



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

January 25, 2017

NOTIFICATION OF AUDIT RELEASE

Blount County Official:

The Division of Local Government Audit will release the Annual Financial Report of Blount County, Tennessee, for the year ended June 30, 2016, at 9:00 A.M. on January 27, 2017. A PDF file containing this report has been provided to the county mayor, highway superintendent, director of schools, and the county's director of accounts and budgets. Interested officials and citizens may obtain a copy of the PDF file from one of the officials noted above. Also, this report will be available for inspection at www.comptroller.tn.gov.

Auditors are available to meet with the county's Audit Committee to discuss all aspects of the audit upon the request of that committee. Requests should be made to the East Tennessee audit manager for available dates and times:

East Tennessee Audit Manager – Mark Treece 865-594-6134 or mark.treece@cot.tn.gov

Included with this notice is a copy of the Summary of Audit Findings.

Very truly yours,

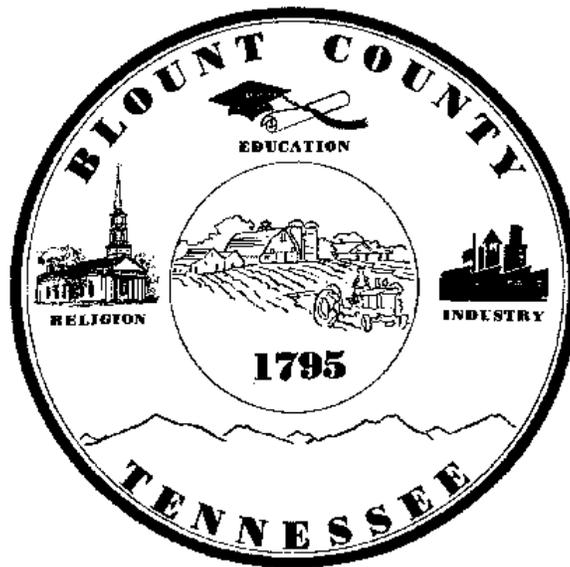
A handwritten signature in black ink, appearing to read "John Dunn".

Media Contact:

John Dunn, Public Information Officer, john.dunn@cot.tn.gov 615-401-7755

ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

ANDREW WAY, CPA
ANGIE COLLINS, CPA, CFE
ISABELLA DANIELS
DOUG SANDIDGE, CISA, CFE
State Auditors

This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2016.

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Blount County Officials

June 30, 2016

Officials

Ed Mitchell, County Mayor
Jeff Headrick, Highway Superintendent
Rob Britt, Director of Schools
Scott Graves, Trustee
Tim Helton, Assessor of Property
Margaret Flynn, County Clerk
Thomas Hatcher, Circuit and General Sessions Courts Clerk
Stephen Ogle, Clerk and Master
Phyllis Crisp, Register of Deeds
James Berrong, Sheriff
Randy Vineyard, Director of Accounts and Budgets
Katie Branham, Purchasing Agent

Board of County Commissioners

Jerome Moon, Chairman	Mike Akard
Andy Allen	Steve Samples
Richard Carver	Kenneth Melton
Archie Archer	Mike Caylor
Mike Lewis	Brad Bowers
Shawn Carter	Grady Caskey
Gary Farmer	Ron French
Thomas Cole	Dodd Crowe
Jamie Daly	Peggy Lambert
Karen Miller	Tona Monroe
Tom Stinnett	

Board of Education

Trevis Gardner, Chairman	Charles Finley
Jim Compton	Scott Helton
Bill Padgett	Debbie Sudhoff
Fred Goins	

Audit Committee

Susanne Davis, Chairman	Lee Gowan, Jr.
Andy Allen	Amy Paganelli
Ron French	

FINANCIAL SECTION



STATE OF TENNESSEE
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SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Blount Memorial Hospital, Inc. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Blount Memorial Hospital, Inc., is based solely on the report of the other auditors. We were unable to determine Blount Memorial Hospital, Inc.'s respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Blount County Public Building Authority and the Blount County Emergency Communications District,

component units requiring discrete presentation, were not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Blount County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-21 and the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plan, on pages 129-138 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

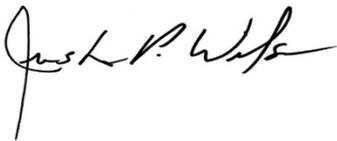
discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016, on our consideration of Blount County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blount County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 23, 2016

JPW/kp



Blount County, Tennessee Management's Discussion and Analysis (MD&A) For the Year Ended June 30, 2016

Introduction

This discussion and analysis of Blount County's financial performance provides an overall view of the financial activities for fiscal year ended June 30, 2016. It includes an overall view of the Primary Government, which includes the county's General, Debt Service, and Non-major funds. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A DPCU is an organization/entity for which the nature and significance of their relationship with the Primary Government are such that exclusion of their data would cause misleading or incomplete reporting.

Discussion of the Basic Financial Statements

The statement of net position, formerly called the balance sheet, is basically "assets" minus "liabilities" or "what you have" minus "what you owe." In total, the net position of the Primary Government increased by \$12.1 million, while net position of the DPCU School Department increased by \$3.9 million – meaning assets were in excess of liabilities by these amounts. (See Tables 2A and 2B below.)

General Fund expenditures were \$8.5 million less than revenues received, and "transfers out" net of transfers in" was \$3.6 million, which together increased the fund balance (assets in excess of liabilities available for appropriation) by \$5 million. It should be noted that the property tax rate was increased for this budget year, from \$2.15 to \$2.47. DPCU School Department expenditures were \$2.1 million less than revenue received, which increased the fund balance by \$2.1 million for the year ended June 30, 2016.

Total assets of governmental activities in the Primary Government were \$203.6 million as taxes receivable ended at \$48 million, cash ended at \$42.7 million, and capital assets, net of accumulated depreciation, ended at \$104.8 million. Total assets in the DPCU School Department were \$165.6 million as taxes receivable ended at \$24.4 million, cash ended at \$14.5 million, and capital assets, net of accumulated depreciation, ended at \$122.9 million.

Revenues for the Primary Government totaled \$91.4 million. General revenues of the Primary Government accounted for \$56.2 million or 61 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$35.2 million or 39 percent of total revenues.

Revenues of the DPCU School Department totaled \$99.9 million. General revenues of the DPCU School Department were \$87.4 million or 87 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$12.5 million or 13 percent of total revenues.

The Primary Government had \$76.1 million in expenses, with \$35.2 million of those expenses being offset by revenues in the form of charges for services, grants, and contributions, resulting in expenses of \$40.9 million to be covered by other forms of revenue, mainly property taxes. Total expenses, plus the change in fair value of derivatives, were less than general revenues by \$12.1 million. A derivative is a security with a price/value dependent upon one or more underlying entities, for example an asset, index, or interest rate.

The DPCU School Department had \$96 million in expenses with \$12.5 million of these expenses offset by program specific revenues. Revenues (primarily property taxes and sales taxes of \$23.2 and \$14.7 million, respectively, in addition to the BEP contribution of \$44.8 million) were more than adequate to provide current funding for these programs. The property tax increase of \$.04 mentioned earlier, provided additional funding toward an Education Capital Projects Fund this budget year.

Government-Wide Financial Analysis

Tables 1A and 1B provide a summary of the Primary Government's and the DPCU School Department's Net Position for 2016 and a comparison to the prior year. Again, like a balance sheet, it shows assets and liabilities, and the difference between the two. An additional portion of the Primary Government's Net Position, \$8.1 million, represents resources that are subject to external restrictions on how they may be used. This is why they are referred to as "Restricted." In addition, the Primary Government has \$.5 million of its net position set aside as a permanent endowment. In the DPCU School Department, \$2.2 million of Net Position is subject to external restriction.

Table 1A
Blount County Primary Government Net Position

	Blount County Primary Government Governmental Activities	
	2016	2015
Assets:		
Current and Other Assets	\$ 98,787,339	\$ 89,655,763
Capital Assets	104,817,694	108,061,233
Total Assets	\$ 203,605,033	\$ 197,716,996
Total Deferred Outflows of Resources	\$ 3,947,076	\$ 3,792,605
Liabilities:		
Long-term Liabilities Outstanding	\$ 207,050,433	\$ 215,989,486
Other Liabilities	21,595,990	16,882,536
Total Liabilities	\$ 228,646,423	\$ 232,872,022
Total Deferred Inflows of Resources	\$ 49,340,619	\$ 51,216,115
Net Position:		
Net Investment in Capital Assets	\$ 76,363,068	\$ 77,486,212
Restricted	8,598,885	9,823,968
Unrestricted	(155,396,886)	(169,888,716)
Total Net Position	\$ (70,434,933)	\$ (82,578,536)

Table 1B
Blount County DPCU School Department Net Position

	DPCU School Department Governmental Activities	
	2016	2015
Assets:		
Current and Other Assets	\$ 42,709,771	\$ 41,548,513
Capital Assets	122,935,501	126,762,213
Total Assets	\$ 165,645,272	\$ 168,310,726
Total Deferred Outflows of Resources	\$ 5,396,469	\$ 5,099,370
Liabilities:		
Long-term Liabilities Outstanding	\$ 445,821	\$ 24,945
Other Liabilities	8,025,834	8,077,411
Total Liabilities	\$ 8,471,655	\$ 8,102,356
Total Deferred Inflows of Resources	\$ 34,293,317	\$ 40,954,118
Net Position:		
Net Investment in Capital Assets	\$ 122,935,501	\$ 126,762,213
Restricted	2,215,601	2,678,074
Unrestricted	3,125,667	(5,086,665)
Total Net Position	\$ 128,276,769	\$ 124,353,622

Tables 2A and 2B show changes in Net Position for fiscal year 2016 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year. The change is represented by the Increase (Decrease) in Net Position.

Table 2A
Blount County Changes in Net Position

	Blount County Primary Government Governmental Activities	
	2016	2015
Revenues:		
Program Revenues:		
Charges for Services	\$ 28,226,641	\$ 26,672,302
Operating Grants and Contributions	5,994,487	5,465,566
Capital Grants and Contributions	1,043,491	662,863
General Revenues:		
Property Taxes	46,232,795	35,646,034
Sales Taxes	3,359,034	3,162,199
Hotel/Motel Taxes	719,779	642,121
Business Taxes	970,172	905,732
Other Taxes	1,138,781	1,081,692
Grants and Contributions Not Restricted to Specific Programs	3,459,790	3,057,892
Unrestricted Investment Income	234,951	193,159
Investment Income (Loss) - Derivatives	(3,146,508)	(2,439,619)
Miscellaneous	51,471	53,974
Pension Income	0	164,660
Total Revenues	\$ 88,284,884	\$ 75,268,575
Expenses:		
General Government	\$ 9,502,874	\$ 7,845,847
Finance	3,649,315	3,702,449
Administration of Justice	5,880,867	4,930,893
Public Safety	19,188,955	18,868,757
Public Health and Welfare	2,106,192	1,961,437
Social, Cultural, and Recreational	2,927,654	2,833,571
Agriculture and Natural Resources	248,673	262,709
Highway	9,390,825	9,876,073
Education	14,942,000	14,458,056
Interest on General Long-term Debt	8,303,926	8,492,042
Total Expenses	\$ 76,141,281	\$ 73,231,834
Increase (Decrease) in Net Position	\$ 12,143,603	\$ 2,036,741
Restatement	-	(2,406,565)
Net Position, July 1, 2015	(82,578,536)	(82,208,712)
Net Position, June 30, 2016	\$ (70,434,933)	\$ (82,578,536)

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

	Blount County School Department	
	2016	2015
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,137,248	\$ 3,109,409
Operating Grants and Contributions	9,336,650	9,255,469
General Revenues:		
Property Taxes	23,189,145	21,772,503
Sales Taxes	14,665,450	11,694,122
Business Taxes	492,542	541,387
Other Taxes	131,524	129,622
Grants and Contributions Not Restricted to Specific Programs	48,902,109	49,037,536
Unrestricted Investment Income	32,316	21,491
Miscellaneous	6,897	5,964
Pension Income	0	222,041
Total Revenues	\$ 99,893,881	\$ 95,789,544
Expenses:		
Instruction	\$ 53,787,920	\$ 53,241,006
Support Services	34,746,542	31,074,419
Operation of Non-instructional Services	7,436,272	7,329,504
Total Expenses	\$ 95,970,734	\$ 91,644,929
Increase (Decrease) in Net Position	\$ 3,923,147	\$ 4,144,615
Restatement	0	(15,831,074)
Net Position, July 1, 2015	124,353,622	136,040,081
Net Position, June 30, 2016	\$ 128,276,769	\$ 124,353,622

Analysis of Overall Financial Position and Results of Operations

Significant factors affecting this year's operations include: increase to the property tax, creation of Education Capital Projects Fund, and sizeable increase in sales tax collections. Also, similar to last year, the county also benefited from coming in below budget on expenditures and surpassing expectations in revenue.

Public Safety expenditures of \$19.2 million accounted for approximately 25 percent of the \$76.1 million total expenses for governmental activities, while Highways and Education (related to internal service funds activities) expenses accounted for 12 percent and 20 percent, respectively. Of the \$76.1 million in governmental expenses, \$28.2 million was covered by direct charges to users of the services. Other grants and contributions covered another \$7 million of expenses.

Financial Analysis of the Government's Funds

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

- **Nonspendable Fund Balance** – The nonspendable fund balance for the General Fund remained at zero for prepaid items and endowments.
- **Restricted Fund Balance** – The restricted fund balance for the General Fund remained steady at approximately \$1.3 million, split between General Government, Finance, Administration of Justice, Public Safety, and Public Health and Welfare. The restricted fund balance for the General Debt Service Fund decreased by \$514 thousand to \$2 million. The restricted fund balance for the General Purpose School Fund remained steady at \$418 thousand, restricted for other purposes.
- **Committed Fund Balance** – The committed fund balance for the General Fund decreased to \$221 thousand. The committed fund balance for the General Debt Service Fund increased by \$2.2 million to \$10.7 million, committed for debt service.
- **Assigned Fund Balance** – The assigned fund balance for the General Fund decreased to \$778 thousand, split between General Government, Finance, Administration of Justice, Public Safety, Public Health and Welfare, Highways/Public Works, Agriculture and Natural Resources and Capital Outlay. The assigned fund balance for the General Purpose School Fund remained steady at \$712 thousand.
- **Unassigned Fund Balance** – The unassigned fund balance for the General Fund increased by \$5.5 million to \$13.4 million. The unassigned fund balance for the General Purpose School Fund increased by \$1.8 million to \$8.6 million.

Budgetary Highlights

In June 2015, the Blount County Commission adopted a budget for the fiscal year ending June 30, 2016. The property tax rate for tax year 2016 was adopted at a rate of \$2.47, thirty-two (32) cents higher than the 2015 tax year. The increase in tax rate is accomplishing the initiatives set out: 1) the twenty-two (22) cent increase in General County establishes an operating revenue-base sufficient to cover operating expenses, eliminating the need for use of fund balance for operations, 2) the four (4) cents in Education Capital Projects represents the initial funding of the Board of Education's capital plan, and 3) the six (6) cent increase in Debt Service is for the refinancing costs of E-3 bonds. In May 2014, voters approved a sales tax referendum increasing the local option sales tax from 2.25 percent to 2.75 percent. Under state law, municipalities that enact the increase first, are protected for one year. Therefore, Blount County began receiving its full portion of the sales tax increase in FY16. The revenue from this increase is being split between the General Debt Service and General Purpose Schools funds.

Additional highlights and initiatives for budget years 15-17:

FY15 – Unqualified audit opinion with no management letter comments or findings

FY16 – Funding of county-wide classification/compensation system (excluding School Dept.)
 Written policies and procedures for newly mandated internal controls policies
 Completion of Human Resources/Payroll System, Kronos, for General County
 Creation and initiation of IT Modernization Program

FY17 – Step-increase implementation of classification/compensation plan
 School Dept. fully integrated into Human Resources/Payroll System – Kronos
 Further implementation of IT Modernization Program
 Debt refinancing converting variable rate debt to fixed rate debt and terminating swap agreements

Capital Assets and Debt Administration

Capital Assets

Blount County’s investment in capital assets, net of accumulated depreciation, as of June 30, 2016, totaled \$104.8 million. This investment in capital assets includes land, construction in progress, buildings and improvements, roads, streets, and bridges, and other capital assets.

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-16
Land	\$ 7,518,566	\$ 0	\$ 7,518,566
Construction in Progress	2,050,859	0	2,050,859
Buildings and Improvements	53,371,440	(19,849,039)	33,522,401
Roads, Streets, and Bridges	136,752,633	(80,278,080)	56,474,553
Other Capital Assets	16,398,833	(11,147,518)	5,251,315
Total	\$ 216,092,331	\$ (111,274,637)	\$ 104,817,694

Blount County School Department’s investment in capital assets, net of accumulated depreciation, as of June 30, 2016, totaled \$122.9 million. This investment in capital assets includes land, buildings and improvements, and other capital assets.

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-16
Land	\$ 9,951,059	\$ 0	\$ 9,951,059
Buildings and Improvements	172,730,094	(60,986,948)	111,743,146
Other Capital Assets	5,582,105	(4,340,809)	1,241,296
Total	\$ 188,263,258	\$ (65,327,757)	\$ 122,935,501

Long-term Debt

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

Economic Factors and Next Year's Budgets and Rates

In June 2016, the Blount County Commission adopted a budget for the fiscal year ending June 30, 2017. The property tax rate for tax year 2017 was adopted at a rate of \$2.47, the same as the 2016 tax year.

The distribution of the 2017 property tax rate is shown below:

<u>Fund</u>	<u>2017</u>	<u>2016</u>
General County	\$0.88	\$0.88
Educ. Capital Project	\$0.04	\$0.04
Debt Service	\$0.48	\$0.48
Gen. Purpose School	\$1.07	\$1.07
Total	<u>\$2.47</u>	<u>\$2.47</u>

Request for Information

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

BASIC FINANCIAL STATEMENTS

Exhibit A

Blount County, Tennessee
Statement of Net Position
June 30, 2016

	Primary	Component Units	
	Government		
	Total	School	Blount
	Governmental	Department	Memorial
	Activities		Hospital
<u>ASSETS</u>			
Cash	\$ 194,177	\$ 0	\$ 4,770,396
Equity in Pooled Cash and Investments	42,486,895	14,465,442	0
Inventories	0	0	4,197,985
Accounts Receivable	260,416	47,230	24,480,346
Due from Other Governments	3,382,452	3,471,599	0
Due from Component Units	1,983,481	0	0
Property Taxes Receivable	48,033,381	24,389,022	0
Allowance for Uncollectible Property Taxes	(773,344)	(406,859)	0
Net Pension Asset - Agent Plan (Excluding Library)	1,816,614	681,137	0
Net Pension Asset - Agent Plan - Library	344,570	0	0
Net Pension Asset - Teacher Retirement Plan	0	18,430	0
Prepaid Items	0	43,770	2,645,593
Other Current Assets	0	0	8,144,326
Restricted Assets:			
Restricted for Foundation	0	0	1,545,273
Other Restricted Assets	0	0	95,077,179
Notes Receivable	1,058,697	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	7,518,566	9,951,059	12,483,960
Construction in Progress	2,050,859	0	841,449
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	33,522,401	111,743,146	80,306,101
Other Capital Assets	5,251,315	1,241,296	31,908,804
Infrastructure	56,474,553	0	0
Total Assets	\$ 203,605,033	\$ 165,645,272	\$ 266,401,412

(Continued)

Exhibit A

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

	Primary	Component Units	
	Governmental Activities	School Department	Blount Memorial Hospital
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 0	\$ 0	\$ 14,312,783
Deferred Charge on Refunding	1,047,631	0	0
Pension Changes in Experience	288,055	356,717	0
Pension Other Deferrals	0	221,788	0
Pension Contributions After Measurement Date	2,611,390	4,817,964	0
Total Deferred Outflows of Resources	<u>\$ 3,947,076</u>	<u>\$ 5,396,469</u>	<u>\$ 14,312,783</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,197,626	\$ 681,684	\$ 3,370,593
Accrued Payroll	1,145,508	4,259,527	10,409,598
Accrued Interest Payable	577,922	0	174,336
Payroll Deductions Payable	563,312	416,450	0
Due to Primary Government	0	1,983,481	0
Due to State of Tennessee	1,665	0	0
Due to Cities	28,972	0	0
Other Current Liabilities	2,448,000	684,692	4,133,620
Derivative - Interest Rate Swap	14,632,985	0	14,312,783
Noncurrent Liabilities:			
Due Within One Year	10,171,563	248	5,157,684
Due in More Than One Year	196,878,870	445,573	77,886,586
Total Liabilities	<u>\$ 228,646,423</u>	<u>\$ 8,471,655</u>	<u>\$ 115,445,200</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 46,182,704	\$ 23,442,244	\$ 0
Pension Changes in Experience	1,529,203	7,418,005	0
Pension Changes in Investment Earnings	866,832	3,181,853	0
Pension Other Deferrals	0	251,215	0
Unearned Revenues	761,880	0	0
Total Deferred Inflows of Resources	<u>\$ 49,340,619</u>	<u>\$ 34,293,317</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government	Component Units	
	Total Governmental Activities	School Department	Blount Memorial Hospital
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 76,363,068	\$ 122,935,501	\$ 42,759,741
Restricted for:			
General Government	718,419	0	0
Finance	81,037	0	0
Administration of Justice	451,653	0	0
Public Safety	1,771,364	0	0
Public Health and Welfare	97,021	0	0
Social, Cultural, and Recreation	811,299	0	0
Debt Service	1,889,678	0	0
Capital Projects	121,363	168,777	0
Education	0	2,046,824	0
Other Purposes	2,161,184	0	0
Permanent Endowment:			
Expendable	10,464	0	0
Nonexpendable	485,403	0	1,062,754
Unrestricted	<u>(155,396,886)</u>	<u>3,125,667</u>	<u>121,446,500</u>
Total Net Position (Deficit)	<u>\$ (70,434,933)</u>	<u>\$ 128,276,769</u>	<u>\$ 165,268,995</u>

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Blount County School Department	Blount Memorial Hospital
<u>Primary Government</u>							
Governmental Activities:							
General Government	\$ 9,502,874	\$ 2,447,022	\$ 138,773	\$ 109,150	\$ (6,807,929)	\$ 0	
Finance	3,649,315	3,892,363	0	0	243,048	0	
Administration of Justice	5,880,867	4,406,155	184,125	0	(1,290,587)	0	
Public Safety	19,188,955	5,232,456	604,427	60,611	(13,291,461)	0	
Public Health and Welfare	2,106,192	250,996	1,133,590	0	(721,606)	0	
Social, Cultural, and Recreational Services	2,927,654	249,060	964,459	67,000	(1,647,135)	0	
Agriculture and Natural Resources	248,673	0	0	0	(248,673)	0	
Highways	9,390,825	204,697	2,969,113	806,730	(5,410,285)	0	
Education	14,942,000	11,543,892	0	0	(3,398,108)	0	
Interest on Long-term Debt	8,303,926	0	0	0	(8,303,926)	0	
Total Primary Government	\$ 76,141,281	\$ 28,226,641	\$ 5,994,487	\$ 1,043,491	\$ (40,876,662)	\$ 0	
<u>Component Units</u>							
Blount County School Department							
Blount Memorial Hospital	\$ 95,970,734	\$ 3,137,248	\$ 9,336,650	\$ 0	\$ 0	\$ (83,496,836)	
	261,323,000	241,516,923	12,601,158	0	0	0	
Total Component Units	\$ 357,293,734	\$ 244,654,171	\$ 21,937,808	\$ 0	\$ 0	\$ (83,496,836)	

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental	Component Units	
					Total Governmental Activities	Blount County School Department	Blount Memorial Hospital
General Revenues:							
Property Taxes Levied for General Purposes					\$ 29,915,294	\$ 21,838,937	\$ 0
Property Taxes Levied for Debt Service					16,317,501	0	0
Property Taxes Levied for Capital Projects					0	1,350,208	0
Local Option Sales Taxes					3,359,034	14,665,450	0
Hotel/Motel Taxes					719,779	0	0
Litigation - General Taxes					717,339	0	0
Business Taxes					970,172	492,542	0
Wholesale Beer Taxes					244,436	0	0
Other Taxes					177,006	131,524	0
Grants and Contributions Not Restricted to Specific Programs					3,459,790	48,902,109	672,029
Unrestricted Investment Income					234,951	32,316	1,339,935
Miscellaneous					51,471	6,897	0
Total General Revenues					<u>\$ 56,166,773</u>	<u>\$ 87,419,983</u>	<u>\$ 2,011,964</u>
Change in Fair Value of Derivatives - Interest Rate Swap					\$ (3,146,508)	0	0
Change in Net Position					<u>\$ 12,143,603</u>	<u>\$ 3,923,147</u>	<u>\$ (5,192,955)</u>
Net Position (Deficit), July 1, 2015					<u>(82,578,536)</u>	<u>124,353,622</u>	<u>170,461,950</u>
Net Position (Deficit), June 30, 2016					<u><u>\$ (70,434,933)</u></u>	<u><u>\$ 128,276,769</u></u>	<u><u>\$ 165,268,995</u></u>

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, 2016

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 100	\$ 0	\$ 16,835	\$ 16,935
Equity in Pooled Cash and Investments	16,358,410	12,293,442	7,824,954	36,476,806
Accounts Receivable	200,881	6,774	50,905	258,560
Due from Other Governments	1,848,988	288,138	1,245,326	3,382,452
Due from Other Funds	9,094	0	0	9,094
Due from Component Units	19,200	0	0	19,200
Property Taxes Receivable	31,080,423	16,952,958	0	48,033,381
Allowance for Uncollectible Property Taxes	(500,399)	(272,945)	0	(773,344)
Notes Receivable - Long-term	0	1,058,697	0	1,058,697
Total Assets	<u>\$ 49,016,697</u>	<u>\$ 30,327,064</u>	<u>\$ 9,138,020</u>	<u>\$ 88,481,781</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,128,379	\$ 0	\$ 119,393	\$ 1,247,772
Accrued Payroll	1,087,824	0	57,684	1,145,508
Payroll Deductions Payable	505,302	0	58,010	563,312
Due to Other Funds	0	0	9,094	9,094
Due to State of Tennessee	1,157	0	508	1,665
Due to Other Taxing Units	22,174	0	6,798	28,972
Total Liabilities	<u>\$ 2,744,836</u>	<u>\$ 0</u>	<u>\$ 251,487</u>	<u>\$ 2,996,323</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 29,882,926	\$ 16,299,778	\$ 0	\$ 46,182,704
Deferred Delinquent Property Taxes	469,295	255,294	0	724,589

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor	Total
	General	General Debt Service	Other	
			Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>				
Other Deferred/Unavailable Revenue	\$ 234,701	\$ 1,058,697	\$ 0	\$ 1,293,398
Total Deferred Inflows of Resources	\$ 30,586,922	\$ 17,613,769	\$ 0	\$ 48,200,691
<u>FUND BALANCES</u>				
Nonspendable:				
Endowments	\$ 0	\$ 0	\$ 485,403	\$ 485,403
Restricted:				
Restricted for General Government	431,718	0	286,701	718,419
Restricted for Finance	81,037	0	0	81,037
Restricted for Administration of Justice	401,705	0	49,948	451,653
Restricted for Public Safety	284,037	0	1,487,327	1,771,364
Restricted for Public Health and Welfare	97,021	0	10,464	107,485
Restricted for Social, Cultural, and Recreational Services	0	0	811,299	811,299
Restricted for Debt Service	0	1,988,541	0	1,988,541
Restricted for Capital Projects	0	0	121,363	121,363
Committed:				
Committed for Administration of Justice	84,148	0	0	84,148
Committed for Public Safety	0	0	184,849	184,849
Committed for Public Health and Welfare	114,773	0	0	114,773
Committed for Highways/Public Works	0	0	4,078,568	4,078,568
Committed for Capital Outlay	22,237	0	1,370,611	1,392,848
Committed for Debt Service	0	10,724,754	0	10,724,754
Assigned:				
Assigned for General Government	240,112	0	0	240,112
Assigned for Finance	34,651	0	0	34,651

(Continued)

Exhibit C-1

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Debt</u>	<u>Other</u>	
	<u>General</u>	<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>FUND BALANCES (Cont.)</u>				
Assigned (Cont.):				
Assigned for Administration of Justice	\$ 94,855	\$ 0	\$ 0	\$ 94,855
Assigned for Public Safety	182,171	0	0	182,171
Assigned for Public Health and Welfare	15,153	0	0	15,153
Assigned for Agriculture and Natural Resources	10,805	0	0	10,805
Assigned for Highways/Public Works	7,924	0	0	7,924
Assigned for Capital Outlay	192,593	0	0	192,593
Unassigned	13,389,999	0	0	13,389,999
Total Fund Balances	<u>\$ 15,684,939</u>	<u>\$ 12,713,295</u>	<u>\$ 8,886,533</u>	<u>\$ 37,284,767</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 49,016,697</u>	<u>\$ 30,327,064</u>	<u>\$ 9,138,020</u>	<u>\$ 88,481,781</u>

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 37,284,767
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 7,518,566	
Add: construction in progress	2,050,859	
Add: infrastructure net of accumulated depreciation	56,474,553	
Add: buildings and improvements net of accumulated depreciation	33,522,401	
Add: other capital assets net of accumulated depreciation	<u>5,251,315</u>	104,817,694
(2) An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		2,791,333
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (25,573,706)	
Less: capital leases payable	(2,809,985)	
Less: bonds payable	(168,532,600)	
Add: deferred amount on refunding	1,047,631	
Less: compensated absences payable	(3,296,695)	
Less: other postemployment benefits liability	(3,177,717)	
Less: accrued interest on bonds, notes, and capital leases	(577,922)	
Add: receivable for capital lease to be retired by the School Department	1,160,608	
Add: receivable for accrued interest to be retired by the School Department	41,793	
Less: unamortized premium on debt	(3,659,730)	
Less: fair market value of swap agreements	<u>(14,632,985)</u>	(220,011,308)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,899,445	
Less: deferred inflows of resources related to pensions	<u>(2,396,035)</u>	503,410
(5) Net pension assets of the agent plans are not current financial resources and therefore are not reported in the governmental funds:		
Add: agent plan (excluding library)	\$ 1,816,614	
Add: agent plan-library	<u>344,570</u>	2,161,184
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,017,987</u>
Net position of governmental activities (Exhibit A)		<u>\$ (70,434,933)</u>

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

Exhibit C-3

Blount County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 32,962,675	\$ 17,346,076	\$ 3,236,525	\$ 53,545,276
Licenses and Permits	949,990	0	368,816	1,318,806
Fines, Forfeitures, and Penalties	1,291,574	0	17,907	1,309,481
Charges for Current Services	900,227	0	230,265	1,130,492
Other Local Revenues	444,905	226,155	288,257	959,317
Fees Received From County Officials	7,854,587	0	0	7,854,587
State of Tennessee	4,358,991	0	3,594,870	7,953,861
Federal Government	3,789,554	0	138,578	3,928,132
Other Governments and Citizens Groups	424,953	558,365	1,051,633	2,034,951
Total Revenues	<u>\$ 52,977,456</u>	<u>\$ 18,130,596</u>	<u>\$ 8,926,851</u>	<u>\$ 80,034,903</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 7,648,806	\$ 0	\$ 400,693	\$ 8,049,499
Finance	4,221,763	0	0	4,221,763
Administration of Justice	5,775,836	0	0	5,775,836
Public Safety	21,022,873	0	157,817	21,180,690
Public Health and Welfare	2,012,487	0	0	2,012,487
Social, Cultural, and Recreational Services	672,509	0	1,958,109	2,630,618
Agriculture and Natural Resources	264,721	0	0	264,721
Other Operations	1,348,343	0	8,445	1,356,788
Highways	80,319	0	6,558,444	6,638,763
Debt Service:				
Principal on Debt	0	8,720,896	0	8,720,896
Interest on Debt	0	8,195,519	0	8,195,519
Other Debt Service	0	407,745	0	407,745

(Continued)

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>				
Capital Projects	\$ 1,398,893	\$ 0	\$ 589,473	\$ 1,988,366
Total Expenditures	\$ 44,446,550	\$ 17,324,160	\$ 9,672,981	\$ 71,443,691
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,530,906	\$ 806,436	\$ (746,130)	\$ 8,591,212
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 1,541	\$ 1,541
Transfers In	154,098	833,944	2,887,114	3,875,156
Transfers Out	(3,721,058)	0	0	(3,721,058)
Total Other Financing Sources (Uses)	\$ (3,566,960)	\$ 833,944	\$ 2,888,655	\$ 155,639
Net Change in Fund Balances	\$ 4,963,946	\$ 1,640,380	\$ 2,142,525	\$ 8,746,851
Fund Balance, July 1, 2015	10,720,993	11,072,915	6,744,008	28,537,916
Fund Balance, June 30, 2016	\$ 15,684,939	\$ 12,713,295	\$ 8,886,533	\$ 37,284,767

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

Blount County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2016

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)		\$	8,746,851
(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	\$	3,245,533	
Less: current-year depreciation expense		<u>(6,409,811)</u>	(3,164,278)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(79,261)
(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, 2016	\$	2,017,987	
Less: deferred delinquent property taxes and other deferred June 30, 2015		<u>(2,174,405)</u>	(156,418)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on bonds	\$	5,291,929	
Add: principal payments on other loans		2,900,501	
Add: principal payments on capital leases		528,466	
Less: lease principal payments contributed by the School Department		(235,399)	
Add: change in premium on debt issuances		494,490	
Less: change in deferred amount on refunding debt		<u>(154,710)</u>	8,825,277

(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	\$	194,957
	Change in receivable for accrued interest being retired by the School Department		(8,477)
	Change in other postemployment benefits liability		(288,331)
	Change in compensated absences payable		11,998
	Change in net pension asset - agent plan (excluding library)		(244,201)
	Change in net pension asset - agent plan (library)		(469,885)
	Change in deferred outflows related to pensions		309,181
	Change in deferred inflows related to pensions		<u>2,721,141</u>
		\$	2,226,383
(6)	An internal service fund is used by management to charge the cost of general liability, property, casualty, workers' compensation, and employee health benefits to an individual fund. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		(1,108,443)
(7)	The interest rate swap agreement is classified as an investment derivative; therefore, the following is reflected on the changes in net position for governmental activities.		
	Change in fair value of derivatives-interest rate swap		<u>(3,146,508)</u>
	Change in net position of governmental activities (Exhibit B)	\$	<u><u>12,143,603</u></u>

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

Exhibit C-5

Blount County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 32,962,675	\$ 0	\$ 0	\$ 32,962,675	\$ 31,358,509	\$ 31,453,509	\$ 1,509,166
Licenses and Permits	949,990	0	0	949,990	779,454	779,454	170,536
Fines, Forfeitures, and Penalties	1,291,574	0	0	1,291,574	1,174,400	1,258,900	32,674
Charges for Current Services	900,227	0	0	900,227	860,888	860,888	39,339
Other Local Revenues	444,905	0	0	444,905	262,575	395,656	49,249
Fees Received From County Officials	7,854,587	0	0	7,854,587	7,436,613	7,651,613	202,974
State of Tennessee	4,358,991	0	0	4,358,991	3,798,199	3,631,672	727,319
Federal Government	3,789,554	0	0	3,789,554	2,156,049	3,599,177	190,377
Other Governments and Citizens Groups	424,953	0	0	424,953	316,475	369,640	55,313
Total Revenues	\$ 52,977,456	\$ 0	\$ 0	\$ 52,977,456	\$ 48,143,162	\$ 50,000,509	\$ 2,976,947
Expenditures							
<u>General Government</u>							
County Commission	\$ 180,770	\$ (1,511)	\$ 350	\$ 179,609	\$ 189,170	\$ 189,170	\$ 9,561
Board of Equalization	1,993	0	0	1,993	2,989	2,989	996
Beer Board	550	0	0	550	550	550	0
Budget and Finance Committee	400	0	0	400	400	400	0
County Mayor/Executive	225,487	(684)	526	225,329	227,667	227,667	2,338
Personnel Office	168,400	(128)	433	168,705	183,241	183,736	15,031
Election Commission	438,029	(4,120)	8,553	442,462	609,415	611,975	169,513
Register of Deeds	568,409	(1,266)	4,784	571,927	586,775	592,110	20,183
Development	476,802	(13,634)	76,440	539,608	633,857	636,279	96,671
Planning	216,133	(636)	1,100	216,597	220,515	220,515	3,918
County Buildings	1,515,591	(21,893)	141,546	1,635,244	1,402,166	1,694,057	58,813
Other General Administration	3,612,890	(5,775)	9,142	3,616,257	3,505,619	4,071,059	454,802
Preservation of Records	106,946	(575)	456	106,827	106,155	115,055	8,228
Risk Management	136,406	(3,010)	3,106	136,502	161,868	161,868	25,366
<u>Finance</u>							
Accounting and Budgeting	631,659	(1,253)	4,996	635,402	737,736	735,366	99,964
Purchasing	335,767	(285)	1,334	336,816	382,445	377,905	41,089

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 820,333	\$ (7,470)	\$ 1,693	\$ 814,556	\$ 862,313	\$ 862,313	\$ 47,757
Reappraisal Program	345,598	(16)	900	346,482	327,691	363,191	16,709
County Trustee's Office	462,170	(400)	0	461,770	479,965	476,585	14,815
County Clerk's Office	1,026,446	(6,733)	38,611	1,058,324	1,082,754	1,083,450	25,126
Data Processing	599,790	(22,358)	24,370	601,802	796,260	796,260	194,458
<u>Administration of Justice</u>							
Circuit Court Judge	41,552	(3,030)	7,744	46,266	111,205	111,205	64,939
Circuit Court Clerk	2,158,484	(17,108)	22,588	2,163,964	2,100,176	2,248,566	84,602
Criminal Court	329,469	(2,158)	26,156	353,467	341,960	386,284	32,817
General Sessions Judge	988,601	(1,020)	9,453	997,034	1,019,179	1,019,179	22,145
Chancery Court	448,422	(5,008)	4,260	447,674	470,137	470,137	22,463
Juvenile Court	454,977	(1,324)	3,735	457,388	473,519	479,869	22,481
Office of Public Defender	52,979	0	0	52,979	55,205	55,205	2,226
Judicial Commissioners	198,807	0	0	198,807	235,516	251,666	52,859
Other Administration of Justice	508,821	0	0	508,821	529,418	529,418	20,597
Probation Services	540,992	(20,175)	28,252	549,069	624,482	626,652	77,583
Victim Assistance Programs	52,732	0	0	52,732	80,000	80,000	27,268
<u>Public Safety</u>							
Sheriff's Department	11,109,856	(184,835)	147,322	11,072,343	11,218,249	11,554,278	481,935
Administration of the Sexual Offender Registry	4,250	(1,000)	2,000	5,250	6,000	6,000	750
Jail	8,022,800	(273,209)	177,227	7,926,818	8,425,051	8,761,933	835,115
Workhouse	12,264	0	0	12,264	13,452	13,452	1,188
Juvenile Services	1,385,938	(12,626)	10,997	1,384,309	1,658,574	1,659,537	275,228
Fire Prevention and Control	23,250	0	0	23,250	23,250	23,250	0
Civil Defense	162,383	(1,865)	12,294	172,812	268,229	210,167	37,355
Other Emergency Management	302,132	0	0	302,132	302,133	302,133	1
<u>Public Health and Welfare</u>							
Local Health Center	1,392,416	(1,696)	5,872	1,396,592	1,612,785	1,628,632	232,040
Rabies and Animal Control	542,815	(9,040)	19,356	553,131	588,127	595,617	42,486

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Other Local Welfare Services	\$ 77,256	\$ 0	\$ 0	\$ 77,256	\$ 98,668	\$ 98,668	\$ 21,412
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	672,509	0	0	672,509	672,509	672,509	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	153,558	(15)	30	153,573	163,496	163,496	9,923
Soil Conservation	111,163	0	10,775	121,938	129,376	129,376	7,438
<u>Other Operations</u>							
Industrial Development	1,062,200	0	0	1,062,200	1,062,200	1,062,200	0
Veterans' Services	163,143	(1)	222	163,364	177,248	177,248	13,884
Contributions to Other Agencies	123,000	0	0	123,000	123,000	123,000	0
<u>Highways</u>							
Litter and Trash Collection	80,319	(2,212)	7,923	86,030	87,025	87,025	995
<u>Capital Projects</u>							
General Administration Projects	492,714	(405,843)	42,760	129,631	37,000	146,852	17,221
Public Safety Projects	823,802	(153,132)	172,070	842,740	1,003,273	856,244	13,504
Social, Cultural, and Recreation Projects	82,377	(5,336)	0	77,041	0	77,041	0
Total Expenditures	\$ 44,446,550	\$ (1,192,380)	\$ 1,029,376	\$ 44,283,546	\$ 46,209,993	\$ 48,009,339	\$ 3,725,793
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 8,530,906	\$ 1,192,380	\$ (1,029,376)	\$ 8,693,910	\$ 1,933,169	\$ 1,991,170	\$ 6,702,740
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 154,098	\$ 0	\$ 0	\$ 154,098	\$ 154,098	\$ 154,098	\$ 0
Transfers Out	(3,721,058)	0	0	(3,721,058)	(1,625,395)	(3,721,058)	0
Total Other Financing Sources	\$ (3,566,960)	\$ 0	\$ 0	\$ (3,566,960)	\$ (1,471,297)	\$ (3,566,960)	\$ 0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 4,963,946	\$ 1,192,380	\$ (1,029,376)	\$ 5,126,950	\$ 461,872	\$ (1,575,790)	\$ 6,702,740
Fund Balance, July 1, 2015	10,720,993	(1,192,380)	0	9,528,613	10,720,993	10,720,993	(1,192,380)
Fund Balance, June 30, 2016	\$ 15,684,939	\$ 0	\$ (1,029,376)	\$ 14,655,563	\$ 11,182,865	\$ 9,145,203	\$ 5,510,360

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

Exhibit D-1

Blount County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2016

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 177,242
Equity in Pooled Cash and Investments	6,010,089
Accounts Receivable	1,856
Due from Component Units	761,880
Total Assets	<hr/> \$ 6,951,067 <hr/>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 949,854
Other Current Liabilities	2,448,000
Total Liabilities	<hr/> \$ 3,397,854 <hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned Revenue	<hr/> \$ 761,880 <hr/>
Total Deferred Inflows of Resources	<hr/> \$ 761,880 <hr/>
<u>NET POSITION</u>	
Net Position - Unrestricted	<hr/> \$ 2,791,333 <hr/>
Total Net Position	<hr/> \$ 2,791,333 <hr/>

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

Exhibit D-2

Blount County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 20,249,103
Total Operating Revenues	<hr/> \$ 20,249,103 <hr/>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 850,729
Insurance Premiums	692,530
Building and Contents Insurance	318,712
Other Administrative Expenses	204,641
Contracts with Private Agencies	389,480
Medical Claims	18,277,814
Liability Insurance	228,473
Other Self-Insured Claims	257,020
Total Operating Expenses	<hr/> \$ 21,219,399 <hr/>
Operating Income (Loss)	<hr/> \$ (970,296) <hr/>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 15,951
Total Nonoperating Revenues (Expenses)	<hr/> \$ 15,951 <hr/>
Income (Loss) Before Transfers	\$ (954,345)
Transfers Out	(154,098)
Change in Net Position	<hr/> \$ (1,108,443) <hr/>
Net Position, July 1, 2015	<hr/> 3,899,776 <hr/>
Net Position, June 30, 2016	<hr/> \$ 2,791,333 <hr/>

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, 2016

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 21,078,631
Payments to Fiscal Agents	(802,890)
Payments to Insurers	(1,659,967)
Payments for Claims	(18,822,369)
Payments for Administrative Costs	(204,832)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (411,427)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 15,189
Net Cash Provided By (Used In) Investing Activities	<u>\$ 15,189</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (154,098)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (154,098)</u>
Increase (Decrease) in Cash	\$ (550,336)
Cash, July 1, 2015	<u>6,737,667</u>
Cash, June 30, 2016	<u>\$ 6,187,331</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (970,296)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables (excluding interest receivable)	840,075
Increase (Decrease) in Current Liabilities	<u>(281,206)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (411,427)</u>
<u>Reconciliation of Cash with Statement of Net Position</u>	
Cash Per Net Position	\$ 177,242
Equity in Pooled Cash and Investments Per Net Position	<u>6,010,089</u>
Cash, June 30, 2016	<u>\$ 6,187,331</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,889,508
Equity in Pooled Cash and Investments	1,996,788
Accounts Receivable	220,833
Due from Other Governments	5,432,774
Taxes Receivable	14,814,692
Allowance for Uncollectible Taxes	<u>(238,519)</u>
Total Assets	<u>\$ 25,116,076</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 38,629
Payroll Deductions Payable	378,567
Due to Other Taxing Units	20,081,471
Due to Litigants, Heirs, and Others	3,111,171
Due to Joint Ventures	<u>1,506,238</u>
Total Liabilities	<u>\$ 25,116,076</u>

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

BLOUNT COUNTY, TENNESSEE
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BLOUNT COUNTY, TENNESSEE
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BLOUNT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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. Although required by GAAP, the financial statements of the Blount County Emergency Communications District and the Blount County Public Building Authority, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Blount County School Department operates the public school system in the county, and the voters of Blount County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. 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 financial statements of the Blount County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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 financial statements of the Blount County Public Building Authority were not material to the component units' opinion unit and therefore have been omitted from this report.

The Blount County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Blount Memorial Hospital, Inc., Blount County Emergency Communications District, and the Blount County Public Building Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

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

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

Blount County issues all debt for the discretely presented Blount County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

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

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

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

of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which

have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Blount County reports the following major governmental funds:

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

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

Additionally, Blount County reports the following fund types:

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

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

Permanent Fund – The Endowment Fund is used to account for an endowment received by the county for which the principal must remain intact while interest earned on the principal is to be expended to benefit an orphans’ or children’s home owned by the county.

Internal Service Fund – The Self Insurance Fund accounts for the self-insured general liability, property, casualty, workers’ compensation, and employee health benefits managed by the county for the primary government and the discretely presented School Department.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Blount County, the city school systems’ shares of educational revenues, Hotel/Motel tax received by the county to be forwarded to the Tourism Development Authority, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, restricted revenues held for the benefit of the Office of District Attorney General, and amounts held in a payroll clearing account. Agency funds are custodial

in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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

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

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

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

1. **Deposits and Investments**

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Blount County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General, General Debt Service, and General Purpose School funds. Blount County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 0.83 percent of the total taxes levied.

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

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

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

Most payables are disaggregated on the face of the financial statements. On the Statement of Net Position for the primary government, a portion of Accounts Payable totaling \$895,617, as well as the entire balance in the account Other Current Liabilities totaling \$2,448,000, represent internal service fund liabilities for self-insured claims.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. Prepaid items include \$43,770 of prepaid other post-employment benefits for the discretely presented School Department.

4. Capital Assets

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

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the deferred charge on refunding, pension changes in experience, pension other deferrals and pension contributions after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/or the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, unearned revenues, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

6. Compensated Absences

The county's and the School Department's policies permit employees to accumulate earned but unused vacation and sick pay benefits. The county's policy provides that employees will be reimbursed for unused sick leave upon retirement or death up to a maximum of 30 days. There is no liability for unpaid accumulated sick leave for the School Department since they do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay and the limited liability for sick leave of the primary government are accrued when incurred in the government-wide statements for the county and the discretely presented School Department. A liability for vacation and sick pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

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

In the fund financial statements, governmental funds 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 long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

The county enters into interest rate swap agreements to modify interest rates on outstanding debt. See Note IV.C. for details of the swap agreements.

8. **Net Position and Fund Balance**

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

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

Restricted for Other Purposes on the Statement of Net Position for the primary government and Restricted for Education on the Statement of Net Position for the discretely presented School Department include \$2,161,184 and \$699,567, respectively resulting from the recognition of net pension assets.

As of June 30, 2016, Blount County had \$161,988,714 in outstanding debt for capital purposes of other entities (schools - \$157,896,989, industrial purposes - \$3,215,000, and a joint communications system lease - \$876,725). In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (the cities of Maryville and Alcoa school systems) based on an average daily attendance proration. This debt is a liability of Blount County, but the capital assets acquired are reported in the financial statements of the other entities. Therefore, Blount County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments for the primary government and the School Department, respectively. Assigned fund balance in the General Fund and the General Purpose School Fund consists of amounts assigned for encumbrances at June 30, 2016.

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

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Blount County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Blount County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Blount County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Blount County School Department

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

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

Primary Government

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

Discretely Presented Blount County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2016, Blount County had the following investments carried at fair value or amortized cost within the fair value hierarchy established by generally accepted accounting principles. Pooled investments reported in the following table are held in the county trustee's investment pool. 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.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value or Cost
Investments at Amortized Cost:			
State Treasurer's Investment Pool	4 to 117	N/A	\$ 172,251
Investments at Fair Value:			
U.S. Treasury Bills	N/A	8/18/16	999,690
"	N/A	9/15/16	999,570
"	N/A	10/13/16	999,330
"	N/A	7/21/16	999,900
Federal National Mortgage Association	N/A	7/15/16	999,930
"	N/A	7/29/16	999,870
"	N/A	8/17/16	999,670
"	N/A	8/31/16	999,580
"	N/A	9/12/16	999,430
"	N/A	9/23/16	999,350
"	N/A	9/30/16	999,290
"	N/A	10/7/16	999,020
"	N/A	10/20/16	998,890
Federal Home Loan Bank	N/A	9/28/16	1,000,390
"	N/A	10/21/16	459,972
U.S. Treasury Notes	N/A	10/31/16	1,000,070
Total			\$ 15,626,203

Investment by Fair Value Level	Fair Value 6-30-16	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bills	\$ 3,998,490	\$ 3,998,490	\$ 0	\$ 0
Federal National Mortgage Association	8,995,030	8,995,030	0	0
Federal Home Loan Bank	1,460,362	1,460,362	0	0
U.S. Treasury Notes	1,000,070	1,000,070	0	0
Total	\$ 15,453,952	\$ 15,453,952	\$ 0	\$ 0

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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, 2016, Blount County's investment in the State Treasurer's Investment Pool was unrated. Blount County's investments in Federal National Mortgage Association and Federal Home Loan Bank were rated AAA by Moody's Investor's Service and AAA by Fitch Ratings.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Blount County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal National Mortgage Association and Federal Home Loan Bank. These investments are 57.6 and 9.4 percent of the county's total investments, respectively.

B. Notes Receivable

During the fiscal year ended June 30, 2006, Blount County purchased property intended for use as a county fairground. The purchase price was \$785,000. In January 2007, this property was transferred to the Industrial Development Board

(board) for sale to a third party. The county executed an agreement with the board allowing it to dispose of the property upon terms and conditions as the board deems reasonable and to remit all proceeds from the sale of this property to Blount County. However, under the terms of the agreement, the 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. In March 2007, the board sold the property for \$820,000 to Event Management, LLC. The board collected \$125,000 at closing and signed an agreement for the remaining \$695,000 to be paid over the next several years with the potential for a two-year extension. As of December 2014, the board had submitted to the county payments received from Event Management, LLC totaling \$181,071 leaving a balance of \$513,929. During 2014, Event Management, LLC dissolved and defaulted on the final payment due for the remaining balance of \$513,929. In January 2016, the board transferred the property to Fans of the Mountain, LLC at a negotiated price of \$441,353 with an agreement to pay without interest in payments of \$25,000, due on January 10, 2016, and January 10, 2017, with the entire principal balance due and payable on January 10, 2018. The difference (\$72,576) between the balance owed on the defaulted note and the new negotiated price was expensed on the primary government's 2014-2015 Statement of Activities. The entire balance of \$416,353 due on the contract as of June 30, 2016, is reflected as notes receivable on the balance sheet of the General Debt Service Fund. See prior-year audits for additional details related to the history of this land sale.

During 2010, Blount County entered into an Intergovernmental Agreement with the City of Maryville and the City of Alcoa to share the costs of a communication system. The notes receivable for the City of Maryville and City of Alcoa's portion of the ten-year capital lease purchase are \$353,329 and \$289,015, respectively. These notes receivable are reflected in the General Debt Service Fund. See Note IV.F., for information on the capital lease associated with the purchase of the equipment.

Notes receivable are offset by deferred inflows in the fund financial statements.

C. Derivative Instruments

Primary Government

At June 30, 2016, Blount County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 10,000,000	6-1-06	6-1-30	Pay 3.9% receive 63.2% of 5-year CMS
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	6-1-06	6-1-28	Pay 3.264% receive 59% of 5-year CMS
\$14M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	14,000,000	6-1-06	6-1-27	Pay 3.533% receive 59% of 5-year CMS
\$39M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	39,000,000	6-1-06	6-1-23	Pay 4.27% receive 63.45% of 5-year CMS

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2016 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2016		6-30-16
	Classification	Amount	Classification	Amount	Notional Amount
Investment Derivatives:					
Pay-fixed interest rate swaps:					
\$10M Swap	Interest and Investment Earnings	\$ (869,852)	Debt	\$ (3,174,995)	\$ 10,000,000
\$10M Swap	Interest and Investment Earnings	(757,763)	Debt	(2,328,047)	10,000,000
\$14M Swap	Interest and Investment Earnings	(807,453)	Debt	(3,042,097)	14,000,000
\$39M Swap	Interest and Investment Earnings	(711,440)	Debt	(6,087,846)	39,000,000
Totals		<u>\$ (3,146,508)</u>		<u>\$ (14,632,985)</u>	<u>\$ 73,000,000</u>

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The county adopted GASB 53 in fiscal year 2010. All derivatives are reported on the statement of net assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in GASB 53. Depending on the test results, the changes in fair value are either reported on the statement of net assets as a deferral, or in the statement of activities as investment revenue or loss.

In February 2015, GASB issued Statement 72, addressing the accounting and financial reporting issues related to fair value measurements. GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between swap counterparties at the measurement date, which includes the non-performance risk (the mark-to-market value excludes the risk of nonperformance). The statement is effective for reporting periods beginning after June 15, 2015. The county adopted GASB 72 beginning fiscal year ended 2016.

The county engaged an independent party to perform the valuation and required tests on their four (4) outstanding swaps, and all swaps do not qualify for hedge accounting.

The expected swap cash flows are calculated using the zero-coupon discounting method, which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is

then used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. The observability of inputs used to perform the measurement results in the swap fair values being categorized as Level 2.

The swaps were all amended from receiving a floating rate of a percentage of 1-month USD-LIBOR to receiving a percentage of the 5-year USD-ISDA Swap rate, also known as the 5-year Constant Maturity Swap (CMS) rate. This reduces interest expense from the expected benefit resulting from the difference between short and long term rates. Longer term interest rates, such as the 5-year CMS rate, are generally higher than shorter term interest rates, such as a weekly or 1-month LIBOR rate, which the county pays on the variable bonds. Since the long term index is expected to out-perform the short-term variable rate, the tests under GASB 53 deem such transactions investment instruments.

Interest rate swaps are classified as hedging derivative instruments only if they meet effectiveness criteria established by GASB 53. The swap agreements described below did not meet that criteria, and therefore are classified as investment derivatives.

\$10M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series A-5-A. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and novated the interest rate swap agreement from the Public Building Authority of Blount County, Tennessee, to Blount County, Tennessee.

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 Series A-5-A bonds are no longer outstanding and the interest rate swap was assigned to, and associated with the Series E-1-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-1-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 3.90 percent and receives a variable payment computed as 63.20 percent of the 5-year CMS rate. The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$10 million. At no time will the notional amount on the interest rate swap agreement exceed the outstanding amount on the associated hedged bonds. The related swap agreement matures on June 1, 2030. Rates for the net interest rate swap payments were calculated using the average of the actual variable rates throughout the fiscal year. For the fiscal year ending June 30, 2016, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.900%
Variable payment from counterparty	% 5Y CMS rate	<u>-0.956%</u>
Net interest rate swap payments		2.944%
Variable-rate bond coupon payments		0.746%
On-going costs (other loan fees)		<u>0.000%</u>
Synthetic interest rate on bonds		<u><u>3.690%</u></u>

Fair value. This is the calculated value of the transaction using prevailing market rates, absent transaction costs, and incorporates the risk of nonperformance of the district. The swap had a negative fair value of \$3,174,995 as of June 30, 2016.

Credit risk. This is the risk that a counterparty will not fulfill its obligations. As of June 30, 2016, the county was not exposed to credit risk because the swap had a negative mark-to-market value of \$3,301,965. However, if interest rates change and the mark-to-market value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's mark-to-market value. As of June 30, 2016, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.20 percent of the 5-year CMS rate, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.20 percent of the 5-year CMS rate, 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 county 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 mark-to-market value, the county would

be liable to the counterparty for a payment equal to the swap's mark-to-market value. Likewise, if the swap has a positive mark-to-market value at termination, the counterparty would be liable to the county for a payment equal to the swap's mark-to-market value.

Swap payments and associated debt. As of June 30, 2016, 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. The projected swap payments shown below were calculated using the last variable rate as of June 30, 2016, as shown under the GASB 53 illustrations, which assumes current interest rate on the variable-rate bonds and the current reference rate of the hedging derivative instrument would remain the same for their terms. This calculation method is used for payments projection purposes only.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2017	\$ 0	\$ 74,612	\$ 320,517	\$	395,129
2018	0	74,612	320,517		395,129
2019	0	74,612	320,517		395,129
2020	0	74,612	320,517		395,129
2021	0	74,612	320,517		395,129
2022-2026	0	373,058	1,602,585		1,975,643
2027-2030	10,000,000	250,471	1,075,976		11,326,447
Total	\$ 10,000,000	\$ 996,589	\$ 4,281,146	\$	15,277,735

\$10M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series B-4-A. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and novated the interest rate swap agreement from the Public Building Authority of Blount County, Tennessee, to Blount County, Tennessee.

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 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 was associated with the Series E-5-A bonds. On January 8, 2014, Blount County, Tennessee, canceled

the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-5-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 3.264 percent and receives a variable payment computed as 59 percent of the 5-year CMS rate. 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 amount on the associated hedged bonds. The bond and the related swap agreement mature on June 1, 2028. Rates for the net interest rate swap payments were calculated using the average of the actual variable rates throughout the fiscal year. For the fiscal year ending June 30, 2016, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.264%
Variable payment from counterparty	% 5Y CMS rate	<u>-0.893%</u>
Net interest rate swap payments		2.371%
Variable-rate bond coupon payments		0.746%
On-going costs (other loan fees)		<u>0.000%</u>
 Synthetic interest rate on bonds		 <u><u>3.117%</u></u>

Fair value. This is the calculated value of the transaction using prevailing market rates, absent transaction costs, and incorporates the risk of nonperformance of the district. The swap had a negative fair value of \$2,328,047 as of June 30, 2016.

Credit risk. This is the risk that a counterparty will not fulfill its obligations. As of June 30, 2016, the county was not exposed to credit risk because the swap had a negative mark-to-market value of \$2,391,326. However, if interest rates change and the mark-to-market value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's mark-to-market value. As of June 30, 2016, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 59 percent of the 5-year CMS rate, 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 the 5-year CMS rate, 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 county 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 mark-to-market value, the county would be liable to the counterparty for a payment equal to the swap's mark-to-market value. Likewise, if the swap has a positive mark-to-market value at termination, the counterparty would be liable to the county for a payment equal to the swap's mark-to-market value.

Swap payments and associated debt. As of June 30, 2016, 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. The projected swap payments shown below were calculated using the last variable rate as of June 30, 2016, as shown under the GASB 53 illustrations, which assumes current interest rate on the variable-rate bonds and the current reference rate of the hedging derivative instrument would remain the same for their terms. This calculation method is used for payments projection purposes only.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2017	\$ 0	\$ 74,612	\$ 261,534	\$	336,146
2018	0	74,612	261,534		336,146
2019	0	74,612	261,534		336,146
2020	0	74,612	261,534		336,146
2021	0	74,612	261,534		336,146
2022-2026	0	373,058	1,307,670		1,680,728
2027-2028	10,000,000	138,031	483,838		10,621,869
Total	\$ 10,000,000	\$ 884,149	\$ 3,099,178	\$	13,983,327

\$14M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series D-1-B. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and novated the interest rate swap agreement from the Public Building Authority of Blount County, Tennessee, to Blount County, Tennessee.

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 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 was associated with the Series E-5-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-5-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 3.5325 percent and receives a variable payment computed as 59 percent of the 5-year CMS rate. The swap has a notional amount of \$14 million and the associated variable-rate bond has a \$14 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding amount on the associated hedged bonds. The bonds and the related swap agreement mature on June 1, 2027. Rates for the net interest rate swap payments were calculated using the average of the actual variable rates throughout the fiscal year. For the fiscal year ending June 30, 2016, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.533%
Variable payment from counterparty	% 5Y CMS rate	-0.893%
Net interest rate swap payments		<u>2.640%</u>
Variable-rate bond coupon payments		0.746%
On-going costs (other loan fees)		<u>0.000%</u>
Synthetic interest rate on bonds		<u><u>3.386%</u></u>

Fair value. This is the calculated value of the transaction using prevailing market rates, absent transaction costs, and incorporates the risk of nonperformance of the district. The swap had a negative fair value of \$3,042,097 as of June 30, 2016.

Credit risk. This is the risk that a counterparty will not fulfill its obligations. As of June 30, 2016, the county was not exposed to credit risk because the swap had a negative mark-to-market value of \$3,094,344. However, if interest rates change and the mark-to-market value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's mark-to-market value. As of June 30, 2016, the swap counterparty, Deutsche Bank AG,

was rated A3/BBB+/A- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 59 percent of the 5-year CMS rate, 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 the 5-year CMS rate, 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 county 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 mark-to-market value, the county would be liable to the counterparty for a payment equal to the swap's mark-to-market value. Likewise, if the swap has a positive mark-to-market value at termination, the counterparty would be liable to the county for a payment equal to the swap's mark-to-market value.

Swap payments and associated debt. As of June 30, 2016, 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. The projected swap payments shown below were calculated using the last variable rate as of June 30, 2016, as shown under the GASB 53 illustrations, which assumes current interest rate on the variable-rate bonds and the current reference rate of the hedging derivative instrument would remain the same for their terms. This calculation method is used for payments projection purposes only.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2017	\$ 0	\$ 104,456	\$ 403,738	\$	508,194
2018	0	104,456	403,738		508,194
2019	0	104,456	403,738		508,194
2020	0	104,456	403,738		508,194
2021	0	104,456	403,738		508,194
2022-2026	8,000,000	432,747	1,672,627		10,105,374
2027	6,000,000	14,922	57,677		6,072,599
Total	\$ 14,000,000	\$ 969,949	\$ 3,748,994	\$	18,718,943

\$39M Swap:

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-C-I. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and novated the interest rate swap agreement from the Public Building Authority of Blount County, Tennessee, to Blount County, Tennessee.

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-I variable-rate bonds. The Series IV-C-I bonds are no longer outstanding and the interest rate swap was assigned and associated with, the Series E-1-A bonds. On January 8, 2014, Blount County, Tennessee, canceled the loan agreement with the Public Building Authority of Blount County, Tennessee, and refunded the Series E-1-A bonds and issued Blount County General Obligation Refunding Bond, Series 2013B. This swap was simultaneously novated from the Public Building Authority to Blount County, Tennessee, and assigned to the General Obligation Refunding Bond, Series 2013B. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the county pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.45 percent of the 5-year CMS rate. The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$39 million. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2023. Rates for the net interest rate swap payments were calculated using the average of the actual variable rates throughout the fiscal year. For the fiscal year ending June 30, 2016, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.270%
Variable payment from counterparty	% 5Y CMS rate	<u>-0.960%</u>
Net interest rate swap payments		3.310%
Variable-rate bond coupon payments		0.746%
On-going costs (other loan fees)		<u>0.000%</u>
Synthetic interest rate on bonds		<u><u>4.056%</u></u>

Fair value. This is the calculated value of the transaction using prevailing market rates, absent transaction costs, and incorporates the risk of nonperformance of the district. The swap had a negative fair value of \$6,087,846 as of June 30, 2016.

Credit risk. This is the risk that a counterparty will not fulfill its obligations. As of June 30, 2016, the county was not exposed to credit risk because the swap had a negative mark-to-market value of \$6,135,060. However, if interest rates change and the mark-to-market value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's mark-to-market value. As of June 30, 2016, the swap counterparty, Deutsche Bank AG, was rated A3/BBB+/A by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63.45 percent of the 5-year CMS rate, 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 the 5-year CMS rate, 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 county 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 mark-to-market value, the county would be liable to the counterparty for a payment equal to the swap's mark-to-market value. Likewise, if the swap has a positive mark-to-market value at termination, the counterparty would be liable to the county for a payment equal to the swap's mark-to-market value.

Swap payments and associated debt. As of June 30, 2016, 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. The projected swap payments shown below were calculated using the last variable rate as of June 30, 2016, as shown under the GASB 53 illustrations, which assumes current interest rate on the variable-rate bonds and the current reference rate of the hedging derivative instrument would remain the same for their terms. This calculation method is used for payments projection purposes only.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2017	\$ 0	\$ 290,985	\$ 1,393,244	\$ 1,684,229
2018	1,515,000	279,681	1,339,122	3,133,803
2019	3,470,000	253,791	1,215,159	4,938,950
2020	3,660,000	226,483	1,084,408	4,970,891
2021	6,990,000	174,330	834,696	7,999,026
2022-2023	23,365,000	180,560	864,526	24,410,086
Total	<u>\$ 39,000,000</u>	<u>\$ 1,405,830</u>	<u>\$ 6,731,155</u>	<u>\$ 47,136,985</u>

D. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 7,518,566	\$ 0	\$ 0	\$ 7,518,566
Construction in Progress	926,598	1,228,776	(104,515)	2,050,859
Total Capital Assets Not Depreciated	<u>\$ 8,445,164</u>	<u>\$ 1,228,776</u>	<u>\$ (104,515)</u>	<u>\$ 9,569,425</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 53,160,368	\$ 211,072	\$ 0	\$ 53,371,440
Roads, Streets, and Bridges	136,459,178	293,455	0	136,752,633
Other Capital Assets	15,575,562	1,616,745	(793,474)	16,398,833
Total Capital Assets Depreciated	<u>\$ 205,195,108</u>	<u>\$ 2,121,272</u>	<u>\$ (793,474)</u>	<u>\$ 206,522,906</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 18,757,194	\$ 1,091,845	\$ 0	\$ 19,849,039
Roads, Streets, and Bridges	76,116,331	4,161,749	0	80,278,080
Other Capital Assets	10,705,514	1,156,217	(714,213)	11,147,518
Total Accumulated Depreciation	<u>\$ 105,579,039</u>	<u>\$ 6,409,811</u>	<u>\$ (714,213)</u>	<u>\$ 111,274,637</u>
Total Capital Assets Depreciated, Net	<u>\$ 99,616,069</u>	<u>\$ (4,288,539)</u>	<u>\$ (79,261)</u>	<u>\$ 95,248,269</u>
Governmental Activities Capital Assets, Net	<u>\$ 108,061,233</u>	<u>\$ (3,059,763)</u>	<u>\$ (183,776)</u>	<u>\$ 104,817,694</u>

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

Governmental Activities:

General Government	\$ 257,382
Finance	12,238
Administration of Justice	261,104
Public Safety	1,040,531
Public Health and Welfare	157,072
Social, Cultural, and Recreational	306,835
Highways	<u>4,374,649</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,409,811</u>

Discretely Presented Blount County School Department**Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 9,951,059	\$ 0	\$ 0	\$ 9,951,059
Total Capital Assets Not Depreciated	<u>\$ 9,951,059</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,951,059</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 172,730,094	\$ 0	\$ 0	\$ 172,730,094
Other Capital Assets	5,592,161	91,765	(101,821)	5,582,105
Total Capital Assets Depreciated	<u>\$ 178,322,255</u>	<u>\$ 91,765</u>	<u>\$ (101,821)</u>	<u>\$ 178,312,199</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 57,450,867	\$ 3,536,081	\$ 0	\$ 60,986,948
Other Capital Assets	4,060,234	312,105	(31,530)	4,340,809
Total Accumulated Depreciation	<u>\$ 61,511,101</u>	<u>\$ 3,848,186</u>	<u>\$ (31,530)</u>	<u>\$ 65,327,757</u>
Total Capital Assets Depreciated, Net	<u>\$ 116,811,154</u>	<u>\$ (3,756,421)</u>	<u>\$ (70,291)</u>	<u>\$ 112,984,442</u>
Governmental Activities Capital Assets, Net	<u>\$ 126,762,213</u>	<u>\$ (3,756,421)</u>	<u>\$ (70,291)</u>	<u>\$ 122,935,501</u>

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

Governmental Activities:

Instruction	\$	40,292
Support Services		3,646,105
Operation of Non-instructional Services		<u>161,789</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>3,848,186</u></u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 9,094
Discretely Presented School Department: Nonmajor governmental	General Purpose School	14,190

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

Due to/from Primary Government and Component Unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government: Internal Service	Component Unit: School Department	\$ 761,880
Primary Government: General	Component Unit: School Department	19,200

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes \$1,202,401 for principal and accrued interest on debt issued by the primary government, which is being retired by the School Department. Of that amount, \$904,690 is not expected to be received within one year.

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 833,944	\$ 2,887,114
Internal Service Fund	154,098	0	0
Total Transfers	\$ 154,098	\$ 833,944	\$ 2,887,114

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 September 1, 2010, Blount County entered into a ten-year lease-purchase agreement for a Motorola Communication System. The terms of the agreement require total lease payments of \$3,007,000 plus interest of 3.97 percent. Blount County entered into an interlocal agreement with the cities of Alcoa and Maryville to sublease a portion of the system to those cities. Title to the equipment transfers to Blount County and the cities at the end of the lease period. The lease payments will be made from the General Debt Service Fund. See Note IV.B., regarding notes receivable from the City of Maryville and City of Alcoa related to the lease.

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

The assets acquired through capital leases are as follows:

	Governmental Activities	
	Primary Government	School Department
Machinery and Equipment (county portion)	\$ 1,808,935	\$ 0
Less: Accumulated Depreciation	(904,469)	0
Buildings and Improvements	0	2,738,602
Less: Accumulated Depreciation	0	(1,780,090)
Total Book Value	<u>\$ 904,466</u>	<u>\$ 958,512</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30	Governmental Funds
2017	\$ 688,789
2018	696,826
2019	705,106
2020	713,633
2021	370,183
Total Minimum Lease Payments	<u>\$ 3,174,537</u>
Less: Amount Representing Interest	<u>(364,552)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,809,985</u>

G. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, and other loans outstanding were issued for original terms of up to 24 years for bonds and up to 29 years for the other loans. Blount County had no outstanding capital outlay notes at June 30, 2016. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other

loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds - Refunding - Fixed Rate	.55 to 5%	6-1-31	\$ 100,620,000	\$ 78,800,000
General Obligation Bonds - Refunding - Variable Rate	Variable	6-1-37	79,800,000	79,435,000
Qualified School Construction Bonds	2.6	9-14-27	14,855,000	10,297,600
Other Loans - Public Building Authority	2.5 to 6.2	6-1-37	42,930,000	25,470,000
Other Loans - State School Bond Authority	0	11-24-20	727,865	103,706
Capital Lease	3.97 to 5.4	9-1-20	5,745,602	2,809,985

Included in long-term debt is \$79,435,000 in general obligation bonds, series 2013B, which were directly purchased by U.S. Bank National Association (the bank). Proceeds of the bonds were used to refund obligations under variable rate loan agreements with the Public Building Authority of Blount County. The bonds have a final maturity of June 1, 2037, and are held by the bank pursuant to a “Continuing Covenant Agreement.” The agreement provides for an “Initial Index Period Mandatory Purchase Date” of December 30, 2016. During the initial index period, interest on the bonds is paid at a rate determined monthly based on 71.2 percent of the one-month LIBOR plus a bank spread of 41.5 basis points. At June 30, 2016, the county’s rate amounted to .749 percent. The county may enter into subsequent index period agreements with the bank or with other purchasers. If the county is unable to enter into an agreement for a subsequent index period prior to December 30, 2016, the agreement calls for the bonds to become payable on an accelerated (no more than three years) amortization and at a separately determined interest rate. The minimum interest rate on the accelerated amortization would be eight percent for the first 30 days and nine percent thereafter. In addition to payments required under the “Continuing Covenant Agreement,” Blount County is also responsible for payments under interest rate swap agreements associated with the debt as discussed in Note IV.C., Derivative Instruments. On December 1, 2016, the county refunded Series 2013B and terminated the swap agreements as discussed in Note V.C Subsequent Events.

Blount County has entered into various loan agreements with the Public Building Authority of Blount County (PBA) to finance capital projects for the county and the discretely presented Blount County School Department. Under the loan agreements, the PBA issued its revenue bonds and made the proceeds available for loan to Blount County. The following table summarizes all PBA and other loan agreements outstanding at June 30, 2016:

<u>Description</u>	<u>Original Amount of Loan Agreement</u>	<u>Outstanding Principal 6-30-16</u>	<u>Interest Type</u>	<u>Interest Rates</u>
<u>Blount County Public Building Authority</u>				
Industrial Park (Series B-10-A)	\$ 2,000,000	\$ 900,000	Fixed	5.55 to 6.2%
Various Purpose (Series B-16-A)	33,550,000	19,855,000	Fixed	3 to 5
Industrial Park (Series B-17-A)	3,000,000	2,315,000	Fixed	3.25 to 4.5
Various Purpose (Series B-18-A)	4,380,000	2,400,000	Fixed	2.5 to 5
<u>TN State School Bond Authority</u>				
Qualified Zone Academy Bonds	727,865	<u>103,706</u>	N/A	0
		<u>\$ 25,573,706</u>		

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2016, including interest payments, are presented in the following tables. Interest payments included in the table for the variable rate bond issue, are computed based on the rate in effect at June 30, 2016.

Year Ending June 30	Bonds				
	Principal	Interest	Swap Payments	(1)	Total
2017	\$ 6,106,929	\$ 4,342,285	\$ 2,379,033	\$	12,828,247
2018	7,046,929	4,175,617	2,324,911		13,547,457
2019	7,506,929	3,990,295	2,200,948		13,698,172
2020	8,686,929	3,779,704	2,070,197		14,536,830
2021	8,966,929	3,499,704	1,820,485		14,287,118
2022-2026	42,854,645	12,634,118	5,447,408		60,936,171
2027-2031	41,863,310	5,313,392	1,617,491		48,794,193
2032-2036	36,950,000	1,174,204	0		38,124,204
2037	8,550,000	63,783	0		8,613,783
Total	\$ 168,532,600	\$ 38,973,102	\$ 17,860,473	\$	225,366,175

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 2,020,501	\$ 1,179,603	\$ 245	\$ 3,200,349
2018	1,235,501	1,099,693	245	2,335,439
2019	1,232,704	1,048,153	245	2,281,102
2020	325,000	995,468	0	1,320,468
2021	345,000	977,950	0	1,322,950
2022-2026	11,645,000	4,260,439	0	15,905,439
2027-2031	5,770,000	1,040,425	0	6,810,425
2032-2036	2,500,000	475,000	0	2,975,000
2037	500,000	23,750	0	523,750
Total	\$ 25,573,706	\$ 11,100,481	\$ 735	\$ 36,674,922

(1) See Note IV.C., Derivative Instruments.

There is \$12,713,295 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, and capital leases totaled \$1,601, based on the 2010 federal census.

The county also issued revenue bonds and general obligation bonds on behalf of Blount Memorial Hospital, Inc. The Hospital Revenue Bonds outstanding at June 30, 2016, totaled \$2,924,184. The county is not liable for these bonds in case of default by the hospital. The Series 2013A bonds issued on behalf of the hospital carry the general obligation pledge of the county in addition to being payable from hospital revenues. Series 2013A bonds outstanding at June 30, 2016, totaled \$79,025,000. These are discussed further in Note V.D. These bonds are reflected as liabilities on the financial statements of Blount Memorial Hospital, Inc., a discretely presented component unit.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-16</u>
<u>Capital Leases</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Energy Facility Upgrades	\$ 1,160,608

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

	<u>Bonds</u>	<u>Other Loans</u>	<u>Capital Leases</u>
Balance, July 1, 2015	\$ 173,824,529	\$ 28,474,207	\$ 3,338,451
Additions	0	0	0
Reductions	(5,291,929)	(2,900,501)	(528,466)
Balance, June 30, 2016	<u>\$ 168,532,600</u>	<u>\$ 25,573,706</u>	<u>\$ 2,809,985</u>
Balance Due Within One Year	<u>\$ 6,106,929</u>	<u>\$ 2,020,501</u>	<u>\$ 560,620</u>

	<u>Other Postemployment Benefits</u>	<u>Compensated Absences</u>
Balance, July 1, 2015	\$ 2,889,386	\$ 3,308,693
Additions	653,516	2,213,698
Reductions	(365,185)	(2,225,696)
Balance, June 30, 2016	<u>\$ 3,177,717</u>	<u>\$ 3,296,695</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,483,513</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 203,390,703
Less: Balance Due Within One Year	(10,171,563)
Add: Unamortized Premium on Debt	<u>3,659,730</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 196,878,870</u>

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

Discretely Presented Blount County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Blount County School Department for the year ended June 30, 2016, was as follows:

	Compensated Absences	Other Postemployment Benefits	Net Pension Liability (Asset) Teacher Legacy Plan
Balance, July 1, 2015	\$ 24,945	\$ (150,611)	\$ (172,949)
Additions	258,312	1,232,210	15,048,082
Reductions	<u>(281,920)</u>	<u>(1,125,369)</u>	<u>(14,430,649)</u>
Balance, June 30, 2016	<u>\$ 1,337</u>	<u>\$ (43,770)</u>	<u>\$ 444,484</u>
Balance Due Within One Year	<u>\$ 248</u>	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, (excluding prepaid other postemployment benefits)	\$ 445,821
Less: Balance Due Within One Year	<u>(248)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 445,573</u>

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

Compensated absences, net pension liabilities, and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Project funds.

H. 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, 2016, were \$59,075. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Donor-restricted Endowments

The county accounts for an endowment totaling \$485,403 in a permanent fund, the Endowment Fund. The principal amount must remain intact, while interest earned on the principal is to be used for operating an orphan's or children's home owned by Blount County. In prior years, the interest earned was used to operate the Blount County Children's Home; however, during the year ended June 30, 2014, the children's home ceased operations and as of December 2013, the county quit submitting payments to the children's home. During the year ended June 30, 2016, interest earned totaled \$3,701. As of June 30, 2016, the Endowment Fund has accumulated a balance of \$10,464 of unspent earned interest. As of the date of this report, the county has yet to determine how to spend the earned interest.

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 \$300,000 for each employee in any plan year for health coverage, \$500,000 for each employee and \$1,000,000 for all claims in any plan year for workers' compensation coverage, and \$100,000 for building and personal property coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. The county does not carry stop-loss coverage for general liability. Employee dental claims are covered by commercial insurance.

All full-time employees of the primary government and the discretely presented Blount County School Department are eligible to participate in the health program. A premium charge for the general liability, property, casualty, health, and workers' compensation programs is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the

amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. The portion of net position of the internal service fund attributable to health coverage was \$1,757,634 and the portion attributable to general liability, property, casualty, and workers' compensation was \$1,033,699 at June 30, 2016. Those amounts have been designated by management for future catastrophic losses. Liabilities of this fund are reported when losses are probable and the amount of the losses can be reasonably estimated. The self-insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. It is expected that these claims liabilities will be paid within the next fiscal year. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

General Liability, Property, Casualty, and Workers' Compensation

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-2015	\$2,637,000	\$ 930,397	\$ (1,074,812)	\$ 2,492,585
2015-2016	2,492,585	1,050,535	(1,047,054)	2,496,066

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-2015	\$1,429,109	\$ 17,837,794	\$ (18,128,337)	\$ 1,138,566
2015-2016	1,138,566	17,484,299	(17,775,315)	847,550

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Position includes \$895,617 related to self-insured claims, and the balance in the account Other Current Liabilities includes internal service fund liabilities of \$2,448,000 for other self-insured claims.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain*

Provisions of GASB Statements No. 67 and No. 68; Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; and Statement No. 79, Certain External Investment Pools and Pool Participants became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, establishes accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Events

County Clerk Margaret Flynn left office August 31, 2016, and was succeeded by Gaye Hasty on September 1, 2016.

On December 1, 2016, Blount County issued \$8,920,000 in taxable general obligation refunding bonds and \$117,010,000 in general obligation refunding bonds.

On December 1, 2016, Blount County terminated four swap agreements with a payment of \$12,914,000 to the counterparty. Proceeds from the \$8,920,000 taxable general obligation refunding bond noted above were used to pay a portion of this payment.

D. Contingent Liabilities

The Blount County School system is one of forty-five Tennessee school districts that are members of the Sweetwater Consortium. The consortium was formed in 2012 to negotiate costs with vendors for providing telephone and internet services to member schools, and awarded a contract to Education Networks of

America (ENA). The Federal Government subsidizes the costs of these services through the Federal Communications Commission's (FCC) E-Rate Program. The E-Rate program is managed by Universal Services Administration Company (USAC). Another service provider filed a lawsuit in 2012 challenging the contract awarded by the consortium, which resulted in the withholding of E-Rate funding. The case has been heard by an appeals board and members are awaiting a ruling. If the ruling is favorable for the consortium, then E-Rate funding will be reimbursed by the federal government. If the ruling is unfavorable for the consortium, then a hearing before the FCC will be granted. Consortium members could be required to reimburse ENA for the costs of any services not reimbursed by the E-Rate program. The Blount County School System's share of these costs is estimated at approximately \$630,024.

Blount County is contingently liable for certain debt issued on behalf of Blount Memorial Hospital, Inc. Outstanding Series 2013A Bonds reflected in long-term debt for the hospital (see Note VI.H.) are payable from, but not secured by, revenues of the hospital. This issue also carries the general obligation pledge of the county. Therefore, Blount County would be liable in the event of default by the hospital. Outstanding principal amounts for the bonds as of June 30, 2016, totaled \$79,025,000.

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. Changes in Administration

On April 21, 2016, the County Commission appointed Jeff Headrick to fill the Highway Superintendent vacancy created by the retiring of Bill Dunlap on January 31, 2016. Mr. Headrick was elected to the office in August 2016.

On March 9, 2016, the County Commission appointed Margaret Flynn to fill the County Clerk vacancy created by the passing of Roy Crawford on February 20, 2016.

On August 22, 2015, Teresa Johnson was replaced by Katie Branham as Purchasing Agent for Blount County.

F. Joint Ventures

The Industrial Development Board of Blount County and the cities of Alcoa and Maryville 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 \$1,062,200 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 \$12,468,266, 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 \$672,509 to the operations of the commission during the year ended June 30, 2016.

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

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

Administrative Offices:

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

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

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

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

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

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

G. Jointly Governed Organization

Blount County, Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control. Per the agreement, the board of control consists of the director of schools of each participating government, one representative appointed by the County Commission or City Council of each participating government, and one member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the various school systems. The systems, may, but are not required to contract for these services.

H. Intergovernmental Cooperation Agreement – Research and Development Park

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

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Blount County and non-certified employees of the discretely presented Blount County School Department are provided defined benefit pension plans through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees (excluding the Library System employees) comprise 72.73 percent and the non-certified employees of the discretely presented School Department comprise 27.27 percent of one plan (Blount County Plan) based on contribution data. Employees of the Blount County Library System comprise the entire membership of the second agent multi-employer plan, which is also administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index

(CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Blount County Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	506
Inactive Employees Entitled to But Not Yet Receiving Benefits	680
Active Employees	827
Total	<u><u>2,013</u></u>

Library System Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to But Not Yet Receiving Benefits	7
Active Employees	22
Total	<u><u>41</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Blount County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for the Blount County Plan was \$3,552,107 based on a rate of 12.17 percent of covered payroll and the ADC for the Library System Plan was \$2,162 based a rate of .3 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Blount County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Blount County's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of

arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46	% 33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Blount County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

Blount County Plan:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 100,779,249	\$ 104,165,963	\$ (3,386,714)
Changes for the Year:			
Service Cost	\$ 2,696,385	\$ 0	\$ 2,696,385
Interest	7,602,389	0	7,602,389
Differences Between Expected and Actual Experience	(1,192,196)	0	(1,192,196)
Contributions-Employer	0	3,552,107	(3,552,107)
Contributions-Employees	0	1,486,716	(1,486,716)
Net Investment Income	0	3,221,836	(3,221,836)
Benefit Payments, Including Refunds of Employee Contributions	(4,220,884)	(4,220,884)	0
Administrative Expense	0	(43,044)	43,044
Other Changes	0	0	0
Net Changes	\$ 4,885,694	\$ 3,996,731	\$ 888,963
Balance, June 30, 2015	\$ 105,664,943	\$ 108,162,694	\$ (2,497,751)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

Blount County Plan		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	72.73%	\$ 76,850,113	\$ 78,666,727	\$ (1,816,614)
School Department	27.27%	28,814,830	29,495,967	(681,137)
Total		\$ 105,664,943	\$ 108,162,694	\$ (2,497,751)

Library System Plan:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 1,993,783	\$ 2,808,238	\$ (814,455)
Changes for the Year:			
Service Cost	\$ 57,827	\$ 0	\$ 57,827
Interest	150,526	0	150,526
Differences Between Expected and Actual Experience	384,073	0	384,073
Contributions-Employer	0	2,162	(2,162)
Contributions-Employees	0	35,729	(35,729)
Net Investment Income	0	85,685	(85,685)
Benefit Payments, Including Refunds of Employee Contributions	(89,190)	(89,190)	0
Administrative Expense	0	(1,035)	1,035
Other Changes	0	0	0
Net Changes	\$ 503,236	\$ 33,351	\$ 469,885
Balance, June 30, 2015	\$ 2,497,019	\$ 2,841,589	\$ (344,570)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Blount County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Blount County Plan</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Net Pension Liability	\$ 11,364,278	\$ (2,497,751)	\$ (14,045,517)
	1% Decrease	Current Discount Rate	1% Increase
<u>Library System Plan</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Net Pension Liability	\$ (47,978)	\$ (344,570)	\$ (597,326)

Negative Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Negative Pension Expense. For the year ended June 30, 2016, the Blount County Plan recognized negative pension expense of \$201,533 and the Library System Plan recognized negative pension expense of \$63,760.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Blount County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Blount County Plan:	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 1,809,857
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,695,736	4,845,774
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	<u>3,619,701</u>	<u>N/A</u>
Total	<u>\$ 7,315,437</u>	<u>\$ 6,655,631</u>
Library System Plan:	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 288,055	\$ 212,894
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	98,376	128,786
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	<u>2,354</u>	<u>N/A</u>
Total	<u>\$ 388,785</u>	<u>\$ 341,680</u>

- The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

Blount County Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 5,296,945	\$ 4,840,640
School Department	2,018,492	1,814,991
Total	\$ 7,315,437	\$ 6,655,631

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Blount County Plan:

Year Ending June 30	Amount
2017	\$ (1,215,129)
2018	(1,215,129)
2019	(1,215,129)
2020	685,495
2021	0
Thereafter	0

Library System Plan:

Year Ending June 30	Amount
2017	\$ (28,764)
2018	(28,764)
2019	77,683
2020	24,594
2021	0
Thereafter	0

In the tables shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2016, Blount County reported a payable of \$430,598 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

Discretely Presented Blount County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the Blount County Plan of primary government, employees of Blount County and non-certified employees of the discretely presented Blount County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 72.73 percent and the non-certified employees of the discretely presented School Department comprise 27.27 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Blount County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with

five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$93,613, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2016, the Blount County School Department reported an asset of \$18,430 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Blount County School Department’s proportion of the net pension asset was based on the Blount County School Department’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Blount County School Department’s proportion was .458115 percent.

Pension Expense. For the year ended June 30, 2016, the Blount County School Department recognized pension expense of \$24,153.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Blount County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 5,999
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,490	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>93,613</u>	<u>N/A</u>
Total	<u>\$ 95,103</u>	<u>\$ 5,999</u>

The Blount County School Department’s employer contributions of \$93,613, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (127)
2018	(127)
2019	(127)
2020	(127)
2021	(500)
Thereafter	(3,499)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of

capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
	0.98		29	
	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Blount

County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Blount County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 3,268	\$ (18,430)	\$ (34,343)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Blount County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members

are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Blount County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$3,713,686, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2016, the Blount County School Department reported a liability of \$444,484 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an

actuarial valuation as of that date. The Blount County School Department's proportion of the net pension liability (asset) was based on the Blount County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Blount County School Department's proportion was 1.085075 percent. The proportion measured at June 30, 2014, was 1.064334 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Blount County School Department recognized negative pension expense of \$381,142.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Blount County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 356,717	\$ 6,918,458
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,025,988	10,895,715
Changes in Proportion of Net Pension Liability (Asset)	221,788	251,215
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>3,713,686</u>	<u>N/A</u>
Total	<u>\$ 12,318,179</u>	<u>\$ 18,065,388</u>

The Blount County School Department's employer contributions of \$3,713,686 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (2,943,642)
2018	(2,943,642)
2019	(2,943,642)
2020	688,263
2021	(1,318,234)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of

capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Blount

County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Blount County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 30,303,416	\$ 444,484	\$ (24,275,190)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2016, the Blount County School Department reported a payable of \$374,089 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

2. Deferred Compensation

Blount County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRS Section 403(b). All costs of administering and funding these programs are the responsibility of the plan participants. The section 457 and Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 457 and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the discretely presented School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participating, contribution, and withdrawal provisions for the plans. During the year, the School Department

contributed \$116,915 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

J. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department	Total
ARC	\$ 684,472	\$ 1,230,591	\$ 1,915,063
Interest on the NOPEBO	115,203	(6,025)	109,178
Adjustment to the ARC	(146,159)	7,644	(138,515)
Annual OPEB cost	\$ 653,516	\$ 1,232,210	\$ 1,885,726
Amount of contribution	(365,185)	(1,125,369)	(1,490,554)
Increase/decrease in NOPEBO	\$ 288,331	\$ 106,841	\$ 395,172
Net OPEB obligation, 7-1-15	2,889,386	(150,611)	2,738,775
Net OPEB obligation, 6-30-16	\$ 3,177,717	\$ (43,770)	\$ 3,133,947

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Self-insured	\$ 1,771,081	82.9 %	\$ 2,406,209
6-30-15	"	1,830,845	81.8	2,738,775
6-30-16	"	1,885,726	79.0	3,133,947

Funded Status and Funding Progress

The funded status of the plan as of the latest actuarial valuation was as follows:

	Primary Government	School Department	Total
Actuarial valuation date	7-1-14	7-1-14	
Actuarial accrued liability (AAL)	\$ 6,751,934	\$ 13,309,919	\$ 20,061,853
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,751,934	\$ 13,309,919	\$ 20,061,853
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 20,588,847	\$ 47,408,362	\$ 67,997,209
UAAL as a % of covered payroll	33%	28%	30%

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

Actuarial Methods and Assumptions

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

In the July 1, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of

five percent after four years. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2009.

K. Office of Central Accounting, Budgeting, and Purchasing

Blount County operates under provisions of the Fiscal Control Acts of 1957 and the Local Option Budgeting Law of 1993. These acts provide for a central system of accounting and budgeting covering all funds of the county. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

L. Purchasing Laws

Purchasing procedures for the Offices of County Mayor, Director of Schools, and Highway Superintendent are governed by the County Purchasing Law of 1957 (Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*). Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for a purchasing agent and require competitive bids on all purchases exceeding \$25,000.

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

A. Description of Reporting Entity and Significant Accounting Policies

Reporting Entity

Blount Memorial Hospital, Inc., is an acute and general healthcare provider formed to provide services to Blount County and the surrounding communities. The hospital is a component unit of Blount County, Tennessee, which issues debt on the hospital's behalf. The hospital is organized as a private act hospital authority. The hospital's board members are appointed by the County Commission of Blount County, the Board of Commissioners of the City of Alcoa, the Board of Commissioners of the City of Maryville, and the Board of Directors of Maryville College.

The hospital uses enterprise fund accounting and is included as a discretely presented component unit in the financial statements of the county.

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

Except for certain expenses paid directly by the foundation, the hospital provides administrative services and pays for operating expenses to support the foundation's activities.

Blount Memorial Physician Group, Inc. (BMPG), is owned 100 percent by the hospital and governed by the hospital's Board of Director's. The financial activity of BMPG is also included (blended) in the hospital's financial statements. BMPG provides physician and outpatient services in Blount County and includes over 80 physicians in a multi-specialty practice. Separate financial statements are maintained by hospital management.

The hospital has non-controlling ownership interest in partnership which operates a medical facility in Blount County consistent with the hospital's mission of providing healthcare services. This ownership investment is included in other assets at June 30, 2016.

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

Basis of Presentation

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

Net investment in capital assets – This component of net position consists of property and equipment, net of accumulated depreciation, reduced by the outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt or deferred inflow of resources is included in the same net position component as the unspent proceeds.

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

and expendable. Net position subject to externally imposed stipulations that the hospital maintain them permanently are nonexpendable. Net position on which use by the hospital is subject to externally imposed stipulations that can be fulfilled by the action of the hospital pursuant to those stipulations or that expire by the passage of time are expendable.

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

Cash and Cash Equivalents

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

Patient Accounts Receivable

Accounts receivable from patients and third-party payors are recorded on the accrual basis in the period in which services are rendered. The hospital does not require collateral on accounts receivable. In evaluating the collectability of accounts receivable, the hospital analyzes historical collection rates and write-offs and identifies trends for payors to estimate appropriate allowance amounts. Accounts are charged to bad debt expenses as they are determined to be uncollectible based on a review of aging and collections.

Inventories

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

Investments

Investments are recorded at fair value based on quoted market prices. Interest and dividends on investments, as well as realized and unrealized gains and losses, are included in non-operating revenues when earned.

The hospital is organized as a private act hospital authority, which provides the hospital additional rights and powers, including the manner in which funds are invested. The hospital diversifies its investments into a broad range of asset classes to reduce concentration risk and to maximize return with reasonable and prudent levels of risk. It is also the hospital's policy to limit the maximum position for each type of investment at varying levels within these classifications. As of June 30, 2016, the hospital's fixed income investments all have quality ratings of A or better (by both Standard and Poor's and Moody's Investors Service).

To limit its exposure to fair value losses arising from changing interest rates, the hospital's investment policy restricts the type and maturities of fixed income investments in order to increase the overall investment horizon. The current duration of the hospital's fixed income investments ranges up to approximately eight years with an average duration of 4.4 years, based on timing of interest payments, maturity dates, and expectations of minimal interest rate changes.

Assets Limited as to Use by Board and Foundation

Certain investments have been designated by the Board of Directors for the replacement of property and equipment or for other purposes. Cash and investments held by the foundation in trust accounts are also classified as assets limited as to use. A portion of the investment at June 30, 2016, totaling \$1,062,754 is restricted in perpetuity (nonexpendable) under an irrevocable endowment trust.

As of June 30, 2016, net appreciation on assets limited as to use by board related to the foundation was approximately \$404,416. The net appreciation on assets limited as to use by board related to the foundation are classified as unrestricted net position. In accordance with the State of Tennessee Statutes and Codes Uniform Prudent Management of Institutional Funds Act and as allowed by the foundation's charter and approved by the hospital's Board of Directors net income and net capital appreciation in excess of the nonexpendable amount restricted in perpetuity are authorized for expenditure by the board at its discretion.

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

Operating Revenues and Expenses

Revenues and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Non-operating revenues consist primarily of investment income (loss) and general contributions to the hospital. Unrestricted resources will be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Income Taxes

The hospital is classified as a governmental organization exempt from income tax. The foundation is a not-for-profit organization defined by Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements. BMPG is a corporation and subject to income taxes. BMPG has net operating loss carryforwards, resulting in deferred tax assets, which have been fully offset by a valuation allowance.

Charity Care

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

Patient Service Revenue

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

Risk Management

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires

management to make estimates and assumptions that affect the reported amounts of: assets and liabilities, net position, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

BMPG's cash balances at financial institutions are covered by Federal Deposit Insurance Corporation (FDIC) insurance (risk category insured), subject to certain limits. At June 30, 2016, BMPG balances exceeded the limits by approximately \$382,000 (uninsured credit risk category).

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

	Balance 6-30-16	Percent
Money Market Funds (cash equivalents)	\$ 1,482,653	2
Municipal Bonds	206,559	0
Common Stock	8,686,862	9
Bond Mutual Funds	41,069,221	43
Equity Mutual Funds	43,631,884	46
Total	<u>\$ 95,077,179</u>	<u>100</u>

Net investment income (loss) on assets limited as to use includes:

	Balance 6-30-16
Interest and Dividends	\$ 4,057,788
Net Realized and Unrealized Investment Gain	<u>(2,717,853)</u>
Total	<u>\$ 1,339,935</u>

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

	<u>Balance 6-30-16</u>
Money Market Funds (cash equivalents)	\$ 170,930
Common Stock	39,704
Bond Mutual Funds	518,856
Equity Mutual Funds	<u>815,783</u>
Total	<u>\$ 1,545,273</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 position is as follows:

	<u>Year ended 6-30-16</u>
Gross Patient Service Charges	\$ 978,714,131
Contractual Adjustments and Discounts	(683,053,784)
Charity Care Charges Foregone	(37,313,059)
Provision for Bad Debts	<u>(16,830,365)</u>
Net Patient Service Revenue	<u>\$ 241,516,923</u>

The Health Information Technology for Economic and Clinical Health Act (HITECH) was enacted as part of the American Recovery and Reinvestment Act of 2009. Under HITECH, the hospital must implement a certified electronic health record in an effort to promote the adoption and meaningful use of health information technology. It is the hospital's policy to recognize such revenue when there is reasonable assurance the condition specified for compliance within the applicable statutes will be met and the grant will be received. During 2016, the hospital has recorded approximately \$1,126,000 of revenues related to incentive payments under Medicare and TennCare programs related to meeting meaningful use objectives mandated by HITECH. These incentive payments are included as a component of net patient service revenue.

D. Third-party Payor Agreements

The hospital renders services to patients under contractual arrangements with the Medicare and TennCare programs. Laws, regulations, and contracts governing third-party payor programs can be extremely complex and subject to interpretation. Amounts earned under these contractual arrangements are

subject to regulatory review and final determination by the various program intermediaries and other appropriate governmental authorities or their agents. As a result, there is at least a reasonable possibility that recorded estimates related to third-party payor agreements could change in the near term. 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 29 percent and 12 percent, respectively, in 2016.

The hospital has 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. Acquisition of Maryville Surgical Center, LLC

Effective January 15, 2015, the hospital acquired substantially all assets of Maryville Surgical Center, LLC (MSC). The acquisition was accounted for as a purchase transaction where the hospital recorded all assets acquired at their fair values on the date of acquisition. The following table presents the allocation of the purchase price to assets acquired based on their estimated fair values.

Medical and Other Equipment	\$ 527,475
Inventory, Surgical Instruments and Other	293,529
Accounts Receivable	193,806
Other Assets	<u>211,091</u>
 Total Cash Consideration	 <u><u>\$ 1,225,901</u></u>

F. Property and Equipment

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

	Balance 7-1-15	Additions	Retirements and Transfers	Balance 6-30-16
Cost:				
Land	\$ 12,061,379	\$ 422,581	\$ 0	\$ 12,483,960
Land Improvements	2,382,783	257,190	0	2,639,973
Buildings, Improvements, and Fixed Equipment	169,214,839	7,934,494	0	177,149,333
Equipment	134,823,115	8,028,159	0	142,851,274
Construction in Progress	1,472,599	841,449	(1,472,599)	841,449
Total Cost	<u>\$ 319,954,715</u>	<u>\$ 17,483,873</u>	<u>\$ (1,472,599)</u>	<u>\$ 335,965,989</u>
Allowances for				
Depreciation:				
Land Improvements	\$ (2,311,509)	\$ (15,110)	\$ 0	\$ (2,326,619)
Buildings, Improvements, and Fixed Equipment	(90,818,680)	(6,337,906)	0	(97,156,586)
Equipment	(100,044,730)	(10,897,740)	0	(110,942,470)
Total Allowances for Depreciation	<u>\$ (193,174,919)</u>	<u>\$ (17,250,756)</u>	<u>\$ 0</u>	<u>\$ (210,425,675)</u>
Net Property and Equipment	<u>\$ 126,779,796</u>	<u>\$ 233,117</u>	<u>\$ (1,472,599)</u>	<u>\$ 125,540,314</u>

Construction in progress at June 30, 2016, includes costs primarily related to the renovation and upgrades to the building with total estimated costs to complete of approximately \$3,570,000.

G. Other Assets

Other assets include a \$2,040,000 investment in a partnership, a restricted rabbi trust investment of \$263,697, and the following net intangible assets:

	<u>6-30-16</u>
Goodwill	\$ 2,307,077
Trade Name	1,395,355
Medical Records	512,041
Workforce	998,797
Other	<u>627,359</u>
Total	<u>\$ 5,840,629</u>

Goodwill and trade name are being amortized over a period of ten to 40 years. Medical records and workforce are amortized over a period of ten to 20 years. Amortization expense for intangibles was \$431,656 at June 30, 2016. Amortization expense for the next three years is estimated to approximate \$250,000, \$225,000, and \$224,000.

H. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-15	Principal Payments	Balance 6-30-16
Series 2013A Bonds	\$ 82,550,000	\$ 3,525,000	\$ 79,025,000
Series 2014 Bonds	3,490,962	566,778	2,924,184
Total Outstanding	\$ 86,040,962	<u>\$ 4,091,778</u>	\$ 81,949,184
Less Current Portion	<u>(4,091,778)</u>		<u>(4,326,295)</u>
Long-term Portion	<u>\$ 81,949,184</u>		<u>\$ 77,622,889</u>

In December 2013, Blount County issued on behalf of the hospital, \$89,125,000 of General Obligation Refunding Bonds, Series 2013A. The Series 2013A Bonds bear interest at a variable rate based on the product of the one month Libor rate (.469% at June 30, 2016) and a factor (67% at June 30, 2016) plus the applicable spread based on the investment rating of the bonds (.43% at June 30, 2016). The Series 2013A Bonds mature in increasing annual amounts ranging from \$3,700,000 in 2016 to \$8,425,000 in 2029 and are subject to redemption at the option of the county, in whole or in part, at the redemption price of par plus accrued interest to the redemption date.

In January 2014, Blount County issued on behalf of the hospital, \$4,288,400 of Hospital Revenue Refunding Bonds, Series 2014. The Series 2014 Bonds mature in varying annual amounts ranging from \$626,295 to a final payment of approximately \$841,900 on July 1, 2019, at an interest rate of 1.68 percent. The Series 2014 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.

To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the hospital utilized two separate interest rate swap agreements to effectively fix the interest rates on a portion of the amounts. One interest rate swap agreement maturing in June 2026 establishes interest at an effective rate of 4.9 percent on \$25,000,000. The second interest rate swap maturing in June 2029 establishes interest at an effective rate of 4.33 percent on \$30,700,000. The counterparties to these agreements owe the hospital interest based on a variable rate that is calculated based on a published index rate. The bond principal subject to the swap agreements is not exchanged; only the net difference in interest payments is actually exchanged with the counterparties and recorded by the hospital as interest expense. The hospital, through the trustee, continued to pay interest to the bondholders at the variable rate provided by the bonds. During the term of each swap agreement, the hospital effectively pays a fixed rate on the debt plus or minus the difference between the variable rate due on the bonds and the variable rate received from the counterparty.

The hospital records the fair value liability of its interest rate swaps, which were determined by an independent third-party advisory firm from a model that calculates future cash flows by projecting forward rates and then discounts those cash flows to their present value. The fair value liability of the interest rate swaps increased by \$3,166,968 in 2016.

As of June 30, 2016, the hospital was not exposed to credit risk because the swaps have negative fair values. However, should interest rates change and the fair value of the swaps become positive, the hospital would be exposed to credit risk in the amount of the fair value of the swaps. As of June 30, 2016, the counterparty to the swaps, Deutsche Bank, was rated Baa2/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

The hospital is exposed to variable rates if the counterparties to the swap defaults, if the variable rate received from the counterparty is less than that due on the bonds or if the swaps are terminated. The termination of the swap agreements could also result in the hospital making or receiving a termination payment.

Maturities and mandatory sinking fund payments related to the balances outstanding as of June 30, 2016, are summarized as follows:

Year Ending June 30	Series 2013A	Series 2014	Total
2017	\$ 3,700,000	\$ 626,295	\$ 4,326,295
2018	3,875,000	692,100	4,567,100
2019	4,075,000	763,889	4,838,889
2020	4,275,000	841,900	5,116,900
2021	5,750,000	0	5,750,000
2022-2026	33,250,000	0	33,250,000
2027-2029	24,100,000	0	24,100,000
Total	\$ 79,025,000	\$ 2,924,184	\$ 81,949,184

Future interest payments related to the bonds are as follows (interest for variable rate portion of the Series 2013A Bonds is determined using the rate in effect at June 30, 2016, which was .74 percent):

Year Ending June 30	Series 2013A	Series 2014	Total
2017	\$ 2,724,700	\$ 43,822	\$ 2,768,522
2018	2,697,363	32,743	2,730,106
2019	2,668,722	20,508	2,689,230
2020	2,638,609	7,014	2,645,623
2021	2,597,393	0	2,597,393
2022-2026	9,727,964	0	9,727,964
2027-2029	2,035,183	0	2,035,183
Total	\$ 25,089,934	\$ 104,087	\$ 25,194,021

The revenues of the hospital are pledged as collateral for the Series 2014 Bonds. The bond agreements require the hospital to maintain certain financial and other covenants.

The hospital leases certain equipment under a capital lease arrangement. As of June 30, 2016, equipment under capital lease had a total cost of \$1,666,920 and accumulated amortization of \$69,702. Amortization of equipment under capital lease is included with depreciation and amortization in the accompanying statements of revenues, expenses and changes in net position. The future minimum lease payment of \$831,389 is due during the year ending June 30, 2017, and has been classified as a current liability in the accompanying statement of net position.

I. 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 is self-insured for professional malpractice liability coverage. Claims and expenses of \$247,868 were paid during 2016. At June 30, 2016, 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 \$1,775,508 at June 30, 2016. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$16,066,000 for 2016.

J. Fair Value

The hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Mutual funds and common stocks are valued using prices quoted in active markets for those securities, while the debt securities are valued based on the securities' relationship to benchmark quoted prices. Derivative instruments are valued using a market approach that considers benchmark interest rates.

The following table sets forth by level, within the fair value hierarchy, the fair value of the hospital's investments (assets limited as to use) as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
Debt securities:				
Municipal bonds	\$ 0	\$ 206,559	\$ 0	\$ 206,559
Total debt securities	0	206,559	0	206,559
Mutual funds:				
Money market funds	1,653,583	0	0	1,653,583
Bond funds	41,588,077	0	0	41,588,077
Equity funds	44,447,667	0	0	44,447,667
Total mutual funds	87,689,327	0	0	87,689,327
Common stock	8,726,566	0	0	8,726,566
Total investments by fair value level	\$ 96,415,893	\$ 206,559	\$ 0	\$ 96,622,452
Derivative instruments:				
Interest rate swaps	\$ 0	\$ 14,312,783	\$ 0	\$ 14,312,783

K. Retirement Plans

The Blount Memorial Hospital retirement plans include three separate defined contribution plans, the Blount Memorial Hospital Retirement Plan, the Blount Memorial Hospital Executive Retirement Plan, and the Blount Memorial Hospital Incorporated Excess Benefit Nonqualified Plan, of which at least one is available to all employees who are age 18 or older. New participants who have completed 1,000 hours of service vest 20 percent each year from two years

of service to six years of service. The hospital contributes an amount equal to three percent of each eligible employee's compensation plus a matching contribution (limited to three percent of compensation) based upon voluntary employee contributions to the plan. Plan contributions are made biweekly. Hospital contributions to the plans, net of forfeitures used of approximately \$130,000, totaled \$4,299,449 in 2016. Employee contributions were \$3,675,701 in 2016.

The hospital funds its deferred compensation obligations arising from the Blount Memorial Hospital Incorporated Excess Benefit Nonqualified Plan through a rabbi trust agreement. The rabbi trust agreement is subject to creditor claims in the event of insolvency, but the assets held in the rabbi trust agreement are not available for general operating purposes. Amounts in the rabbi trust are invested in mutual funds, as selected by each participant, which are recorded at fair value, and are included in other assets in the statement of net position.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Blount County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Blount County Public Library System
For the Fiscal Year Ended June 30

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 63,181	\$ 57,827
Interest	170,615	150,526
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(425,788)	384,073
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(51,799)	(89,190)
Net Change in Total Pension Liability (Asset)	\$ (243,791)	\$ 503,236
Total Pension Liability (Asset), Beginning	2,237,574	1,993,783
Total Pension Liability (Asset), Ending (a)	\$ 1,993,783	\$ 2,497,019
Plan Fiduciary Net Position		
Contributions - Employer	\$ 65,106	\$ 2,162
Contributions - Employee	34,123	35,729
Net Investment Income	393,967	85,685
Benefit Payments, Including Refunds of Employee Contributions	(51,799)	(89,190)
Administrative Expense	(847)	(1,035)
Net Change in Plan Fiduciary Net Position	\$ 440,550	\$ 33,351
Plan Fiduciary Net Position, Beginning	2,367,688	2,808,238
Plan Fiduciary Net Position, Ending (b)	\$ 2,808,238	\$ 2,841,589
Net Pension Liability (Asset), Ending (a - b)	\$ (814,455)	\$ (344,570)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	140.85%	113.80%
Covered Payroll	\$ 682,458	\$ 708,911
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(119.34%)	(48.61%)

Note: ten years of data will be presented when available.

Exhibit F-2

Blount County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government (Excluding Library System) and Non-certified Employees
of the Discretely Presented School Department
For the Fiscal Year Ended June 30

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 2,750,764	\$ 2,696,385
Interest	7,259,306	7,602,389
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(1,426,832)	(1,192,196)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(3,687,953)	(4,220,884)
Net Change in Total Pension Liability (Asset)	\$ 4,895,285	\$ 4,885,694
Total Pension Liability (Asset), Beginning	95,883,964	100,779,249
Total Pension Liability (Asset), Ending (a)	\$ 100,779,249	\$ 105,664,943
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,643,299	\$ 3,552,107
Contributions - Employee	1,552,627	1,486,716
Net Investment Income	14,728,866	3,221,836
Benefit Payments, Including Refunds of Employee Contributions	(3,687,953)	(4,220,884)
Administrative Expense	(35,805)	(43,044)
Net Change in Plan Fiduciary Net Position	\$ 16,201,034	\$ 3,996,731
Plan Fiduciary Net Position, Beginning	87,964,929	104,165,963
Plan Fiduciary Net Position, Ending (b)	\$ 104,165,963	\$ 108,162,694
Net Pension Liability (Asset), Ending (a - b)	\$ (3,386,714)	\$ (2,497,751)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.36%	102.36%
Covered Payroll	\$ 29,979,870	\$ 29,198,139
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(11.3%)	(8.55%)

Note: ten years of data will be presented when available.

Note: data presented includes the primary government (excluding library system) and non-certified employees of the discretely presented School Department.

Exhibit F-3

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - Blount County Public Library System
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 65,106	\$ 2,162	\$ 2,354
Less Contributions in Relation to the Actuarially Determined Contribution	(65,106)	(2,162)	(2,354)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 682,458	\$ 708,911	\$ 784,615
Contributions as a Percentage of Covered Payroll	9.54%	0.30%	0.30%

Note: ten years of data will be presented when available.

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government (Excluding Library System) and Non-certified Employees
of the Discretely Presented School Department
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 3,643,299	\$ 3,552,107	\$ 3,619,701
Less Contributions in Relation to the Actuarially Determined Contribution	(3,643,299)	(3,552,107)	(3,619,701)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 29,979,870	\$ 29,198,139	\$ 29,867,030
Contributions as a Percentage of Covered Payroll	12.15%	12.17%	12.12%

Note: ten years of data will be presented when available.

Note: data presented includes primary government (excluding library system) and non-certified employees of the discretely presented School Department.

Exhibit F-5

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Pension Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 23,797	\$ 58,508
Less Contributions in Relation to the Contractually Required Contribution	(38,074)	(93,613)
Contribution Deficiency (Excess)	<u>\$ (14,277)</u>	<u>\$ (35,105)</u>
 Covered Payroll	 \$ 951,851	 \$ 2,340,296
 Contributions as a Percentage of Covered Payroll	 4.00%	 4.00%

Note: ten years of data will be presented when available.

Exhibit F-6

Blount County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016
Contractually Required Contribution	\$ 3,709,621	\$ 3,672,032	\$ 3,713,686
Less Contributions in Relation to the Contractually Required Contribution	(3,709,621)	(3,672,032)	(3,713,686)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 41,775,012	\$ 40,619,615	\$ 41,080,627
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-7

Blount County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Liability/Asset	0.458115%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (18,430)
Covered Payroll	\$ 951,851
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-8

Blount County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Blount County School Department
For the Fiscal Year Ended June 30 *

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability/Asset	1.064334%	1.085075%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (172,949)	\$ 444,484
Covered Payroll	\$ 41,775,012	\$ 40,619,615
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41%)	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-9

Blount County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2016

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Self-Insurance	7-1-11	\$ 0	\$ 23,877	\$ 23,877	0	\$ 70,280	33.97
"	7-1-12	0	19,157	19,157	0	66,082	28.99
"	7-1-14	0	20,062	20,062	0	67,997	29.50

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	1 Year - Blount County Public Library System; 3 Years - Primary Government (Excluding Library System) and non-certified employees of the School Department
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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 of deeds, and sheriff.

Highway/Public Works Fund – The Highway/Public Works Fund accounts for operations of the county Highway Department.

Capital Projects Funds

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

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

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

Permanent Fund

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

Endowment Fund – The Endowment Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned on the principal is to be expended to benefit an orphans' or children's home owned by the county.

Exhibit G-1

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Constitu - tional Officers - Fees
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 7,985	\$ 0	\$ 8,850
Equity in Pooled Cash and Investments	286,701	51,342	864,381	1,655,764	0
Accounts Receivable	0	0	257	18,796	244
Due from Other Governments	0	0	0	0	0
Total Assets	\$ 286,701	\$ 51,342	\$ 872,623	\$ 1,674,560	\$ 9,094
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 1,394	\$ 33,433	\$ 2,384	\$ 0
Accrued Payroll	0	0	19,094	0	0
Payroll Deductions Payable	0	0	8,304	0	0
Due to Other Funds	0	0	0	0	9,094
Due to State of Tennessee	0	0	493	0	0
Due to Other Taxing Units	0	0	0	0	0
Total Liabilities	\$ 0	\$ 1,394	\$ 61,324	\$ 2,384	\$ 9,094
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted:					
Restricted for General Government	286,701	0	0	0	0
Restricted for Administration of Justice	0	49,948	0	0	0

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Constitu - tional Officers - Fees
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 1,487,327	\$ 0	0
Restricted for Public Health and Welfare	0	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	0	811,299	0	0	0
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Safety	0	0	0	184,849	0	0
Committed for Highways/Public Works	0	0	0	0	0	0
Committed for Capital Outlay	0	0	0	0	0	0
Total Fund Balances	<u>\$ 286,701</u>	<u>\$ 49,948</u>	<u>\$ 811,299</u>	<u>\$ 1,672,176</u>	<u>\$ 0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 286,701</u>	<u>\$ 51,342</u>	<u>\$ 872,623</u>	<u>\$ 1,674,560</u>	<u>\$ 9,094</u>	<u>0</u>

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Funds</u>		
	<u>Highway / Public Works</u>	<u>Total</u>	<u>Highway Capital Projects</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 16,835	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,920,718	5,778,906	1,091	1,549,403	1,550,494
Accounts Receivable	31,295	50,592	0	0	0
Due from Other Governments	1,245,326	1,245,326	0	0	0
Total Assets	\$ 4,197,339	\$ 7,091,659	\$ 1,091	\$ 1,549,403	\$ 1,550,494
<u>LIABILITIES</u>					
Accounts Payable	\$ 23,662	\$ 60,873	\$ 0	\$ 58,520	\$ 58,520
Accrued Payroll	38,590	57,684	0	0	0
Payroll Deductions Payable	49,706	58,010	0	0	0
Due to Other Funds	0	9,094	0	0	0
Due to State of Tennessee	15	508	0	0	0
Due to Other Taxing Units	6,798	6,798	0	0	0
Total Liabilities	\$ 118,771	\$ 192,967	\$ 0	\$ 58,520	\$ 58,520
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted:					
Restricted for General Government	0	286,701	0	0	0
Restricted for Administration of Justice	0	49,948	0	0	0

(Continued)

Exhibit G-1

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

FUND BALANCES (Cont.)	Special Revenue Funds (Cont.)		Capital Projects Funds		
	Highway / Public Works	Total	Highway Capital Projects	Other Capital Projects	Total
Restricted (Cont.):					
Restricted for Public Safety	\$ 0	\$ 1,487,327	\$ 0	\$ 0	\$ 0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	0	811,299	0	0	0
Restricted for Capital Projects	0	0	0	121,363	121,363
Committed:					
Committed for Public Safety	0	184,849	0	0	0
Committed for Highways/Public Works	4,078,568	4,078,568	0	0	0
Committed for Capital Outlay	0	0	1,091	1,369,520	1,370,611
Total Fund Balances	\$ 4,078,568	\$ 6,898,692	\$ 1,091	\$ 1,490,883	\$ 1,491,974
Total Liabilities and Fund Balances	\$ 4,197,339	\$ 7,091,659	\$ 1,091	\$ 1,549,403	\$ 1,550,494

(Continued)

Exhibit G-1

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

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Endowment</u>	
<u>ASSETS</u>		
Cash	\$ 0	\$ 16,835
Equity in Pooled Cash and Investments	495,554	7,824,954
Accounts Receivable	313	50,905
Due from Other Governments	0	1,245,326
	<hr/>	<hr/>
Total Assets	\$ 495,867	\$ 9,138,020
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 119,393
Accrued Payroll	0	57,684
Payroll Deductions Payable	0	58,010
Due to Other Funds	0	9,094
Due to State of Tennessee	0	508
Due to Other Taxing Units	0	6,798
Total Liabilities	<hr/>	<hr/>
	\$ 0	\$ 251,487
	<hr/> <hr/>	<hr/> <hr/>
<u>FUND BALANCES</u>		
Nonspendable:		
Endowments	\$ 485,403	\$ 485,403
Restricted:		
Restricted for General Government	0	286,701
Restricted for Administration of Justice	0	49,948

(Continued)

Exhibit G-1

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

<u>FUND BALANCES (Cont.)</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Endowment</u>	
Restricted (Cont.):		
Restricted for Public Safety	\$ 0	\$ 1,487,327
Restricted for Public Health and Welfare	10,464	10,464
Restricted for Social, Cultural, and Recreational Services	0	811,299
Restricted for Capital Projects	0	121,363
Committed:		
Committed for Public Safety	0	184,849
Committed for Highways/Public Works	0	4,078,568
Committed for Capital Outlay	0	1,370,611
Total Fund Balances	<u>\$ 495,867</u>	<u>\$ 8,886,533</u>
Total Liabilities and Fund Balances	<u>\$ 495,867</u>	<u>\$ 9,138,020</u>

Exhibit G-2

Blount County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Highway / Public Works	
<u>Revenues</u>						
Local Taxes	\$ 190,569	\$ 9,468	\$ 0	\$ 0	\$ 3,036,488	\$ 3,236,525
Licenses and Permits	0	0	0	0	368,816	368,816
Fines, Forfeitures, and Penalties	0	0	0	17,907	0	17,907
Charges for Current Services	0	0	105,839	124,426	0	230,265
Other Local Revenues	0	0	101,168	4,140	179,248	284,556
State of Tennessee	0	0	12,787	0	3,582,083	3,594,870
Federal Government	0	0	0	3,111	135,467	138,578
Other Governments and Citizens Groups	0	0	964,459	11,293	75,881	1,051,633
Total Revenues	\$ 190,569	\$ 9,468	\$ 1,184,253	\$ 160,877	\$ 7,377,983	\$ 8,923,150
<u>Expenditures</u>						
Current:						
General Government	\$ 227,979	\$ 0	\$ 172,714	\$ 0	\$ 0	\$ 400,693
Public Safety	0	0	0	157,817	0	157,817
Social, Cultural, and Recreational Services	0	0	1,958,109	0	0	1,958,109
Other Operations	0	8,445	0	0	0	8,445
Highways	0	0	0	0	6,558,444	6,558,444
Capital Projects	0	0	30,987	0	0	30,987
Total Expenditures	\$ 227,979	\$ 8,445	\$ 2,161,810	\$ 157,817	\$ 6,558,444	\$ 9,114,495
Excess (Deficiency) of Revenues Over Expenditures	\$ (37,410)	\$ 1,023	\$ (977,557)	\$ 3,060	\$ 819,539	\$ (191,345)

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Highway / Public Works	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,541	\$ 1,541
Transfers In	0	0	959,108	0	0	959,108
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 959,108	\$ 0	\$ 1,541	\$ 960,649
Net Change in Fund Balances	\$ (37,410)	\$ 1,023	\$ (18,449)	\$ 3,060	\$ 821,080	\$ 769,304
Fund Balance, July 1, 2015	324,111	48,925	829,748	1,669,116	3,257,488	6,129,388
Fund Balance, June 30, 2016	\$ 286,701	\$ 49,948	\$ 811,299	\$ 1,672,176	\$ 4,078,568	\$ 6,898,692

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects	Total	Endowment	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	3,236,525
Licenses and Permits	0	0	0	0	368,816
Fines, Forfeitures, and Penalties	0	0	0	0	17,907
Charges for Current Services	0	0	0	0	230,265
Other Local Revenues	0	0	0	3,701	288,257
State of Tennessee	0	0	0	0	3,594,870
Federal Government	0	0	0	0	138,578
Other Governments and Citizens Groups	0	0	0	0	1,051,633
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 3,701	\$ 8,926,851
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	400,693
Public Safety	0	0	0	0	157,817
Social, Cultural, and Recreational Services	0	0	0	0	1,958,109
Other Operations	0	0	0	0	8,445
Highways	0	0	0	0	6,558,444
Capital Projects	0	558,486	558,486	0	589,473
Total Expenditures	\$ 0	\$ 558,486	\$ 558,486	\$ 0	\$ 9,672,981
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$(558,486)	\$(558,486)	\$ 3,701	\$(746,130)

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Highway Capital Projects	Other Capital Projects	Total	Endowment	
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	1,541
Transfers In	0	1,928,006	1,928,006	0	2,887,114
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 0</u>	<u>\$ 1,928,006</u>	<u>\$ 1,928,006</u>	<u>\$ 0</u>	<u>2,888,655</u>
Net Change in Fund Balances	\$ 0	\$ 1,369,520	\$ 1,369,520	\$ 3,701	\$ 2,142,525
Fund Balance, July 1, 2015	1,091	121,363	122,454	492,166	6,744,008
Fund Balance, June 30, 2016	<u>\$ 1,091</u>	<u>\$ 1,490,883</u>	<u>\$ 1,491,974</u>	<u>\$ 495,867</u>	<u>\$ 8,886,533</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 190,569	\$ 0	\$ 0	\$ 190,569	\$ 179,970	\$ 179,970	\$ 10,599
Total Revenues	\$ 190,569	\$ 0	\$ 0	\$ 190,569	\$ 179,970	\$ 179,970	\$ 10,599
Expenditures							
General Government							
County Buildings	\$ 227,979	\$ (95,046)	\$ 198,154	\$ 331,087	\$ 179,970	\$ 422,958	\$ 91,871
Total Expenditures	\$ 227,979	\$ (95,046)	\$ 198,154	\$ 331,087	\$ 179,970	\$ 422,958	\$ 91,871
Excess (Deficiency) of Revenues Over Expenditures	\$ (37,410)	\$ 95,046	\$ (198,154)	\$ (140,518)	\$ 0	\$ (242,988)	\$ 102,470
Net Change in Fund Balance	\$ (37,410)	\$ 95,046	\$ (198,154)	\$ (140,518)	\$ 0	\$ (242,988)	\$ 102,470
Fund Balance, July 1, 2015	324,111	(95,046)	0	229,065	324,111	324,111	(95,046)
Fund Balance, June 30, 2016	\$ 286,701	\$ 0	\$ (198,154)	\$ 88,547	\$ 324,111	\$ 81,123	\$ 7,424

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,468	\$ 0	\$ 0	\$ 9,468	\$ 9,300	\$ 9,300	\$ 168
Total Revenues	\$ 9,468	\$ 0	\$ 0	\$ 9,468	\$ 9,300	\$ 9,300	\$ 168
<u>Expenditures</u>							
<u>Other Operations</u>							
Other Charges	\$ 8,445	\$ (684)	\$ 697	\$ 8,458	\$ 8,502	\$ 8,502	\$ 44
Total Expenditures	\$ 8,445	\$ (684)	\$ 697	\$ 8,458	\$ 8,502	\$ 8,502	\$ 44
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,023	\$ 684	\$ (697)	\$ 1,010	\$ 798	\$ 798	\$ 212
Net Change in Fund Balance	\$ 1,023	\$ 684	\$ (697)	\$ 1,010	\$ 798	\$ 798	\$ 212
Fund Balance, July 1, 2015	48,925	(684)	0	48,241	48,925	48,925	(684)
Fund Balance, June 30, 2016	\$ 49,948	\$ 0	\$ (697)	\$ 49,251	\$ 49,723	\$ 49,723	\$ (472)

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 105,839	\$ 0	\$ 0	\$ 105,839	\$ 95,000	\$ 95,000	\$ 10,839
Other Local Revenues	101,168	0	0	101,168	149,400	149,400	(48,232)
State of Tennessee	12,787	0	0	12,787	3,000	3,000	9,787
Other Governments and Citizens Groups	964,459	0	0	964,459	963,799	963,799	660
Total Revenues	\$ 1,184,253	\$ 0	\$ 0	\$ 1,184,253	\$ 1,211,199	\$ 1,211,199	\$ (26,946)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 172,714	\$ (3,509)	\$ 4,948	\$ 174,153	\$ 191,337	\$ 191,337	\$ 17,184
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,841,400	(4,949)	19,414	1,855,865	1,910,507	1,928,506	72,641
Other Social, Cultural, and Recreational	116,709	(2,782)	1,235	115,162	122,408	130,108	14,946
<u>Capital Projects</u>							
General Administration Projects	30,987	0	2,510	33,497	33,500	33,500	3
Total Expenditures	\$ 2,161,810	\$ (11,240)	\$ 28,107	\$ 2,178,677	\$ 2,257,752	\$ 2,283,451	\$ 104,774
Excess (Deficiency) of Revenues Over Expenditures	\$ (977,557)	\$ 11,240	\$ (28,107)	\$ (994,424)	\$ (1,046,553)	\$ (1,072,252)	\$ 77,828
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 959,108	\$ 0	\$ 0	\$ 959,108	\$ 959,108	\$ 959,108	\$ 0
Total Other Financing Sources	\$ 959,108	\$ 0	\$ 0	\$ 959,108	\$ 959,108	\$ 959,108	\$ 0
Net Change in Fund Balance	\$ (18,449)	\$ 11,240	\$ (28,107)	\$ (35,316)	\$ (87,445)	\$ (113,144)	\$ 77,828
Fund Balance, July 1, 2015	829,748	(11,240)	0	818,508	829,748	829,748	(11,240)
Fund Balance, June 30, 2016	\$ 811,299	\$ 0	\$ (28,107)	\$ 783,192	\$ 742,303	\$ 716,604	\$ 66,588

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 17,907	\$ 0	\$ 0	\$ 17,907	\$ 32,500	\$ 32,500	\$ (14,593)
Charges for Current Services	124,426	0	0	124,426	50,000	50,000	74,426
Other Local Revenues	4,140	0	0	4,140	1,000	1,000	3,140
Federal Government	3,111	0	0	3,111	15,000	15,000	(11,889)
Other Governments and Citizens Groups	11,293	0	0	11,293	0	0	11,293
Total Revenues	\$ 160,877	\$ 0	\$ 0	\$ 160,877	\$ 98,500	\$ 98,500	\$ 62,377
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 79,935	\$ (5,585)	\$ 49,979	\$ 124,329	\$ 131,649	\$ 131,649	\$ 7,320
Drug Enforcement	77,882	0	0	77,882	125,000	125,000	47,118
Total Expenditures	\$ 157,817	\$ (5,585)	\$ 49,979	\$ 202,211	\$ 256,649	\$ 256,649	\$ 54,438
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,060	\$ 5,585	\$ (49,979)	\$ (41,334)	\$ (158,149)	\$ (158,149)	\$ 116,815
Net Change in Fund Balance	\$ 3,060	\$ 5,585	\$ (49,979)	\$ (41,334)	\$ (158,149)	\$ (158,149)	\$ 116,815
Fund Balance, July 1, 2015	1,669,116	(5,585)	0	1,663,531	1,669,116	1,669,116	(5,585)
Fund Balance, June 30, 2016	\$ 1,672,176	\$ 0	\$ (49,979)	\$ 1,622,197	\$ 1,510,967	\$ 1,510,967	\$ 111,230

Exhibit G-7

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 3,036,488	\$ 0	\$ 0	\$ 3,036,488	\$ 2,810,000	\$ 2,810,000	\$ 226,488
Licenses and Permits	368,816	0	0	368,816	420,000	420,000	(51,184)
Other Local Revenues	179,248	0	0	179,248	8,547	134,945	44,303
State of Tennessee	3,582,083	0	0	3,582,083	2,928,853	3,047,605	534,478
Federal Government	135,467	0	0	135,467	0	135,467	0
Other Governments and Citizens Groups	75,881	0	0	75,881	0	67,881	8,000
Total Revenues	\$ 7,377,983	\$ 0	\$ 0	\$ 7,377,983	\$ 6,167,400	\$ 6,615,898	\$ 762,085
Expenditures							
Highways							
Administration	\$ 560,430	\$ (2,776)	\$ 2,869	\$ 560,523	\$ 609,000	\$ 609,000	\$ 48,477
Highway and Bridge Maintenance	4,615,192	(316,200)	65,523	4,364,515	4,080,400	5,264,993	900,478
Operation and Maintenance of Equipment	750,375	(25,221)	32,583	757,737	878,000	878,000	120,263
Other Charges	32,447	(32,446)	0	1	0	0	(1)
Capital Outlay	600,000	0	0	600,000	600,000	600,000	0
Total Expenditures	\$ 6,558,444	\$ (376,643)	\$ 100,975	\$ 6,282,776	\$ 6,167,400	\$ 7,351,993	\$ 1,069,217
Excess (Deficiency) of Revenues Over Expenditures	\$ 819,539	\$ 376,643	\$ (100,975)	\$ 1,096,748	\$ 0	\$ (736,095)	\$ 1,832,843
Other Financing Sources (Uses)							
Insurance Recovery	\$ 1,541	\$ 0	\$ 0	\$ 1,541	\$ 0	\$ 0	\$ 1,541
Total Other Financing Sources	\$ 1,541	\$ 0	\$ 0	\$ 1,541	\$ 0	\$ 0	\$ 1,541
Net Change in Fund Balance	\$ 821,080	\$ 376,643	\$ (100,975)	\$ 1,096,748	\$ 0	\$ (736,095)	\$ 1,832,843
Fund Balance, July 1, 2015	3,257,488	(376,643)	0	2,880,845	3,257,488	3,257,488	(376,643)
Fund Balance, June 30, 2016	\$ 4,078,568	\$ 0	\$ (100,975)	\$ 3,977,593	\$ 3,257,488	\$ 2,521,393	\$ 1,456,200

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 17,346,076	\$ 0	\$ 0	\$ 17,346,076	\$ 16,469,147	\$ 16,469,147	\$ 876,929
Other Local Revenues	226,155	0	0	226,155	140,000	140,000	86,155
Other Governments and Citizens Groups	558,365	0	0	558,365	558,365	558,365	0
Total Revenues	\$ 18,130,596	\$ 0	\$ 0	\$ 18,130,596	\$ 17,167,512	\$ 17,167,512	\$ 963,084
Expenditures							
<u>Principal on Debt</u>							
General Government	\$ 8,485,497	\$ 0	\$ 0	\$ 8,485,497	\$ 8,498,713	\$ 8,487,078	\$ 1,581
Education	235,399	0	0	235,399	235,399	235,399	0
<u>Interest on Debt</u>							
General Government	8,120,115	0	0	8,120,115	8,132,896	8,144,531	24,416
Education	75,404	0	0	75,404	75,404	75,404	0
<u>Other Debt Service</u>							
General Government	407,745	(13,766)	2,766	396,745	890,100	890,100	493,355
Total Expenditures	\$ 17,324,160	\$ (13,766)	\$ 2,766	\$ 17,313,160	\$ 17,832,512	\$ 17,832,512	\$ 519,352
Excess (Deficiency) of Revenues Over Expenditures	\$ 806,436	\$ 13,766	\$ (2,766)	\$ 817,436	\$ (665,000)	\$ (665,000)	\$ 1,482,436
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 833,944	\$ 0	\$ 0	\$ 833,944	\$ 665,000	\$ 829,505	\$ 4,439
Total Other Financing Sources	\$ 833,944	\$ 0	\$ 0	\$ 833,944	\$ 665,000	\$ 829,505	\$ 4,439
Net Change in Fund Balance	\$ 1,640,380	\$ 13,766	\$ (2,766)	\$ 1,651,380	\$ 0	\$ 164,505	\$ 1,486,875
Fund Balance, July 1, 2015	11,072,915	(13,766)	0	11,059,149	11,072,915	11,072,915	(13,766)
Fund Balance, June 30, 2016	\$ 12,713,295	\$ 0	\$ (2,766)	\$ 12,710,529	\$ 11,072,915	\$ 11,237,420	\$ 1,473,109

Fiduciary Funds

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

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

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

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

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

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

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

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

Exhibit I-1

Blount County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Agency Funds					
	Cities - Sales Tax	City School ADA - Alcoa	City School ADA - Maryville	Constitu - tional Officers - Agency	Other Agency	Judicial District Drug
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 2,889,508	\$ 0	\$ 0
Equity in Pooled Cash and Investments	0	6,924	18,869	0	378,567	1,268,414
Accounts Receivable	0	19,291	27,440	725	0	0
Due from Other Governments	3,621,338	510,274	1,301,162	0	0	0
Property Taxes Receivable	0	3,978,449	10,836,243	0	0	0
Allowance for Uncollectible Property Taxes	0	(64,054)	(174,465)	0	0	0
Total Assets	<u>\$ 3,621,338</u>	<u>\$ 4,450,884</u>	<u>\$ 12,009,249</u>	<u>\$ 2,890,233</u>	<u>\$ 378,567</u>	<u>\$ 1,268,414</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,629
Payroll Deductions Payable	0	0	0	0	378,567	0
Due to Other Taxing Units	3,621,338	4,450,884	12,009,249	0	0	0
Due to Litigants, Heirs, and Others	0	0	0	2,890,233	0	56,666
Due to Joint Ventures	0	0	0	0	0	1,173,119
Total Liabilities	<u>\$ 3,621,338</u>	<u>\$ 4,450,884</u>	<u>\$ 12,009,249</u>	<u>\$ 2,890,233</u>	<u>\$ 378,567</u>	<u>\$ 1,268,414</u>

(Continued)

Exhibit I-1

Blount County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds (Cont.)

	<u>Agency Funds (Cont.)</u>		
	<u>District Attorney General</u>	<u>Other Agency #2</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 2,889,508
Equity in Pooled Cash and Investments	164,272	159,742	1,996,788
Accounts Receivable	0	173,377	220,833
Due from Other Governments	0	0	5,432,774
Property Taxes Receivable	0	0	14,814,692
Allowance for Uncollectible Property Taxes	0	0	(238,519)
Total Assets	<u>\$ 164,272</u>	<u>\$ 333,119</u>	<u>\$ 25,116,076</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 38,629
Payroll Deductions Payable	0	0	378,567
Due to Other Taxing Units	0	0	20,081,471
Due to Litigants, Heirs, and Others	164,272	0	3,111,171
Due to Joint Ventures	0	333,119	1,506,238
Total Liabilities	<u>\$ 164,272</u>	<u>\$ 333,119</u>	<u>\$ 25,116,076</u>

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 19,979,091	\$ 19,979,091	\$ 0
Due from Other Governments	2,878,734	3,621,338	2,878,734	3,621,338
Total Assets	\$ 2,878,734	\$ 23,600,429	\$ 22,857,825	\$ 3,621,338
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,878,734	\$ 23,600,429	\$ 22,857,825	\$ 3,621,338
Total Liabilities	\$ 2,878,734	\$ 23,600,429	\$ 22,857,825	\$ 3,621,338
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,649	\$ 6,504,991	\$ 6,501,716	\$ 6,924
Accounts Receivable	8,943	19,291	8,943	19,291
Due from Other Governments	382,247	510,274	382,247	510,274
Taxes Receivable	3,946,725	3,978,449	3,946,725	3,978,449
Allowance for Uncollectible Taxes	(80,100)	80,100	64,054	(64,054)
Total Assets	\$ 4,261,464	\$ 11,093,105	\$ 10,903,685	\$ 4,450,884
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,261,464	\$ 11,093,105	\$ 10,903,685	\$ 4,450,884
Total Liabilities	\$ 4,261,464	\$ 11,093,105	\$ 10,903,685	\$ 4,450,884
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,992	\$ 17,377,820	\$ 17,368,943	\$ 18,869
Accounts Receivable	22,174	27,440	22,174	27,440
Due from Other Governments	1,045,780	1,301,162	1,045,780	1,301,162
Taxes Receivable	10,797,743	10,836,243	10,797,743	10,836,243
Allowance for Uncollectible Taxes	(219,143)	219,143	174,465	(174,465)
Total Assets	\$ 11,656,546	\$ 29,761,808	\$ 29,409,105	\$ 12,009,249
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 11,656,546	\$ 29,761,808	\$ 29,409,105	\$ 12,009,249
Total Liabilities	\$ 11,656,546	\$ 29,761,808	\$ 29,409,105	\$ 12,009,249

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,189,653	\$ 23,606,814	\$ 23,906,959	\$ 2,889,508
Accounts Receivable	725	725	725	725
Total Assets	\$ 3,190,378	\$ 23,607,539	\$ 23,907,684	\$ 2,890,233
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,190,378	\$ 23,607,539	\$ 23,907,684	\$ 2,890,233
Total Liabilities	\$ 3,190,378	\$ 23,607,539	\$ 23,907,684	\$ 2,890,233
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 495,618	\$ 78,991,341	\$ 79,108,392	\$ 378,567
Prepaid Items	110,490	0	110,490	0
Total Assets	\$ 606,108	78,991,341	79,218,882	378,567
<u>Liabilities</u>				
Accounts Payable	\$ 89,279	0	\$ 89,279	\$ 0
Accrued Payroll	108,765	0	108,765	0
Payroll Deductions Payable	408,064	78,991,341	79,020,838	378,567
Total Liabilities	\$ 606,108	\$ 78,991,341	\$ 79,218,882	\$ 378,567
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,246,097	\$ 245,328	\$ 223,011	\$ 1,268,414
Total Assets	\$ 1,246,097	\$ 245,328	\$ 223,011	\$ 1,268,414
<u>Liabilities</u>				
Accounts Payable	\$ 3,250	\$ 38,629	\$ 3,250	\$ 38,629
Due to Litigants, Heirs, and Others	64,644	56,666	64,644	56,666
Due to Joint Venture	1,178,203	150,033	155,117	1,173,119
Total Liabilities	\$ 1,246,097	\$ 245,328	\$ 223,011	\$ 1,268,414

(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>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 143,626	\$ 20,854	\$ 208	\$ 164,272
Total Assets	\$ 143,626	\$ 20,854	\$ 208	\$ 164,272
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 143,626	\$ 20,854	\$ 208	\$ 164,272
Total Liabilities	\$ 143,626	\$ 20,854	\$ 208	\$ 164,272
<u>Other Agency Fund #2</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 150,341	\$ 1,658,807	\$ 1,649,406	\$ 159,742
Accounts Receivable	155,921	173,377	155,921	173,377
Total Assets	\$ 306,262	\$ 1,832,184	\$ 1,805,327	\$ 333,119
<u>Liabilities</u>				
Due to Joint Ventures	\$ 306,262	\$ 1,832,184	\$ 1,805,327	\$ 333,119
Total Liabilities	\$ 306,262	\$ 1,832,184	\$ 1,805,327	\$ 333,119
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,189,653	\$ 23,606,814	\$ 23,906,959	\$ 2,889,508
Equity in Pooled Cash and Investments	2,049,323	124,778,232	124,830,767	1,996,788
Accounts Receivable	187,763	220,833	187,763	220,833
Due from Other Governments	4,306,761	5,432,774	4,306,761	5,432,774
Property Taxes Receivable	14,744,468	14,814,692	14,744,468	14,814,692
Allowance for Uncollectible Property Taxes	(299,243)	299,243	238,519	(238,519)
Prepaid Items	110,490	0	110,490	0
Total Assets	\$ 24,289,215	\$ 169,152,588	\$ 168,325,727	\$ 25,116,076
<u>Liabilities</u>				
Accounts Payable	\$ 92,529	\$ 38,629	\$ 92,529	\$ 38,629
Accrued Payroll	108,765	0	108,765	0
Payroll Deductions Payable	408,064	78,991,341	79,020,838	378,567
Due to Other Taxing Units	18,796,744	64,455,342	63,170,615	20,081,471
Due to Litigants, Heirs, and Others	3,398,648	23,685,059	23,972,536	3,111,171
Due to Joint Ventures	1,484,465	1,982,217	1,960,444	1,506,238
Total Liabilities	\$ 24,289,215	\$ 169,152,588	\$ 168,325,727	\$ 25,116,076

Blount County School Department

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

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

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

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

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

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

Exhibit J-1

Blount County, Tennessee
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 53,787,920	\$ 42,500	\$ 5,104,959	\$ (48,640,461)
Support Services	34,746,542	3,094,748	366,509	(31,285,285)
Operation of Non-instructional Services	7,436,272	0	3,865,182	(3,571,090)
Total Governmental Activities	<u>\$ 95,970,734</u>	<u>\$ 3,137,248</u>	<u>\$ 9,336,650</u>	<u>\$ (83,496,836)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 21,838,937
Property Taxes Levied for Capital Purposes				1,350,208
Local Option Sales Taxes				14,665,450
Business Taxes				492,542
Other Local Taxes				131,524
Grants and Contributions Not Restricted for Specific Programs				48,902,109
Unrestricted Investment Income				32,316
Miscellaneous				6,897
Total General Revenues				<u>\$ 87,419,983</u>
Change in Net Position				\$ 3,923,147
Net Position, July 1, 2015				<u>124,353,622</u>
Net Position, June 30, 2016				<u>\$ 128,276,769</u>

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 12,721,212	\$ 1,744,230	\$ 14,465,442
Accounts Receivable	17,764	29,466	47,230
Due from Other Governments	2,942,159	529,440	3,471,599
Due from Other Funds	0	14,190	14,190
Property Taxes Receivable	22,976,276	1,412,746	24,389,022
Allowance for Uncollectible Property Taxes	(383,292)	(23,567)	(406,859)
Total Assets	<u>\$ 38,274,119</u>	<u>\$ 3,706,505</u>	<u>\$ 41,980,624</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 627,877	\$ 53,807	\$ 681,684
Accrued Payroll	3,791,013	468,514	4,259,527
Payroll Deductions Payable	378,754	37,696	416,450
Due to Other Funds	14,190	0	14,190
Due to Primary Government	703,665	77,415	781,080
Other Current Liabilities	617,736	66,956	684,692
Total Liabilities	<u>\$ 6,133,235</u>	<u>\$ 704,388</u>	<u>\$ 6,837,623</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 22,084,340	\$ 1,357,904	\$ 23,442,244
Deferred Delinquent Property Taxes	338,379	21,270	359,649
Total Deferred Inflows of Resources	<u>\$ 22,422,719</u>	<u>\$ 1,379,174</u>	<u>\$ 23,801,893</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 418,132	\$ 929,125	\$ 1,347,257
Restricted for Capital Projects	0	168,777	168,777
Committed:			
Committed for Education	0	525,041	525,041
Assigned:			
Assigned for Education	712,263	0	712,263
Unassigned	8,587,770	0	8,587,770
Total Fund Balances	<u>\$ 9,718,165</u>	<u>\$ 1,622,943</u>	<u>\$ 11,341,108</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 38,274,119</u>	<u>\$ 3,706,505</u>	<u>\$ 41,980,624</u>

Exhibit J-3

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Blount County School Department
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	11,341,108
(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: buildings and improvements net of accumulated depreciation		111,743,146	
Add: other capital assets net of accumulated depreciation		<u>1,241,296</u>	122,935,501
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital lease payable on primary government debt	\$	(1,160,608)	
Less: accrued interest on capital lease payable on primary government debt		(41,793)	
Add: other postemployment benefits (prepaid)		43,770	
Less: compensated absences payable		(1,337)	
Less: net pension liability of the Teacher Legacy Plan		<u>(444,484)</u>	(1,604,452)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	5,396,469	
Less: deferred inflows of resources related to pensions		<u>(10,851,073)</u>	(5,454,604)
(4) Net pension assets of the Agent Plan are not current financial resources and therefore are not reported in the governmental funds.			681,137
(5) Net pension assets of the Teacher Plan are not current financial resources and therefore are not reported in the governmental funds.			18,430
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>359,649</u>
Net position of governmental activities (Exhibit A)		\$	<u>128,276,769</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, 2016

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 37,563,754	\$ 1,370,740	\$ 38,934,494
Licenses and Permits	5,877	0	5,877
Charges for Current Services	42,500	3,081,748	3,124,248
Other Local Revenues	253,717	22,750	276,467
State of Tennessee	47,652,593	150,883	47,803,476
Federal Government	491,826	9,497,517	9,989,343
Total Revenues	<u>\$ 86,010,267</u>	<u>\$ 14,123,638</u>	<u>\$ 100,133,905</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 53,303,326	\$ 4,401,813	\$ 57,705,139
Support Services	28,974,006	1,272,347	30,246,353
Operation of Non-Instructional Services	678,943	6,902,402	7,581,345
Capital Outlay	989,024	0	989,024
Debt Service:			
Other Debt Service	310,753	0	310,753
Capital Projects	0	1,202,071	1,202,071
Total Expenditures	<u>\$ 84,256,052</u>	<u>\$ 13,778,633</u>	<u>\$ 98,034,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,754,215</u>	<u>\$ 345,005</u>	<u>\$ 2,099,220</u>
Net Change in Fund Balances	\$ 1,754,215	\$ 345,005	\$ 2,099,220
Fund Balance, July 1, 2015	<u>7,963,950</u>	<u>1,277,938</u>	<u>9,241,888</u>
Fund Balance, June 30, 2016	<u>\$ 9,718,165</u>	<u>\$ 1,622,943</u>	<u>\$ 11,341,108</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, 2016

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)		\$ 2,099,220
(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	\$ 91,765	
Less: current-year depreciation expense	<u>(3,848,186)</u>	(3,756,421)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations is to increase net position.)		
Less: net book value of assets disposed		(70,291)
(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, 2016	\$ 359,649	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(599,673)</u>	(240,024)
(4) The issuance of long-term debt (e.g., notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal payments on capital leases for primary government		235,399
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable for primary government debt	\$ 8,477	
Change in other postemployment benefits liability (prepaid)	(106,841)	
Change in compensated absences payable	23,608	
Change in net pension asset - agent plan	(644,762)	
Change in net pension asset - teacher retirement plan	18,430	
Change in net pension liability - teacher legacy plan	(617,433)	
Change in deferred outflows related to pensions	297,099	
Change in deferred inflows related to pensions	<u>6,676,686</u>	<u>5,655,264</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,923,147</u>

Exhibit J-6

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2016

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Education Capital Projects	
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 186,706	\$ 1,034,348	\$ 353,797	\$ 1,574,851	\$ 169,379	\$ 1,744,230
Accounts Receivable	0	299	28,226	28,525	941	29,466
Due from Other Governments	515,072	0	2,902	517,974	11,466	529,440
Due from Other Funds	14,190	0	0	14,190	0	14,190
Property Taxes Receivable	0	0	0	0	1,412,746	1,412,746
Allowance for Uncollectible Property Taxes	0	0	0	0	(23,567)	(23,567)
Total Assets	\$ 715,968	\$ 1,034,647	\$ 384,925	\$ 2,135,540	\$ 1,570,965	\$ 3,706,505
<u>LIABILITIES</u>						
Accounts Payable	\$ 14,035	\$ 7,601	\$ 9,157	\$ 30,793	\$ 23,014	\$ 53,807
Accrued Payroll	325,899	68,137	74,478	468,514	0	468,514
Payroll Deductions Payable	22,499	8,915	6,282	37,696	0	37,696
Due to Primary Government	52,412	14,740	10,263	77,415	0	77,415
Other Current Liabilities	44,367	12,885	9,704	66,956	0	66,956
Total Liabilities	\$ 459,212	\$ 112,278	\$ 109,884	\$ 681,374	\$ 23,014	\$ 704,388
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,357,904	\$ 1,357,904
Deferred Delinquent Property Taxes	0	0	0	0	21,270	21,270
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,379,174	\$ 1,379,174

(Continued)

Exhibit J-6

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department (Cont.)

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Extended</u>	<u>Total</u>	<u>Projects Fund</u>	
<u>FUND BALANCES</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>School</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>		<u>Program</u>		<u>Capital</u>	<u>Governmental</u>
					<u>Projects</u>	<u>Funds</u>
Restricted:						
Restricted for Education	\$ 6,756	\$ 922,369	\$ 0	\$ 929,125	\$ 0	\$ 929,125
Restricted for Capital Projects	0	0	0	0	168,777	168,777
Committed:						
Committed for Education	250,000	0	275,041	525,041	0	525,041
Total Fund Balances	<u>\$ 256,756</u>	<u>\$ 922,369</u>	<u>\$ 275,041</u>	<u>\$ 1,454,166</u>	<u>\$ 168,777</u>	<u>\$ 1,622,943</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 715,968</u>	<u>\$ 1,034,647</u>	<u>\$ 384,925</u>	<u>\$ 2,135,540</u>	<u>\$ 1,570,965</u>	<u>\$ 3,706,505</u>

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, 2016

	Special Revenue Funds				Capital	Total	
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Projects Fund Education Capital Projects		Nonmajor Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,370,740	\$ 1,370,740	
Charges for Current Services	0	1,755,690	1,326,058	3,081,748	0	3,081,748	
Other Local Revenues	0	21,978	664	22,642	108	22,750	
State of Tennessee	0	48,581	102,302	150,883	0	150,883	
Federal Government	5,680,916	3,816,601	0	9,497,517	0	9,497,517	
Total Revenues	\$ 5,680,916	\$ 5,642,850	\$ 1,429,024	\$ 12,752,790	\$ 1,370,848	\$ 14,123,638	
<u>Expenditures</u>							
Current:							
Instruction	\$ 4,401,813	\$ 0	\$ 0	\$ 4,401,813	\$ 0	\$ 4,401,813	
Support Services	1,272,347	0	0	1,272,347	0	1,272,347	
Operation of Non-Instructional Services	0	5,481,575	1,420,827	6,902,402	0	6,902,402	
Capital Projects	0	0	0	0	1,202,071	1,202,071	
Total Expenditures	\$ 5,674,160	\$ 5,481,575	\$ 1,420,827	\$ 12,576,562	\$ 1,202,071	\$ 13,778,633	
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,756	\$ 161,275	\$ 8,197	\$ 176,228	\$ 168,777	\$ 345,005	
Net Change in Fund Balances	\$ 6,756	\$ 161,275	\$ 8,197	\$ 176,228	\$ 168,777	\$ 345,005	
Fund Balance, July 1, 2015	250,000	761,094	266,844	1,277,938	0	1,277,938	
Fund Balance, June 30, 2016	\$ 256,756	\$ 922,369	\$ 275,041	\$ 1,454,166	\$ 168,777	\$ 1,622,943	

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 37,563,754	\$ 0	\$ 0	\$ 37,563,754	\$ 36,305,000	\$ 36,305,000	\$ 1,258,754
Licenses and Permits	5,877	0	0	5,877	5,500	5,500	377
Charges for Current Services	42,500	0	0	42,500	44,500	44,500	(2,000)
Other Local Revenues	253,717	0	0	253,717	314,000	329,113	(75,396)
State of Tennessee	47,652,593	0	0	47,652,593	47,602,000	47,723,009	(70,416)
Federal Government	491,826	0	0	491,826	529,000	537,866	(46,040)
Total Revenues	\$ 86,010,267	\$ 0	\$ 0	\$ 86,010,267	\$ 84,800,000	\$ 84,944,988	\$ 1,065,279
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 41,015,991	\$ 0	\$ 61,904	\$ 41,077,895	\$ 42,224,900	\$ 41,844,500	\$ 766,605
Special Education Program	7,599,419	(9)	7,000	7,606,410	8,041,600	8,025,800	419,390
Vocational Education Program	3,455,321	(4,471)	158	3,451,008	3,522,000	3,573,000	121,992
Adult Education Program	225,035	0	0	225,035	230,500	241,140	16,105
Other	1,007,560	0	0	1,007,560	1,319,000	1,280,000	272,440
<u>Support Services</u>							
Attendance	130,102	0	0	130,102	126,350	131,800	1,698
Health Services	846,823	(385)	599	847,037	840,350	865,500	18,463
Other Student Support	1,856,984	(2,007)	1,038	1,856,015	1,962,700	1,961,700	105,685
Regular Instruction Program	1,914,299	0	7,250	1,921,549	1,988,000	1,983,700	62,151
Special Education Program	499,035	0	146	499,181	499,000	502,400	3,219
Vocational Education Program	88,214	0	0	88,214	88,300	89,000	786
Adult Programs	107,250	0	0	107,250	130,900	138,200	30,950
Other Programs	105,837	(2,900)	25,288	128,225	53,000	128,235	10
Board of Education	2,151,396	(2,412)	1,207	2,150,191	1,929,600	2,169,148	18,957
Director of Schools	649,590	(4,880)	1,278	645,988	621,200	660,600	14,612
Office of the Principal	6,248,419	(24,482)	1	6,223,938	5,942,800	6,420,797	196,859
Fiscal Services	152,509	0	0	152,509	154,000	155,600	3,091
Operation of Plant	7,167,810	(50,900)	28,166	7,145,076	7,717,025	7,662,592	517,516

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 1,841,401	\$ (78,970)	\$ 53,150	\$ 1,815,581	\$ 1,824,600	\$ 1,884,230	\$ 68,649
Transportation	3,764,066	(2,825)	3,777	3,765,018	3,988,100	3,979,299	214,281
Central and Other	1,450,271	(5,940)	86,640	1,530,971	1,398,575	1,593,925	62,954
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	678,943	0	597	679,540	686,600	690,900	11,360
<u>Capital Outlay</u>							
Regular Capital Outlay	989,024	(447,047)	434,064	976,041	0	990,000	13,959
<u>Other Debt Service</u>							
Education	310,753	0	0	310,753	310,900	310,900	147
Total Expenditures	\$ 84,256,052	\$ (627,228)	\$ 712,263	\$ 84,341,087	\$ 85,600,000	\$ 87,282,966	\$ 2,941,879
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,754,215	\$ 627,228	\$ (712,263)	\$ 1,669,180	\$ (800,000)	\$ (2,337,978)	\$ 4,007,158
Net Change in Fund Balance							
Fund Balance, July 1, 2015	\$ 7,963,950	(627,228)	0	7,336,722	7,963,950	7,963,950	(627,228)
Fund Balance, June 30, 2016							
	\$ 9,718,165	\$ 0	\$ (712,263)	\$ 9,005,902	\$ 7,163,950	\$ 5,625,972	\$ 3,379,930

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, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 5,680,916	\$ 0	\$ 5,680,916	\$ 5,393,654	\$ 6,090,768	\$ (409,852)
Total Revenues	\$ 5,680,916	\$ 0	\$ 5,680,916	\$ 5,393,654	\$ 6,090,768	\$ (409,852)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,078,756	\$ 6,638	\$ 2,085,394	\$ 2,160,175	\$ 2,138,573	\$ 53,179
Special Education Program	2,127,316	0	2,127,316	1,909,572	2,374,972	247,656
Vocational Education Program	195,741	0	195,741	264,834	230,662	34,921
<u>Support Services</u>						
Other Student Support	164,974	0	164,974	161,656	176,993	12,019
Regular Instruction Program	469,817	100	469,917	465,857	530,083	60,166
Special Education Program	430,274	337	430,611	408,068	431,986	1,375
Vocational Education Program	3,963	0	3,963	4,000	4,000	37
Transportation	203,319	0	203,319	203,500	203,500	181
Total Expenditures	\$ 5,674,160	\$ 7,075	\$ 5,681,235	\$ 5,577,662	\$ 6,090,769	\$ 409,534
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,756	\$ (7,075)	\$ (319)	\$ (184,008)	\$ (1)	\$ (318)
Net Change in Fund Balance	\$ 6,756	\$ (7,075)	\$ (319)	\$ (184,008)	\$ (1)	\$ (318)
Fund Balance, July 1, 2015	250,000	0	250,000	250,000	250,000	0
Fund Balance, June 30, 2016	\$ 256,756	\$ (7,075)	\$ 249,681	\$ 65,992	\$ 249,999	\$ (318)

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,755,690	\$ 0	\$ 0	\$ 1,755,690	\$ 1,821,000	\$ 1,821,000	\$ (65,310)
Other Local Revenues	21,978	0	0	21,978	1,000	18,800	3,178
State of Tennessee	48,581	0	0	48,581	51,000	51,000	(2,419)
Federal Government	3,816,601	0	0	3,816,601	3,810,000	3,819,000	(2,399)
Total Revenues	<u>\$ 5,642,850</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,642,850</u>	<u>\$ 5,683,000</u>	<u>\$ 5,709,800</u>	<u>\$ (66,950)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 5,481,575	\$ (99,829)	\$ 43,070	\$ 5,424,816	\$ 5,862,000	\$ 5,888,800	\$ 463,984
Total Expenditures	<u>\$ 5,481,575</u>	<u>\$ (99,829)</u>	<u>\$ 43,070</u>	<u>\$ 5,424,816</u>	<u>\$ 5,862,000</u>	<u>\$ 5,888,800</u>	<u>\$ 463,984</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 161,275	\$ 99,829	\$ (43,070)	\$ 218,034	\$ (179,000)	\$ (179,000)	\$ 397,034
Net Change in Fund Balance	\$ 161,275	\$ 99,829	\$ (43,070)	\$ 218,034	\$ (179,000)	\$ (179,000)	\$ 397,034
Fund Balance, July 1, 2015	761,094	(99,829)	0	661,265	761,094	761,094	(99,829)
Fund Balance, June 30, 2016	<u>\$ 922,369</u>	<u>\$ 0</u>	<u>\$ (43,070)</u>	<u>\$ 879,299</u>	<u>\$ 582,094</u>	<u>\$ 582,094</u>	<u>\$ 297,205</u>

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,326,058	\$ 0	\$ 0	\$ 1,326,058	\$ 1,341,000	\$ 1,341,000	\$ (14,942)
Other Local Revenues	664	0	0	664	5,000	5,000	(4,336)
State of Tennessee	102,302	0	0	102,302	145,000	145,000	(42,698)
Total Revenues	<u>\$ 1,429,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,429,024</u>	<u>\$ 1,491,000</u>	<u>\$ 1,491,000</u>	<u>\$ (61,976)</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 1,420,827	\$ (18,947)	\$ 22,494	\$ 1,424,374	\$ 1,630,000	\$ 1,630,000	\$ 205,626
Total Expenditures	<u>\$ 1,420,827</u>	<u>\$ (18,947)</u>	<u>\$ 22,494</u>	<u>\$ 1,424,374</u>	<u>\$ 1,630,000</u>	<u>\$ 1,630,000</u>	<u>\$ 205,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,197</u>	<u>\$ 18,947</u>	<u>\$ (22,494)</u>	<u>\$ 4,650</u>	<u>\$ (139,000)</u>	<u>\$ (139,000)</u>	<u>\$ 143,650</u>
Net Change in Fund Balance	\$ 8,197	\$ 18,947	\$ (22,494)	\$ 4,650	\$ (139,000)	\$ (139,000)	\$ 143,650
Fund Balance, July 1, 2015	266,844	(18,947)	0	247,897	266,844	266,844	(18,947)
Fund Balance, June 30, 2016	<u>\$ 275,041</u>	<u>\$ 0</u>	<u>\$ (22,494)</u>	<u>\$ 252,547</u>	<u>\$ 127,844</u>	<u>\$ 127,844</u>	<u>\$ 124,703</u>

Exhibit J-12

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Blount County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,370,740	\$ 0	\$ 1,370,740	\$ 1,270,000	\$ 1,350,000	\$ 20,740
Other Local Revenues	108	0	108	0	0	108
Total Revenues	<u>\$ 1,370,848</u>	<u>\$ 0</u>	<u>\$ 1,370,848</u>	<u>\$ 1,270,000</u>	<u>\$ 1,350,000</u>	<u>\$ 20,848</u>
<u>Expenditures</u>						
<u>Capital Projects</u>						
Education Capital Projects	\$ 1,202,071	\$ 59,155	\$ 1,261,226	\$ 1,270,000	\$ 1,350,000	\$ 88,774
Total Expenditures	<u>\$ 1,202,071</u>	<u>\$ 59,155</u>	<u>\$ 1,261,226</u>	<u>\$ 1,270,000</u>	<u>\$ 1,350,000</u>	<u>\$ 88,774</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 168,777	\$ (59,155)	\$ 109,622	\$ 0	\$ 0	\$ 109,622
Net Change in Fund Balance	\$ 168,777	\$ (59,155)	\$ 109,622	\$ 0	\$ 0	\$ 109,622
Fund Balance, July 1, 2015	0	0	0	0	0	0
Fund Balance, June 30, 2016	<u>\$ 168,777</u>	<u>\$ (59,155)</u>	<u>\$ 109,622</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 109,622</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Blount County, Tennessee
Schedule of Changes in Other Loans, Capital Leases and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
<u>Public Building Authority Loan Agreements</u>							
Industrial Park (Series B-10-A)	\$ 2,000,000	5.55 to 6.2%	6-29-06	6-1-21	\$ 1,050,000	\$ 150,000	\$ 900,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	21,950,000	2,095,000	19,855,000
Industrial Park (Series B-17-A)	3,000,000	3.25 to 4.5	6-20-08	6-1-30	2,430,000	115,000	2,315,000
Various Purposes (Series B-18-A)	4,380,000	2.5 to 5	3-2-09	6-1-19	2,900,000	500,000	2,400,000
<u>Tennessee State School Bond Authority</u>							
<u>Loan Agreement</u>							
Qualified Zone Academy Bonds - School Building: Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	144,207	40,501	103,706
Total Other Loans Payable					<u>\$ 28,474,207</u>	<u>\$ 2,900,501</u>	<u>\$ 25,573,706</u>
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Motorola Radio System	3,007,000	3.97	9-1-10	9-1-20	\$ 1,942,444	\$ 293,067	\$ 1,649,377
Total Payable through General Debt Service Fund					<u>\$ 1,942,444</u>	<u>\$ 293,067</u>	<u>\$ 1,649,377</u>
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>							
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	\$ 1,396,007	\$ 235,399	\$ 1,160,608
Total Contributions Due by School Department					<u>\$ 1,396,007</u>	<u>\$ 235,399</u>	<u>\$ 1,160,608</u>
Total Capital Leases Payable					<u>\$ 3,338,451</u>	<u>\$ 528,466</u>	<u>\$ 2,809,985</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding, Series 2004 A	7,405,000	2 to 4.15	9-1-04	3-1-19	\$ 2,770,000	\$ 655,000	\$ 2,115,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	2,155,000	510,000	1,645,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	6,115,000	1,420,000	4,695,000
Qualified School Construction Bond, Series 2010	14,855,000	2.6	10-7-10	9-14-27	11,224,529	926,929	10,297,600
General Obligation Refunding, Series 2011	46,390,000	4.5	5-5-11	6-1-30	45,100,000	375,000	44,725,000
General Obligation Refunding, Series 2013 B	79,800,000	Variable (1)	12-9-13	6-1-37	79,555,000	120,000	79,435,000
General Obligation Refunding, Series 2015 A	7,120,000	.55 to 2.15	3-5-15	6-1-21	7,120,000	1,135,000	5,985,000
General Obligation Refunding, Series 2015 B	19,785,000	2 to 4	3-5-15	6-1-31	19,785,000	150,000	19,635,000
Total Bonds Payable					<u>\$ 173,824,529</u>	<u>\$ 5,291,929</u>	<u>\$ 168,532,600</u>

(1) This bond issue has interest rate swap agreements associated with it. The swap agreements were originally associated with other debt instruments that have been refunded.

Exhibit K-2

Blount County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 2,020,501	\$ 1,179,603	\$ 245	\$ 3,200,349
2018	1,235,501	1,099,693	245	2,335,439
2019	1,232,704	1,048,153	245	2,281,102
2020	325,000	995,468	0	1,320,468
2021	345,000	977,950	0	1,322,950
2022	150,000	959,388	0	1,109,388
2023	160,000	953,013	0	1,113,013
2024	3,455,000	946,213	0	4,401,213
2025	3,775,000	794,850	0	4,569,850
2026	4,105,000	606,975	0	4,711,975
2027	4,935,000	402,650	0	5,337,650
2028	400,000	180,575	0	580,575
2029	210,000	162,075	0	372,075
2030	225,000	152,625	0	377,625
2031	0	142,500	0	142,500
2032	500,000	142,500	0	642,500
2033	500,000	118,750	0	618,750
2034	500,000	95,000	0	595,000
2035	500,000	71,250	0	571,250
2036	500,000	47,500	0	547,500
2037	500,000	23,750	0	523,750
Total	\$ 25,573,706	\$ 11,100,481	\$ 735	\$ 36,674,922

(Continued)

Exhibit K-2

Blount County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds			
	Principal	Interest	Swap Payments	Total
2017	\$ 6,106,929	\$ 4,342,285	\$ 2,379,033	\$ 12,828,247
2018	7,046,929	4,175,617	2,324,911	13,547,457
2019	7,506,929	3,990,295	2,200,948	13,698,172
2020	8,686,929	3,779,704	2,070,197	14,536,830
2021	8,966,929	3,499,704	1,820,485	14,287,118
2022	9,586,929	3,142,494	1,557,019	14,286,442
2023	9,966,929	2,757,044	1,279,085	14,003,058
2024	7,686,929	2,353,494	985,789	11,026,212
2025	7,756,929	2,245,793	870,435	10,873,157
2026	7,856,929	2,135,293	755,080	10,747,302
2027	7,458,310	2,038,279	639,728	10,136,317
2028	12,930,000	1,231,240	542,821	14,704,061
2029	13,295,000	1,030,550	320,517	14,646,067
2030	6,110,000	611,793	114,425	6,836,218
2031	2,070,000	401,530	0	2,471,530
2032	6,600,000	339,430	0	6,939,430
2033	7,050,000	290,194	0	7,340,194
2034	7,400,000	237,601	0	7,637,601
2035	7,750,000	182,397	0	7,932,397
2036	8,150,000	124,582	0	8,274,582
2037	8,550,000	63,783	0	8,613,783
Total	<u>\$ 168,532,600</u>	<u>\$ 38,973,102</u>	<u>\$ 17,860,473</u>	<u>\$ 225,366,175</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2017	\$ 560,620	\$ 128,169	\$ 688,789
2018	594,577	102,249	696,826
2019	630,437	74,669	705,106
2020	668,303	45,330	713,633
2021	356,048	14,135	370,183
Total	<u>\$ 2,809,985</u>	<u>\$ 364,552</u>	<u>\$ 3,174,537</u>

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2016

<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 6-30-16</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	\$ 441,353	1-13-15	1-10-18	0%	\$ 416,353
Motorola Radio System	The City of Maryville, Tennessee	918,996	9-1-10	9-1-20	0	353,329
"	The City of Alcoa, Tennessee	751,735	9-1-10	9-1-20	0	<u>289,015</u>
Total Notes Receivable						<u>\$ 1,058,697</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, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 959,108
"	General Debt Service	Debt service	833,944
"	Other Capital Projects	Capital projects	1,928,006
Self-Insurance	General	Payroll	<u>154,098</u>
Total Transfers Primary Government			<u><u>\$ 3,875,156</u></u>

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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 123,727	\$ 100,000	Cincinnati Insurance Company
Highway Superintendent				
Bill Dunlap (7/1/15 through 1/31/16)	Section 8-24-102, <i>TCA</i>	57,282	100,000	"
Jeff Headrick (4/21/16 through 6/30/16)	Section 8-24-102, <i>TCA</i>	18,704	100,000	"
Director of Schools	Board of Education	125,955 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	81,153	4,221,668	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	81,153	50,000	"
Director of Accounts and Budgets	County Commission	91,207 (2)	100,000	"
County Clerk:				
Roy Crawford (7/1/15 through 2/20/16)	Section 8-24-102, <i>TCA</i>	53,062	100,000	"
Margaret Flynn (3/9/16 through 6/30/16)	Section 8-24-102, <i>TCA</i>	25,293	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	89,269	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	81,153	105,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	81,153	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	118,057 (3)	100,000	"
Purchasing Agent:				
Teresa Johnson (7/1/15 through 8/21/15)	County Commission	7,784	100,000	"
Katie Branham (8/22/15 through 6/30/16)	County Commission	53,963	100,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty			500,000	Travelers Casualty and Surety Company
Forgery or Alteration			500,000	"
Money and Securities - On Premises			500,000	"
Money and Securities - Messenger			500,000	"
Computer Fraud			500,000	"

- (1) Includes a chief executive officer training supplement of \$1,000.
(2) Includes \$9,428 for serving as assistant county mayor.
(3) Includes \$9,820 for serving as director of the Juvenile Detention Center, \$9,442 for serving as superintendent of the workhouse, and a law enforcement training supplement of \$600.

Exhibit K-6

Blount County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>				
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 29,112,994	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(429,282)	0	0	0	0
Trustee's Collections - Prior Year	513,715	0	0	0	0
Trustee's Collections - Bankruptcy	135,776	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	281,574	0	0	0	0
Interest and Penalty	101,581	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	874,137	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	718,398	0	0	0	0
Litigation Tax - General	372,298	0	0	0	0
Litigation Tax - Special Purpose	0	1,399	9,468	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	189,170	0	0	0
Litigation Tax - Courthouse Security	145,004	0	0	0	0
Business Tax	627,756	0	0	0	0
Mixed Drink Tax	125,170	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	132,252	0	0	0	0
Wholesale Beer Tax	244,436	0	0	0	0
Interstate Telecommunications Tax	6,866	0	0	0	0
Total Local Taxes	\$ 32,962,675	\$ 190,569	\$ 9,468	\$ 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
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 602,284	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Building Permits	347,706	0	0	0	0
Other Permits	0	0	0	0	0
Total Licenses and Permits	<u>\$ 949,990</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Officers Costs	\$ 12,953	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	756
Drug Court Fees	19,260	0	0	0	0
DUI Treatment Fines	2,852	0	0	0	0
Data Entry Fee - Circuit Court	115,804	0	0	0	0
<u>Criminal Court</u>					
Fines	12,090	0	0	0	0
Officers Costs	40,626	0	0	0	0
Victims Assistance Assessments	7,400	0	0	0	0
<u>General Sessions Court</u>					
Fines	72,111	0	0	0	0
Officers Costs	717,323	0	0	0	0
Game and Fish Fines	679	0	0	0	0
Drug Control Fines	0	0	0	0	13,532
Jail Fees	33,833	0	0	0	0
District Attorney General Fees	46,882	0	0	0	0
DUI Treatment Fines	15,210	0	0	0	0

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>				
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	\$ 31,732	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	45,332	0	0	0	0
<u>Juvenile Court</u>					
Fines	11,863	0	0	0	0
Drug Court Fees	1,636	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	5,500	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	113	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	3,619
Other Fines, Forfeitures, and Penalties	98,375	0	0	0	0
Total Fines, Forfeitures, and Penalties	<u>\$ 1,291,574</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,907</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other General Service Charges	\$ 152,946	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>					
Copy Fees	5,549	0	0	22,158	0
Library Fees	0	0	0	83,681	0
Telephone Commissions	124,426	0	0	0	124,426
Data Processing Fee - Register	42,876	0	0	0	0
Probation Fees	539,158	0	0	0	0
Sexual Offender Registration Fee - Sheriff	15,750	0	0	0	0
Data Processing Fee - County Clerk	17,328	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
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges</u>					
Other Charges for Services	\$ 2,194	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	<u>\$ 900,227</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,839</u>	<u>\$ 124,426</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 39,355	\$ 0	\$ 0	\$ 2,585	\$ 4,140
Lease/Rentals	2,351	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	2,478	0	0	0	0
Sale of Maps	110	0	0	0	0
Sale of Recycled Materials	3,462	0	0	0	0
Miscellaneous Refunds	30,011	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	1,084	0	0	4	0
Sale of Property	26,221	0	0	0	0
Damages Recovered from Individuals	20,001	0	0	0	0
Contributions and Gifts	70,468	0	0	1,258	0
<u>Other Local Revenues</u>					
Other Local Revenues	249,364	0	0	97,321	0
Total Other Local Revenues	<u>\$ 444,905</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 101,168</u>	<u>\$ 4,140</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 1,383,365	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	587,046	0	0	0	0

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>				
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control
<u>Fees Received From County Officials (Cont.)</u>					
<u>Fees In-Lieu-of Salary (Cont.)</u>					
General Sessions Court Clerk	\$ 2,197,166	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	473,390	0	0	0	0
Register	662,824	0	0	0	0
Sheriff	121,590	0	0	0	0
Trustee	2,429,206	0	0	0	0
Total Fees Received From County Officials	<u>\$ 7,854,587</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
Other General Government Grants	0	0	0	12,787	0
<u>Health and Welfare Grants</u>					
Health Department Programs	526,025	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	58,293	0	0	0	0
Other Public Works Grants	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	459,585	0	0	0	0
Beer Tax	18,488	0	0	0	0
Vehicle Certificate of Title Fees	19,478	0	0	0	0
Alcoholic Beverage Tax	189,218	0	0	0	0
Contracted Prisoner Boarding	2,686,940	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>				
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 17,464	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	264,891	0	0	0	0
Other State Revenues	109,609	0	0	0	0
Total State of Tennessee	<u>\$ 4,358,991</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,787</u>	<u>\$ 0</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Other Federal through State	\$ 713,857	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	0	0	3,111
Tax Credit Bond Rebate	669,439	0	0	0	0
Other Direct Federal Revenue	2,406,258	0	0	0	0
Total Federal Government	<u>\$ 3,789,554</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,111</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 10,560	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0
Contributions	0	0	0	0	0
Contracted Services	171,356	0	0	963,799	0
<u>Citizens Groups</u>					
Donations	243,037	0	0	660	0
<u>Other</u>					
Other	0	0	0	0	11,293
Total Other Governments and Citizens Groups	<u>\$ 424,953</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 964,459</u>	<u>\$ 11,293</u>
Total	<u>\$ 52,977,456</u>	<u>\$ 190,569</u>	<u>\$ 9,468</u>	<u>\$ 1,184,253</u>	<u>\$ 160,877</u>

(Continued)

Exhibit K-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 0	\$ 15,869,355	\$ 0	\$ 44,982,349
Discount on Property Taxes	0	(234,137)	0	(663,419)
Trustee's Collections - Prior Year	0	327,151	0	840,866
Trustee's Collections - Bankruptcy	0	74,411	0	210,187
Circuit Clerk/Clerk and Master Collections - Prior Years	0	153,587	0	435,161
Interest and Penalty	0	61,683	0	163,264
Payments in-Lieu-of Taxes - Local Utilities	243,217	132,664	0	375,881
Payments in-Lieu-of Taxes - Other	0	8,213	0	882,350
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,748,301	610,733	0	3,359,034
Hotel/Motel Tax	0	0	0	718,398
Litigation Tax - General	0	0	0	372,298
Litigation Tax - Special Purpose	0	0	0	10,867
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	189,170
Litigation Tax - Courthouse Security	0	0	0	145,004
Business Tax	0	342,416	0	970,172
Mixed Drink Tax	0	0	0	125,170
Mineral Severance Tax	44,970	0	0	44,970
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	132,252
Wholesale Beer Tax	0	0	0	244,436
Interstate Telecommunications Tax	0	0	0	6,866
Total Local Taxes	\$ 3,036,488	\$ 17,346,076	\$ 0	\$ 53,545,276

(Continued)

Exhibit K-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 240,000	\$ 0	\$ 0	\$ 842,284
<u>Permits</u>				
Building Permits	0	0	0	347,706
Other Permits	128,816	0	0	128,816
Total Licenses and Permits	<u>\$ 368,816</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,318,806</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Officers Costs	\$ 0	\$ 0	\$ 0	12,953
Drug Control Fines	0	0	0	756
Drug Court Fees	0	0	0	19,260
DUI Treatment Fines	0	0	0	2,852
Data Entry Fee - Circuit Court	0	0	0	115,804
<u>Criminal Court</u>				
Fines	0	0	0	12,090
Officers Costs	0	0	0	40,626
Victims Assistance Assessments	0	0	0	7,400
<u>General Sessions Court</u>				
Fines	0	0	0	72,111
Officers Costs	0	0	0	717,323
Game and Fish Fines	0	0	0	679
Drug Control Fines	0	0	0	13,532
Jail Fees	0	0	0	33,833
District Attorney General Fees	0	0	0	46,882
DUI Treatment Fines	0	0	0	15,210

(Continued)

Exhibit K-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 31,732
Victims Assistance Assessments	0	0	0	45,332
<u>Juvenile Court</u>				
Fines	0	0	0	11,863
Drug Court Fees	0	0	0	1,636
<u>Chancery Court</u>				
Officers Costs	0	0	0	5,500
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	0	0	0	113
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	3,619
Other Fines, Forfeitures, and Penalties	0	0	0	98,375
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 1,309,481
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 152,946
<u>Fees</u>				
Copy Fees	0	0	0	27,707
Library Fees	0	0	0	83,681
Telephone Commissions	0	0	0	248,852
Data Processing Fee - Register	0	0	0	42,876
Probation Fees	0	0	0	539,158
Sexual Offender Registration Fee - Sheriff	0	0	0	15,750
Data Processing Fee - County Clerk	0	0	0	17,328

(Continued)

Exhibit K-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	
	Highway / Public Works	General Debt Service	Endowment	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges</u>				
Other Charges for Services	\$ 0	\$ 0	\$ 0	\$ 2,194
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,130,492</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 6,094	\$ 163,125	\$ 3,701	\$ 219,000
Lease/Rentals	0	38,000	0	40,351
Sale of Materials and Supplies	1,381	0	0	1,381
Commissary Sales	0	0	0	2,478
Sale of Maps	0	0	0	110
Sale of Recycled Materials	6,608	0	0	10,070
Miscellaneous Refunds	0	30	0	30,041
<u>Nonrecurring Items</u>				
Sale of Equipment	38,658	0	0	39,746
Sale of Property	0	25,000	0	51,221
Damages Recovered from Individuals	0	0	0	20,001
Contributions and Gifts	126,398	0	0	198,124
<u>Other Local Revenues</u>				
Other Local Revenues	109	0	0	346,794
Total Other Local Revenues	<u>\$ 179,248</u>	<u>\$ 226,155</u>	<u>\$ 3,701</u>	<u>\$ 959,317</u>
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 1,383,365
Circuit Court Clerk	0	0	0	587,046

(Continued)

Exhibit K-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>Fees Received From County Officials (Cont.)</u>				
<u>Fees In-Lieu-of Salary (Cont.)</u>				
General Sessions Court Clerk	\$ 0	\$ 0	\$ 0	\$ 2,197,166
Clerk and Master	0	0	0	473,390
Register	0	0	0	662,824
Sheriff	0	0	0	121,590
Trustee	0	0	0	2,429,206
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 7,854,587
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
Other General Government Grants	0	0	0	12,787
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	526,025
<u>Public Works Grants</u>				
State Aid Program	703,080	0	0	703,080
Litter Program	0	0	0	58,293
Other Public Works Grants	15,102	0	0	15,102
<u>Other State Revenues</u>				
Income Tax	0	0	0	459,585
Beer Tax	0	0	0	18,488
Vehicle Certificate of Title Fees	0	0	0	19,478
Alcoholic Beverage Tax	0	0	0	189,218
Contracted Prisoner Boarding	0	0	0	2,686,940
Gasoline and Motor Fuel Tax	2,671,494	0	0	2,671,494
Petroleum Special Tax	88,757	0	0	88,757

(Continued)

Exhibit K-6

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

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
	Highway / Public Works	General Debt Service	Endowment	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Registrar's Salary Supplement	\$ 0	\$ 0	\$ 0	\$ 17,464
Other State Grants	0	0	0	264,891
Other State Revenues	103,650	0	0	213,259
Total State of Tennessee	<u>\$ 3,582,083</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,953,861</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Other Federal through State	\$ 135,467	\$ 0	\$ 0	\$ 849,324
<u>Direct Federal Revenue</u>				
Asset Forfeiture Funds	0	0	0	3,111
Tax Credit Bond Rebate	0	0	0	669,439
Other Direct Federal Revenue	0	0	0	2,406,258
Total Federal Government	<u>\$ 135,467</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,928,132</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 10,560
Paving and Maintenance	75,881	0	0	75,881
Contributions	0	310,803	0	310,803
Contracted Services	0	247,562	0	1,382,717
<u>Citizens Groups</u>				
Donations	0	0	0	243,697
<u>Other</u>				
Other	0	0	0	11,293
Total Other Governments and Citizens Groups	<u>\$ 75,881</u>	<u>\$ 558,365</u>	<u>\$ 0</u>	<u>\$ 2,034,951</u>
Total	<u>\$ 7,377,983</u>	<u>\$ 18,130,596</u>	<u>\$ 3,701</u>	<u>\$ 80,034,903</u>

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, 2016

	Special Revenue Funds				Capital	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Projects Fund Education Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 21,532,225	\$ 0	\$ 0	\$ 0	\$ 1,321,694	\$ 22,853,919
Discount on Property Taxes	(317,835)	0	0	0	(19,511)	(337,346)
Trustee's Collections - Prior Year	484,475	0	0	0	6,413	490,888
Trustee's Collections - Bankruptcy	101,249	0	0	0	6,049	107,298
Circuit Clerk/Clerk and Master Collections - Prior Years	208,123	0	0	0	12,799	220,922
Interest and Penalty	91,994	0	0	0	1,494	93,488
Payments in-Lieu-of Taxes - T.V.A.	13,279	0	0	0	0	13,279
Payments in-Lieu-of Taxes - Local Utilities	179,660	0	0	0	11,055	190,715
Payments in-Lieu-of Taxes - Other	11,131	0	0	0	684	11,815
<u>County Local Option Taxes</u>						
Local Option Sales Tax	14,665,450	0	0	0	0	14,665,450
Business Tax	462,479	0	0	0	30,063	492,542
Mixed Drink Tax	125,170	0	0	0	0	125,170
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	6,354	0	0	0	0	6,354
Total Local Taxes	\$ 37,563,754	\$ 0	\$ 0	\$ 0	\$ 1,370,740	\$ 38,934,494
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,877	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,877
Total Licenses and Permits	\$ 5,877	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,877

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Extended School Program</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Contract for Instructional Services with Other LEA's	\$ 42,500	\$ 0	\$ 0	\$ 0	\$ 0	42,500
Receipts from Individual Schools	0	0	1,755,690	0	0	1,755,690
Community Service Fees - Children	0	0	0	1,326,058	0	1,326,058
Total Charges for Current Services	\$ 42,500	\$ 0	\$ 1,755,690	\$ 1,326,058	\$ 0	3,124,248
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 30,085	\$ 0	\$ 1,459	\$ 664	\$ 108	32,316
Lease/Rentals	13,000	0	0	0	0	13,000
E-Rate Funding	61,047	0	0	0	0	61,047
<u>Nonrecurring Items</u>						
Sale of Equipment	2,250	0	2,719	0	0	4,969
Damages Recovered from Individuals	1,928	0	0	0	0	1,928
Contributions and Gifts	62,195	0	17,800	0	0	79,995
<u>Other Local Revenues</u>						
Other Local Revenues	83,212	0	0	0	0	83,212
Total Other Local Revenues	\$ 253,717	\$ 0	\$ 21,978	\$ 664	\$ 108	276,467
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 59,075	\$ 0	\$ 0	\$ 0	\$ 0	59,075
<u>State Education Funds</u>						
Basic Education Program	44,844,000	0	0	0	0	44,844,000
Early Childhood Education	596,558	0	0	0	0	596,558

(Continued)

Exhibit K-7

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

	Special Revenue Funds				Capital	Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
School Food Service	\$ 0	\$ 0	\$ 48,581	\$ 0	\$ 0	\$ 48,581
Other State Education Funds	205,132	0	0	102,302	0	307,434
Career Ladder Program	276,814	0	0	0	0	276,814
Career Ladder - Extended Contract	1,167	0	0	0	0	1,167
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	1,489,557	0	0	0	0	1,489,557
Other State Grants	180,290	0	0	0	0	180,290
Total State of Tennessee	\$ 47,652,593	\$ 0	\$ 48,581	\$ 102,302	\$ 0	\$ 47,803,476
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,494,194	\$ 0	\$ 0	\$ 2,494,194
USDA - Commodities	0	0	277,960	0	0	277,960
Breakfast	0	0	1,014,585	0	0	1,014,585
USDA - Other	0	0	4,640	0	0	4,640
USDA Food Service Equipment Grant	0	0	20,000	0	0	20,000
Adult Education State Grant Program	182,794	0	0	0	0	182,794
Vocational Education - Basic Grants to States	0	152,722	0	0	0	152,722
Title I Grants to Local Education Agencies	0	2,266,871	0	0	0	2,266,871
Special Education - Grants to States	194,052	2,761,249	0	0	0	2,955,301
English Language Acquisition Grants	0	26,473	0	0	0	26,473
Eisenhower Professional Development State Grants	0	385,448	0	0	0	385,448
Other Federal through State	0	88,153	5,222	0	0	93,375

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Extended School Program</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	\$ 114,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 114,980
Total Federal Government	\$ 491,826	\$ 5,680,916	\$ 3,816,601	\$ 0	\$ 0	\$ 9,989,343
Total	\$ 86,010,267	\$ 5,680,916	\$ 5,642,850	\$ 1,429,024	\$ 1,370,848	\$ 100,133,905

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Secretary to Board	\$	42,656	
Temporary Personnel		3,089	
Board and Committee Members Fees		101,704	
Social Security		8,860	
Pensions		4,846	
Employee and Dependent Insurance		3,300	
Life Insurance		85	
Medical Insurance		5,100	
Dental Insurance		274	
Unemployment Compensation		67	
Employer Medicare		2,117	
Dues and Memberships		2,200	
Operating Lease Payments		1,085	
Legal Notices, Recording, and Court Costs		3,002	
Printing, Stationery, and Forms		298	
Travel		714	
Tuition		485	
Data Processing Supplies		100	
Duplicating Supplies		213	
Office Supplies		265	
Workers' Compensation Insurance		310	
Total County Commission			\$ 180,770

Board of Equalization

Board and Committee Members Fees	\$	1,965	
Employer Medicare		28	
Total Board of Equalization			1,993

Beer Board

Legal Notices, Recording, and Court Costs	\$	550	
Total Beer Board			550

Budget and Finance Committee

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

County Mayor/Executive

County Official/Administrative Officer	\$	123,727	
Assistant(s)		9,428	
Secretary(ies)		45,132	
Social Security		10,466	
Pensions		6,199	
Employee and Dependent Insurance		12,913	
Life Insurance		182	
Medical Insurance		9,971	
Dental Insurance		521	
Unemployment Compensation		46	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Employer Medicare	\$	2,468	
Dues and Memberships		2,350	
Gasoline		562	
Office Supplies		853	
Other Supplies and Materials		43	
Workers' Compensation Insurance		310	
Other Charges		316	
Total County Mayor/Executive			\$ 225,487

Personnel Office

Supervisor/Director	\$	60,462	
Clerical Personnel		49,943	
Part-time Personnel		8,283	
Social Security		6,839	
Pensions		12,543	
Employee and Dependent Insurance		12,100	
Life Insurance		198	
Medical Insurance		11,300	
Dental Insurance		548	
Unemployment Compensation		146	
Employer Medicare		1,600	
Dues and Memberships		190	
Operating Lease Payments		1,206	
Legal Notices, Recording, and Court Costs		776	
Tuition		688	
Office Supplies		958	
Workers' Compensation Insurance		620	
Total Personnel Office			168,400

Election Commission

County Official/Administrative Officer	\$	69,112	
Clerical Personnel		92,587	
Temporary Personnel		29,026	
Overtime Pay		2,996	
Other Salaries and Wages		8,000	
Election Commission		22,821	
Election Workers		58,796	
In-service Training		7,525	
Social Security		13,991	
Pensions		15,431	
Employee and Dependent Insurance		13,200	
Life Insurance		274	
Medical Insurance		21,750	
Dental Insurance		1,049	
Unemployment Compensation		464	
Employer Medicare		3,343	
Operating Lease Payments		1,095	

(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.)

Legal Notices, Recording, and Court Costs	\$	11,804	
Printing, Stationery, and Forms		5,681	
Rentals		907	
Travel		4,558	
Tuition		2,775	
Other Contracted Services		38,531	
Office Supplies		5,400	
Workers' Compensation Insurance		1,860	
Data Processing Equipment		5,053	
Total Election Commission			\$ 438,029

Register of Deeds

County Official/Administrative Officer	\$	81,153	
Clerical Personnel		302,757	
Part-time Personnel		3,770	
Social Security		22,910	
Pensions		41,348	
Employee and Dependent Insurance		14,760	
Life Insurance		688	
Medical Insurance		44,205	
Dental Insurance		2,399	
Unemployment Compensation		450	
Employer Medicare		5,369	
Dues and Memberships		385	
Operating Lease Payments		3,077	
Maintenance and Repair Services - Office Equipment		500	
Printing, Stationery, and Forms		234	
Travel		1,510	
Tuition		255	
Other Contracted Services		36,172	
Data Processing Supplies		167	
Office Supplies		3,058	
Other Supplies and Materials		371	
Workers' Compensation Insurance		1,550	
Other Charges		450	
Data Processing Equipment		871	
Total Register of Deeds			568,409

Development

Supervisor/Director	\$	54,400	
Secretary(ies)		30,208	
Overtime Pay		325	
Other Salaries and Wages		242,796	
Social Security		19,079	
Pensions		33,452	
Employee and Dependent Insurance		19,873	
Life Insurance		554	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Medical Insurance	\$	26,056	
Dental Insurance		1,461	
Unemployment Compensation		379	
Employer Medicare		4,462	
Advertising		800	
Communication		1,829	
Dues and Memberships		4,655	
Engineering Services		5,132	
Operating Lease Payments		1,189	
Legal Notices, Recording, and Court Costs		2,105	
Maintenance and Repair Services - Vehicles		6,400	
Printing, Stationery, and Forms		2,605	
Travel		370	
Tuition		514	
Other Contracted Services		4,953	
Gasoline		7,851	
Instructional Supplies and Materials		285	
Office Supplies		2,399	
Uniforms		15	
Other Supplies and Materials		1,228	
Workers' Compensation Insurance		1,085	
Other Charges		342	
Total Development			\$ 476,802

Planning

Assistant(s)	\$	51,410	
Supervisor/Director		70,625	
Secretary(ies)		36,080	
Social Security		9,369	
Pensions		17,963	
Employee and Dependent Insurance		6,050	
Life Insurance		251	
Medical Insurance		14,882	
Dental Insurance		769	
Unemployment Compensation		136	
Employer Medicare		2,191	
Dues and Memberships		1,788	
Operating Lease Payments		1,331	
Legal Notices, Recording, and Court Costs		1,078	
Maintenance and Repair Services - Vehicles		78	
Travel		774	
Tuition		450	
Gasoline		153	
Office Supplies		290	
Workers' Compensation Insurance		465	
Total Planning			216,133

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	30,232	
Custodial Personnel		128,073	
Maintenance Personnel		75,563	
Part-time Personnel		11,367	
Overtime Pay		212	
Social Security		14,520	
Pensions		25,797	
Employee and Dependent Insurance		18,986	
Life Insurance		442	
Medical Insurance		38,519	
Dental Insurance		1,726	
Unemployment Compensation		438	
Employer Medicare		3,396	
Communication		607	
Maintenance Agreements		34,519	
Maintenance and Repair Services - Buildings		66,939	
Maintenance and Repair Services - Equipment		41,450	
Pest Control		1,950	
Travel		14	
Permits		1,005	
Custodial Supplies		31,861	
Gasoline		2,165	
Natural Gas		59,514	
Office Supplies		528	
Uniforms		1,686	
Utilities		629,454	
Other Supplies and Materials		29	
Workers' Compensation Insurance		1,550	
Building Improvements		285,934	
Maintenance Equipment		7,115	
Total County Buildings			\$ 1,515,591

Other General Administration

Local Retirement	\$	217,351	
Audit Services		36,903	
Communication		152,864	
Contributions		11,500	
Legal Services		41,948	
Legal Notices, Recording, and Court Costs		1,277,297	
Pauper Burials		4,525	
Postal Charges		156,742	
Other Contracted Services		213,663	
Liability Insurance		514,712	
Trustee's Commission		669,139	
Workers' Compensation Insurance		249,240	
Other Charges		1,956	
Communication Equipment		5,392	
Health Equipment		59,658	
Total Other General Administration			3,612,890

(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

Supervisor/Director	\$	44,779	
Other Salaries and Wages		23,274	
Social Security		4,079	
Pensions		7,733	
Employee and Dependent Insurance		1,925	
Life Insurance		136	
Medical Insurance		10,200	
Dental Insurance		548	
Unemployment Compensation		96	
Employer Medicare		954	
Communication		1,596	
Operating Lease Payments		748	
Travel		89	
Tuition		30	
Other Contracted Services		442	
Gasoline		159	
Office Supplies		412	
Other Supplies and Materials		9,436	
Workers' Compensation Insurance		310	
Total Preservation of Records			\$ 106,946

Risk Management

Supervisor/Director	\$	52,162	
Other Salaries and Wages		40,249	
Social Security		5,324	
Pensions		10,548	
Employee and Dependent Insurance		6,050	
Life Insurance		178	
Medical Insurance		10,750	
Dental Insurance		548	
Unemployment Compensation		96	
Employer Medicare		1,245	
Communication		200	
Operating Lease Payments		1,171	
Maintenance and Repair Services - Vehicles		72	
Travel		2,207	
Tuition		940	
Other Contracted Services		99	
Gasoline		1,681	
Office Supplies		1,041	
Workers' Compensation Insurance		310	
Data Processing Equipment		1,535	
Total Risk Management			136,406

Finance

Accounting and Budgeting

Supervisor/Director	\$	81,779	
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(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.)

Accountants/Bookkeepers	\$	376,126	
Clerical Personnel		7,822	
Part-time Personnel		1,799	
Overtime Pay		206	
Other Salaries and Wages		2,150	
Social Security		27,824	
Pensions		43,955	
Employee and Dependent Insurance		28,887	
Life Insurance		784	
Medical Insurance		35,454	
Dental Insurance		2,172	
Unemployment Compensation		505	
Employer Medicare		6,517	
Dues and Memberships		1,240	
Operating Lease Payments		2,926	
Licenses		1,145	
Printing, Stationery, and Forms		1,111	
Travel		1,930	
Tuition		1,724	
Gasoline		33	
Office Supplies		1,885	
Workers' Compensation Insurance		2,170	
Other Charges		899	
Furniture and Fixtures		616	
Total Accounting and Budgeting			\$ 631,659

Purchasing

Supervisor/Director	\$	61,747	
Purchasing Personnel		182,891	
Social Security		14,432	
Pensions		24,553	
Employee and Dependent Insurance		16,225	
Life Insurance		408	
Medical Insurance		21,200	
Dental Insurance		1,322	
Unemployment Compensation		294	
Employer Medicare		3,375	
Dues and Memberships		1,560	
Operating Lease Payments		1,203	
Legal Notices, Recording, and Court Costs		1,324	
Maintenance and Repair Services - Office Equipment		278	
Printing, Stationery, and Forms		180	
Travel		143	
Tuition		1,693	
Other Contracted Services		1,000	
Office Supplies		1,009	
Workers' Compensation Insurance		930	
Total Purchasing			335,767

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	81,153	
Assistant(s)		344,856	
Clerical Personnel		103,554	
Social Security		31,296	
Pensions		56,468	
Employee and Dependent Insurance		29,700	
Life Insurance		939	
Medical Insurance		57,450	
Dental Insurance		2,833	
Unemployment Compensation		603	
Employer Medicare		7,319	
Data Processing Services		35,782	
Dues and Memberships		3,420	
Operating Lease Payments		2,814	
Maintenance and Repair Services - Office Equipment		600	
Maintenance and Repair Services - Vehicles		2,511	
Printing, Stationery, and Forms		730	
Travel		1,705	
Tuition		868	
Data Processing Supplies		1,216	
Duplicating Supplies		484	
Gasoline		2,204	
Office Supplies		1,397	
Other Supplies and Materials		2,762	
Workers' Compensation Insurance		1,860	
Other Charges		45,178	
Furniture and Fixtures		631	
Total Property Assessor's Office			\$ 820,333

Reappraisal Program

Assistant(s)	\$	147,710	
Clerical Personnel		68,588	
Social Security		12,220	
Pensions		24,172	
Employee and Dependent Insurance		34,925	
Life Insurance		437	
Medical Insurance		31,862	
Dental Insurance		1,577	
Unemployment Compensation		301	
Employer Medicare		2,858	
Data Processing Services		16,128	
Travel		315	
Tuition		95	
Other Contracted Services		3,000	
Office Supplies		291	
Other Supplies and Materials		189	
Workers' Compensation Insurance		930	
Total Reappraisal Program			345,598

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	81,153	
Clerical Personnel		228,112	
Temporary Personnel		2,910	
Social Security		18,385	
Pensions		35,140	
Employee and Dependent Insurance		20,900	
Life Insurance		552	
Medical Insurance		36,450	
Dental Insurance		1,823	
Unemployment Compensation		305	
Employer Medicare		4,300	
Dues and Memberships		1,186	
Operating Lease Payments		1,185	
Legal Services		2,375	
Legal Notices, Recording, and Court Costs		158	
Maintenance Agreements		9,100	
Printing, Stationery, and Forms		1,642	
Travel		1,223	
Tuition		880	
Other Contracted Services		8,683	
Duplicating Supplies		724	
Office Supplies		2,350	
Other Supplies and Materials		534	
Workers' Compensation Insurance		1,550	
Furniture and Fixtures		550	
Total County Trustee's Office			\$ 462,170

County Clerk's Office

County Official/Administrative Officer	\$	77,461
Clerical Personnel		606,051
Part-time Personnel		33,333
Other Salaries and Wages		894
Social Security		41,861
Pensions		67,859
Employee and Dependent Insurance		51,700
Life Insurance		1,213
Medical Insurance		83,338
Dental Insurance		4,695
Unemployment Compensation		1,227
Employer Medicare		9,790
Dues and Memberships		1,001
Operating Lease Payments		2,772
Maintenance Agreements		16,119
Maintenance and Repair Services - Vehicles		5
Printing, Stationery, and Forms		688
Travel		902
Tuition		195

(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 (Cont.)

Other Contracted Services	\$	18	
Gasoline		489	
Office Supplies		17,779	
Periodicals		600	
Premiums on Corporate Surety Bonds		124	
Workers' Compensation Insurance		3,875	
Data Processing Equipment		2,457	
Total County Clerk's Office			\$ 1,026,446

Data Processing

Supervisor/Director	\$	12,760	
Data Processing Personnel		258,720	
Overtime Pay		75	
Social Security		16,267	
Pensions		29,391	
Employee and Dependent Insurance		7,150	
Life Insurance		460	
Medical Insurance		21,800	
Dental Insurance		1,143	
Unemployment Compensation		294	
Employer Medicare		3,815	
Data Processing Services		141,567	
Maintenance and Repair Services - Equipment		6,789	
Printing, Stationery, and Forms		6,053	
Travel		954	
Tuition		1,799	
Other Contracted Services		51,744	
Data Processing Supplies		6,362	
Equipment Parts - Light		15,841	
Office Supplies		164	
Workers' Compensation Insurance		1,240	
Data Processing Equipment		15,402	
Total Data Processing			599,790

Administration of Justice

Circuit Court Judge

Clerical Personnel	\$	1,478	
Jury and Witness Expense		25,940	
Social Security		92	
Unemployment Compensation		9	
Employer Medicare		21	
Operating Lease Payments		813	
Printing, Stationery, and Forms		5,402	
Other Contracted Services		2,972	
Duplicating Supplies		100	
Library Books/Media		119	
Office Supplies		209	

(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 Judge (Cont.)

Other Supplies and Materials	\$	4,242	
Workers' Compensation Insurance		155	
Total Circuit Court Judge			\$ 41,552

Circuit Court Clerk

County Official/Administrative Officer	\$	89,268	
Clerical Personnel		1,348,681	
Overtime Pay		4,885	
Social Security		83,908	
Pensions		150,393	
Employee and Dependent Insurance		78,100	
Life Insurance		2,595	
Medical Insurance		209,450	
Dental Insurance		10,248	
Unemployment Compensation		2,333	
Employer Medicare		19,780	
Bank Charges		84	
Communication		896	
Dues and Memberships		1,146	
Operating Lease Payments		8,740	
Maintenance Agreements		25,580	
Maintenance and Repair Services - Office Equipment		950	
Maintenance and Repair Services - Vehicles		94	
Printing, Stationery, and Forms		15,658	
Travel		9,857	
Tuition		8,377	
Other Contracted Services		4,618	
Data Processing Supplies		7,100	
Duplicating Supplies		4,184	
Gasoline		1,168	
Library Books/Media		1,548	
Office Supplies		2,853	
Other Supplies and Materials		15,220	
Workers' Compensation Insurance		7,750	
Other Charges		434	
Building Improvements		600	
Data Processing Equipment		41,986	
Total Circuit Court Clerk			2,158,484

Criminal Court

Supervisor/Director	\$	52,162	
Probation Officer(s)		132,589	
Secretary(ies)		27,634	
Part-time Personnel		1,935	
Social Security		12,943	
Pensions		20,383	
Employee and Dependent Insurance		8,250	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Criminal Court (Cont.)

Life Insurance	\$	384	
Medical Insurance		22,050	
Dental Insurance		1,228	
Unemployment Compensation		407	
Employer Medicare		3,027	
Communication		1,645	
Dues and Memberships		500	
Operating Lease Payments		896	
Travel		9,036	
Tuition		7,984	
Other Contracted Services		1,307	
Instructional Supplies and Materials		3,482	
Office Supplies		6,085	
Other Supplies and Materials		14,612	
Workers' Compensation Insurance		930	
Total Criminal Court			\$ 329,469

General Sessions Judge

Judge(s)	\$	645,346	
Secretary(ies)		117,043	
Other Salaries and Wages		6,300	
Social Security		36,376	
Pensions		86,611	
Employee and Dependent Insurance		24,750	
Life Insurance		617	
Medical Insurance		37,900	
Dental Insurance		1,776	
Unemployment Compensation		144	
Employer Medicare		10,794	
Dues and Memberships		2,565	
Operating Lease Payments		834	
Maintenance and Repair Services - Office Equipment		371	
Printing, Stationery, and Forms		813	
Travel		5,092	
Tuition		1,049	
Other Contracted Services		2,529	
Library Books/Media		2,352	
Office Supplies		1,256	
Other Supplies and Materials		2,766	
Workers' Compensation Insurance		1,240	
Other Charges		77	
Total General Sessions Judge			988,601

Chancery Court

County Official/Administrative Officer	\$	81,153
Clerical Personnel		228,783
Social Security		17,961

(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.)

Pensions	\$	33,619	
Employee and Dependent Insurance		13,750	
Life Insurance		542	
Medical Insurance		41,050	
Dental Insurance		2,144	
Unemployment Compensation		336	
Employer Medicare		4,201	
Dues and Memberships		1,005	
Operating Lease Payments		3,020	
Legal Notices, Recording, and Court Costs		628	
Printing, Stationery, and Forms		7,272	
Travel		260	
Duplicating Supplies		941	
Office Supplies		8,099	
Other Supplies and Materials		349	
Premiums on Corporate Surety Bonds		2,069	
Workers' Compensation Insurance		1,240	
Total Chancery Court			\$ 448,422

Juvenile Court

Youth Service Officer(s)	\$	215,993	
Secretary(ies)		29,467	
Temporary Personnel		4,200	
Other Salaries and Wages		68,422	
Social Security		18,637	
Pensions		35,393	
Employee and Dependent Insurance		15,400	
Life Insurance		563	
Medical Insurance		36,800	
Dental Insurance		1,917	
Unemployment Compensation		338	
Employer Medicare		4,415	
Communication		85	
Dues and Memberships		1,308	
Evaluation and Testing		430	
Operating Lease Payments		2,003	
Medical and Dental Services		4,550	
Printing, Stationery, and Forms		1,264	
Travel		4,301	
Tuition		1,785	
Other Contracted Services		502	
Library Books/Media		438	
Office Supplies		2,498	
Other Supplies and Materials		1,606	
Workers' Compensation Insurance		1,085	
Other Charges		632	
Furniture and Fixtures		945	
Total Juvenile Court			454,977

(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

Clerical Personnel	\$	29,029	
Social Security		1,800	
Unemployment Compensation		114	
Employer Medicare		421	
Operating Lease Payments		16,800	
Other Contracted Services		4,505	
Workers' Compensation Insurance		310	
Total Office of Public Defender			\$ 52,979

Judicial Commissioners

Clerical Personnel	\$	158,639	
Social Security		8,968	
Pensions		10,569	
Employee and Dependent Insurance		2,200	
Life Insurance		206	
Medical Insurance		13,600	
Dental Insurance		736	
Unemployment Compensation		394	
Employer Medicare		2,255	
Workers' Compensation Insurance		1,240	
Total Judicial Commissioners			198,807

Other Administration of Justice

Captain(s)	\$	29,495	
Lieutenant(s)		46,355	
Sergeant(s)		17,670	
Attendants		254,360	
Longevity Pay		2,259	
Social Security		20,401	
Pensions		48,736	
Employee and Dependent Insurance		32,746	
Life Insurance		649	
Medical Insurance		39,291	
Dental Insurance		1,904	
Unemployment Compensation		425	
Employer Medicare		4,770	
Other Contracted Services		750	
Workers' Compensation Insurance		9,010	
Total Other Administration of Justice			508,821

Probation Services

Supervisor/Director	\$	60,462	
Probation Officer(s)		249,630	
Accountants/Bookkeepers		31,256	
Secretary(ies)		27,096	
Overtime Pay		252	
Other Salaries and Wages		3,900	

(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.)

Social Security	\$	22,146	
Pensions		39,969	
Employee and Dependent Insurance		12,100	
Life Insurance		709	
Medical Insurance		41,688	
Dental Insurance		2,421	
Unemployment Compensation		480	
Employer Medicare		5,179	
Communication		5,259	
Dues and Memberships		885	
Operating Lease Payments		896	
Printing, Stationery, and Forms		750	
Travel		1,909	
Tuition		1,099	
Other Contracted Services		22,292	
Drugs and Medical Supplies		3,324	
Office Supplies		2,412	
Other Supplies and Materials		3,328	
Workers' Compensation Insurance		1,550	
Total Probation Services			\$ 540,992

Victim Assistance Programs

Contributions	\$	52,732	
Total Victim Assistance Programs			52,732

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	98,195	
Assistant(s)		121,146	
Supervisor/Director		355,154	
Deputy(ies)		3,847,198	
Detective(s)		322,606	
Investigator(s)		35,501	
Captain(s)		193,718	
Lieutenant(s)		276,742	
Sergeant(s)		436,562	
Salary Supplements		22,200	
Mechanic(s)		38,617	
Clerical Personnel		195,147	
Attendants		188,754	
Part-time Personnel		1,365	
Longevity Pay		49,100	
Overtime Pay		558,172	
Other Salaries and Wages		206,053	
In-service Training		84,000	
Social Security		327,898	
Pensions		922,114	

(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.)

Employee and Dependent Insurance	\$	480,253	
Life Insurance		11,429	
Medical Insurance		770,049	
Dental Insurance		38,410	
Unemployment Compensation		8,171	
Employer Medicare		97,500	
Communication		20,282	
Contracts with Government Agencies		1,000	
Confidential Drug Enforcement Payments		2,000	
Dues and Memberships		5,125	
Evaluation and Testing		12,559	
Operating Lease Payments		20,248	
Legal Services		1,343	
Licenses		7,050	
Maintenance Agreements		59,676	
Maintenance and Repair Services - Equipment		47,670	
Maintenance and Repair Services - Vehicles		16,006	
Matching Share		23,750	
Printing, Stationery, and Forms		10,721	
Travel		44,151	
Tuition		31,372	
Other Contracted Services		25,086	
Basic Skills Materials		78,388	
Data Processing Supplies		26,570	
Electricity		10,036	
Equipment and Machinery Parts		2,776	
Garage Supplies		2,451	
Gasoline		266,756	
Law Enforcement Supplies		25,100	
Lubricants		5,341	
Office Supplies		21,202	
Small Tools		500	
Tires and Tubes		34,977	
Uniforms		84,664	
Vehicle Parts		43,218	
Other Supplies and Materials		17,038	
Workers' Compensation Insurance		240,575	
Communication Equipment		210,084	
Data Processing Equipment		9,727	
Law Enforcement Equipment		15,685	
Other Equipment		675	
Total Sheriff's Department			\$ 11,109,856
<u>Administration of the Sexual Offender Registry</u>			
Other Charges	\$	4,250	
Total Administration of the Sexual Offender Registry			4,250

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	45,704	
Supervisor/Director		41,065	
Captain(s)		63,950	
Lieutenant(s)		152,161	
Sergeant(s)		142,208	
Computer Programmer(s)		204,782	
Guards		149,407	
Clerical Personnel		189,217	
Attendants		2,698,093	
Cafeteria Personnel		78,789	
Part-time Personnel		153,913	
Longevity Pay		17,006	
Overtime Pay		196,496	
Other Salaries and Wages		29,711	
In-service Training		41,700	
Social Security		246,102	
Pensions		448,163	
Employee and Dependent Insurance		261,092	
Life Insurance		7,143	
Medical Insurance		509,130	
Dental Insurance		26,336	
Unemployment Compensation		6,726	
Employer Medicare		58,098	
Contracts with Private Agencies		26,845	
Dues and Memberships		1,000	
Maintenance Agreements		10,872	
Maintenance and Repair Services - Buildings		4,496	
Maintenance and Repair Services - Equipment		18,878	
Medical and Dental Services		1,050,188	
Printing, Stationery, and Forms		5,215	
Travel		8,405	
Tuition		1,485	
Other Contracted Services		65,000	
Custodial Supplies		84,688	
Data Processing Supplies		11,287	
Food Preparation Supplies		24,568	
Food Supplies		660,646	
Prisoners Clothing		12,543	
Uniforms		21,779	
Other Supplies and Materials		69,453	
Workers' Compensation Insurance		107,196	
Food Service Equipment		659	
Law Enforcement Equipment		65,832	
Other Equipment		4,773	
Total Jail			\$ 8,022,800

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

County Official/Administrative Officer	\$	9,819	
Social Security		586	
Pensions		1,460	
Employer Medicare		137	
Workers' Compensation Insurance		262	
Total Workhouse			\$ 12,264

Juvenile Services

Lieutenant(s)	\$	50,432	
Sergeant(s)		144,072	
Medical Personnel		5,876	
Guards		86,697	
Attendants		606,774	
Part-time Personnel		14,185	
Overtime Pay		21,165	
Other Salaries and Wages		41,930	
Social Security		57,595	
Pensions		103,315	
Employee and Dependent Insurance		52,165	
Life Insurance		1,728	
Medical Insurance		121,238	
Dental Insurance		5,781	
Unemployment Compensation		1,309	
Employer Medicare		13,488	
Maintenance Agreements		3,995	
Medical and Dental Services		304	
Travel		1,758	
Tuition		20	
Other Contracted Services		6,000	
Instructional Supplies and Materials		274	
Office Supplies		2,137	
Prisoners Clothing		4,664	
Uniforms		4,284	
Other Supplies and Materials		9,583	
Workers' Compensation Insurance		25,169	
Total Juvenile Services			1,385,938

Fire Prevention and Control

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

Civil Defense

Assistant(s)	\$	400	
Supervisor/Director		82,395	
Clerical Personnel		4,648	
Part-time Personnel		270	
Social Security		5,328	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Pensions	\$	4,991	
Life Insurance		121	
Medical Insurance		6,573	
Dental Insurance		322	
Unemployment Compensation		74	
Employer Medicare		1,258	
Dues and Memberships		110	
Travel		222	
Other Contracted Services		40,176	
Gasoline		607	
Office Supplies		59	
Other Supplies and Materials		7,323	
Workers' Compensation Insurance		310	
Law Enforcement Equipment		7,196	
Total Civil Defense			\$ 162,383

Other Emergency Management

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

Public Health and Welfare

Local Health Center

Medical Personnel	\$	546,615	
Clerical Personnel		96,918	
Custodial Personnel		44,677	
Part-time Personnel		80,153	
Social Security		44,055	
Pensions		71,738	
Employee and Dependent Insurance		69,850	
Life Insurance		1,258	
Medical Insurance		107,412	
Dental Insurance		5,290	
Unemployment Compensation		1,455	
Employer Medicare		10,460	
Communication		35,407	
Contracts with Government Agencies		95,180	
Maintenance and Repair Services - Buildings		1,810	
Maintenance and Repair Services - Equipment		990	
Pest Control		381	
Travel		3,118	
Other Contracted Services		3,150	
Custodial Supplies		1,758	
Office Supplies		838	
Utilities		44,744	
Workers' Compensation Insurance		4,960	
Other Charges		120,199	
Total Local Health Center			1,392,416

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	52,904	
Medical Personnel		67,865	
Part-time Personnel		13,937	
Overtime Pay		12,024	
Other Salaries and Wages		157,469	
Social Security		18,062	
Pensions		29,714	
Employee and Dependent Insurance		24,200	
Life Insurance		476	
Medical Insurance		36,200	
Dental Insurance		1,870	
Unemployment Compensation		516	
Employer Medicare		4,224	
Dues and Memberships		445	
Licenses		1,290	
Maintenance and Repair Services - Buildings		3,428	
Maintenance and Repair Services - Vehicles		4,910	
Travel		6,535	
Tuition		745	
Other Contracted Services		10,854	
Animal Food and Supplies		8,898	
Drugs and Medical Supplies		52,884	
Gasoline		12,256	
Office Supplies		1,064	
Uniforms		3,464	
Utilities		4,546	
Other Supplies and Materials		10,795	
Workers' Compensation Insurance		1,240	
Total Rabies and Animal Control			\$ 542,815

Other Local Welfare Services

Contracts with Private Agencies	\$	77,256	
Total Other Local Welfare Services			77,256

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	672,509	
Total Parks and Fair Boards			672,509

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,858	
Contracts with Government Agencies		136,896	
Operating Lease Payments		1,154	
Office Equipment		11,650	
Total Agricultural Extension Service			153,558

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Supervisor/Director	\$	51,938	
Clerical Personnel		30,567	
Social Security		5,017	
Pensions		9,373	
Life Insurance		175	
Medical Insurance		9,775	
Dental Insurance		526	
Unemployment Compensation		96	
Employer Medicare		1,173	
Communication		596	
Postal Charges		338	
Travel		636	
Tuition		192	
Office Supplies		451	
Workers' Compensation Insurance		310	
Total Soil Conservation			\$ 111,163

Other Operations

Industrial Development

Contracts for Development Costs	\$	1,062,200	
Total Industrial Development			1,062,200

Veterans' Services

Assistant(s)	\$	38,037	
Supervisor/Director		51,410	
Clerical Personnel		26,479	
Social Security		6,769	
Pensions		11,640	
Employee and Dependent Insurance		7,077	
Life Insurance		212	
Medical Insurance		12,519	
Dental Insurance		748	
Unemployment Compensation		164	
Employer Medicare		1,583	
Operating Lease Payments		896	
Legal Notices, Recording, and Court Costs		32	
Maintenance Agreements		1,197	
Maintenance and Repair Services - Vehicles		25	
Printing, Stationery, and Forms		60	
Travel		882	
Tuition		100	
Duplicating Supplies		640	
Gasoline		758	
Office Supplies		776	
Workers' Compensation Insurance		465	
Other Charges		674	
Total Veterans' Services			163,143

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 123,000	
Total Contributions to Other Agencies		\$ 123,000

Highways

Litter and Trash Collection

Attendants	\$ 38,280	
Longevity Pay	250	
Social Security	2,258	
Pensions	4,378	
Employee and Dependent Insurance	4,047	
Life Insurance	71	
Medical Insurance	5,000	
Dental Insurance	268	
Unemployment Compensation	66	
Employer Medicare	528	
Contracts with Government Agencies	3,200	
Licenses	25	
Other Contracted Services	19,035	
Vehicle Parts	590	
Other Supplies and Materials	1,442	
Workers' Compensation Insurance	881	
Total Litter and Trash Collection		80,319

Capital Projects

General Administration Projects

Data Processing Equipment	\$ 68,509	
Other Capital Outlay	424,205	
Total General Administration Projects		492,714

Public Safety Projects

Communication Equipment	\$ 145,514	
Motor Vehicles	678,288	
Total Public Safety Projects		823,802

Social, Cultural, and Recreation Projects

Building Improvements	\$ 15,445	
Other Equipment	66,932	
Total Social, Cultural, and Recreation Projects		82,377

Total General Fund \$ 44,446,550

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Trustee's Commission	\$ 1,876	
Building Improvements	226,103	
Total County Buildings		\$ 227,979

Total Courthouse and Jail Maintenance Fund 227,979

(Continued)

Exhibit K-8

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

Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$	8,352	
Trustee's Commission		93	
Total Other Charges			\$ 8,445

Total Law Library Fund \$ 8,445

Public Library Fund

General Government

County Buildings

Custodial Personnel	\$	48,278	
Maintenance Personnel		46,550	
Part-time Personnel		14,968	
Social Security		6,488	
Pensions		285	
Employee and Dependent Insurance		6,050	
Life Insurance		183	
Medical Insurance		15,850	
Dental Insurance		822	
Unemployment Compensation		214	
Employer Medicare		1,518	
Maintenance and Repair Services - Buildings		16,262	
Maintenance and Repair Services - Equipment		8,961	
Other Supplies and Materials		6,285	
Total County Buildings			\$ 172,714

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	75,721	
Supervisor/Director		327,381	
Part-time Personnel		348,877	
Overtime Pay		5	
Other Salaries and Wages		270,451	
Social Security		60,912	
Pensions		1,908	
Employee and Dependent Insurance		34,100	
Life Insurance		1,185	
Medical Insurance		92,425	
Dental Insurance		4,987	
Unemployment Compensation		2,641	
Local Retirement		12,664	
Employer Medicare		14,433	
Bank Charges		5,183	
Communication		25,781	
Data Processing Services		14,150	
Debt Collection Services		2,094	
Dues and Memberships		2,480	
Operating Lease Payments		9,228	

(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.)

Licenses	\$	26,328	
Maintenance Agreements		11,916	
Pest Control		720	
Postal Charges		910	
Travel		2,291	
Tuition		1,548	
Permits		210	
Other Contracted Services		10,789	
Custodial Supplies		13,389	
Data Processing Supplies		7,661	
Library Books/Media		163,910	
Office Supplies		14,479	
Periodicals		19,493	
Utilities		192,711	
Other Supplies and Materials		4,271	
Liability Insurance		42,445	
Trustee's Commission		1,078	
Workers' Compensation Insurance		2,500	
Communication Equipment		1,314	
Data Processing Equipment		16,831	
Total Libraries			\$ 1,841,400

Other Social, Cultural, and Recreational

Supervisor/Director	\$	32,094	
Part-time Personnel		33,294	
Social Security		3,928	
Pensions		96	
Employee and Dependent Insurance		6,050	
Life Insurance		59	
Medical Insurance		5,650	
Dental Insurance		274	
Unemployment Compensation		255	
Employer Medicare		919	
Food Preparation Supplies		1,086	
Food Supplies		32,285	
Other Supplies and Materials		719	
Total Other Social, Cultural, and Recreational			116,709

Capital Projects

General Administration Projects

Building Improvements	\$	30,987	
Total General Administration Projects			30,987

Total Public Library Fund \$ 2,161,810

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	9,194	
Animal Food and Supplies		7,788	
Other Supplies and Materials		25,298	
Trustee's Commission		1,366	
Other Charges		3,000	
Law Enforcement Equipment		33,289	
Total Sheriff's Department			\$ 79,935

Drug Enforcement

Other Supplies and Materials	\$	8,336	
Law Enforcement Equipment		69,546	
Total Drug Enforcement			77,882

Total Drug Control Fund \$ 157,817

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,986	
Assistant(s)		72,692	
Supervisor/Director		71,680	
Accountants/Bookkeepers		33,926	
Social Security		15,249	
Pensions		26,763	
Employee and Dependent Insurance		12,983	
Life Insurance		343	
Medical Insurance		15,513	
Dental Insurance		1,030	
Unemployment Compensation		86	
Local Retirement		4,986	
Employer Medicare		3,566	
Communication		10,799	
Dues and Memberships		4,275	
Licenses		110	
Maintenance Agreements		8,432	
Postal Charges		49	
Travel		810	
Tuition		1,211	
Drugs and Medical Supplies		107	
Electricity		7,048	
Office Supplies		3,064	
Liability Insurance		99,199	
Trustee's Commission		61,317	
Workers' Compensation Insurance		15,818	
Liability Claims		163	
Building Improvements		1,235	
Office Equipment		101	
Other Capital Outlay		11,889	
Total Administration			\$ 560,430

(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

Salary Supplements	\$	26,204	
Foremen		205,312	
Equipment Operators		343,395	
Equipment Operators - Heavy		175,362	
Equipment Operators - Light		194,314	
Truck Drivers		398,963	
Overtime Pay		54,443	
Other Salaries and Wages		258,804	
Social Security		98,055	
Pensions		182,965	
Employee and Dependent Insurance		132,612	
Life Insurance		2,867	
Medical Insurance		201,650	
Dental Insurance		10,408	
Unemployment Compensation		944	
Local Retirement		80,486	
Employer Medicare		22,933	
Other Contracted Services		83,174	
Asphalt - Hot Mix		454,238	
Asphalt - Liquid		42,560	
Concrete		8,098	
Crushed Stone		99,806	
Fertilizer, Lime, and Seed		525	
General Construction Materials		20	
Other Road Materials		14,940	
Pipe - Metal		104,759	
Road Signs		42,735	
Salt		40,000	
Uniforms		4,285	
Drainage Materials		645	
Workers' Compensation Insurance		146,305	
Highway Equipment		170,960	
State Aid Projects		952,331	
Other Capital Outlay		60,094	
Total Highway and Bridge Maintenance			\$ 4,615,192

Operation and Maintenance of Equipment

Salary Supplements	\$	1,500
Mechanic(s)		267,948
Overtime Pay		5,932
Social Security		16,397
Pensions		29,100
Employee and Dependent Insurance		18,580
Life Insurance		509
Medical Insurance		31,362
Dental Insurance		1,633
Unemployment Compensation		173

(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.)

Local Retirement	\$	46,750	
Employer Medicare		3,835	
Diesel Fuel		66,340	
Equipment and Machinery Parts		122,122	
Gasoline		26,114	
Lubricants		4,195	
Pipe - Metal		540	
Propane Gas		2,738	
Tires and Tubes		20,866	
Uniforms		6,295	
Workers' Compensation Insurance		23,726	
Building Improvements		620	
Maintenance Equipment		53,100	
Total Operation and Maintenance of Equipment			\$ 750,375

Other Charges

Road Signs	\$	321	
Other Capital Outlay		32,126	
Total Other Charges			32,447

Capital Outlay

Highway Equipment	\$	600,000	
Total Capital Outlay			600,000

Total Highway/Public Works Fund \$ 6,558,444

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	5,291,929	
Principal on Capital Leases		293,067	
Principal on Other Loans		2,900,501	
Total General Government			\$ 8,485,497

Education

Principal on Capital Leases	\$	235,399	
Total Education			235,399

Interest on Debt

General Government

Interest on Bonds	\$	4,565,544	
Interest on Capital Leases		77,115	
Interest on Other Loans		1,284,978	
Other Debt Service		2,192,478	
Total General Government			8,120,115

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Capital Leases	\$ 75,404	
Total Education		\$ 75,404

Other Debt Service

General Government

Financial Advisory Services	\$ 8,000	
Trustee's Commission	338,909	
Other Charges	25,390	
Other Debt Service	35,446	
Total General Government		<u>407,745</u>

Total General Debt Service Fund \$ 17,324,160

Other Capital Projects Fund

Capital Projects

General Administration Projects

Data Processing Equipment	\$ 142,133	
Total General Administration Projects		\$ 142,133

Administration of Justice Projects

Data Processing Equipment	\$ 405,344	
Total Administration of Justice Projects		405,344

Education Capital Projects

Communication Equipment	\$ 250	
Heating and Air Conditioning Equipment	10,759	
Total Education Capital Projects		<u>11,009</u>

Total Other Capital Projects Fund 558,486

Total Governmental Funds - Primary Government \$ 71,443,691

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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 27,529,877	
Career Ladder Program	197,220	
Salary Supplements	507,310	
Educational Assistants	1,631,555	
Overtime Pay	7,425	
Other Salaries and Wages	39,480	
Certified Substitute Teachers	319,531	
Non-certified Substitute Teachers	235,474	
Social Security	1,782,658	
Pensions	2,571,288	
Employee and Dependent Insurance	1,997,140	
Life Insurance	46,054	
Medical Insurance	2,873,945	
Dental Insurance	144,225	
Employer Medicare	420,915	
Printing, Stationery, and Forms	4,191	
Instructional Supplies and Materials	362,616	
Textbooks	335,808	
Other Supplies and Materials	9,279	
Total Regular Instruction Program		\$ 41,015,991

Special Education Program

Teachers	\$ 4,477,008	
Career Ladder Program	27,000	
Educational Assistants	930,066	
Social Security	311,348	
Pensions	453,214	
Employee and Dependent Insurance	343,944	
Life Insurance	8,093	
Medical Insurance	576,492	
Dental Insurance	29,279	
Employer Medicare	73,926	
Contracts with Private Agencies	535	
Maintenance and Repair Services - Equipment	335	
Other Contracted Services	248,253	
Instructional Supplies and Materials	104,342	
Other Supplies and Materials	1,001	
In Service/Staff Development	7,209	
Special Education Equipment	7,374	
Total Special Education Program		7,599,419

Vocational Education Program

Teachers	\$ 2,544,594
Career Ladder Program	13,000
Social Security	150,850
Pensions	231,113

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Employee and Dependent Insurance	\$	154,696	
Life Insurance		4,260	
Medical Insurance		250,310	
Dental Insurance		12,295	
Employer Medicare		35,280	
Maintenance and Repair Services - Equipment		3,490	
Instructional Supplies and Materials		49,145	
Other Supplies and Materials		2,638	
Liability Insurance		600	
Vocational Instruction Equipment		3,050	
Total Vocational Education Program			\$ 3,455,321

Adult Education Program

Teachers	\$	136,305	
Paraprofessionals		2,470	
Instructional Computer Personnel		38,643	
Social Security		10,290	
Pensions		9,600	
Employee and Dependent Insurance		6,050	
Life Insurance		156	
Medical Insurance		9,775	
Dental Insurance		523	
Employer Medicare		2,513	
Instructional Supplies and Materials		7,934	
Data Processing Equipment		776	
Total Adult Education Program			225,035

Other

Local Retirement	\$	1,007,560	
Total Other			1,007,560

Support Services

Attendance

Supervisor/Director	\$	44,870	
Clerical Personnel		49,137	
Social Security		5,519	
Pensions		9,651	
Employee and Dependent Insurance		6,050	
Life Insurance		112	
Medical Insurance		12,846	
Dental Insurance		626	
Employer Medicare		1,291	
Total Attendance			130,102

Health Services

Medical Personnel	\$	560,878	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Secretary(ies)	\$	17,290	
Other Salaries and Wages		63,565	
Social Security		38,217	
Pensions		41,315	
Employee and Dependent Insurance		28,325	
Life Insurance		589	
Medical Insurance		36,112	
Dental Insurance		2,025	
Employer Medicare		8,938	
Dues and Memberships		330	
Travel		2,952	
Other Contracted Services		2,312	
Drugs and Medical Supplies		18,054	
Instructional Supplies and Materials		22,556	
Other Supplies and Materials		1,000	
In Service/Staff Development		825	
Data Processing Equipment		1,540	
Total Health Services			\$ 846,823

Other Student Support

Guidance Personnel	\$	1,227,477	
Social Workers		43,466	
Secretary(ies)		51,873	
Social Security		74,538	
Pensions		113,414	
Employee and Dependent Insurance		58,945	
Life Insurance		1,917	
Medical Insurance		98,393	
Dental Insurance		5,549	
Employer Medicare		18,562	
Evaluation and Testing		38,305	
Travel		211	
Other Contracted Services		120,054	
Other Supplies and Materials		4,280	
Total Other Student Support			1,856,984

Regular Instruction Program

Supervisor/Director	\$	192,146
Librarians		1,132,526
Secretary(ies)		88,827
Other Salaries and Wages		9,600
Social Security		84,358
Pensions		130,513
Employee and Dependent Insurance		62,542
Life Insurance		2,108
Medical Insurance		120,297

(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.)

Dental Insurance	\$	6,489	
Employer Medicare		19,762	
Contracts with Government Agencies		27,699	
Travel		13,557	
Tuition		550	
Other Supplies and Materials		834	
In Service/Staff Development		22,491	
Total Regular Instruction Program			\$ 1,914,299

Special Education Program

Psychological Personnel	\$	344,876	
Social Security		20,324	
Pensions		31,136	
Employee and Dependent Insurance		24,050	
Life Insurance		527	
Medical Insurance		32,625	
Dental Insurance		1,339	
Employer Medicare		4,753	
Travel		16,961	
Other Contracted Services		2,942	
In Service/Staff Development		19,502	
Total Special Education Program			499,035

Vocational Education Program

Supervisor/Director	\$	8,054	
Secretary(ies)		56,561	
Social Security		3,861	
Pensions		7,155	
Employee and Dependent Insurance		550	
Life Insurance		108	
Medical Insurance		10,468	
Dental Insurance		552	
Employer Medicare		905	
Total Vocational Education Program			88,214

Adult Programs

Supervisor/Director	\$	58,388	
Clerical Personnel		21,360	
Social Security		4,721	
Pensions		5,236	
Employee and Dependent Insurance		5,995	
Life Insurance		82	
Medical Insurance		4,633	
Dental Insurance		250	
Employer Medicare		1,104	
Other Contracted Services		1,251	
In Service/Staff Development		4,230	
Total Adult Programs			107,250

(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.)

Other Programs

On-behalf Payments to OPEB	\$	59,075	
Other Contracted Services		37,990	
Other Equipment		8,772	
Total Other Programs			\$ 105,837

Board of Education

Other Salaries and Wages	\$	99,616	
Board and Committee Members Fees		33,610	
Social Security		5,970	
Pensions		4,264	
Employee and Dependent Insurance		5,128	
Medical Insurance		6,593	
Dental Insurance		319	
Unemployment Compensation		20,305	
Employer Medicare		1,688	
Audit Services		32,000	
Dues and Memberships		9,091	
Legal Services		36,672	
Printing, Stationery, and Forms		1,074	
Other Contracted Services		14,445	
Other Supplies and Materials		175	
Liability Insurance		543,392	
Trustee's Commission		714,159	
Workers' Compensation Insurance		613,048	
In Service/Staff Development		1,847	
Other Charges		8,000	
Total Board of Education			2,151,396

Director of Schools

County Official/Administrative Officer	\$	124,955	
Assistant(s)		102,418	
Supervisor/Director		101,130	
Career Ladder Program		1,000	
Secretary(ies)		81,272	
Other Salaries and Wages		44,442	
Social Security		27,086	
Pensions		46,864	
Employee and Dependent Insurance		31,625	
Life Insurance		1,675	
Medical Insurance		33,141	
Dental Insurance		1,641	
Disability Insurance		365	
Employer Medicare		6,350	
Dues and Memberships		5,553	
Postal Charges		4,968	
Printing, Stationery, and Forms		1,259	

(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.)

Travel	\$	757	
Other Contracted Services		13,326	
Office Supplies		9,982	
Other Supplies and Materials		4,728	
In Service/Staff Development		2,781	
Other Charges		2,272	
Total Director of Schools			\$ 649,590

Office of the Principal

Principals	\$	1,636,920	
Accountants/Bookkeepers		66,651	
Assistant Principals		1,244,966	
Secretary(ies)		1,148,034	
Social Security		246,322	
Pensions		396,416	
Employee and Dependent Insurance		237,887	
Life Insurance		5,556	
Medical Insurance		375,013	
Dental Insurance		20,316	
Employer Medicare		57,608	
Communication		781,610	
Dues and Memberships		1,500	
Other Contracted Services		4,305	
Other Supplies and Materials		4,018	
Other Charges		21,297	
Total Office of the Principal			6,248,419

Fiscal Services

Accountants/Bookkeepers	\$	114,695	
Social Security		5,395	
Pensions		11,107	
Employee and Dependent Insurance		6,600	
Life Insurance		199	
Medical Insurance		10,200	
Dental Insurance		636	
Employer Medicare		1,661	
Travel		288	
In Service/Staff Development		1,728	
Total Fiscal Services			152,509

Operation of Plant

Custodial Personnel	\$	2,367,495	
Other Salaries and Wages		50	
Social Security		135,708	
Pensions		240,673	
Employee and Dependent Insurance		211,188	

(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 (Cont.)

Life Insurance	\$	4,431	
Medical Insurance		364,916	
Dental Insurance		19,645	
Employer Medicare		32,300	
Evaluation and Testing		880	
Other Contracted Services		200,403	
Custodial Supplies		209,541	
Electricity		2,902,663	
Fuel Oil		11,272	
Natural Gas		131,690	
Water and Sewer		298,628	
Plant Operation Equipment		36,327	
Total Operation of Plant			\$ 7,167,810

Maintenance of Plant

Supervisor/Director	\$	68,792	
Secretary(ies)		38,477	
Maintenance Personnel		546,084	
Social Security		38,426	
Pensions		69,674	
Employee and Dependent Insurance		50,788	
Life Insurance		1,224	
Medical Insurance		73,032	
Dental Insurance		3,921	
Employer Medicare		8,987	
Maintenance and Repair Services - Buildings		44,953	
Maintenance and Repair Services - Equipment		28,021	
Maintenance and Repair Services - Vehicles		14,189	
Other Contracted Services		347,048	
Equipment and Machinery Parts		67,627	
Gasoline		30,684	
Other Supplies and Materials		169,484	
Other Charges		27,799	
Building Improvements		85,210	
Heating and Air Conditioning Equipment		83,000	
Motor Vehicles		22,000	
Plant Operation Equipment		2,481	
Other Capital Outlay		19,500	
Total Maintenance of Plant			1,841,401

Transportation

Supervisor/Director	\$	58,600
Clerical Personnel		42,296
Social Security		6,157
Pensions		9,226
Life Insurance		168

(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.)

Transportation (Cont.)

Medical Insurance	\$	8,124	
Dental Insurance		441	
Employer Medicare		1,440	
Contracts with Parents		506	
Contracts with Vehicle Owners		2,874,490	
Maintenance and Repair Services - Vehicles		411	
Medical and Dental Services		925	
Other Contracted Services		716,282	
Liability Insurance		45,000	
Total Transportation			\$ 3,764,066

Central and Other

Computer Programmer(s)	\$	151,287	
Clerical Personnel		42,296	
Other Salaries and Wages		177,270	
Social Security		18,888	
Pensions		34,253	
Employee and Dependent Insurance		16,441	
Life Insurance		521	
Medical Insurance		28,855	
Dental Insurance		1,508	
Employer Medicare		4,417	
Other Contracted Services		109,198	
Data Processing Supplies		313,046	
Other Supplies and Materials		3,755	
Data Processing Equipment		548,536	
Total Central and Other			1,450,271

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	7,878	
Teachers		357,631	
Educational Assistants		84,732	
Social Security		25,878	
Pensions		42,690	
Employee and Dependent Insurance		52,096	
Life Insurance		711	
Medical Insurance		60,381	
Dental Insurance		3,149	
Employer Medicare		6,052	
Other Contracted Services		25,861	
Instructional Supplies and Materials		6,830	
In Service/Staff Development		5,054	
Total Early Childhood Education			678,943

(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.)

Capital Outlay

Regular Capital Outlay

Architects	\$	13,935	
Building Improvements		434,317	
Data Processing Equipment		12,730	
Heating and Air Conditioning Equipment		504,972	
Other Capital Outlay		23,070	
Total Regular Capital Outlay			\$ 989,024

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	310,753	
Total Education			310,753

Total General Purpose School Fund \$ 84,256,052

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	875,017	
Educational Assistants		640,778	
Social Security		78,129	
Pensions		95,454	
Employee and Dependent Insurance		46,750	
Life Insurance		1,520	
Medical Insurance		115,438	
Dental Insurance		5,876	
Employer Medicare		21,441	
Instructional Supplies and Materials		150,016	
Regular Instruction Equipment		48,337	
Total Regular Instruction Program			\$ 2,078,756

Special Education Program

Teachers	\$	256,447	
Clerical Personnel		77,145	
Educational Assistants		1,108,686	
Speech Pathologist		40,070	
Social Security		88,317	
Pensions		103,203	
Employee and Dependent Insurance		103,125	
Life Insurance		1,601	
Medical Insurance		217,975	
Dental Insurance		11,461	
Employer Medicare		20,939	
Instructional Supplies and Materials		66,195	
Workers' Compensation Insurance		184	
Special Education Equipment		31,968	
Total Special Education Program			2,127,316

(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

Secretary(ies)	\$	9,529	
Other Salaries and Wages		38,423	
Social Security		6,092	
Pensions		9,189	
Employee and Dependent Insurance		4,950	
Life Insurance		181	
Medical Insurance		16,550	
Dental Insurance		1,074	
Employer Medicare		1,425	
Travel		741	
Instructional Supplies and Materials		49,003	
Vocational Instruction Equipment		58,584	
Total Vocational Education Program			\$ 195,741

Support Services

Other Student Support

Assessment Personnel	\$	76,981	
Social Security		4,588	
Pensions		6,959	
Employee and Dependent Insurance		6,050	
Life Insurance		90	
Medical Insurance		5,650	
Dental Insurance		273	
Employer Medicare		1,073	
Travel		30,463	
In Service/Staff Development		10,709	
Other Charges		22,138	
Total Other Student Support			164,974

Regular Instruction Program

Supervisor/Director	\$	91,720	
Secretary(ies)		39,427	
Other Salaries and Wages		197,873	
Social Security		19,777	
Pensions		29,662	
Employee and Dependent Insurance		8,800	
Life Insurance		443	
Medical Insurance		23,288	
Dental Insurance		1,376	
Employer Medicare		4,623	
Travel		4,512	
Other Contracted Services		1,312	
Other Supplies and Materials		496	
In Service/Staff Development		46,121	
Other Charges		387	
Total Regular Instruction Program			469,817

(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.)

Special Education Program

Supervisor/Director	\$	88,334	
Psychological Personnel		104,138	
Secretary(ies)		44,445	
Clerical Personnel		69,730	
Social Security		18,297	
Pensions		29,958	
Employee and Dependent Insurance		6,475	
Life Insurance		474	
Medical Insurance		25,462	
Dental Insurance		1,353	
Employer Medicare		4,279	
Other Contracted Services		1,874	
Other Supplies and Materials		4,199	
In Service/Staff Development		31,256	
Total Special Education Program			\$ 430,274

Vocational Education Program

Travel	\$	2,683	
In Service/Staff Development		1,280	
Total Vocational Education Program			3,963

Transportation

Contracts with Parents	\$	303	
Other Contracted Services		203,016	
Total Transportation			203,319

Total School Federal Projects Fund \$ 5,674,160

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,648
Accountants/Bookkeepers		38,944
Cafeteria Personnel		1,876,346
Social Security		116,617
Pensions		131,291
Employee and Dependent Insurance		145,095
Life Insurance		1,823
Medical Insurance		234,669
Dental Insurance		11,227
Unemployment Compensation		22
Employer Medicare		27,339
Dues and Memberships		5,089
Maintenance and Repair Services - Equipment		135,362
Printing, Stationery, and Forms		2,590
Transportation - Other than Students		10,769

(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 (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Travel	\$	2,103	
Other Contracted Services		89,820	
Custodial Supplies		42,507	
Food Supplies		1,978,843	
Office Supplies		3,348	
Tires and Tubes		277,960	
Uniforms		1,698	
Other Supplies and Materials		116,949	
Workers' Compensation Insurance		66,500	
In Service/Staff Development		4,772	
Other Charges		1,924	
Data Processing Equipment		1,899	
Food Service Equipment		101,421	
Total Food Service			\$ 5,481,575

Total Central Cafeteria Fund \$ 5,481,575

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Assistant(s)	\$	76,440	
Clerical Personnel		42,599	
Part-time Personnel		882,473	
Social Security		59,599	
Pensions		66,961	
Employee and Dependent Insurance		55,037	
Life Insurance		1,115	
Medical Insurance		83,730	
Dental Insurance		4,073	
Employer Medicare		13,987	
Contracts with Vehicle Owners		18,575	
Travel		1,332	
Other Contracted Services		29,141	
Food Supplies		57,985	
Instructional Supplies and Materials		9,589	
Other Supplies and Materials		4,223	
Trustee's Commission		13,202	
Other Charges		200	
Data Processing Equipment		566	
Total Community Services			\$ 1,420,827

Total Extended School Program Fund 1,420,827

(Continued)

Exhibit K-9

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Trustee's Commission	\$	26,953	
Other Capital Outlay		<u>1,175,118</u>	
Total Education Capital Projects			<u>\$ 1,202,071</u>
Total Education Capital Projects Fund			<u>\$ 1,202,071</u>
Total Governmental Funds - Blount County School Department			<u><u>\$ 98,034,685</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, 2016

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,665,467	\$ 9,983,742	\$ 13,649,209
Trustee's Collections - Prior Years	0	82,863	225,698	308,561
Trustee's Collections - Bankruptcy Circuit/Clerk and Master Collections - Prior Years	0	17,547	47,793	65,340
Interest and Penalty	0	36,063	98,183	134,246
Payments in-Lieu-of Taxes - Local Utilities	0	14,177	38,614	52,791
Payments in-Lieu-of Taxes - Other	0	16,702	45,492	62,194
Local Option Sales Taxes	0	1,912	5,230	7,142
Business Taxes	19,979,091	2,458,400	6,696,036	29,133,527
Marriage Licenses	0	84,888	231,213	316,101
Other Local Revenue	0	928	2,535	3,463
Interstate Telecommunications Tax	0	64	179	243
Other State Revenues	0	1,140	3,105	4,245
	0	124,840	0	124,840
Total Cash Receipts	\$ 19,979,091	\$ 6,504,991	\$ 17,377,820	\$ 43,861,902
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 19,779,300	\$ 6,397,659	\$ 17,088,941	\$ 43,265,900
Trustee's Commission	199,791	104,057	280,002	583,850
Total Cash Disbursements	\$ 19,979,091	\$ 6,501,716	\$ 17,368,943	\$ 43,849,750
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 3,275	\$ 8,877	\$ 12,152
Cash Balance, July 1, 2015	0	3,649	9,992	13,641
Cash Balance, June 30, 2016	\$ 0	\$ 6,924	\$ 18,869	\$ 25,793

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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**Independent Auditor's 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***

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements, and have issued our report thereon dated December 23, 2016. Our report includes a reference to other auditors who audited the financial statements of Blount Memorial Hospital, Inc., as described in our report on Blount County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

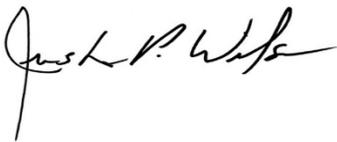
Compliance and Other Matters

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 23, 2016

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Blount County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Blount County's major federal programs for the year ended June 30, 2016. Blount County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Blount County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Blount County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

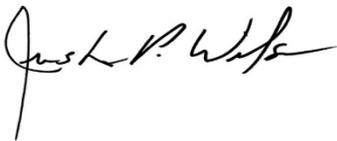
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements. We issued our report thereon dated December 23, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 23, 2016

JPW/kp

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2016

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	\$ 1,014,585
National School Lunch Program	10.555	N/A	2,499,416 (4)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	20,000
Healthy, Hunger-Free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects	10.592	N/A	4,640
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	277,960 (4)
Passed-through State Department of Health and Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	174,977
Total U.S. Department of Agriculture			<u>\$ 3,991,578</u>
U.S. Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 252,221
Total U.S. Department of the Interior			<u>\$ 252,221</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 17,433
Equitable Sharing Program	16.922	N/A	77,883
Total U.S. Department of Justice			<u>\$ 95,316</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(5)	\$ 137,409
Alcohol Open Container Requirements	20.607	(6)	22,295
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	(3)	7,200
Total U.S. Department of Transportation			<u>\$ 166,904</u>
U.S. National Endowment for the Humanities:			
Direct Program:			
Promotion of the Humanities - Division of Preservation and Access	45.149	N/A	\$ 67,000
Total U.S. National Endowment for the Humanities			<u>\$ 67,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 182,794
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,260,443
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,848,695
Special Education - Preschool Grants	84.173	N/A	106,268
Career and Technical Education - Basic Grants to States	84.048	N/A	240,875
English Language Acquisition Grants	84.365	N/A	26,443
Improving Teacher Quality State Grants	84.367	N/A	385,488
Total U.S. Department of Education			<u>\$ 6,051,006</u>

(Continued)

Blount County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health and Human Services:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-16-45187	\$ 1,615
Family Planning - Services	93.217	N/A	23,148
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	(3)	23,052
National State Based Tobacco Control Programs	93.305	N/A	13,697
Medical Assistance Program	93.778	N/A	71,563
HIV Prevention Activities - Health Department Based	93.940	N/A	10,757
Maternal and Child Health Services Block Grant to the States	93.994	N/A	33,219
Total U.S. Department of Health and Human Services			<u>\$ 177,051</u>
U.S. National Archives and Records Administration:			
Direct Program:			
National Historical Publications and Records Grants	89.003	(3)	\$ 1,900
Total U.S. National Archives and Records Administration			<u>\$ 1,900</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 135,467
Emergency Management Performance Grants	97.042	(3)	57,500
Homeland Security Grant Program	97.067	(3)	28,252
Total U.S. Department of Homeland Security			<u>\$ 221,219</u>
Total Expenditures of Federal Grants			<u>\$ 11,024,195</u>
		<u>Contract Number</u>	
State Grants			
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Adult Education - State Department of Labor and Workforce Development	N/A	(3)	60,931
Early Childhood Education - State Department of Education	N/A	(3)	596,558
Litter Program - State Department of Transportation	N/A	(3)	58,293
Rural Local Health Services - State Department of Health	N/A	GG-16-45187	526,025
Archives Development Grant - Tennessee Secretary of State	N/A	(3)	8,485
Drug Court Grant - State Department of Finance and Administration	N/A	(3)	70,000
Tennessee State Library and Archives 2016 Tech Grant - Tennessee Secretary of State	N/A	(3)	6,388
Disaster Grants - Tennessee Emergency Management Agency	N/A	(3)	15,102
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(3)	77,256
Total State Grants			<u>\$ 1,428,038</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) Blount County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) Total for CFDA No. 10.555 is \$2,777,376.

(5) Z-15-GHS033: \$37,115; Z-15-GHS034: \$69,921; Z-15-GHS035: \$4,977; Z-16-GHS033: \$21,603; Z-16-GHS034: \$1,565;
Z-16-GHS035: \$2,228.

(6) Z-15-GHS032: \$4,966; Z-15-GHS456: \$2,026; Z-16-GHS032: \$12,373; Z-16-GHS036: \$2,930.

Blount County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Blount County, Tennessee, for the year ended June 30, 2016

Prior-year Financial Statement Findings

There were no prior-year financial statement findings to report.

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

BLOUNT COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Blount County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special
Education Grants to States and
Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no findings relating to the financial statements of Blount County, Tennessee, as a result of our examination for the year ended June 30, 2016.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

Blount County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016

The audit of Blount County did not report any findings and recommendations. Therefore, no management responses are required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).