirements (1)(2)(3)&(4)			
	Principal	Interest	TOTAL	
2012	\$ 3,775,000	\$ 5,161,423	\$ 8,936,423	
2013	3,965,000	4,976,223	8,941,223	
2014	4,115,000	4,817,078	8,932,078	
2015	4,335,000	4,609,265	8,944,265	
2016	4,540,000	4,389,899	8,929,899	19.86%
2017	4,765,000	4,160,222	8,925,222	
2018	4,995,000	3,919,231	8,914,231	
2019	5,255,000	3,666,544	8,921,544	
2020	5,520,000	3,400,653	8,920,653	
2021	5,750,000	3,155,000	8,905,000	45.05%
2022	6,050,000	2,867,500	8,917,500	
2023	6,350,000	2,565,000	8,915,000	
2024	6,600,000	2,247,500	8,847,500	
2025	6,950,000	1,917,500	8,867,500	
2026	7,300,000	1,570,000	8,870,000	76.91%
2027	7,650,000	1,205,000	8,855,000	
2028	8,025,000	822,500	8,847,500	
2029	8,425,000	421,250	8,846,250	100.00%
	<u>\$104,365,000</u>	<u>\$55,871,787</u>	<u>\$160,236,787</u>	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) The Series E-5-A Bonds allocated to Blount Memorial Hospital (the "Hospital") are self-supporting debt of the Hospital but are backed by the County's full faith and credit. The Authority on behalf of the Borrower has entered into various interest rate swap agreement on a notional amount of \$55,700,000 of the Series E-5-A Bonds. For more information, see the notes to the Financial Statements in the CAFR.

(3) The County from time to time will evaluate outstanding bonds and loans for opportunities to refinance, restructure or enhance.

(4) Estimated Interest Rates. Budget Rate of 5.00%.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the County. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

FUND BALANCES AND RETAINED EARNINGS

The following table depicts fund balances and retained earnings for the last five fiscal years ending June 30:

<u>Fund Type</u>	<u>For the Fiscal Year Ended June 30,</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Governmental Funds:</i>					
General	\$5,626,762	\$10,360,010	\$11,110,065	\$ 8,920,477	\$ 7,917,801
General Debt Service	8,096,296	10,248,838	11,893,290	13,380,486	12,254,678
Other Governmental	<u>3,063,570</u>	<u>2,676,724</u>	<u>3,076,382</u>	<u>1,864,377</u>	<u>5,138,839</u>
Total	<u>\$17,213,096</u>	<u>\$24,541,871</u>	<u>\$27,794,461</u>	<u>\$24,165,340</u>	<u>\$25,311,318</u>
<i>Proprietary Net Assets</i>	\$1,932,702	\$1,589,147	\$638,824	\$1,248,198	\$4,817,812

Source: Comprehensive Annual Financial Report and Auditor's Report, Blount County, Tennessee.

BLOUNT COUNTY, TENNESSEE
Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - General Fund
For the Fiscal Year Ended June 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Local Taxes	\$ 21,950,863	\$ 24,290,987	\$ 24,328,807	\$ 24,186,228	\$ 24,471,115
Licenses and Permits	851,226	893,849	228,043	259,919	793,621
Fines, forfeitures and penalties	798,592	845,868	1,115,154	657,779	804,806
Charges for current services	692,444	869,649	910,262	932,950	864,806
Other local revenues	1,220,751	816,969	767,569	552,039	1,021,558
Fees recvd from Co.Officials	6,674,114	6,767,137	7,544,605	7,659,156	6,608,249
State of Tennessee	2,551,394	2,980,307	2,522,148	2,604,820	2,988,690
Federal Government	2,814,088	4,164,031	3,584,453	2,293,502	3,242,965
Other Gov'ts & Citizens Groups	94,221	76,465	46,750	74,283	256,608
Total Revenues	<u>\$ 37,647,693</u>	<u>\$ 41,705,262</u>	<u>\$ 41,047,791</u>	<u>\$ 39,220,676</u>	<u>\$ 41,052,418</u>
Expenditures:					
General government	\$ 3,956,999	\$ 4,466,462	\$ 6,305,901	\$ 6,226,284	\$ 6,210,629
Finance	4,091,458	4,128,942	4,372,956	4,509,066	4,386,512
Administration of Justice	4,495,189	4,246,100	4,531,907	4,624,302	4,718,817
Public Safety	16,109,012	18,403,245	17,886,442	18,827,531	19,317,813
Public Health and Welfare	1,935,359	1,927,979	1,923,913	1,992,116	1,874,751
Social, Cultural & Recreational Services	585,906	635,121	670,053	656,650	653,583
Agriculture & Natural Resources	232,565	265,041	295,903	297,291	297,371
Other Operations	2,773,660	2,860,191	4,129,595	2,583,467	2,391,357
Highways	69,254	71,083	75,997	73,847	77,195
Debt Service	-	-	-	-	-
Capital Projects	809,398	778,020	1,426,809	1,005,680	1,055,546
Total Expenditures	<u>\$ 35,058,800</u>	<u>\$ 37,782,184</u>	<u>\$ 41,619,476</u>	<u>\$ 40,796,234</u>	<u>\$ 40,983,574</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,588,893	\$ 3,923,078	\$ (571,685)	\$ (1,575,558)	\$ 68,844
Other Sources & Uses:					
Note/Loan Proceeds	\$ -	\$ 1,074,555	\$ 1,896,260	\$ -	\$ -
Transfers In	1,435,177	322,899	325,000	285,490	220,000
Transfers Out	(867,115)	(876,735)	(899,520)	(899,520)	(1,291,520)
Capitalized lease proceeds	-	-	-	-	-
Total Other Sources & Uses	<u>\$ 568,062</u>	<u>\$ 520,719</u>	<u>\$ 1,321,740</u>	<u>\$ (614,030)</u>	<u>\$ (1,071,520)</u>
Net Change in Fund Balances	\$ 3,156,955	\$ 4,443,797	\$ 750,055	\$ (2,189,588)	\$ (1,002,676)
Fund Balance July 1	2,469,807	5,626,762	6,376,817	4,187,229	3,184,553
Residual Equity Transfers	-	289,451	10,360,010	11,110,065	8,920,477
Fund Balance June 30	<u><u>\$ 5,626,762</u></u>	<u><u>\$ 10,360,010</u></u>	<u><u>\$ 11,110,065</u></u>	<u><u>\$ 8,920,477</u></u>	<u><u>\$ 7,917,801</u></u>

Source: Comprehensive Annual Financial Report for Blount County, Tennessee.

BLOUNT MEMORIAL HOSPITAL INCORPORATED

Blount County, Tennessee

Five Year Summary of Revenues, Expenditures and

Changes In Fund Balances

For the Fiscal Year Ended June 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Net Patient Service Revenue	\$ 151,379,434	\$ 157,174,644	\$ 169,227,060	\$ 176,417,178	\$ 169,452,018
Other Operating Revenue	<u>13,306,081</u>	<u>13,736,605</u>	<u>13,063,380</u>	<u>13,262,591</u>	<u>14,008,564</u>
Total Operating Revenue	\$ 164,685,515	\$ 170,911,249	\$ 182,290,440	\$ 189,679,769	\$ 183,460,582
Expenses:					
General Operating Expenses (See CAFR)		\$ 155,170,553	\$ 165,270,582	\$ 170,803,411	\$ 174,265,482
Nursing Services	\$ 47,087,903	-	-	-	-
Other Professional Services	36,867,243	-	-	-	-
General Services	13,221,707	-	-	-	-
Fiscal Services	9,316,515	-	-	-	-
Administrative Services	17,148,984	-	-	-	-
Employee Benefits	19,909,790	-	-	-	-
Provision For Bad Debts	-	-	-	-	-
Provision For Depreciation and Amortization	12,157,201	12,605,289	12,950,262	13,276,193	12,458,571
Interest	<u>5,483,974</u>	<u>6,159,695</u>	<u>4,248,541</u>	<u>3,415,824</u>	<u>3,654,506</u>
Total Expenses	\$ 161,193,317	\$ 173,935,537	\$ 182,469,385	\$ 187,495,428	\$ 190,378,559
Income From Operations	\$ 3,492,198	\$ (3,024,288)	\$ (178,945)	\$ 2,184,341	\$ (6,917,977)
Nonoperating Gains:					
Investment Income	\$ 13,089,018	\$ (2,032,587)	\$ (4,290,072)	\$ 12,612,178	\$ 12,273,324
Contributions and Other	1,010,724	771,324	889,147	1,325,974	818,106
Total Nonoperating Gains	<u>14,099,742</u>	<u>(1,261,263)</u>	<u>(3,400,925)</u>	<u>13,938,152</u>	<u>13,091,430</u>
Total Income	\$ 17,591,940	\$ (4,285,551)	\$ (3,579,870)	\$ 16,122,493	\$ 6,173,453
Fund Balance July 1	\$ 144,890,892	\$ 162,482,832	\$ 158,197,281	\$ 154,617,411	\$ 160,459,200
Adjustment	-	-	-	(7,334,179)	10,280,704
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,946,525)</u>	<u>-</u>
Fund Balance June 30	<u>\$ 162,482,832</u>	<u>\$ 158,197,281</u>	<u>\$ 154,617,411</u>	<u>\$ 160,459,200</u>	<u>\$ 176,913,357</u>

Source: Audited Financial Statements for Blount Memorial Hospital, Incorporated

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle County operating funds is controlled by state statute and local policies and administered by the County Trustee. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. For reporting purposes, all investments are stated at cost, which approximates market value.

PROPERTY TAX

Introduction. The County is authorized to levy a tax on all property within the County without limitation as to rate or amount. All real and personal property within the County is assessed in accordance with the state constitutional and statutory provisions by the County Property Tax Assessor except most utility property, which is assessed by the Office of State Assessed Properties. All property taxes are due on October 1 of each year based upon appraisals as of January 1 of the same calendar year. All property taxes are delinquent on March 1 of the subsequent calendar year.

Reappraisal Program. Title 67, Chapter 5, Part 16, *Tennessee Code Annotated*, as supplemented and amended, mandates that after June 1, 1989, all property in the State of Tennessee will be reappraised on a continuous six (6) year cycle composed of an on-sight review of each parcel of property over a five (5) year period followed by reevaluation of all such property in the year following the completion of the review. In the second and fourth years of the review, there shall be an updating of all real property values by application of an index or indexes established for the jurisdiction by the State Board of Equalization, so as to maintain real property values at full value as defined in Title 67, Chapter 5, Part 6, *Tennessee Code Annotated*. The State Board of Equalization shall also consider a plan submitted by a local assessor which would have the effect of maintaining real property values at full value which may be used in lieu of indexing.

Title 67, Chapter 5, Part 17, *Tennessee Code Annotated*, provides that at such time as such reappraisal and reassessment processes are completed in a particular county, the respective governing bodies of the county and the municipalities located therein shall determine and certify a tax rate which will provide the same ad valorem tax revenue for the respective jurisdiction as was levied prior to reappraisal and reassessment. In computing the new tax rate, the estimated assessed value of all new construction and improvements placed on the tax rolls since the previous year, and the assessed value of all deletions from the previous tax roll are excluded. The new tax rate therefore, is derived from a comparison of tax revenues, tax rates and assessed values of property on the tax roll in both the year before and the year after the reappraisal. The effect of the reappraisal and reassessment statutes is to adjust the property tax rate downward to prevent a taxing unit from collecting additional property tax revenues as a result of reappraisal. Once a municipality or county complies with state law and certifies a tax rate which provides the same property tax revenue as was collected before reappraisal, its governing body may vote to

approve a tax rate change which would produce more or less tax revenue. The County has a reappraisal program, conducted by the State Board of Equalization, Division of Property Assessment, which was completed as of January 1, 2007.

Assessed Valuations. According to the Tax Aggregate for Tennessee, property in the County reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2010¹.

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Value</u>
Public Utilities	\$ 96,959,194	55%	\$ 222,127,100
Commercial and Industrial	609,358,880	40%	1,523,397,200
Personal Tangible Property	317,813,641	30%	1,059,378,803
Residential and Farm	<u>2,128,093,125</u>	25%	<u>8,512,372,500</u>
Total	<u>\$3,152,224,840</u>		<u>\$11,317,275,603</u>

Source: 2010 Tax Aggregate for Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2011 (tax year 2010) is \$3,152,224,840 compared to \$2,846,818,331 for the fiscal year ending June 30, 2010 (tax year 2009). The estimated actual value of all taxable property for tax year 2010 is \$11,317,275,603 compared to \$11,898,916,259 for tax year 2009.

¹ The tax year coincides with the calendar year; therefore tax year 2010 is actually fiscal year 2010-2011.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the County for tax years 2007 through 2011 as well as the aggregate uncollected balances for each fiscal year ending June 30, 2011.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2011 Amount	Pct
2007	\$2,764,057,127	\$2.23	\$59,203,343	\$56,108,671	94.8%	\$ 56,590	0.1%
2008	2,862,045,139	2.23	61,753,051	56,747,644	91.9%	1,745,477	2.8%
2009	2,846,818,331	2.23	61,542,888	57,554,232	93.5%	1,290,944	2.0%
2010	3,152,224,840	2.04	62,285,657	58,544,044	94.0%	2,840,226	4.6%
2011	3,045,122,456	2.15	65,404,483	IN PROGRESS			

¹ The tax year coincides with the calendar year; therefore, tax year 2011 is actually fiscal year 2011-2012.

Ten Largest Taxpayers. For the fiscal year ending June 30, 2011 (tax year 2010), the largest taxpayers in the County are as follows:

<u>Taxpayer</u>	<u>Business Type</u>	<u>Assessment Value</u>	<u>% of Assessment</u>
1. Alcoa Inc.	Aluminum Production	\$128,442,887	4.07%
2. Denso Manufacturing Tenn	Automotive Parts	96,228,584	3.05%
3. CMH Services	Manufactured Homes	15,579,749	0.49%
4. Presbyterian Homes of TN	Real Estate	7,856,175	0.25%
5. Blackberry Farm LLC	Hotel	7,391,655	0.23%
6. Hamilton Crossing LLC	Real Estate	7,357,640	0.23%
7. Standard Aero Alliance, Inc	Aircraft Engines and Parts	7,309,090	0.23%
8. Ruby Tuesday, Inc.	Restaurants	6,841,323	0.22%
9. CBL & Associates	Consultants	6,476,280	0.21%
10. Camelia Trace Apartments	Real Estate	<u>6,457,360</u>	<u>0.20%</u>
TOTAL		<u>\$289,940,733</u>	<u>9.20%</u>

Source: The County.

INSURANCE

The County participates in the Tennessee County Services Association's self-insurance program for workmen's compensation insurance. This program has been established pursuant of Section 12-9-104(f), *Tennessee Code Annotated*. The County is required to pay into the program according to a formula, which will be adjusted each year based upon the loss record of the County.

The County is exposed to various risk of losses related to torts; theft; damage and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County purchases various commercial insurance policies to cover potential claim settlements and judgments. The County reports its risk management activities within the General and Special Revenue Funds. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount can be reasonable estimated.

PENSION PLANS

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

For additional information on the funding status, trend information and actuarial status of the County's retirement programs, please refer to the General Purpose Financial Statements of the County located in herein.

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits ("OPEB") in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the

respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required.

The present value of the unfunded actuarial liability associated with the County's post employment medical benefits is not known. The County will conduct an actuarial study to determine its unfunded liability in the future. The County will begin recognizing the accrued liability, if any, on its future financial statements as required by GASB 45.

For more information see the Notes to the General Purpose Financial Statements located herein.