

**ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
BLOUNT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

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

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

BLOUNT COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Blount County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Blount County as of and for the year ended June 30, 2014.

Results

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

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

Finding

The following is a summary of the audit finding:

OFFICE OF CIRCUIT COURT CLERK

- ◆ Funds were not adequately collateralized in the Office of Circuit Court Clerk.

INTRODUCTORY SECTION

Blount County Officials

June 30, 2014

Officials

Ed Mitchell, County Mayor
Bill Dunlap, Highway Superintendent
Rob Britt, Director of Schools
Scott Graves, Trustee
Tim Helton, Assessor of Property
Roy Crawford, Jr., 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
Teresa Johnson, Purchasing Agent

Board of County Commissioners

Jerome Moon, Chairman	Mark Hasty
Tonya Burchfield	Steve Samples
Richard Carver	Kenneth Melton
Brad Harrison	Mike Caylor
Mike Lewis	Holden Lail
Peggy Lambert	Scott Helton
Gary Farmer	Ron French
Jim Folts	Tab Burkhalter
Tom Greene	Monika Murrell
Roy Gamble	Gerald Kirby
Gordon Wright, Sr.	

Board of Education

Don McNelly, Chairman	Trevis Gardner
Charles Finley	Jim Compton
Mike Treadway	Rob Webb
Chris Cantrell	

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
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, 2014, 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 the Blount Memorial Hospital, Inc., which represent 55.77 percent, 55 percent, and 70.3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; the Blount County Emergency Communications District, which represent 1.01 percent, 1.06 percent, and .66 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; and the Blount County Public Building Authority, which represent 10.25 percent, .04 percent, and .01 percent, respectively, of the assets, net

position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Blount Memorial Hospital, Inc., the Blount County Emergency Communications District, and the Blount County Public Building Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blount County, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds 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. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 135 - 137 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 November 14, 2014, 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

November 14, 2014

JPW/sb

Blount County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2014



This discussion and analysis of Blount County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2014. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Blount County School Department. A separate set of financial statements is not issued for the Blount County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the financial statements and accompanying notes to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. In addition, readers should review the separately-issued discretely presented component units' financial statements for the Management's Discussion and Analysis.

Discussion of the Basic Financial Statements

In total, net position of the Primary Government decreased by \$3.4 million, while net position of the DPCU School Department decreased by \$1.2 million. The decrease in Primary Government Net Position is due to a decrease in overall revenues, mainly caused by a shift in pennies in the property tax rate from General County to General Purpose Schools. This caused a decrease in property tax revenue allocated to General County and Primary Government. It should be noted that the school buildings constructed with county debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the Primary Government. General Fund expenditures were \$.9 million higher than revenue received, and transfers out net of transfers in were \$1.6 million, which together decreased the fund balance by \$2.6 million. DPCU School Department expenditures were \$2.3 million less than revenue received, which increased the fund balance by \$2.3 million for the year ending June 30, 2014.

Total assets of governmental activities in the Primary Government were \$188.8 million as taxes receivable ended at \$35.8 million, cash ended at \$33.4 million, and capital assets, net of accumulated depreciation, ended at \$111.8 million. Total assets in the DPCU School Department were \$165.1 million as taxes receivable ended at \$21.7 million, cash ended at \$9.7 million, and capital assets, net of accumulated depreciation, ended at \$130.5 million.

Revenues for Primary Government totaled \$74.8 million. General revenues of the Primary Government accounted for \$43.1 million or 58 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$31.8 million or 42 percent of total revenues.

Revenues of the DPCU School Department totaled \$95.2 million. General revenues of the DPCU School Department were \$82 million or 86 percent of total revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$13.3 million or 14 percent of total revenues.

The county had \$77.7 million in expenses with \$31.8 million of these expenses offset by program specific revenues. Expenses and the change in the fair value of derivatives exceeded general revenues (primarily property taxes of \$35.1 million) by \$2.8 million due to a decrease in program revenues, mainly charges for services and capital grants and contributions.

The DPCU School Department had \$96.4 million in expenses with \$13.3 million of these expenses offset by program specific revenues. Revenues (primarily property taxes and sales taxes of \$21.6 and \$10.8 million, respectively, in addition to the BEP contribution of \$44.8 million) were less than expenses by \$1.2 million and were not adequate to provide current funding for these programs.

Government-Wide Financial Analysis

Table 1 provides a summary of the county's and the DPCU School Department's Net Position for 2014 and a comparison to the prior year. An additional portion of the county's Net Position, \$9.3 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$1.9 million of Net Position is subject to external restriction. Tables 2A and 2B show changes in Net Position for fiscal year 2014 for the Primary Government and the DPCU School Department, respectively, as well as a comparison to the prior year.

Table 1
Blount County Government and DPCU School Department Net Position

	Blount County Primary Government Governmental Activities	
	2014	2013
Assets:		
Current and Other Assets	\$ 77,054,701	\$ 77,528,674
Capital Assets	111,784,956	117,134,874
Total Assets	\$ 188,839,657	\$ 194,663,548
Total Deferred Outflows of Resources	\$ 1,378,106	\$ 1,574,248
Liabilities:		
Long-term Liabilities Outstanding	\$ 215,622,329	\$ 221,462,827
Other Liabilities	21,893,829	20,064,986
Total Liabilities	\$ 237,516,158	\$ 241,527,813
Total Deferred Inflows of Resources	\$ 34,910,317	\$ 33,513,847
Net Position:		
Net Investment in Capital Assets	\$ 79,368,934	\$ 80,957,457
Restricted	9,259,390	10,302,485
Unrestricted	(170,837,036)	(170,063,806)
Total Net Position	\$ (82,208,712)	\$ (78,803,864)

Table 1
Blount County Government and DPCU School Department Net Position

	DPCU School Department Governmental Activities	
	2014	2013
Assets:		
Current and Other Assets	\$ 34,598,849	\$ 31,845,773
Capital Assets	130,543,750	134,074,747
Total Assets	\$ 165,142,599	\$ 165,920,520
Liabilities:		
Long-term Liabilities Outstanding	\$ 85,017	\$ 82,593
Other Liabilities	7,835,513	7,736,121
Total Liabilities	\$ 7,920,530	\$ 7,818,714
Total Deferred Inflows of Resources	\$ 21,181,988	\$ 20,878,062
Net Position:		
Net Investment in Capital Assets	\$ 130,543,750	\$ 134,074,747
Restricted	1,936,219	2,302,338
Unrestricted	3,560,112	846,659
Total Net Position	\$ 136,040,081	\$ 137,223,744

Table 2A
Blount County Changes in Net Position

	Blount County Primary Government	
	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 25,773,555	\$ 28,642,387
Operating Grants and Contributions	5,178,257	4,998,576
Capital Grants and Contributions	821,256	3,102,451
General Revenues:		
Property Taxes	35,060,988	36,371,699
Sales Taxes	2,735,925	2,613,120
Hotel/Motel Taxes	592,652	581,083
Business Taxes	717,280	847,487
Other Taxes	1,039,221	954,311
Grants and Contributions Not Restricted to Specific Programs	2,761,845	2,682,011
Unrestricted Investment Income	143,178	146,787
Investment Income (Loss) - Derivatives	(545,694)	9,452,744
Miscellaneous	12,019	11,228
Total Revenues	\$ 74,290,482	\$ 90,403,884
Expenses:		
General Government	\$ 8,708,763	\$ 10,943,147
Finance	3,962,472	3,609,939
Administration of Justice	5,462,105	5,016,437
Public Safety	20,343,031	19,911,519
Public Health and Welfare	1,849,262	1,548,310
Social, Cultural, and Recreational	2,962,836	2,805,112
Agriculture and Natural Resources	279,009	275,329
Highway	10,515,384	9,870,127
Education	14,673,396	13,287,719
Interest on General Long-term Debt	8,939,072	8,849,052
Other Debt Service	-	1,603,726
Total Expenses	\$ 77,695,330	\$ 77,720,417
Increase (Decrease) in Net Position	\$ (3,404,848)	\$ 12,683,467
Prior-period Adjustment	-	(2,200,522)
Net Position, July 1, 2013	(78,803,864)	(89,286,809)
Net Position, June 30, 2014	\$ (82,208,712)	\$ (78,803,864)

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

	Blount County School Department	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,071,586	\$ 3,352,443
Operating Grants and Contributions	10,161,297	9,151,833
Capital Grants and Contributions	20,525	-
General Revenues:		
Property Taxes	21,608,805	19,153,390
Sales Taxes	10,756,631	10,503,258
Business Taxes	443,027	447,684
Other Taxes	78,310	6,816
Grants and Contributions Not Restricted to Specific Programs	49,024,177	47,713,751
Unrestricted Investment Income	19,122	37,473
Miscellaneous	25,547	9,271
Total Revenues	\$ 95,209,027	\$ 90,375,919
Expenses:		
Instruction	\$ 56,305,701	\$ 57,595,274
Support Services	32,398,171	32,000,878
Operation of Non-instructional Services	7,688,818	7,828,646
Total Expenses	\$ 96,392,690	\$ 97,424,798
Increase (Decrease) in Net Position	\$ (1,183,663)	\$ (7,048,879)
Net Position, July 1, 2013	137,223,744	144,272,623
Net Position, June 30, 2014	\$ 136,040,081	\$ 137,223,744

Analysis of Overall Financial Position and Results of Operations

The most significant change in total governmental operations is due to revenues underperforming, as well as the change in termination value of the interest rate swaps. The termination value was decreased by \$.5 million.

Public Safety expenditures of \$20.3 million accounted for approximately 26 percent of the \$77.7 million total expenses for governmental activities, while Highways and Education (related to internal service funds activities) expenses accounted for 14 percent and 19 percent, respectively. Of the \$77.7 million in governmental expenses, \$25.8 million was covered by direct charges to users of the services and \$6 million by other grants and contributions. A significant portion of those charges is for constitutional officer's fees and commission and for premiums charged to the DPCU School Department for health insurance. Public Safety charges for service include items such as fees for the prisoner board in the county jail.

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 decreased to zero in prepaid items.
- **Restricted Fund Balance** – The restricted fund balance for the General Fund increased by \$.2 million to \$1.3 million, split between General Government, Finance, Administration of Justice, and Public Safety. The restricted fund balance for the General Debt Service Fund decreased by \$1.2 million to \$4.2 million. The restricted fund balance for the General Purpose School Fund decreased to \$1.2 million, restricted for education.
- **Committed Fund Balance** – The committed fund balance for the General Fund increased \$1 million for Administration of Justice and Capital Outlay due to the decision to commit fund balance for future capital projects. The committed fund balance for the General Debt Service Fund increased by \$1.3 million to \$5.8 million
- **Assigned Fund Balance** – The assigned fund balance for the General Fund increased by \$.2 million to \$.6 million, split between General Government, Finance, Administration of Justice, Public Safety, Public Health and Welfare, Agriculture, Other Operations, Highways/Public Works, and Capital Outlay. The assigned fund balance for the General Purpose School Fund decreased by \$89 thousand to \$.1 million.
- **Unassigned Fund Balance** – The unassigned fund balance for the General Fund decreased by \$3.9 million to \$7.5 million; this decrease is due to a decrease in revenues related to charges for services and capital grants. There was also a decrease of \$1.7 million of local taxes.

The Unassigned Fund Balance for the General Purpose School Fund increased by \$2.7 million to \$4.1 million.

The improvements in individual fund balances are attributed to spending less money than appropriated. Total assigned fund balances were increased by \$.2 million for the Primary Government and reduced by \$89 thousand for the DPCU School Department.

Budgetary Highlights

General Fund revenue decreased primarily due to a decrease in local taxes related to a shift of nine cents from General County to the General Purpose School Fund, as well as a decrease in funding provided by the Federal Government. Overall expenditures were \$1 million more than revenues due to the decrease in General County revenues.

The Highway/Public Works Fund revenues were up slightly due to an increase in sales tax collections. Expenditures were less than revenues due to excellent stewardship of the office holder.

Capital Assets and Debt Administration

Capital Assets

Blount County’s investment in capital assets, net of accumulated depreciation, as of June 30, 2014, totaled \$111.8 million. This investment in capital assets includes land, construction in progress, buildings and improvements, roads, streets, and bridges, and other capital assets.

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-14</u>
Land	\$ 7,518,566	\$ -	\$ 7,518,566
Construction in Progress	6,858	-	6,858
Buildings and Improvements	52,748,667	(17,674,908)	35,073,759
Roads, Streets, and Bridges	136,459,178	(71,900,558)	64,558,620
Other Capital Assets	15,025,338	(10,398,185)	4,627,153
Total	\$ 211,758,607	\$ (99,973,651)	\$ 111,784,956

Blount County School Department’s investment in capital assets, net of accumulated depreciation, as of June 30, 2014, totaled \$130.5 million. This investment in capital assets includes land, buildings and improvements, and other capital assets.

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-14</u>
Land	\$ 9,951,059	\$ -	\$ 9,951,059
Buildings and Improvements	172,730,094	(53,914,786)	118,815,308
Other Capital Assets	5,621,284	(3,843,901)	1,777,383
Total	\$ 188,302,437	\$ (57,758,687)	\$ 130,543,750

Long-term Debt

No additional debt was issued to finance any capital needs during the year. However, two series of debt, E-1-A and E-5-A were refinanced during the year. The result was the county paid off a loan through a conduit financing agency, the Blount County Public Building Authority, and replaced that loan with a direct bank loan, that was effected through a competitive request for proposal process and resulted in a bank loan with US Bank at a lower borrowing cost.

Economic Factors and Next Year's Budgets and Rates

In June 2014, the Blount County Commission adopted a budget for the fiscal year ending June 30, 2015. The property tax rate for tax year 2015 was adopted at the same rate as the 2014 tax year. The distribution of the 2014 property tax rate is shown below:

Fund	2015	2014
General Purpose	\$0.66	\$0.64
Debt Service	0.42	0.43
Schools	1.07	1.08
Total	\$2.15	\$2.15

In May 2014, voters approved a sales tax referendum that increased the local option sales tax from 2.25 percent to 2.75 percent. The revenue from this increase will be split between the General Debt Service and General Purpose Schools funds.

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, 2014

	Primary Government Total	Component Units			
		School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
Cash	\$ 390,203	\$ 0	\$ 7,433,277	\$ 1,338,164	\$ 153,215
Equity in Pooled Cash and Investments	33,049,816	9,738,291	0	0	0
Inventories	0	0	3,169,305	0	0
Accounts Receivable	408,375	55,206	23,277,777	101,647	2,700,000
Due from Other Governments	3,277,460	2,882,863	0	0	0
Due from Component Units	2,479,846	0	0	0	0
Property Taxes Receivable	36,549,677	22,191,135	0	0	0
Allowance for Uncollectible Property Taxes	(737,893)	(451,906)	0	0	0
Prepaid Items	44,589	183,260	2,577,949	0	0
Other Current Assets	0	0	8,272,789	9,321	0
Restricted Assets:					
Restricted for Foundation	0	0	1,564,220	0	0
Other Restricted Assets	0	0	108,344,355	0	0
Notes Receivable	1,592,628	0	0	0	0
Loan Agreements Receivable - Noncurrent	0	0	0	0	48,495,000
Capital Assets:					
Assets Not Depreciated:					
Land	7,518,566	9,951,059	12,018,917	21,038	0
Construction in Progress	6,858	0	1,068,926	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	35,073,759	118,815,308	79,540,743	2,726,370	0
Other Capital Assets	4,627,153	1,777,383	32,075,907	853,214	0
Infrastructure	64,558,620	0	0	0	0
Total Assets	\$ 188,839,657	\$ 165,142,599	\$ 279,344,165	\$ 5,049,754	\$ 51,348,215

(Continued)

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

Exhibit A

Primary Government Total	Component Units			
	School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
\$ 0	\$ 0	\$ 10,405,050	\$ 0	\$ 0
1,378,106	0	0	0	0
\$ 1,378,106	\$ 0	\$ 10,405,050	\$ 0	\$ 0

DEFERRED OUTFLOWS OF RESOURCES

Accumulated Decrease in Fair Value of Hedging Derivatives
Deferred Charge on Refunding
Total Deferred Outflows of Resources

LIABILITIES

Accounts Payable	\$ 1,171,577	\$ 452,300	\$ 3,286,598	\$ 3,466	\$ 18,224
Accrued Payroll	114,984	4,229,189	11,271,165	39,797	0
Accrued Interest Payable	785,463	0	166,416	22,372	0
Payroll Deductions Payable	19,467	1,307	0	0	0
Due to Primary Government	0	2,479,846	0	0	0
Other Current Liabilities	3,527,480	672,871	3,950,652	0	0
Derivative - Interest Rate Swap	16,274,858	0	10,405,050	0	0
Noncurrent Liabilities:					
Due Within One Year	8,521,245	15,794	4,172,438	102,515	2,700,000
Due in More Than One Year	207,101,084	69,223	86,040,962	1,582,839	48,495,000
Total Liabilities	\$ 237,516,158	\$ 7,920,530	\$ 119,293,281	\$ 1,750,989	\$ 51,213,224

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Total Deferred Inflows of Resources

\$ 34,910,317	\$ 21,181,988	\$ 0	\$ 0	\$ 0
\$ 34,910,317	\$ 21,181,988	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit A

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

	Primary Government Total	Component Units			
		School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority
\$	79,368,934	\$ 130,543,750	\$ 34,491,093	\$ 1,929,268	\$ 0
	711,450	0	0	0	0
	45,176	0	0	0	0
	506,415	0	0	0	0
	2,075,064	0	0	0	0
	1,000,142	0	0	0	0
	4,134,259	0	0	0	0
	298,408	0	0	0	0
	0	1,936,219	0	0	0
	3,073	0	0	0	0
	485,403	0	1,060,420	0	0
	(170,837,036)	3,560,112	134,904,421	1,369,497	134,991
\$	(82,208,712)	\$ 136,040,081	\$ 170,455,934	\$ 3,298,765	\$ 134,991

NET POSITION

Net Investment in Capital Assets

Restricted for:

General Government	
Finance	
Administration of Justice	
Public Safety	
Social, Cultural, and Recreation	
Debt Service	
Capital Projects	
Education	
Permanent Endowment:	
Expendable	
Nonexpendable	
Unrestricted	

Total Net Position (Deficit)

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Blount County School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
Primary Government										
Governmental Activities:										
General Government	\$ 8,708,763	\$ 2,304,370	\$ 57,483	\$ 0	\$ (6,346,910)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	3,962,472	3,607,809	39,398	0	(315,265)	0	0	0	0	0
Administration of Justice	5,462,105	3,758,429	192,540	0	(1,511,136)	0	0	0	0	0
Public Safety	20,343,031	4,619,173	387,942	156,785	(15,179,131)	0	0	0	0	0
Public Health and Welfare	1,849,262	190,012	937,242	0	(722,008)	0	0	0	0	0
Social, Cultural, and Recreational Services	2,962,836	249,383	913,526	66,445	(1,733,482)	0	0	0	0	0
Agriculture and Natural Resources	279,009	0	0	0	(279,009)	0	0	0	0	0
Highways	10,515,384	190,974	2,650,126	598,026	(7,076,258)	0	0	0	0	0
Education	14,673,396	10,853,405	0	0	(3,819,991)	0	0	0	0	0
Interest on Long-term Debt	8,939,072	0	0	0	(8,939,072)	0	0	0	0	0
Total Primary Government	\$ 77,695,330	\$ 25,773,555	\$ 5,178,257	\$ 821,256	\$ (45,922,262)	\$ 0	\$ 0	\$ 0	\$ 0	0
Component Units										
Blount County School Department	\$ 96,392,690	\$ 3,071,586	\$ 10,161,297	\$ 20,525	\$ 0	\$ (83,139,282)	\$ 0	\$ 0	\$ 0	0
Blount Memorial Hospital	225,455,286	182,814,716	38,455,362	0	0	0	(4,185,208)	0	0	0
Emergency Communications District	2,206,643	736,186	660,228	0	0	0	0	(810,229)	0	0
Public Building Authority	19,444	28,828	0	0	0	0	0	0	0	9,384
Total Component Units	\$ 324,074,063	\$ 186,651,316	\$ 49,276,887	\$ 20,525	\$ 0	\$ (83,139,282)	\$ (4,185,208)	\$ (810,229)	\$ 0	9,384

(Continued)

Exhibit B

Blount County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues			Component Units						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Blount County School Department	Blount Memorial Hospital	Emergency Communications District	Public Building Authority	
General Revenues:										
Property Taxes Levied for General Purposes					\$ 20,983,144	\$ 21,608,805	\$ 0	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service					14,077,844	0	0	0	0	0
Local Option Sales Taxes					2,735,925	10,756,631	0	0	0	0
Hotel/Motel Taxes					592,652	0	0	0	0	0
Litigation - General Taxes					604,983	0	0	0	0	0
Business Taxes					717,280	443,027	0	0	0	0
Wholesale Beer Taxes					250,414	0	0	0	0	0
Other Taxes					183,824	78,310	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					2,761,845	49,024,177	1,426,782	756,786	0	0
Unrestricted Investment Income					143,178	19,122	7,912,527	6,872	673	673
Miscellaneous					12,019	25,547	0	6,527	0	0
Total General Revenues					\$ 43,063,108	\$ 81,955,619	\$ 9,339,309	\$ 770,185	\$ 673	673
Change in Fair Value of Derivatives - Interest Rate Swap					\$ (545,694)	0	0	0	0	0
Change in Net Position					\$ (3,404,848)	\$ (1,183,663)	\$ 5,154,101	\$ (40,044)	\$ 10,057	10,057
Net Position (Deficit), July 1, 2013					(78,803,864)	137,223,744	165,301,833	3,338,809	124,934	124,934
Net Position (Deficit), June 30, 2014					\$ (82,208,712)	\$ 136,040,081	\$ 170,455,934	\$ 3,298,765	\$ 134,991	134,991

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

Blount County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
ASSETS						
Cash	\$ 100	\$ 0	\$ 0	\$ 12,965	\$ 13,065	
Equity in Pooled Cash and Investments	9,296,167	1,947,159	9,751,415	3,907,870	24,902,611	
Accounts Receivable	163,069	37,654	1,551	168,391	370,665	
Due from Other Governments	1,766,517	1,148,233	131,543	231,167	3,277,460	
Due from Other Funds	6,758	0	0	6,243	13,001	
Property Taxes Receivable	22,319,443	0	14,230,234	0	36,549,677	
Allowance for Uncollectible Property Taxes	(446,165)	0	(291,728)	0	(737,893)	
Notes Receivable - Long-term	0	0	1,592,628	0	1,592,628	
Total Assets	\$ 33,105,889	\$ 3,133,046	\$ 25,415,643	\$ 4,326,636	\$ 65,981,214	

LIABILITIES

Accounts Payable	\$ 593,280	\$ 4,175	\$ 8,086	\$ 27,407	\$ 632,948
Accrued Payroll	92,422	17,164	0	5,398	114,984
Payroll Deductions Payable	7,069	11,873	0	524	19,466
Due to Other Funds	6,243	0	0	22,567	28,810
Total Liabilities	\$ 699,014	\$ 33,212	\$ 8,086	\$ 55,896	\$ 796,208

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 21,334,082	\$ 0	\$ 13,576,235	\$ 0	\$ 34,910,317
Deferred Delinquent Property Taxes	416,723	0	279,985	0	696,708
Other Deferred/Unavailable Revenue	169,064	0	1,592,628	143,923	1,905,615
Total Deferred Inflows of Resources	\$ 21,919,869	\$ 0	\$ 15,448,848	\$ 143,923	\$ 37,512,640

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$	0 \$	0 \$	0 \$	485,403 \$	485,403 \$	485,403
Nonspendable:						
Endowments						
Restricted:						
Restricted for General Government	311,174	0	0	400,276	711,450	711,450
Restricted for Finance	45,176	0	0	0	45,176	45,176
Restricted for Administration of Justice	451,139	0	0	55,276	506,415	506,415
Restricted for Public Safety	518,595	0	0	1,556,469	2,075,064	2,075,064
Restricted for Public Health and Welfare	0	0	0	3,073	3,073	3,073
Restricted for Social, Cultural, and Recreational Services	0	0	0	1,000,142	1,000,142	1,000,142
Restricted for Debt Service	0	0	4,171,393	0	4,171,393	4,171,393
Restricted for Capital Projects	0	0	0	298,408	298,408	298,408
Committed:						
Committed for Administration of Justice	75,717	0	0	1,711	77,428	77,428
Committed for Public Safety	0	0	0	113,657	113,657	113,657
Committed for Highways/Public Works	0	3,099,834	0	0	3,099,834	3,099,834
Committed for Capital Outlay	982,507	0	0	212,402	1,194,909	1,194,909
Committed for Debt Service	0	0	5,787,316	0	5,787,316	5,787,316
Assigned:						
Assigned for General Government	124,836	0	0	0	124,836	124,836
Assigned for Finance	18,338	0	0	0	18,338	18,338
Assigned for Administration of Justice	29,926	0	0	0	29,926	29,926
Assigned for Public Safety	160,470	0	0	0	160,470	160,470
Assigned for Public Health and Welfare	33,579	0	0	0	33,579	33,579
Assigned for Agriculture and Natural Resources	294	0	0	0	294	294
Assigned for Other Operations	2,739	0	0	0	2,739	2,739
Assigned for Highways/Public Works	1,135	0	0	0	1,135	1,135

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	204,757	0	0	0	0	204,757
	7,526,624	0	0	0	0	7,526,624
\$	10,487,006	3,099,834	9,958,709	4,126,817	0	27,672,366
\$	33,105,889	3,133,046	25,415,643	4,326,636	0	65,981,214

FUND BALANCES (CONT.)

Assigned (Cont.):	
Assigned for Capital Outlay	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

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

Exhibit C-2

Blount County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2014

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)		\$ 27,672,366
(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	6,858	
Add: infrastructure net of accumulated depreciation	64,558,620	
Add: buildings and improvements net of accumulated depreciation	35,073,759	
Add: other capital assets net of accumulated depreciation	<u>4,627,153</u>	111,784,956
(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.		5,365,980
(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	\$ (51,379,708)	
Less: capital leases payable	(3,836,476)	
Less: bonds payable	(150,826,458)	
Add: deferred amount on refunding	1,378,106	
Less: compensated absences payable	(3,057,311)	
Less: other postemployment benefits liability	(2,589,469)	
Less: accrued interest on bonds, notes, and capital leases	(785,463)	
Add: receivable for capital lease to be retired by School Department	1,612,155	
Add: receivable for accrued interest to be retired by School Department	58,052	
Less: unamortized premium on debt	(3,932,907)	
Less: fair market value of swap agreements	<u>(16,274,858)</u>	(229,634,337)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,602,323</u>
Net position of governmental activities (Exhibit A)		<u>\$ (82,208,712)</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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 23,746,689	\$ 2,973,802	\$ 14,527,313	\$ 213,264	\$ 41,461,068	
Licenses and Permits	322,485	537,041	0	300,000	1,159,526	
Fines, Forfeitures, and Penalties	955,311	0	0	83,943	1,039,254	
Charges for Current Services	920,360	0	0	193,829	1,114,189	
Other Local Revenues	659,765	25,580	151,887	115,906	953,138	
Fees Received from County Officials	6,938,734	0	0	0	6,938,734	
State of Tennessee	3,395,763	3,118,134	0	75,392	6,589,289	
Federal Government	3,228,443	4,615	0	162,934	3,395,992	
Other Governments and Citizens Groups	165,066	0	724,285	913,526	1,802,877	
Total Revenues	\$ 40,332,616	\$ 6,659,172	\$ 15,403,485	\$ 2,058,794	\$ 64,454,067	
<u>Expenditures</u>						
Current:						
General Government	\$ 7,322,273	\$ 0	\$ 0	\$ 169,980	\$ 7,492,253	
Finance	4,029,202	0	0	0	4,029,202	
Administration of Justice	5,209,831	0	0	214,561	5,424,392	
Public Safety	19,934,735	0	0	144,293	20,079,028	
Public Health and Welfare	1,683,813	0	0	0	1,683,813	
Social, Cultural, and Recreational Services	653,585	0	0	1,801,987	2,455,572	
Agriculture and Natural Resources	283,991	0	0	0	283,991	
Other Operations	1,134,227	0	0	7,387	1,141,614	
Highways	82,739	6,085,124	0	358,201	6,526,064	
Debt Service:						
Principal on Debt	0	0	7,042,286	0	7,042,286	
Interest on Debt	0	0	8,059,389	0	8,059,389	
Other Debt Service	0	0	1,000,345	0	1,000,345	

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 941,874	\$ 0	\$ 0	\$ 227,180	\$ 1,169,054	
Total Expenditures	\$ 41,276,270	\$ 6,085,124	\$ 16,102,020	\$ 2,923,589	\$ 66,387,003	
Excess (Deficiency) of Revenues Over Expenditures	\$ (943,654)	\$ 574,048	\$ (698,535)	\$ (864,795)	\$ (1,932,936)	
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 79,800,000	\$ 0	\$ 79,800,000	
Insurance Recovery	0	1,514	0	0	1,514	
Transfers In	109,944	0	827,422	909,520	1,846,886	
Transfers Out	(1,736,942)	0	0	0	(1,736,942)	
Payments to Refunded Debt Escrow Agent	0	0	(79,800,000)	0	(79,800,000)	
Total Other Financing Sources (Uses)	\$ (1,626,998)	\$ 1,514	\$ 827,422	\$ 909,520	\$ 111,458	
Net Change in Fund Balances	\$ (2,570,652)	\$ 575,562	\$ 128,887	\$ 44,725	\$ (1,821,478)	
Fund Balance, July 1, 2013	13,057,658	2,524,272	9,829,822	4,082,092	29,493,844	
Fund Balance, June 30, 2014	\$ 10,487,006	\$ 3,099,834	\$ 9,958,709	\$ 4,126,817	\$ 27,672,366	

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, 2014

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)			\$ (1,821,478)
(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	\$ 1,096,677		
Less: current-year depreciation expense	<u>(6,368,346)</u>		(5,271,669)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Add: assets donated and capitalized	\$ 67,618		
Less: book value of capital assets disposed	<u>(145,867)</u>		(78,249)
(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, 2014	\$ 2,602,323		
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(3,126,838)</u>		(524,515)
(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	\$ 3,783,155		
Add: principal payments on other loans	2,610,501		
Add: principal payments on capital leases	648,630		
Less: lease principal payments contributed by School Department	(198,094)		
Less: refunding debt proceeds	(79,800,000)		
Add: change in premium on debt issuances	452,133		
Add: payment to refunding agent	79,800,000		
Less: change in deferred amount on refunding debt	<u>(196,142)</u>		7,100,183
(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	\$ 62,765		
Change in receivable for accrued interest being retired by School Department	(7,132)		
Change in other postemployment benefits liability	(309,910)		
Change in compensated absences payable	<u>(1,344,012)</u>		(1,598,289)

(Continued)

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

(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.	\$ (665,137)
(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>(545,694)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (3,404,848)</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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 23,746,689	\$ 0	\$ 0	\$ 23,746,689	\$ 22,978,253	\$ 23,095,954	\$ 650,735
Licenses and Permits	322,485	0	0	322,485	237,600	237,600	84,885
Fines, Forfeitures, and Penalties	955,311	0	0	955,311	1,147,803	1,202,803	(247,492)
Charges for Current Services	920,360	0	0	920,360	999,401	1,141,634	(221,274)
Other Local Revenues	659,765	0	0	659,765	1,148,978	1,181,458	(521,693)
Fees Received from County Officials	6,938,734	0	0	6,938,734	7,490,294	7,490,294	(551,560)
State of Tennessee	3,395,763	0	0	3,395,763	3,461,001	3,602,727	(206,964)
Federal Government	3,228,443	0	0	3,228,443	2,781,628	2,875,547	352,896
Other Governments and Citizens Groups	165,066	0	0	165,066	336,518	155,217	9,849
Total Revenues	\$ 40,332,616	\$ 0	\$ 0	\$ 40,332,616	\$ 40,581,476	\$ 40,983,234	\$ (650,618)
Expenditures							
General Government							
County Commission	\$ 185,759	(709)	945	\$ 185,995	\$ 189,472	\$ 190,670	\$ 4,675
Board of Equalization	553	0	0	553	3,003	3,003	2,450
Beer Board	200	0	0	200	200	200	0
Budget and Finance Committee	400	0	0	400	400	400	0
County Mayor/Executive	198,275	(346)	1,847	199,776	205,026	206,223	6,447
Personnel Office	71,865	0	0	71,865	164,027	132,539	60,674
Election Commission	384,896	(3,374)	2,552	384,074	605,432	609,368	225,294
Register of Deeds	562,493	(523)	986	562,956	598,122	607,706	44,750
Development	532,773	(8,192)	13,090	537,671	678,880	646,515	108,844
Planning	218,539	(589)	909	218,859	218,707	222,301	3,442
County Buildings	1,411,508	(32,172)	8,496	1,387,832	1,464,247	1,443,340	55,508
Other General Administration	3,424,416	(2,400)	2,400	3,424,416	3,441,744	3,976,023	551,607
Preservation of Records	113,501	(168)	408	113,741	115,416	117,812	4,071
Risk Management	217,095	(169)	2,953	219,879	226,252	229,845	9,966
Finance							
Accounting and Budgeting	643,688	(67)	471	644,092	639,078	681,969	37,877
Purchasing	274,394	(113)	0	274,281	282,743	288,732	14,451
Property Assessor's Office	874,642	(2,100)	1,769	874,311	851,876	890,515	16,204

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 179,609	(4) \$	0	\$ 179,605	\$ 247,492	\$ 225,624	\$ 46,019
County Trustee's Office	449,279	(314)	150	449,115	445,816	453,004	3,889
County Clerk's Office	1,049,288	(5,217)	0	1,044,071	1,042,846	1,068,061	23,990
Data Processing	558,302	(48,723)	15,948	525,527	560,764	569,150	43,623
<u>Administration of Justice</u>							
Circuit Court Judge	35,672	(3,882)	1,613	33,403	84,704	84,704	51,301
Circuit Court Clerk	1,983,864	(26,323)	19,547	1,977,088	2,147,171	2,121,975	144,887
Criminal Court	4,789	0	0	4,789	0	4,792	3
General Sessions Judge	956,316	(1,410)	3,016	957,922	995,390	998,984	41,062
Chancery Court	477,877	(847)	2,002	479,032	482,091	494,137	15,105
Juvenile Court	438,597	(5,740)	2,283	435,140	459,414	466,602	31,462
Office of Public Defender	54,957	0	0	54,957	55,065	56,263	1,306
Judicial Commissioners	242,839	0	0	242,839	0	246,687	3,848
Other Administration of Justice	447,635	0	0	447,635	488,158	499,736	52,091
Probation Services	504,783	(29)	1,465	506,219	467,945	705,614	199,395
Victims Assistance Programs	62,502	0	0	62,502	0	71,835	9,333
<u>Public Safety</u>							
Sheriff's Department	10,577,215	(65,579)	47,699	10,559,335	10,543,588	10,715,501	156,166
Administration of the Sexual Offender Registry	5,500	(550)	2,500	7,450	5,000	8,000	550
Jail	7,237,241	(77,709)	93,007	7,252,539	7,414,833	7,529,841	277,302
Workhouse	10,771	0	0	10,771	10,795	10,795	24
Juvenile Services	1,232,068	(9,266)	11,630	1,234,432	1,449,472	1,474,631	240,199
Commissary	393,563	(161)	1,162	394,564	430,000	430,000	35,436
Fire Prevention and Control	23,250	0	0	23,250	23,250	23,250	0
Civil Defense	152,995	(4,497)	4,472	152,970	330,653	232,770	79,800
Other Emergency Management	302,132	0	0	302,132	302,133	302,133	1
<u>Public Health and Welfare</u>							
Local Health Center	1,264,757	(311)	27,066	1,291,512	1,218,993	1,364,334	72,822
Rabies and Animal Control	320,388	(29,415)	6,513	297,486	330,407	327,310	29,824
Other Local Welfare Services	98,668	0	0	98,668	98,668	98,668	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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 653,585	\$ 0	\$ 0	\$ 653,585	\$ 653,585	\$ 653,585	\$ 0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	163,348	0	0	163,348	163,496	163,496	148
Soil Conservation	120,643	0	294	120,937	118,657	121,803	866
<u>Other Operations</u>							
Industrial Development	848,021	0	0	848,021	848,021	848,021	0
Veterans' Services	173,966	(224)	2,739	176,481	167,053	176,615	134
Contributions to Other Agencies	112,240	0	0	112,240	112,240	112,240	0
<u>Highways</u>							
Litter and Trash Collection	82,739	(914)	1,135	82,960	83,195	84,393	1,433
<u>Capital Projects</u>							
General Administration Projects	72,262	(9,100)	0	63,162	37,000	72,283	9,121
Public Safety Projects	810,211	0	115,661	925,872	1,003,273	926,499	627
Public Health and Welfare Projects	31,385	0	89,096	120,481	0	120,681	200
Other General Government Projects	28,016	(18,091)	0	9,925	0	10,000	75
Total Expenditures	\$ 41,276,270	\$ (359,228)	\$ 485,824	\$ 41,402,866	\$ 42,505,763	\$ 44,121,168	\$ 2,718,302
Excess (Deficiency) of Revenues Over Expenditures	\$ (943,654)	\$ 359,228	\$ (485,824)	\$ (1,070,250)	\$ (1,924,287)	\$ (3,137,934)	\$ 2,067,684
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 109,944	\$ 0	\$ 0	\$ 109,944	\$ 219,889	\$ 109,944	\$ 0
Transfers Out	(1,736,942)	0	0	(1,736,942)	(1,619,690)	(1,794,195)	57,253
Total Other Financing Sources	\$ (1,626,998)	\$ 0	\$ 0	\$ (1,626,998)	\$ (1,399,801)	\$ (1,684,251)	\$ 57,253
Net Change in Fund Balance	\$ (2,570,652)	\$ 359,228	\$ (485,824)	\$ (2,697,248)	\$ (3,324,088)	\$ (4,822,185)	\$ 2,124,937
Fund Balance, July 1, 2013	13,057,658	(359,228)	0	12,698,430	13,057,658	13,057,658	(359,228)
Fund Balance, June 30, 2014	\$ 10,487,006	\$ 0	\$ (485,824)	\$ 10,001,182	\$ 9,733,570	\$ 8,235,473	\$ 1,765,709

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

Exhibit C-6

Blount County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less:		Add: 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2013	Encumbrances 6/30/2014			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 2,973,802	\$ 0	\$ 0	\$ 0	\$ 2,973,802	\$ 2,669,000	\$ 2,972,000	\$ 1,802
Licenses and Permits	537,041	0	0	0	537,041	501,000	524,000	13,041
Other Local Revenues	25,580	0	0	0	25,580	12,000	23,500	2,080
State of Tennessee	3,118,134	0	0	0	3,118,134	3,112,000	3,072,000	46,134
Federal Government	4,615	0	0	0	4,615	6,000	14,599	(9,984)
Total Revenues	\$ 6,659,172	\$ 0	\$ 0	\$ 0	\$ 6,659,172	\$ 6,300,000	\$ 6,606,099	\$ 53,073
<u>Expenditures</u>								
<u>Highways</u>								
Administration	\$ 805,275	(786)	526	526	805,015	769,262	850,077	45,062
Highway and Bridge Maintenance	4,088,446	(3,850)	5,952	5,952	4,090,548	4,243,015	4,191,215	100,667
Operation and Maintenance of Equipment	867,931	(16,054)	8,592	8,592	860,469	981,298	981,299	120,830
Other Charges	262,631	0	1,265	1,265	263,896	306,425	277,410	13,514
Capital Outlay	60,841	0	20,573	20,573	81,414	0	296,000	214,586
Total Expenditures	\$ 6,085,124	\$ (20,690)	\$ 36,908	\$ 36,908	\$ 6,101,342	\$ 6,300,000	\$ 6,596,001	\$ 494,659
Excess (Deficiency) of Revenues Over Expenditures	\$ 574,048	\$ 20,690	\$ (36,908)	\$ (36,908)	\$ 557,830	\$ 0	\$ 10,098	\$ 547,732
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 1,514	0	0	0	1,514	0	0	1,514
Total Other Financing Sources	\$ 1,514	0	0	0	1,514	0	0	1,514
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 575,562	\$ 20,690	\$ (36,908)	\$ (36,908)	\$ 559,344	\$ 0	\$ 10,098	\$ 549,246
	2,524,272	(20,690)	0	2,503,582	2,524,272	2,524,272	2,524,272	(20,690)
Fund Balance, June 30, 2014	\$ 3,099,834	\$ 0	\$ (36,908)	\$ (36,908)	\$ 3,062,926	\$ 2,524,272	\$ 2,534,370	\$ 528,556

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, 2014

	Governmental Activities
	Internal Service Fund
	Self Insurance Fund
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 377,138
Equity in Pooled Cash and Investments	8,147,205
Accounts Receivable	37,711
Due from Other Funds	15,809
Due from Component Units	809,639
Prepaid Items	44,589
Total Assets	<u>\$ 9,432,089</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 538,629
Other Current Liabilities	3,527,480
Total Liabilities	<u>\$ 4,066,109</u>
<u>NET POSITION</u>	
Net Position - Unrestricted	<u>\$ 5,365,980</u>
Total Net Position	<u><u>\$ 5,365,980</u></u>

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

Exhibit D-2

Blount County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund
	<u>Self Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 21,147,942
Total Operating Revenues	<u>\$ 21,147,942</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 597,357
Insurance Premiums	709,119
Building and Contents Insurance	230,663
Other Administrative Expenses	38,105
Contracts with Private Agencies	332,269
Medical Claims	18,637,568
Liability Insurance	226,973
Other Self-Insured Claims	945,292
Total Operating Expenses	<u>\$ 21,717,346</u>
Operating Income (Loss)	<u>\$ (569,404)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 14,211
Total Nonoperating Revenues (Expenses)	<u>\$ 14,211</u>
Income (Loss) Before Transfers	\$ (555,193)
Transfers Out	<u>(109,944)</u>
Change in Net Position	\$ (665,137)
Net Position, July 1, 2013	<u>6,031,117</u>
Net Position, June 30, 2014	<u>\$ 5,365,980</u>

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

Blount County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund <hr/> Self Insurance Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 21,112,448
Payments to Fiscal Agents	(597,357)
Payments to Insurers	(1,211,344)
Payments for Claims	(18,248,918)
Payments for Administrative Costs	(370,374)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 684,455</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 14,083
Net Cash Provided By (Used In) Investing Activities	<u>\$ 14,083</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (214,732)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (214,732)</u>
Increase (Decrease) in Cash	\$ 483,806
Cash, July 1, 2013	<u>8,040,537</u>
Cash, June 30, 2014	<u>\$ 8,524,343</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (569,404)
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)	111,115
(Increase) Decrease in Prepaid Items	(44,589)
Increase (Decrease) in Current Liabilities (excluding due to other funds for transfers)	1,292,121
Increase (Decrease) in Due to Other Funds for transfers	<u>(104,788)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 684,455</u>
<u>Reconciliation of Cash with Statement of Net Position</u>	
Cash Per Net Position	\$ 377,138
Equity in Pooled Cash and Investments Per Net Position	<u>8,147,205</u>
Cash, June 30, 2014	<u>\$ 8,524,343</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,464,105
Equity in Pooled Cash and Investments	1,557,905
Accounts Receivable	155,141
Due from Other Governments	3,982,824
Due from Other Funds	183,800
Taxes Receivable	14,043,727
Allowance for Uncollectible Taxes	<u>(285,990)</u>
Total Assets	<u>\$ 23,101,512</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 79,242
Payroll Deductions Payable	129,760
Due to Other Taxing Units	17,753,554
Due to Litigants, Heirs, and Others	3,635,596
Due to Joint Ventures	1,471,698
Other Current Liabilities	<u>31,662</u>
Total Liabilities	<u>\$ 23,101,512</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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Blount County School Department operates the public school system in the county, and the voters of Blount County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. Also, the School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

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

The Blount County 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 Blount County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Blount County School Department are included in this report as listed in the table of contents. Complete financial statements of 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, 2014.

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.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this 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:

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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 1.05 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, Accounts Payable totaling \$538,629, as well as the entire balance in the account Other Current Liabilities totaling \$3,527,480, 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 \$44,589 of prepaid stop loss insurance premiums for the county's self-insured health insurance and \$183,260 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 primary government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

The county enters into interest rate swap agreements to modify interest rates on outstanding debt. 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.

As of June 30, 2014, Blount County had \$172,508,807 in outstanding debt for capital purposes of other entities (schools - \$167,596,471, industrial purposes - \$3,730,000, and a joint communications system lease - \$1,182,336). 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 has by resolution authorized the Finance Director to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances (\$485,824) and amounts assigned for a reappraisal program (\$90,250). Assigned fund balance in the General Purpose School Fund consists of amounts assigned for encumbrances at June 30, 2014.

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.

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

A. 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 the Other Capital Projects and Education Capital Projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

B. The County Had Deposits Exposed to Custodial Credit Risk

The Circuit Court Clerk did not require one depository holding county funds to pledge sufficient securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2014, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$288,915. Section 5-8-201, *Tennessee Code Annotated*, provides for an escrow account in a second bank to hold collateral security equal to 105 percent of such county funds. Subsequent to June 30, 2014, the clerk moved the funds to another bank and adequately collateralized the account.

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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Blount County's deposits may not be returned to it. Blount County does not have a formal policy that limits custodial credit risk for

deposits. As of June 30, 2014, bank balances of \$288,915 were exposed to custodial risk as uninsured and uncollateralized. The entire \$288,915 balance was in the nonpooled bank balances, which consisted of certificates of deposit reported in the fiduciary funds. Uninsured and uncollateralized deposits are a violation of state statutes.

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, 2014, Blount County had the following investments carried at fair value. 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 Maturities (days)	Fair Value
State Treasurer's Investment Pool	109	\$ 305,068

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, 2014, Blount County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

During the fiscal year ended June 30, 2006, Blount County purchased property intended for use as a county fairground. The purchase price was \$785,000. In January 2007, this property was transferred to the Industrial Development Board for sale to a third party. The county executed an agreement with the Industrial Development Board to remit all proceeds from the sale of this property to Blount County. However, under the terms of the agreement, the Industrial Development Board is not responsible for any proceeds not received. Therefore, the county bears the risk of loss in the event of default by the purchaser. The Industrial Development Board sold the property for \$820,000. The terms of the sale provided for the purchaser to pay \$125,000 at closing, with a note for the remaining \$695,000 to be paid over the next several years with a final payment due June 30, 2013, with the potential for a two-year extension. The down payment on the purchase, net of some related costs, was received by the Industrial Development Board and remitted to Blount County during the fiscal year ended June 30, 2007. The Industrial Development Board remitted the first payment (\$56,071) under the contract to Blount County in July 2008. However, when the second and third payments came due in June 2009 and June 2010, the purchaser was unable to make the payments and requested extensions. On June 14, 2010, the Industrial Development Board executed a formal agreement with the purchaser to extend and modify the terms of the original note. The new agreement provided for payments of \$45,638 to be paid on September 1, 2010, 2011, and 2012, with the entire balance being due in full on September 1, 2013, with the potential for a one-year extension. However, the purchaser was unable to make the September 1, 2010, payment and requested another extension. On December 8, 2010, the Industrial Development Board executed another formal agreement with the purchaser to extend and modify the terms of the June 14, 2010, agreement. This agreement provided for payments of \$25,000 to be paid on December 31, 2010, September 1, 2011, and 2013, with the entire balance being due in full on September 1, 2013, with the potential for a one-year extension. The purchaser made the scheduled payments of \$25,000 in December 2010, September 2011, and September 2012. However, the purchaser did not pay the entire balance due as of September 1, 2013, as per the agreement. But, as per the December 2010 agreement, the Industrial Development Board granted the purchaser a one-year extension when they made a required \$25,000 payment on September 25, 2013. On October 16, 2013, Event Management, LLC, submitted to the Industrial Development Board its proposed changes to the December 2010 contract terms. The purchaser submitted a payment of \$25,000 before the September 1, 2014 due date. The purchaser did not pay the entire balance prior to September 1, 2014, as required by the contract. The Industrial Board did not foreclose on the property. Event Management is now insolvent. As of the date of this report, the board is negotiating with Fans of the Mountain, LLC, to purchase the property for the remaining monies owed upon the property. The new deal would be that Event

Management, LLC, transfer their existing contract with the board to Fans of the Mountain, LLC, and the board would set up a new finance structure for purchase. The purchase price is still being negotiated. The board is giving a three-month grace period to signing a new contract. The entire balance of \$538,929, due on the contract as of June 30, 2014, is reflected as notes receivable on the balance sheet of the General Debt Service Fund.

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 new communication system. The notes receivable for the City of Maryville and City of Alcoa's portion of the ten-year capital lease purchase is \$579,596 and \$474,103, 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, 2014, Blount County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$20M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 20,000,000	6-1-06	6-1-31	Pay 4.313% receive 63.45% of 5-year CMS
\$10M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,000,000	6-1-06	6-1-30	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, 2014, classified by type, and the changes in fair value

of such derivative instruments for the year then ended as reported in the 2014 financial statements are as follows:

Governmental Activities					6-30-14
Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2014</u>		Notional
	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Pay-fixed interest rate swaps:					
\$20M Swap	Interest and Investment Earnings	\$ (299,540)	Debt	\$ (5,277,569)	\$ 20,000,000
\$10M Swap	Interest and Investment Earnings	(151,701)	Debt	(1,997,229)	10,000,000
\$10M Swap	Interest and Investment Earnings	(149,369)	Debt	(1,313,516)	10,000,000
\$14M Swap	Interest and Investment Earnings	(145,303)	Debt	(2,035,215)	14,000,000
\$39M Swap	Interest and Investment Earnings	200,219	Debt	(5,651,329)	39,000,000
Totals		<u>\$ (545,694)</u>		<u>\$ (16,274,858)</u>	<u>\$ 93,000,000</u>

In June 2008, the GASB issued Statement 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.

The swaps were all amended from receiving a floating rate of a percentage of one-month USD-LIBOR to receiving a percentage of the five-year USD-ISDA Swap rate, also known as the five-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 five-year CMS rate, are generally higher than shorter term interest rates, such as a weekly or one-month LIBOR rate, which the department pays on the variable bonds. Since the long-term index is expected to outperform 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.

\$20M 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-1-A.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$20 million Series A-1-A variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series A-1-A bonds have since been refunded with a portion of the proceeds of the Series E-3-B bonds, and the interest rate swap is now associated with the Series E-3-B bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.313 percent and receives a variable payment computed as 63.45 percent of the five-year CMS rate. The swap has a notional amount of \$20 million and the associated variable-rate bond has a \$20 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-B bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2031. As of June 30, 2014, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.313%
Variable payment from counterparty	% 5Y CMS rate	-1.025%
Net interest rate swap payments		3.288%
Variable-rate bond coupon payments		0.060%
On-going costs (other loan fees)		0.926%
		<u>4.274%</u>
Synthetic interest rate on bonds		<u>4.274%</u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$5,277,569. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2014, the swap counterparty, Deutsche Bank, was rated A2/A/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 five-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 five-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 authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 12,000	\$ 651,292	\$ 663,292
2016	0	12,000	651,292	663,292
2017	0	12,000	651,292	663,292
2018	0	12,000	651,292	663,292
2019	0	12,000	651,292	663,292
2020-2024	0	60,000	3,256,460	3,316,460
2025-2029	0	60,000	3,256,460	3,316,460
2030-2034	20,000,000	19,551	1,061,117	21,080,668
Total	\$ 20,000,000	\$ 199,551	\$ 10,830,497	\$ 31,030,048

\$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.

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, the county 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 the county 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 3.9 percent and receives a variable payment computed as 63.2 percent of the five-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. As of June 30, 2014, 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	-1.021%
Net interest rate swap payments		2.879%
Variable-rate bond coupon payments		0.526%
On-going costs (other loan fees)		0.000%
		<u>3.405%</u>
Synthetic interest rate on bonds		<u>3.405%</u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$1,997,229. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of

June 30, 2014, the swap counterparty, Deutsche Bank, was rated A2/A/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 63.2 percent of the five-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 63.2 percent of the five-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 fair value, the county would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 52,550	\$ 284,762	\$ 337,312
2016	0	52,550	284,762	337,312
2017	0	52,550	284,762	337,312
2018	0	52,550	284,762	337,312
2019	0	52,550	284,762	337,312
2020-2024	0	262,751	1,423,810	1,686,561
2025-2029	0	262,751	1,423,810	1,686,561
2030-2034	10,000,000	18,760	101,660	10,120,420
Total	\$ 10,000,000	\$ 807,012	\$ 4,373,090	\$ 15,180,102

\$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.

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, the county 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 the county 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 five-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. As of June 30, 2014, 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	-0.953%
Net interest rate swap payments		<u>2.311%</u>
Variable-rate bond coupon payments		0.526%
On-going costs (other loan fees)		<u>0.000%</u>
Synthetic interest rate on bonds		<u><u>2.837%</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$1,313,516. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2014, the swap counterparty, Deutsche Bank, was rated A2/A/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 five-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 five-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 fair value, the county would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 52,550	\$ 228,156	\$ 280,706
2016	0	52,550	228,156	280,706
2017	0	52,550	228,156	280,706
2018	0	52,550	228,156	280,706
2019	0	52,550	228,156	280,706
2020-2024	0	262,751	1,140,780	1,403,531
2025-2029	10,000,000	202,318	878,401	11,080,719
Total	\$ 10,000,000	\$ 727,819	\$ 3,159,961	\$ 13,887,780

\$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.

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 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 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 3.533 percent and receives a variable payment computed as 59 percent of the five-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. As of June 30, 2014, 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	<u>-0.953%</u>
Net interest rate swap payments		2.580%
Variable-rate bond coupon payments		0.526%
On-going costs (other loan fees)		<u>0.000%</u>
 Synthetic interest rate on bonds		 <u><u>3.106%</u></u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$2,035,215. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2014, the swap counterparty, Deutsche Bank, was rated A2/A/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 five-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 five-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 fair value, the county would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 73,570	\$ 357,008	\$ 430,578
2016	0	73,570	357,008	430,578
2017	0	73,570	357,008	430,578
2018	0	73,570	357,008	430,578
2019	0	73,570	357,008	430,578
2020-2024	0	367,852	1,785,042	2,152,894
2025-2029	14,000,000	94,590	459,011	14,553,601
Total	\$ 14,000,000	\$ 830,292	\$ 4,029,093	\$ 18,859,385

\$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.

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 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 five-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. As of June 30, 2014, 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	-1.025%
Net interest rate swap payments		3.245%
Variable-rate bond coupon payments		0.526%
On-going costs (other loan fees)		0.000%
		<u>3.771%</u>
Synthetic interest rate on bonds		<u>3.771%</u>

Fair value. As of June 30, 2014, the swap had a negative fair value of \$5,651,329. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2014, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. As of June 30, 2014, the swap counterparty, Deutsche Bank, was rated A2/A/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 five-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 five-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 fair value, the county would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the county for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2015	\$ 0	\$ 204,946	\$ 1,253,249	\$ 1,458,195
2016	0	204,946	1,253,249	1,458,195
2017	0	204,946	1,253,249	1,458,195
2018	1,515,000	196,985	1,204,565	2,916,550
2019	3,470,000	178,750	1,093,058	4,741,808
2020-2024	34,015,000	409,471	2,503,928	36,928,399
Total	<u>\$ 39,000,000</u>	<u>\$ 1,400,044</u>	<u>\$ 8,561,298</u>	<u>\$ 48,961,342</u>

D. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 7,472,566	\$ 46,000	\$ 0	\$ 7,518,566
Construction in Progress	0	6,858	0	6,858
Total Capital Assets Not Depreciated	<u>\$ 7,472,566</u>	<u>\$ 52,858</u>	<u>\$ 0</u>	<u>\$ 7,525,424</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 52,703,693	\$ 44,974	\$ 0	\$ 52,748,667
Roads, Streets, and Bridges	137,998,652	40,260	(1,579,734)	136,459,178
Other Capital Assets	14,340,947	1,026,203	(341,812)	15,025,338
Total Capital Assets Depreciated	<u>\$ 205,043,292</u>	<u>\$ 1,111,437</u>	<u>\$ (1,921,546)</u>	<u>\$ 204,233,183</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,601,404	\$ 1,073,504	\$ 0	\$ 17,674,908
Roads, Streets, and Bridges	69,072,064	4,309,815	(1,481,321)	71,900,558
Other Capital Assets	9,707,516	985,027	(294,358)	10,398,185
Total Accumulated Depreciation	<u>\$ 95,380,984</u>	<u>\$ 6,368,346</u>	<u>\$ (1,775,679)</u>	<u>\$ 99,973,651</u>
Total Capital Assets Depreciated, Net	<u>\$ 109,662,308</u>	<u>\$ (5,256,909)</u>	<u>\$ (145,867)</u>	<u>\$ 104,259,532</u>
Governmental Activities Capital Assets, Net	<u>\$ 117,134,874</u>	<u>\$ (5,204,051)</u>	<u>\$ (145,867)</u>	<u>\$ 111,784,956</u>

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

Governmental Activities:

General Government	\$ 174,522
Finance	28,258
Administration of Justice	254,148
Public Safety	1,047,492
Public Health and Welfare	138,026
Social, Cultural, and Recreational	312,411
Highways	<u>4,413,489</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,368,346</u>

Discretely Presented Blount County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 9,951,059	\$ 0	\$ 0	\$ 9,951,059
Construction in Progress	63,387	13,562	(76,949)	0
Total Capital Assets Not Depreciated	\$ 10,014,446	\$ 13,562	\$ (76,949)	\$ 9,951,059
Capital Assets Depreciated:				
Buildings and Improvements	\$ 172,653,145	\$ 76,949	\$ 0	\$ 172,730,094
Other Capital Assets	5,371,034	370,837	(120,587)	5,621,284
Total Capital Assets Depreciated	\$ 178,024,179	\$ 447,786	\$ (120,587)	\$ 178,351,378
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 50,378,705	\$ 3,536,081	\$ 0	\$ 53,914,786
Other Capital Assets	3,585,173	350,621	(91,893)	3,843,901
Total Accumulated Depreciation	\$ 53,963,878	\$ 3,886,702	\$ (91,893)	\$ 57,758,687
Total Capital Assets Depreciated, Net	\$ 124,060,301	\$ (3,438,916)	\$ (28,694)	\$ 120,592,691
Governmental Activities Capital Assets, Net	\$ 134,074,747	\$ (3,425,354)	\$ (105,643)	\$ 130,543,750

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

Governmental Activities:

Instruction	\$ 40,999
Support Services	3,651,319
Operation of Non-instructional Services	<u>194,384</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,886,702</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 6,758
Nonmajor governmental	General	6,243
Internal Service	Nonmajor governmental	15,445
"	"	364
Agency	Highway/Public Works	79,212
"	Nonmajor governmental	46,063
"	Internal Service	58,525
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	15,000
Nonmajor governmental	General Purpose School	2,092

The receivables in the Agency Funds were in transit from the listed funds at June 30, 2014.

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:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Internal Service	School Department	\$ 809,639

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes \$1,670,207 for principal and accrued interest on debt issued by the primary government, which is being retired by the School Department. Of that amount, \$1,396,007 is not expected to be received within one year.

Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

	Transfers In		
	General Fund	Debt Service Fund	Nonmajor Governmental Funds
Transfers Out			
General Fund	\$ 0	\$ 827,422	\$ 909,520
Internal Service Fund	109,944	0	0
Total Transfers	<u>\$ 109,944</u>	<u>\$ 827,422</u>	<u>\$ 909,520</u>

Discretely Presented Blount County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 15,000

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

Primary Government

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 from 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	(542,681)	0
Buildings and Improvements	0	2,738,602
Less: Accumulated Depreciation	0	(1,232,370)
Total Book Value	\$ 1,266,254	\$ 1,506,232

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30	Governmental Funds
2015	\$ 673,410
2016	680,985
2017	688,789
2018	696,826
2019	705,106
2020-2021	1,083,816
Total Minimum Lease Payments	\$ 4,528,932
Less: Amount Representing Interest	(692,456)
Present Value of Minimum Lease Payments	\$ 3,836,476

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, 2014. 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, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds - Refunding - Fixed Rate	2 to 5%	6-1-30	\$ 73,715,000	\$ 59,000,000
General Obligation Bonds - Refunding - Variable Rate	Variable	6-1-37	79,800,000	79,675,000
Qualified School Construction Bonds	2.6	9-14-27	14,855,000	12,151,458
Other Loans - Public Building Authority	2.5 to 6.2	6-1-37	42,930,000	31,030,000
Other Loans - Refunding - Public Building Authority	Variable	6-1-30	20,165,000	20,165,000
Other Loans - State School Bond Authority	0	11-24-20	727,865	184,708
Capital Lease	3.97 to 5.4	9-1-20	5,745,602	3,836,476

Included in long-term debt is \$79,800,000 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, 2014, the county's rate amounted to .522 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.

Blount County has entered into various loan agreements with the Public Building Authorities of Blount County (PBA) to finance various 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, 2014:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rates as of 6-30-14	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u>					
Industrial Park (Series B-10-A)	\$ 2,000,000	\$ 1,195,000	Fixed	5.55 to 6.2%	N/A
Various Purpose (Series B-16-A)	33,550,000	23,900,000	Fixed	3 to 5	N/A
Industrial Park (Series B-17-A)	3,000,000	2,535,000	Fixed	3.25 to 4.5	N/A
Refunding (Series E-3-B)	20,165,000	20,165,000	Variable	.060 (1)	.926
Various Purpose (Series B-18-A)	4,380,000	3,400,000	Fixed	2.5 to 5	N/A
<u>TN State School Bond Authority</u>					
Qualified Zone Academy Bonds	727,865	<u>184,708</u>	N/A	0	N/A
		<u>\$ 51,379,708</u>			

(1) In addition to the interest requirements on the variable rate debt, the county is also obligated for payments under certain interest rate swap agreements associated with that debt. See the swap agreements section of Note IV.C. on derivatives.

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables. Estimated interest payments and estimated other fees are included for the variable rate loan agreement. That agreement carries a variable interest rate that is a function of the Bond Market Association Index with the rate changing daily or weekly. Interest payments included in the table for the variable rate loan agreement, as well as for the variable rate bond issue, are computed based on the rates in effect at June 30, 2014.

Year Ending	Bonds				
	Principal	Interest	Swap Payments	(1)	Total
June 30					
2015	\$ 3,906,929	\$ 3,741,186	\$ 2,123,175	\$	9,771,290
2016	4,006,929	3,619,804	2,123,175		9,749,908
2017	4,646,929	3,494,357	2,123,175		10,264,461
2018	5,571,929	3,344,337	2,074,492		10,990,758
2019	6,011,929	3,180,022	1,962,984		11,154,935
2020-2024	36,969,645	11,935,448	6,853,560		55,758,653
2025-2029	40,112,168	6,509,786	2,761,221		49,383,175
2030-2034	25,150,000	1,238,074	101,660		26,489,734
2035-2037	24,450,000	261,422	0		24,711,422
Total	<u>\$ 150,826,458</u>	<u>\$ 37,324,436</u>	<u>\$ 20,123,442</u>	<u>\$</u>	<u>208,274,336</u>

Year Ending	Other Loans				
	Principal	Interest	Other Fees	Swap Payments	Total
June 30				(1)	
2015	\$ 2,740,501	\$ 1,412,244	\$ 187,011	\$ 651,292	\$ 4,991,048
2016	2,900,501	1,311,593	187,011	651,292	5,050,397
2017	2,020,501	1,203,718	187,011	651,292	4,062,522
2018	1,235,501	1,120,808	187,011	651,292	3,194,612
2019	1,232,704	1,064,768	187,011	651,292	3,135,775
2020-2024	4,435,000	4,892,609	933,831	3,256,460	13,517,900
2025-2029	13,425,000	2,207,704	933,831	3,256,460	19,822,995
2030-2034	21,890,000	671,100	304,068	1,061,117	23,926,285
2035-2037	1,500,000	142,500	0	0	1,642,500
Total	<u>\$ 51,379,708</u>	<u>\$ 14,027,044</u>	<u>\$ 3,106,785</u>	<u>\$ 10,830,497</u>	<u>\$ 79,344,034</u>

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

There is \$9,958,709 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, and capital leases totaled \$1,675, 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, 2014, totaled \$4,288,400. 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, 2014, totaled \$85,925,000. 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.

Description of Indebtedness	Outstanding 6-30-14
<u>Capital Leases</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Energy Facility Upgrades	\$ 1,612,155

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

	Bonds	Other Loans	Capital Leases
Balance, July 1, 2013	\$ 74,809,613	\$ 133,790,209	\$ 4,485,106
Additions	79,800,000	0	0
Reductions	(3,783,155)	(82,410,501)	(648,630)
Balance, June 30, 2014	<u>\$ 150,826,458</u>	<u>\$ 51,379,708</u>	<u>\$ 3,836,476</u>
Balance Due Within One Year	<u>\$ 3,906,929</u>	<u>\$ 2,740,501</u>	<u>\$ 498,025</u>

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2013	\$ 2,279,559	\$ 1,713,299
Additions	595,220	3,211,196
Reductions	(285,310)	(1,867,184)
Balance, June 30, 2014	<u>\$ 2,589,469</u>	<u>\$ 3,057,311</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,375,790</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 211,689,422
Less: Balance Due Within One Year	(8,521,245)
Add: Unamortized Premium on Debt	<u>3,932,907</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 207,101,084</u>

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

Current Refunding

On December 9, 2013, Blount County refunded its Series E-1-A and Series E-5-A variable rate Public Building Authority of Blount County loan agreements. The county issued \$79,800,000 of Series 2013B variable rate general obligation bonds to redeem the outstanding principal of the Public Building Authority loan agreements (also \$79,800,000). The objective of the refunding was to allow the county to terminate its existing letter of credit agreement under the Public Building Authority loan, eliminate the need for a remarketing agent, and eliminate the administrative fees associated with the Public Building Authority, thereby eliminating roll over risk, remarketing risk, and liquidity provider risk. The amount of change in debt service payments and the economic gain or loss (difference between the present value of the debt service payment of the refunded and refunding debt) could not be determined due to the variable rates involved with both issues. As a part of the refunding, the interest rate swap agreements associated with the refunded debt, which had been entered into by the Public Building Authority were novated to the county and reassigned to the refunding debt.

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, 2014, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 82,593	\$ (175,506)
Additions	272,167	1,175,861
Reductions	(269,743)	(1,183,615)
Balance, June 30, 2014	<u>\$ 85,017</u>	<u>\$ (183,260)</u>
Balance Due Within One Year	<u>\$ 15,794</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, (excluding prepaid other postemployment benefits)	\$ 85,017
Less: Balance Due Within One Year	<u>(15,794)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 69,223</u>

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

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

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, 2014, were \$56,456. 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, 2014, interest earned totaled \$4,317 and expenditures totaled \$1,244. As of June 30, 2014, the Endowment Fund has accumulated a balance of \$3,073 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 \$250,000 for each employee in any plan year for health coverage, \$500,000 for each employee and approximately \$1,000,000 for all claims in any plan year for workers' compensation coverage, and \$100,000 for building and personal property coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. 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 \$5,230,019 and the portion attributable to general liability, property, casualty, and workers' compensation was \$135,961 at June 30, 2014. 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
2012-2013	\$ 2,100,281	\$ 566,528	\$ (1,189,776)	\$ 1,477,033
2013-2014	1,477,033	1,946,433	(786,466)	2,637,000

Health

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2012-2013	\$ 1,612,967	\$ 16,925,770	\$ (17,267,564)	\$ 1,271,173
2013-2014	1,271,173	17,636,427	(17,478,491)	1,429,109

On Exhibit D-1, the balance in the Accounts Payable account on the Statement of Net Position includes \$538,629 related to self-insured health claims, and the balance in the account Other Current Liabilities includes internal service fund liabilities of \$890,480 for estimated health insurance claims and \$2,637,000 for other self-insured claims.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Event

A resolution authorizing the issuance of general obligation refunding bonds of Blount County in the aggregate principal amount not to exceed \$27,500,000 was approved by the Budget Committee on November 3, 2014, and the Agenda Committee on November 4, 2014. The County Commission will consider the resolution during their meeting scheduled for November 19, 2014.

D. Contingent Liabilities

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, 2014, totaled \$85,925,000.

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

E. Joint Ventures

The Industrial Development Board of Blount County and the cities of Alcoa and Maryville were 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 \$848,021 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 \$12,284,007, 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 \$653,585 to the operations of the commission during the year ended June 30, 2014.

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

Administrative Offices (Cont.):

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

F. 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.

G. 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.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

County Employees

Employees of Blount County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the

member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Blount County has authorized Mandatory Retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Blount County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Library System Employees

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

County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

County Employees

Blount County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 12.15 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Library System Employees

Blount County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.54 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2014, Blount County's annual pension cost of \$3,643,299 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of

assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$3,643,299	100%	\$0
6-30-13	3,609,168	100	0
6-30-12	3,601,566	100	0

Library System Employees

For the year ended June 30, 2014, Blount County's annual pension cost of \$65,106 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$65,106	100%	\$0
6-30-13	63,758	100	0
6-30-12	71,950	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2013, the most recent actuarial valuation date, the plan was 93.08 percent funded. The actuarial accrued liability for benefits was \$98.71 million, and the actuarial value of assets was \$91.88 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.83 million. The covered payroll (annual payroll of active employees covered by the plan) was \$29.32 million, and the ratio of the UAAL to the covered payroll was 23.28 percent.

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 values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Library System Employees

As of July 1, 2013, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$2.38 million, and the actuarial value of assets was \$2.38 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$.74 million, and the ratio of the UAAL to the covered payroll was zero percent.

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 values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Blount County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are

available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$3,709,632, \$3,740,632, and \$3,651,060, respectively, equal to the required contributions for each year.

2. Deferred Compensation

Blount County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC 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.

I. 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	\$ 609,053	\$ 1,174,849	\$ 1,783,902
Interest on the NOPEBO	90,810	(6,648)	84,162
Adjustment to the ARC	(104,643)	7,660	(96,983)
Annual OPEB cost	\$ 595,220	\$ 1,175,861	\$ 1,771,081
Amount of contribution	(285,310)	(1,183,615)	(1,468,925)
Increase/decrease in NOPEBO	\$ 309,910	\$ (7,754)	\$ 302,156
Net OPEB obligation, 7-1-13	2,279,559	(175,506)	2,104,053
Net OPEB obligation, 6-30-14	\$ 2,589,469	\$ (183,260)	\$ 2,406,209

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Self-insured	\$ 2,156,360	85.7 %	\$ 1,818,315
6-30-13	"	1,716,207	83.4	2,104,053
6-30-14	"	1,771,081	82.9	2,406,209

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	7-1-12	7-1-12	
Actuarial accrued liability (AAL)	\$ 5,831,953	\$ 13,324,579	\$ 19,156,532
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,831,953	\$ 13,324,579	\$ 19,156,532
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 21,010,517	\$ 45,071,199	\$ 66,081,716
UAAL as a % of covered payroll	28%	30%	29%

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, 2012, 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.

J. 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.

K. Purchasing Laws

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

VI. OTHER NOTES – DISCRETELY PRESENTED BLOUNT 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'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 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's 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. Effective October 1, 2012, the hospital acquired the assets of East Tennessee Medical Group (ETMG) and employed the physicians who now operate as part of BMPG. BMPG provides physician and outpatient services in Blount County and includes over 50 physicians in primary care and more than ten specialties. Separate financial statements are maintained by the hospital.

The hospital has non-controlling ownership interests in partnerships, which operate medical facilities in Blount County consistent with the hospital's mission of providing healthcare services. Ownership investments are included in other assets at June 30, 2014.

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, and unamortized debt expense 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-off's 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, 2014, 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 3.8 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.

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

Accrual for Compensated Absences

The hospital recognizes an expense and accrues a liability for compensated future employee absences in the period in which employees' rights to such compensated absences are earned.

Operating Revenues and Expenses

Revenues and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Nonoperating revenues consist primarily of investment income and general contributions to the hospital.

Income Taxes

The hospital is classified as a governmental organization exempt from income tax. The foundation is a not-for-profit organization defined by Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

Accordingly, no provision for income taxes has been included in the accompanying financial statements. 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.

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 6-30-14	Percent
U.S. Treasury Portfolio (cash equivalents)	\$ 150,399	0
U.S. Government Agency Securities	8,997,194	8
Municipal Bonds	6,015,475	6
Corporate Bonds	10,616,375	10
Bond Mutual Funds	42,726,561	39
Equity Mutual Funds	39,838,351	37
Total	<u>\$ 108,344,355</u>	<u>100</u>

Net investment income (loss) on assets limited as to use as of June 30, 2014, includes:

	Balance 6-30-14
Interest and Dividends	\$ 2,505,335
Net Realized and Unrealized Investment Gain	<u>5,407,192</u>
Total	<u>\$ 7,912,527</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:

	Balance 6-30-14
Cash	\$ 75,155
U.S. Treasury Portfolio (cash equivalents)	269,970
Bond Mutual Funds	470,605
Equity Mutual Funds	<u>748,490</u>
Total	<u>\$ 1,564,220</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>2014</u>
Gross Patient Service Charges	\$ 747,615,994
Contractual Adjustments and Discounts	(514,382,294)
Charity Care Charges Foregone	(37,564,748)
Provision for Bad Debts	<u>(12,854,236)</u>
Net Patient Service Revenue	<u>\$ 182,814,716</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 2014, the hospital has recorded approximately \$932,000 of 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. 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 31 percent and ten percent, respectively, for 2014.

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

E. Malpractice Trust Fund and Employee Group Health Claims

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

The hospital provides professional liability coverage through a self-insurance malpractice trust fund. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust. The assets of, and contributions to, the trust are reported in the statement of net position; income from the trust assets, claims and administrative costs are reported in the statements of revenues, expenses, and changes in net position.

Claims and expenses of \$137,447 were paid from the fund during the year ended June 30, 2014. As of June 30, 2014, 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 \$1,323,181 at June 30, 2014. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$12,482,000 for 2014.

F. Property and Equipment

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

	Balance 7-1-13	Additions	Retirements and Transfers	Balance 6-30-14
Cost:				
Land	\$ 11,050,183	\$ 968,734	\$ 0	\$ 12,018,917
Land Improvements	2,382,783	0	0	2,382,783
Buildings, Improvements, and Fixed Equipment	156,857,030	8,000,873	(77,116)	164,780,787
Equipment	117,169,436	5,934,854	(139,399)	122,964,891
Construction in Progress	2,380,690	86,734	(1,398,498)	1,068,926
Total Cost	<u>\$ 289,840,122</u>	<u>\$ 14,991,195</u>	<u>\$ (1,615,013)</u>	<u>\$ 303,216,304</u>
Allowances for Depreciation:				
Land Improvements	\$ (2,294,273)	\$ (8,638)	\$ 0	\$ (2,302,911)
Buildings, Improvements, and Fixed Equipment	(79,120,632)	(6,276,400)	77,116	(85,319,916)
Equipment	(82,038,142)	(8,969,401)	118,559	(90,888,984)
Total Allowances for Depreciation	<u>\$ (163,453,047)</u>	<u>\$ (15,254,439)</u>	<u>\$ 195,675</u>	<u>\$ (178,511,811)</u>
Net Property and Equipment	<u>\$ 126,387,075</u>	<u>\$ (263,244)</u>	<u>\$ (1,419,338)</u>	<u>\$ 124,704,493</u>

Construction in progress at June 30, 2014, includes costs related to the renovation and upgrades to the building and magnetic resonance imaging center at ETMG, with total estimated costs to complete of approximately \$2,920,000.

G. Other Assets

Other assets include a \$2,040,000 investment in a partnership and the following net intangible assets at June 30:

	<u>2014</u>
Goodwill	\$ 2,449,046
Trade Name	1,431,391
Non-compete Agreements	785,770
Medical Records and Workforce	1,441,582
Other	<u>125,000</u>
Total	<u>\$ 6,232,789</u>

Goodwill and trade name are being amortized over a period of 40 years. Medical records and workforce are amortized over a period of 20 years. The non-compete agreements are being amortized over a period of three years.

Amortization expense for intangibles was \$866,021 at June 30, 2014. Amortization expense for the next three years is estimated to approximate \$866,000, \$395,000, and \$212,000.

H. Long-term Debt

Changes in long-term debt are summarized as follows:

	Balance 7-1-13	Additions	Principal Payments	Balance 6-30-14
Series 1998B Bonds	\$ 7,500,000	\$ 0	\$ 7,500,000	\$ 0
Series E-5-A Bonds	89,125,000	0	89,125,000	0
Series 2013A Bonds	0	89,125,000	3,200,000	85,925,000
Series 2014 Bonds	0	4,288,400	0	4,288,400
Total Outstanding	<u>\$ 96,625,000</u>	<u>\$ 93,413,400</u>	<u>\$ 99,825,000</u>	<u>\$ 90,213,400</u>
Less Current Portion	<u>(4,115,000)</u>			<u>(4,172,438)</u>
Long-term Portion	<u>\$ 92,510,000</u>			<u>\$ 86,040,962</u>

Blount County issued, on behalf of the hospital, Hospital Revenue Refunding Bonds, Series 1998A and Hospital Revenue Improvement Bonds, Series 1998B, in December 1998. The Series 1998A Bonds matured with the final payment of \$1,515,000 in 2013. The Series 1998B Bonds were subject to redemption at the option of the county, in whole or in part, at the redemption price of par, without premium, plus accrued interest to the redemption date. The county exercised its redemption option in January 2014.

In August 2008, Blount County issued, on behalf of the hospital, \$96,350,000 of Local Government Public Improvement Bonds, Series E-5-A. The Series E-5-A Bonds were 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. The county exercised its redemption option in December 2013.

To refund the Series E-5-A Bonds, 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 and a factor (67 percent at June 30, 2014) plus the applicable spread based on the investment rating of the bonds (.43 percent at June 30, 2014). The Series 2013A Bonds mature in increasing annual amounts ranging from \$3,375,000 in 2015 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 were used to refund the Series 1998B bonds. The Series 2014 Bonds mature in varying annual amounts ranging from approximately \$567,000 to a final payment of approximately \$842,000 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 \$410,637 in 2014.

As of June 30, 2014, 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, 2014, the counterparty to the swaps, Deutsche Bank, was rated A2/A+/A+ by Moody's, Standard and Poor's, and Fitch, respectively.

The hospital is exposed to variable rates if the counterparties to the swap default, if the variable rate received from the counterparties is less than that due 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, 2014, are summarized as follows:

Year Ending June 30	Series 2013A	Series 2014	Total
2015	\$ 3,375,000	\$ 797,438	\$ 4,172,438
2016	3,525,000	566,778	4,091,778
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
2020-2024	29,025,000	841,900	29,866,900
2025-2029	38,350,000	0	38,350,000
Total	<u>\$ 85,925,000</u>	<u>\$ 4,288,400</u>	<u>\$ 90,213,400</u>

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, 2014, which was .53 percent):

Year Ending June 30	Series 2013A	Series 2014	Total
2015	\$ 2,714,360	\$ 60,752	\$ 2,775,112
2016	2,696,367	53,848	2,750,215
2017	2,677,565	43,822	2,721,387
2018	2,657,835	32,743	2,690,578
2019	2,637,163	20,508	2,657,671
2020-2024	11,863,917	7,014	11,870,931
2025-2029	5,085,158	0	5,085,158
Total	<u>\$ 30,332,365</u>	<u>\$ 218,687</u>	<u>\$ 30,551,052</u>

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.

As of June 30, 2014, the outstanding bonds do not require funds to be held by trustees.

In 2014, the hospital adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of GASB Statement No. 65 provides for bond issuance costs to be recognized as an expense when incurred and prior period financial statements to be restated to eliminate any previously unamortized issuance costs or deferred losses on refundings. Accordingly, the net position on July 1, 2013, was also restated and decreased by \$1,536,254 for the change.

I. Retirement Plan

The Blount Memorial Hospital Retirement Plan includes two defined contribution plans 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 plan provides for the hospital to contribute 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 plan, net of forfeitures used of \$130,000 in 2014, totaled \$3,733,159 in 2014. Employee contributions were \$3,535,826 in 2014.

VII. OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT OF BLOUNT COUNTY

A. Summary of Significant Accounting Policies

The district complies with accounting principles generally accepted in the United States of America (GAAP). The district uses the required *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* effective July 1, 2008. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Financial Reporting Entity

The Emergency Communications District of Blount County, Tennessee (formerly Blount County Emergency Communications District) (911), a component unit of Blount County, Tennessee, was established by a resolution of the Blount County Board of Commissioners in April 1986, and subsequently approved by the voters of Blount County, pursuant to the provisions of Tennessee Public Acts of 1984, Chapter 867. This district began operations in March 1987.

The district is governed by nine directors appointed by the Blount County Board of County Commissioners. Before the issuance of most debt instruments, the district must obtain the approval of the Blount County Board of County Commissioners. The district's board employs coordinators and staff to conduct the daily business of the organization.

The purpose of the district is the operations of the number 911 as a single emergency telephone number through which emergency services can be quickly and efficiently obtained. The 911 system is intended to provide a simplified means of securing emergency services, which will result in saving lives, a reduction in the

destruction of property, quicker apprehension of criminals, and ultimately the saving of money.

2. Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting district as a whole. The statements present the district as a business-type activity. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, business-like activities are presented using the economic resources measurement focus as defined below.

The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, a business-like activity (proprietary type) is presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are

recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in proprietary funds.

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

Cash and Investments

For the purpose of the Statement of Net Position, cash includes all demand accounts, savings accounts, and certificates of deposits of the district. For the purpose of the proprietary fund Statement of Cash Flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments, if applicable, are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the district activities include emergency telephone service revenue and rent earned.

Capital Assets and Depreciation

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

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

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

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2014, the district had no liability for compensated absences or accumulated sick leave. Vacation days are required to be used during each fiscal year with no carry-over to future periods.

Equity Classifications

Equity is classified as net position and displayed in two 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. Unrestricted net position – All other assets, liabilities, deferred outflows of resources and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets,” are classified as unrestricted.

Deferred inflows and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of capital assets are also included as a component of net investment in capital assets.

5. Revenues and Expenses

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

Operating Revenues/Expenses

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

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence and another rate for business exchange access service within the base rate area governed by the boundaries of the district. Revenue is collected by telephone service providers and remitted monthly to the district. Rates were \$1.50 for one-party residence lines and \$3 for business exchange access service. Wireless fees are collected and remitted bi-monthly to the district through the State of Tennessee.

Operating expenses include salaries, employee benefits, contracted services, supplies and materials, other charges, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and non-operating.

Nonoperating Revenues/Expenses

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

6. Stewardship, Compliance, and Accountability

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

Fund Accounting Requirements

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

Use of Estimates

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

Annual Budget

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

the *Accounting and Reporting Manual for Tennessee Emergency Communications Districts*, the legal level of budgetary control is at the line-item level.

B. Cash

To provide a safe, temporary medium for investments of idle funds, districts are authorized by *Tennessee Code Annotated*, Section 6-56-106, to invest in the following:

1. Bonds, notes, or treasury bills of the United States;
2. Non-convertible debt securities of certain issuers;
3. Other obligations, which are guaranteed as to principal and interest by the United States or any of its agencies;
4. Certificates of deposit at state and federal chartered banks and savings and loan associations;
5. Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the state Comptroller's Office;
6. Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the state Comptroller's Office; and
7. The Local Government Investment Pool under which local monies are transferred to and invested with the state treasurer's cash portfolio.

Cash includes bank balances and certificates of deposit that, at the balance sheet date, were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Interest Rate Risk – The district 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 – It is the district's policy to minimize custodial credit risk associated with cash deposits by utilizing financial institutions that issue deposits through the Federal Deposit Insurance Corporation and participate in the Tennessee State Collateral Pool. In addition, other investment credit risk losses are minimized by limiting investments to the safest types of securities.

C. Capital Assets and Depreciation

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

Description	Balance 7-1-13	Additions	Retirements
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 0
Total Nondepreciable	\$ 21,038	\$ 0	\$ 0
Depreciable:			
Building	\$ 3,027,613	\$ 0	\$ 0
Building Improvements	21,856	0	0
Communication Equipment	941,548	6,648	0
Communication Equipment Under Capital Lease	699,000	0	0
Office Equipment and Furniture	204,304	0	0
Vehicle	16,486	0	0
Total Depreciable	\$ 4,910,807	\$ 6,648	\$ 0
Total	\$ 4,931,845	\$ 6,648	\$ 0

Description (Cont.)	Balance 6-30-14	Accumulated Depreciation	Net Value 6-30-14
Nondepreciable:			
Land	\$ 21,038	\$ 0	\$ 21,038
Total Nondepreciable	\$ 21,038	\$ 0	\$ 21,038
Depreciable:			
Building	\$ 3,027,613	\$ 321,585	\$ 2,706,028
Building Improvements	21,856	1,514	20,342
Communication Equipment	948,196	710,645	237,551
Communication Equipment Under Capital Lease	699,000	139,800	559,200
Office Equipment and Furniture	204,304	147,841	56,463
Vehicle	16,486	16,486	0
Total Depreciable	\$ 4,917,455	\$ 1,337,871	\$ 3,579,584
Total	\$ 4,938,493	\$ 1,337,871	\$ 3,600,622

Depreciation expense for the fiscal year ended June 30, 2014, totaled \$227,374.

D. Long-term Obligations

Long-term obligations consist of the following:

	June 30, 2014		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Note Payable	\$ 45,209	\$ 1,026,355	\$ 1,071,564
Capital Lease Obligation	57,306	542,484	599,790
Total	<u>\$ 102,515</u>	<u>\$ 1,568,839</u>	<u>\$ 1,671,354</u>

Notes Payable

During the fiscal year ended June 30, 2010, the district borrowed funds totaling \$1,250,000 to finance the construction of a new communications facility. The note bears interest at four percent and matured July 15, 2011. Subsequent to June 30, 2011, the note was renewed. Monthly principal and interest payments of \$7,569 were due beginning August 15, 2011. The note matures July 15, 2014.

Subsequent to year ended June 30, 2014, the note was modified. The modification reduced the interest rate to 3.95 percent and extended the maturity date to July 15, 2017. The modification calls for interest only payment of \$3,819 on July 15, 2014, and for monthly payments of \$7,570 beginning August 15, 2014. Debt maturities detailed below are based on the modified loan.

Changes in Notes Payable are as follows:

	Year Ended <u>6-30-14</u>
Beginning Balance	\$ 1,117,927
Note Proceeds	0
Note Repayments	<u>(46,363)</u>
Ending Balance	<u>\$ 1,071,564</u>

Debt maturities are as follows:

Year Ending	Total Note Requirements	Principal	Interest
2015	\$ 87,088	\$ 45,209	\$ 41,879
2016	90,840	51,219	39,621
2017	90,840	53,280	37,560
2018	<u>924,890</u>	<u>921,856</u>	<u>3,034</u>
Total	<u>\$ 1,193,658</u>	<u>\$ 1,071,564</u>	<u>\$ 122,094</u>

Total interest incurred during the year ended June 30, 2014, was \$44,471.

E. Capital Lease

During the year ended June 30, 2011, Blount County acquired certain emergency communication equipment to be utilized by the county and the Cities of Maryville and Alcoa. Rather than “patching” the district’s emergency communications equipment to interface with the county’s equipment, it was determined that the district would acquire new equipment that was compatible with that used by the county and the cities.

On April 1, 2012, the district entered into a lease agreement to acquire communication equipment. The district paid \$50,000 down and financed the remaining balance of \$649,000 through a capital lease.

The lease calls for ten equal payments of \$79,678 beginning July 1, 2013.

<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
\$ 599,790	\$ 117,312	\$ 717,102

The total minimum lease payments are payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 79,678
2016	79,678
2017	79,678
2018	79,678
2019	79,678
2020-2023	<u>318,712</u>
Total	<u>\$ 717,102</u>

Interest is accrued monthly on the obligation. Interest expense for the year ended June 30, 2014, was \$22,373.

F. Commitment – AT&T

AT&T (formerly BellSouth) furnishes Stand Alone Location Identification (SALI) equipment to the district at the rates prescribed by the tariffs of the Tennessee Public Service Commission (TPSC). These rates charged by AT&T vary with increases or decreases mandated by the TPSC, and for the Per 1000 Access Lines Served for the Combined Automatic Number and SALI. The access charge is based upon the maximum number of access lines in service during the calendar year and is adjusted annually at the end of each calendar year.

The lease term with AT&T is indefinite as to time and is currently at a rate of \$7,044 per month.

G. Employees' Retirement Plan

Plan Description

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

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

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 11.54 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the district's annual pension cost of \$119,982 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually; (b) projected three percent annual rate of inflation; (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries); (d) projected 3.5 percent annual increase in the Social Security wage base; and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a ten-year period.

The district's unfunded accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was eight years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$ 119,982	100%	\$ 0
6-30-13	122,974	100	0
6-30-12	122,568	100	0

Since the district participates in the plan through the City of Maryville, information is not available for the district's portion of the funded status and funding progress.

H. Postemployment Benefits Other Than Pensions

Plan Description

During the fiscal year ended June 30, 2014, the district adopted a plan whereby certain health benefits are provided to retirees and their dependents. The plan provides health and prescription drug coverage to those employees who retire with 30 or more years of service or if the employee is at least 60 years old with ten years of service. The plan provides coverage for up to five years and terminates when the employee is eligible for Medicare benefits. The plan is established under the authority of the Board of Directors of the district and may be amended at any time. The plan does not issue a stand-alone financial report.

Funding Policy

The plan is funded both by the retiree and the district. The retiree has a required annual contribution rate 50 percent of the active COBRA premium rate. The rate for eligible dependent coverage is 100 percent. The remaining costs are incurred by the district and are on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

Annual Required Contribution	\$ 6,300
Amortization of Actuarial Accrued Liability	7,100
Interest of Net OPEB Obligation	600
Annual OPEB Costs	<u>14,000</u>
Annual Employer Contribution	<u>0</u>
Increase in Net OPEB Obligations	\$ 14,000
Net OPEB Obligation, July 1, 2013	<u>0</u>
 Net OPEB Obligation, June 30, 2014	 <u><u>\$ 14,000</u></u>

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB Obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	\$ 14,000	0 %	\$ 14,000

The funded status of the plan as of June 30, 2014 was as follows:

Actuarial valuation date	7-1-14
Actuarial accrued liability (AAL)	\$ 120,700
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 120,700
Actuarial value of assets as a % of the AAL	0%
Covered payroll	\$ 1,060,006
UAAL as a % of covered payroll	11.4%

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 revisions 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 4.5 percent discount rate and an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of five percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized on a 30-year level dollar amortization.

I. Risk Financing Activities

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

J. Litigation

On October 14, 2011, a lawsuit was filed in Blount County Circuit Court naming the district as one of several defendants. The plaintiff is alleging that negligence on the part of the defendants led to his mother's death and is seeking damages of \$10 million. A motion was filed for summary judgment, which was granted on October 2, 2013. This judgment was appealed. The case was argued in front of the Court of Appeals subsequent to year end. A ruling from the Court of Appeals has not been issued. Management believes that the Court of Appeals will rule in the district's favor. The district's insurance carrier is providing legal representation.

VIII. OTHER NOTES – DISCRETELY PRESENTED BLOUNT COUNTY PUBLIC BUILDING AUTHORITY

A. Summary of Significant Accounting Policies

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

1. **Financial Reporting Entity**

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

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

2. **Basis of Presentation**

Government-wide Financial Statements:

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the PBA or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

- c. Any fund that government officials believe is important. The PBA considers all funds as major funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund:

The General Fund is the primary operating fund of the PBA and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The PBA accounts for loans made and bonds issued in the loan and bond funds, respectively.

Major Funds

The major funds are further classified as follows:

General – It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds:

Bond Fund – It is funded by proceeds of specific revenue sources that are restricted to expenditures for certain purposes.

Loan Fund – It is funded by proceeds for repaying loans made to other entities and restricted to expenditures for certain purposes.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. In the fund financial statements, the

current financial resources measurement focus or the economic resources measurement focus is used as appropriate.

All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when “measureable and available.” Measureable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.

4. Assets, Liabilities, and Equity

Cash and Investments

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

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

Receivables

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

In the fund financial statements, receivables in governmental funds include intergovernmental revenues since they are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual but not deferred in the government-wide financial statements in accordance with the accrual basis. There were no non-exchange transactions as of June 30, 2014. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Equity Classifications

Government-wide Statements:

Equity is classified as net position and displayed as unrestricted net position – all other net positions that do not meet the definition of restricted or invested in capital assets.

Fund Statements:

Governmental fund equity is classified as fund balance.

5. Revenues, Expenditures, Expenses, and Fund Balances

Revenues and Expenses

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

Expenditures/Expenses

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

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

6. Fund Balances

Governmental fund equity is classified as fund balance. During the year ended June 30, 2014, the PBA implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance and Government Fund Type Definitions*. Under this statement, fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions, or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of governing body (Board).
- d. Assigned fund balances are amounts intended to be used for specific purpose by the board through action other than the highest level of authority or an official expressly authorized by the board.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The PBA has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement No. 54 applies expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No official is granted the authority to assign fund balance. In addition, the PBA has no formal policy with regard to stabilization funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

7. Budgetary Accounting

Budgets and resolutions are approved when bond and loan documents are approved. The bond and loans are pass-through to the various entities borrowing monies.

8. Use of Estimates

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

9. Risk Management

The PBA is exposed to various risks of losses related to torts, theft of assets, errors and omissions, and natural disasters. The PBA carries commercial insurance for all such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Stewardship, Compliance, and Accountability

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

1. Fund Accounting Requirements

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

2. Deposits and Investments Laws and Regulations

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

3. Fund Balance Restrictions

Deficit Prohibition

State of Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund. The PBA complied with this statute in all material respects for the year ended June 30, 2014.

C. Cash and Investments

Cash – All deposits with financial institutions must be secured. Financial institutions can participate in the bank collateral pool administered by the treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions. At June 30, 2014, all cash of the PBA was fully insured through the State of Tennessee Bank Collateral Pool.

Investments – The PBA is authorized to make investments in bonds, notes, or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government. Cash and cash equivalents consist of demand deposits and savings accounts. At June 30, 2014, cash and cash equivalents totaled \$134,991 in the General Fund and \$18,224 in the Loan Fund.

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

Interest Rate Risk – The PBA does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses from increasing interest rate risks.

Credit Risk – The PBA has no limit on the amount it may invest in any one issuer. At June 30, 2014, the PBA had no investments in commercial paper.

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

A summary of bond transactions of the PBA for the period July 1, 2013, through June 30, 2014, was as follows:

	<u>Public Facility Bonds</u>
Debt Payable - July 1, 2013	\$ 222,690,000
Debt Retired in Current Year	<u>(171,495,000)</u>
Debt Payable - June 30, 2014	<u><u>\$ 51,195,000</u></u>

Bonds payable at June 30, 2014, are comprised of the following issues:

Public Facility Bonds	Amount Outstanding
\$3,000,000 - 2008 Local Government Improvement Bonds (Series B-17-A) due in installments of \$85,000 to \$225,000 payable June 2010 through June 2030. Average interest of 4.4% (Jointly with Maryville/Alcoa).	\$ 2,535,000
\$2,000,000 - 2006 Local Government Improvement Bonds (Series B-10-A) due in installments ranging from \$100,000 to \$200,000 payable June 2008 through June 2021; average interest at 6.10% (Jointly with Maryville/Alcoa).	1,195,000
\$32,145,000 - 2008 Local Government Improvement Bonds (Series B-16-A) due in installments ranging from \$3,600,000 to \$500,000 payable June 2010 through June 2037; interest payable semi-annual rates ranging from 3% to 5%; average interest rate 4.66%.	23,900,000
\$20,165,000 - 2008 Local Government (Series E-3-B) Improvement Bonds due in installments of \$7,500,000 and \$12,665,000 payable in 2030 and 2031 respectively. Interest payable annually at 5%.	20,165,000
\$50,925,000 - Local Government (Series B-18-A) Improvement Bonds due in installments of \$50,000 payable June 2010, \$46,625,000 payable June 2011, and payables ranging from \$200,000 in June 2012 to \$900,000 in June 2019. Interest payable annually at 4.33%.	<u>3,400,000</u>
Total Bonds Outstanding	<u>\$ 51,195,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2014, including interest payments, are \$81,785,832 as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 2,700,000	\$ 2,408,378	\$ 5,108,378
2016	2,860,000	2,307,728	5,167,728
2017	1,980,000	2,199,852	4,179,852
2018	1,195,000	2,116,942	3,311,942
2019	1,210,000	2,060,902	3,270,902
2020-2024	4,435,000	9,873,279	14,308,279
2025-2029	13,425,000	7,188,376	20,613,376
2030-2034	21,890,000	2,292,875	24,182,875
2035-2037	1,500,000	142,500	1,642,500
Total	<u>\$ 51,195,000</u>	<u>\$ 30,590,832</u>	<u>\$ 81,785,832</u>

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

E. Agreements and Contractual Obligations

Special Revenue Funds

During the years ended June 30, 1998, through June 30, 2009, the PBA entered into 18 loan agreements with Blount County, Tennessee, whereby the PBA has issued revenue bonds totaling \$456,466,115 as listed below. The proceeds were loaned to Blount County and component units for various capital projects. The bonds issued and loans drawn by Blount County, Tennessee, and the Blount Memorial Hospital (component unit) as of June 30, 2014, were as follows:

Bond Issue Amount	Loaned to Blount County	Outstanding 6-30-14
\$ 39,000,000	\$ 39,000,000	\$ 0
20,000,000	20,000,000	0
4,100,000	4,100,000	0
10,000,000	10,000,000	0
9,100,000	9,100,000	0
10,000,000	10,000,000	0
14,000,000	14,000,000	0
13,650,000	13,650,000	0
35,000,000	35,000,000	0
3,000,000	3,000,000	2,535,000
2,000,000	2,000,000	1,195,000
15,000,000	15,000,000	0
50,500,000	50,500,000	0
20,165,000	20,165,000	20,165,000
30,830,000	30,830,000	0
95,045,000	95,045,000	0
50,925,000	50,925,000	3,400,000
32,145,000	32,145,000	23,900,000
2,006,115	2,006,115	0
<u>\$ 456,466,115</u>	<u>\$ 456,466,115</u>	<u>\$ 51,195,000</u>

Expenditures were as follows during the fiscal year ended June 30, 2014:

Professional Fees	\$ 11,940
Insurance	4,803
Blount County Trustee Fees	2,202
Bank Service Charge	<u>15</u>
Total	<u>\$ 18,960</u>

F. Litigation

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

G. Local Government Public Improvement Bonds

The PBA approved a resolution authorizing the issuance and sale of Local Government Improvement Bonds of the authority. Cumberland Securities, Division of Morgan Keegan & Co., Knoxville, Tennessee, will purchase each series of bonds authorized by this resolution. Management and administration of the bonds will be by TN-LOANS Program Administrators, Knoxville, Tennessee. Regions Bank was confirmed as trustee for the loan

program. Bonds totaling \$1,860,130,000 have been issued on behalf of the following entities:

Borrower	Original Bond Amount	Outstanding Bond Balance June 30, 2014
City of Alcoa	\$ 154,185,000	\$ 76,705,000
Blount County	514,415,000	51,195,000
Alcoa/Maryville	10,000,000	6,290,000
Bradley County	63,560,000	36,875,000
Cleveland	68,480,000	0
Campbell County	20,550,000	6,825,000
Cumberland County	52,415,000	16,225,000
Coffee County	2,775,000	0
Cocke County	3,500,000	0
Claiborne County	6,225,000	0
Etowah	14,805,000	2,185,000
Erwin	1,500,000	0
Fayetteville	9,080,000	0
Greeneville	18,160,000	0
Greene County	10,000,000	1,890,000
Hendersonville	4,040,000	0
Hawkins County	40,820,000	23,970,000
Hamblen County	40,200,000	10,100,000
Hiwassee	12,000,000	10,970,000
Jefferson County	28,305,000	9,880,000
Johnson City	102,385,000	0
Johnson County	5,700,000	0
Knoxville	59,970,000	59,970,000
Knox County	193,550,000	160,615,000
Lexington	5,400,000	0
Loudon County	14,835,000	11,125,000
Maryville	78,800,000	13,205,000
Morgan County	10,000,000	0
Morristown	47,355,000	0
Morristown/Hamblen	5,775,000	0
Monroe County	34,290,000	31,280,000
Mt. Juliet	2,700,000	0
Oak Ridge	38,895,000	19,325,000
Red Bank	3,850,000	0
Roane County	21,650,000	700,000
Sevierville	8,000,000	0
Tri-County	7,500,000	7,200,000
Washington County	130,360,000	128,980,000
Warren County	6,500,000	0
White County	1,275,000	0
Winchester	6,325,000	0
Totals	<u>\$ 1,860,130,000</u>	<u>\$ 685,510,000</u>

H. Conduit Debt/Funds Held by Trustee

The PBA has issued conduit debt to provide capital financing for specified third parties that is not a part of the PBA's financial reporting entity. The PBA has issued bonds totaling \$1,860,130,000 to other governmental entities as of June 30, 2014. The proceeds of the bonds are used to make loans to governmental entities in the State of Tennessee possessing general powers of taxation to finance public facility projects. The proceeds are loaned pursuant to a loan agreement, whereas the borrower pledges revenues and receipts therefrom, which are pledged by the PBA to the bond trustee. The PBA has no obligation for the issued debt beyond the resources provided by related loan agreements. The conduit debt balance as of June 30, 2014, is \$685,510,000.

I. Capital Assets

All equipment and a vehicle were transferred to Blount County during the year ended June 30, 2009.

J. Payroll and Personnel

The PBA currently operates with a Board of Directors (non-salaried).

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Blount County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
County Employees	7-1-13	\$ 91,880	\$ 98,707	\$ 6,827	93.08	\$ 29,321	23.28
"	7-1-11	79,190	82,170	2,979	96.37	29,392	10.14
"	7-1-09	60,807	64,982	4,175	93.57	31,079	13.43
Library System Employees	7-1-13	2,379	2,379	0	100.00	737	0.00
"	7-1-11	2,026	2,110	84	96.03	662	12.66
"	7-1-09	1,545	1,633	89	94.57	757	11.70

Exhibit F-2

Blount County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Primary Government and Discretely Presented Blount County School Department
June 30, 2014

(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	7-1-10	\$ 0	\$ 23,677	\$ 23,677	0%	\$ 68,566	34.53%
"	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

BLOUNT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

**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.

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

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

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.

Blount County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue

ASSETS

Cash	\$ 0	\$ 0	\$ 6,315	\$ 0	\$ 0
Equity in Pooled Cash and Investments	404,470	48,506	1,011,838	1,648,931	6,463
Accounts Receivable	0	0	9,552	14,495	0
Due from Other Governments	0	0	225,882	517	4,768
Due from Other Funds	0	0	0	6,243	0
Total Assets	\$ 404,470	\$ 48,506	\$ 1,253,587	\$ 1,670,186	\$ 11,231

LIABILITIES

Accounts Payable	\$ 4,194	\$ 0	\$ 20,477	\$ 60	\$ 2,676
Accrued Payroll	0	0	5,398	0	0
Payroll Deductions Payable	0	0	450	0	74
Due to Other Funds	0	0	15,809	0	0
Total Liabilities	\$ 4,194	\$ 0	\$ 42,134	\$ 60	\$ 2,750

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

FUND BALANCES

Nonspendable:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Endowments	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	
\$ 400,276 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
0	48,506	0	0	0	6,770	6,770
0	0	0	1,556,469	0	0	0
0	0	0	0	0	0	0
0	0	1,000,142	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	1,711	1,711
0	0	0	113,657	0	0	0
0	0	211,311	0	0	0	0
\$ 400,276 \$	48,506 \$	1,211,453 \$	1,670,126 \$	0	8,481	8,481
\$ 404,470 \$	48,506 \$	1,253,587 \$	1,670,186 \$		11,231	11,231

FUND BALANCES (CONT.)

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Capital Projects
 Committed:
 Committed for Administration of Justice
 Committed for Public Safety
 Committed for Capital Outlay
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

	Special Revenue Funds (Cont.)		Capital Projects Funds		
	Constitutional Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	Total

\$	6,650 \$	12,965 \$	0 \$	0 \$	0
	0	3,120,208	1,091	298,408	299,499
	108	24,155	143,923	0	143,923
	0	231,167	0	0	0
	0	6,243	0	0	0

\$	6,758 \$	3,394,738 \$	145,014 \$	298,408 \$	443,422
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ASSETS

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

Total Assets

LIABILITIES

Accounts Payable	0 \$	27,407 \$	0 \$	0 \$	0
Accrued Payroll	0	5,398	0	0	0
Payroll Deductions Payable	0	524	0	0	0
Due to Other Funds	6,758	22,567	0	0	0
Total Liabilities	6,758 \$	55,896 \$	0 \$	0 \$	0

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue	0 \$	0 \$	143,923 \$	0 \$	143,923
Total Deferred Inflows of Resources	0 \$	0 \$	143,923 \$	0 \$	143,923

FUND BALANCES

Nonspendable:					
Endowments	0 \$	0 \$	0 \$	0 \$	0

(Continued)

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

	Special Revenue Funds (Cont.)		Capital Projects Funds		
	Constitutional Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	Total
\$	0 \$	400,276 \$	0 \$	0 \$	0
	0	55,276	0	0	0
	0	1,556,469	0	0	0
	0	0	0	0	0
	0	1,000,142	0	0	0
	0	0	0	298,408	298,408
	0	1,711	0	0	0
	0	113,657	0	0	0
	0	211,311	1,091	0	1,091
\$	0 \$	3,338,842 \$	1,091 \$	298,408 \$	299,499
\$	6,758 \$	3,394,738 \$	145,014 \$	298,408 \$	443,422

FUND BALANCES (CONT.)

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Capital Projects
 Committed:
 Committed for Administration of Justice
 Committed for Public Safety
 Committed for Capital Outlay
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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 \$	12,965
Equity in Pooled Cash and Investments	488,163	3,907,870
Accounts Receivable	313	168,391
Due from Other Governments	0	231,167
Due from Other Funds	0	6,243
Total Assets	<u>488,476 \$</u>	<u>4,326,636</u>
<u>LIABILITIES</u>		
Accounts Payable	0 \$	27,407
Accrued Payroll	0	5,398
Payroll Deductions Payable	0	524
Due to Other Funds	0	22,567
Total Liabilities	<u>0 \$</u>	<u>55,896</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Other Deferred/Unavailable Revenue	0 \$	143,923
Total Deferred Inflows of Resources	<u>0 \$</u>	<u>143,923</u>
<u>FUND BALANCES</u>		
Nonspendable: Endowments	485,403 \$	485,403

(Continued)

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

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Endowment</u>	
\$	0	\$ 400,276
	0	55,276
	0	1,556,469
	3,073	3,073
	0	1,000,142
	0	298,408
	0	1,711
	0	113,657
	0	212,402
\$	<u>488,476</u>	<u>\$ 4,126,817</u>
\$	<u>488,476</u>	<u>\$ 4,326,636</u>

FUND BALANCES (CONT.)

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Capital Projects
 Committed:
 Committed for Administration of Justice
 Committed for Public Safety
 Committed for Capital Outlay
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Blount County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds						Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control			
<u>Revenues</u>							
Local Taxes	\$ 160,671	\$ 8,069	\$ 0	\$ 0	\$ 0	\$ 0	44,524
Licenses and Permits	0	0	0	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	0	38,951	0	0	44,992
Charges for Current Services	0	0	103,410	86,952	0	0	1,642
Other Local Revenues	0	0	108,401	3,161	0	0	27
State of Tennessee	0	0	5,404	0	0	0	69,988
Federal Government	0	0	0	96,489	0	0	0
Other Governments and Citizens Groups	0	0	913,526	0	0	0	0
Total Revenues	\$ 160,671	\$ 8,069	\$ 1,130,741	\$ 225,553	\$ 0	\$ 0	161,173
<u>Expenditures</u>							
Current:							
General Government	\$ 14,502	\$ 0	\$ 155,478	\$ 0	\$ 0	\$ 0	0
Administration of Justice	0	0	0	0	0	0	212,736
Public Safety	0	0	0	144,293	0	0	0
Social, Cultural, and Recreational Services	0	0	1,801,987	0	0	0	0
Other Operations	0	6,143	0	0	0	0	0
Highways	0	0	0	0	0	0	0
Capital Projects	0	0	83,386	0	0	0	0
Total Expenditures	\$ 14,502	\$ 6,143	\$ 2,040,851	\$ 144,293	\$ 0	\$ 0	212,736
Excess (Deficiency) of Revenues Over Expenditures	\$ 146,169	\$ 1,926	\$ (910,110)	\$ 81,260	\$ 0	\$ 0	(51,563)

(Continued)

Exhibit G-2

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control	Other Special Revenue	
Other Financing Sources (Uses)						
Transfers In	\$ 0	\$ 0	\$ 899,520	\$ 0	\$ 0	\$ 10,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 899,520	\$ 0	\$ 0	\$ 10,000
Net Change in Fund Balances	\$ 146,169	\$ 1,926	\$ (10,590)	\$ 81,260	\$ (41,563)	\$ 50,044
Fund Balance, July 1, 2013	254,107	46,580	1,222,043	1,588,866		
Fund Balance, June 30, 2014	\$ 400,276	\$ 48,506	\$ 1,211,453	\$ 1,670,126	\$ 8,481	

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

	Special Revenue Funds (Cont.)		Capital Projects Funds		
	Constitutional Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	Total
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 213,264	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	300,000	0	300,000
Fines, Forfeitures, and Penalties	0	83,943	0	0	0
Charges for Current Services	1,825	193,829	0	0	0
Other Local Revenues	0	111,589	0	0	0
State of Tennessee	0	75,392	0	0	0
Federal Government	0	96,489	0	66,445	66,445
Other Governments and Citizens Groups	0	913,526	0	0	0
Total Revenues	\$ 1,825	\$ 1,688,032	\$ 300,000	\$ 66,445	\$ 366,445
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 169,980	\$ 0	\$ 0	\$ 0
Administration of Justice	1,825	214,561	0	0	0
Public Safety	0	144,293	0	0	0
Social, Cultural, and Recreational Services	0	1,801,987	0	0	0
Other Operations	0	6,143	0	0	0
Highways	0	0	358,201	0	358,201
Capital Projects	0	83,386	0	143,794	143,794
Total Expenditures	\$ 1,825	\$ 2,420,350	\$ 358,201	\$ 143,794	\$ 501,995
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (732,318)	\$ (58,201)	\$ (77,349)	\$ (135,550)

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds		
	Constitutional Officers - Fees	Total	Highway Capital Projects	Other Capital Projects	Total
Other Financing Sources (Uses)					
Transfers In	\$ 0	\$ 909,520	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 909,520	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 0	\$ 177,202	\$ (58,201)	\$ (77,349)	\$ (135,550)
Fund Balance, July 1, 2013	0	3,161,640	59,292	375,757	435,049
Fund Balance, June 30, 2014	\$ 0	\$ 3,338,842	\$ 1,091	\$ 298,408	\$ 299,499

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

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	Endowment	
<u>Revenues</u>		
Local Taxes	0 \$	213,264
Licenses and Permits	0	300,000
Fines, Forfeitures, and Penalties	0	83,943
Charges for Current Services	0	193,829
Other Local Revenues	4,317	115,906
State of Tennessee	0	75,392
Federal Government	0	162,934
Other Governments and Citizens Groups	0	913,526
Total Revenues	<u>4,317 \$</u>	<u>2,058,794</u>
<u>Expenditures</u>		
Current:		
General Government	0 \$	169,980
Administration of Justice	0	214,561
Public Safety	0	144,293
Social, Cultural, and Recreational Services	0	1,801,987
Other Operations	1,244	7,387
Highways	0	358,201
Capital Projects	0	227,180
Total Expenditures	<u>1,244 \$</u>	<u>2,923,589</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,073 \$</u>	<u>(864,795)</u>

(Continued)

Exhibit G-2

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Endowment	
<u>Other Financing Sources (Uses)</u>		
Transfers In	0	\$ 909,520
Total Other Financing Sources (Uses)	0	\$ 909,520
Net Change in Fund Balances	3,073	\$ 44,725
Fund Balance, July 1, 2013	485,403	4,082,092
Fund Balance, June 30, 2014	488,476	4,126,817

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 160,671	\$ 0	\$ 0	\$ 160,671	\$ 178,588	\$ 178,588	\$ (17,917)
Total Revenues	\$ 160,671	\$ 0	\$ 0	\$ 160,671	\$ 178,588	\$ 178,588	\$ (17,917)
<u>Expenditures</u>							
General Government							
County Buildings	\$ 14,502	\$ (1,150)	\$ 174,227	\$ 187,579	\$ 212,700	\$ 212,700	\$ 25,121
Total Expenditures	\$ 14,502	\$ (1,150)	\$ 174,227	\$ 187,579	\$ 212,700	\$ 212,700	\$ 25,121
Excess (Deficiency) of Revenues Over Expenditures	\$ 146,169	\$ 1,150	\$ (174,227)	\$ (26,908)	\$ (34,112)	\$ (34,112)	\$ 7,204
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 146,169	\$ 1,150	\$ (174,227)	\$ (26,908)	\$ (34,112)	\$ (34,112)	\$ 7,204
	254,107	(1,150)	0	252,957	254,107	254,107	(1,150)
Fund Balance, June 30, 2014	\$ 400,276	\$ 0	\$ (174,227)	\$ 226,049	\$ 219,995	\$ 219,995	\$ 6,054

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, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 8,069 \$	0 \$	8,069 \$	9,483 \$	9,483 \$	(1,414)
Total Revenues	\$ 8,069 \$	0 \$	8,069 \$	9,483 \$	9,483 \$	(1,414)
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 6,143 \$	1,922 \$	8,065 \$	8,178 \$	8,178 \$	113
Total Expenditures	\$ 6,143 \$	1,922 \$	8,065 \$	8,178 \$	8,178 \$	113
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,926 \$	(1,922) \$	4 \$	1,305 \$	1,305 \$	(1,301)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 1,926 \$	(1,922) \$	4 \$	1,305 \$	1,305 \$	(1,301)
	46,580	0	46,580	0	0	46,580
Fund Balance, June 30, 2014	\$ 48,506 \$	(1,922) \$	46,584 \$	1,305 \$	1,305 \$	45,279

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 103,410	\$ 0	\$ 0	\$ 103,410	\$ 99,000	\$ 99,000	\$ 4,410
Other Local Revenues	108,401	0	0	108,401	113,474	113,474	(5,073)
State of Tennessee	5,404	0	0	5,404	0	5,606	(202)
Other Governments and Citizens Groups	913,526	0	0	913,526	909,521	909,521	4,005
Total Revenues	\$ 1,130,741	\$ 0	\$ 0	\$ 1,130,741	\$ 1,121,995	\$ 1,127,601	\$ 3,140
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 155,478	(413)	\$ 5,327	\$ 160,392	\$ 199,220	\$ 199,220	\$ 38,828
Social, Cultural, and Recreational Services	1,706,326	(6,825)	5,759	1,705,260	1,752,738	1,758,344	53,084
Other Social, Cultural, and Recreational Capital Projects	95,661	(97)	1,300	96,864	105,793	105,793	8,929
General Administration Projects	83,386	0	0	83,386	98,500	98,500	15,114
Total Expenditures	\$ 2,040,851	\$ (7,335)	\$ 12,386	\$ 2,045,902	\$ 2,156,251	\$ 2,161,857	\$ 115,955
Excess (Deficiency) of Revenues Over Expenditures	\$ (910,110)	\$ 7,335	\$ (12,386)	\$ (915,161)	\$ (1,034,256)	\$ (1,034,256)	\$ 119,095
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Total Other Financing Sources	\$ 899,520	\$ 0	\$ 0	\$ 899,520	\$ 899,520	\$ 899,520	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (10,590)	\$ 7,335	\$ (12,386)	\$ (15,641)	\$ (134,736)	\$ (134,736)	\$ 119,095
Fund Balance, July 1, 2013	1,222,043	(7,335)	0	1,214,708	1,222,043	1,222,043	(7,335)
Fund Balance, June 30, 2014	\$ 1,211,453	\$ 0	\$ (12,386)	\$ 1,199,067	\$ 1,087,307	\$ 1,087,307	\$ 111,760

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 38,951 \$	0 \$	0 \$	38,951 \$	40,300 \$	33,320 \$	5,631
Charges for Current Services	86,952	0	0	86,952	30,000	74,500	12,452
Other Local Revenues	3,161	0	0	3,161	3,000	3,000	161
Federal Government	96,489	0	0	96,489	0	87,000	9,489
Total Revenues	\$ 225,553 \$	0 \$	0 \$	225,553 \$	73,300 \$	197,820 \$	27,733
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 97,236 \$	(5,355) \$	670 \$	92,551 \$	96,500 \$	96,500 \$	3,949
Drug Enforcement	47,057	0	2,680	49,737	96,500	96,500	46,763
Total Expenditures	\$ 144,293 \$	(5,355) \$	3,350 \$	142,288 \$	193,000 \$	193,000 \$	50,712
Excess (Deficiency) of Revenues Over Expenditures	\$ 81,260 \$	5,355 \$	(3,350) \$	83,265 \$	(119,700) \$	4,820 \$	78,445
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 81,260 \$	5,355 \$	(3,350) \$	83,265 \$	(119,700) \$	4,820 \$	78,445
	1,588,866	(5,355)	0	1,583,511	1,588,866	1,588,866	(5,355)
Fund Balance, June 30, 2014	\$ 1,670,126 \$	0 \$	(3,350) \$	1,666,776 \$	1,469,166 \$	1,593,686 \$	73,090

Exhibit G-7

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 44,524	\$ 0	\$ 0	\$ 44,524	\$ 50,000	\$ 44,900	\$ (376)
Fines, Forfeitures, and Penalties	44,992	0	0	44,992	45,603	39,603	5,389
Charges for Current Services	1,642	0	0	1,642	500	1,600	42
Other Local Revenues	27	0	0	27	1,000	1,000	(973)
State of Tennessee	69,988	0	0	69,988	70,000	70,000	(12)
Other Governments and Citizens Groups	0	0	0	0	7,305	7,305	(7,305)
Total Revenues	\$ 161,173	\$ 0	\$ 0	\$ 161,173	\$ 174,408	\$ 164,408	\$ (3,235)
<u>Expenditures</u>							
Administration of Justice							
Criminal Court	\$ 212,736	(350)	2,193	\$ 214,579	\$ 215,730	\$ 215,730	\$ 1,151
Total Expenditures	\$ 212,736	(350)	2,193	\$ 214,579	\$ 215,730	\$ 215,730	\$ 1,151
Excess (Deficiency) of Revenues Over Expenditures	\$ (51,563)	\$ 350	(2,193)	\$ (53,406)	\$ (41,322)	\$ (51,322)	\$ (2,084)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 10,000	\$ 0
Total Other Financing Sources	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 10,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (41,563)	\$ 350	(2,193)	\$ (43,406)	\$ (41,322)	\$ (41,322)	\$ (2,084)
	50,044	(350)	0	49,694	50,044	50,044	(350)
Fund Balance, June 30, 2014	\$ 8,481	\$ 0	(2,193)	\$ 6,288	\$ 8,722	\$ 8,722	\$ (2,434)

Exhibit G-8

Blount County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Licenses and Permits	\$ 300,000 \$	0 \$	300,000 \$	300,000 \$	300,000 \$	0
Total Revenues	\$ 300,000 \$	0 \$	300,000 \$	300,000 \$	300,000 \$	0
<u>Expenditures</u>						
<u>Highways</u>						
Capital Outlay	\$ 358,201 \$	(58,313) \$	299,888 \$	300,000 \$	300,000 \$	112
Total Expenditures	\$ 358,201 \$	(58,313) \$	299,888 \$	300,000 \$	300,000 \$	112
Excess (Deficiency) of Revenues Over Expenditures	\$ (58,201) \$	58,313 \$	112 \$	0 \$	0 \$	112
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (58,201) \$	58,313 \$	112 \$	0 \$	0 \$	112
	59,292	(58,313)	979	59,292	59,292	(58,313)
Fund Balance, June 30, 2014	\$ 1,091 \$	0 \$	1,091 \$	59,292 \$	59,292 \$	(58,201)

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 and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 14,527,313	\$ 13,847,000	\$ 13,847,000	\$ 680,313
Other Local Revenues	151,887	143,000	143,000	8,887
Other Governments and Citizens Groups	724,285	738,731	725,563	(1,278)
Total Revenues	<u>\$ 15,403,485</u>	<u>\$ 14,728,731</u>	<u>\$ 14,715,563</u>	<u>\$ 687,922</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 6,844,192	\$ 6,640,269	\$ 6,848,115	\$ 3,923
Education	198,094	181,167	198,094	0
<u>Interest on Debt</u>				
General Government	7,961,611	8,377,205	9,044,300	1,082,689
Education	97,778	107,564	97,778	0
<u>Other Debt Service</u>				
General Government	1,000,345	1,449,710	1,071,244	70,899
Total Expenditures	<u>\$ 16,102,020</u>	<u>\$ 16,755,915</u>	<u>\$ 17,259,531</u>	<u>\$ 1,157,511</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (698,535)	\$ (2,027,184)	\$ (2,543,968)	\$ 1,845,433
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 79,800,000	\$ 0	\$ 79,800,000	\$ 0
Transfers In	827,422	720,170	884,675	(57,253)
Payments to Refunded Debt Escrow Agent	(79,800,000)	0	(79,800,000)	0
Total Other Financing Sources	<u>\$ 827,422</u>	<u>\$ 720,170</u>	<u>\$ 884,675</u>	<u>\$ (57,253)</u>
Net Change in Fund Balance	\$ 128,887	\$ (1,307,014)	\$ (1,659,293)	\$ 1,788,180
Fund Balance, July 1, 2013	9,829,822	9,829,822	9,829,822	0
Fund Balance, June 30, 2014	<u>\$ 9,958,709</u>	<u>\$ 8,522,808</u>	<u>\$ 8,170,529</u>	<u>\$ 1,788,180</u>

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, 2014

	Agency Funds										Total	
	Cities - Sales Tax	City School ADA - Alcoa	City School ADA - Maryville	Constitu- tional Officers - Agency	Other Agency	Judicial District Drug	District Attorney General	Other Agency #2				
ASSETS												
Cash	\$ 0	\$ 0	\$ 0	\$ 3,464,105	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,464,105
Equity in Pooled Cash and Investments	0	3,412	9,581	0	25,127	1,210,428	171,041	138,316	153,068	155,141	0	1,557,905
Accounts Receivable	0	0	0	450	0	1,623	0	0	0	0	0	153,068
Due from Other Governments	2,635,906	353,746	993,172	0	0	0	0	0	0	0	0	3,982,824
Due from Other Funds	0	0	0	0	183,800	0	0	0	0	0	0	183,800
Taxes Receivable	0	3,685,194	10,358,533	0	0	0	0	0	0	0	0	14,043,727
Allowance for Uncollectible Taxes	0	(75,046)	(210,944)	0	0	0	0	0	0	0	0	(285,990)
Total Assets	\$ 2,635,906	\$ 3,967,306	\$ 11,150,342	\$ 3,464,555	\$ 208,927	\$ 1,212,051	\$ 171,041	\$ 291,384	\$ 23,101,512			
LIABILITIES												
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 79,167	\$ 75	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 79,242
Payroll Deductions Payable	0	0	0	0	129,760	0	0	0	0	0	0	129,760
Due to Other Taxing Units	2,635,906	3,967,306	11,150,342	0	0	0	0	0	0	0	0	17,753,554
Due to Litigants, Heirs, and Others	0	0	0	3,464,555	0	0	171,041	0	0	0	0	3,635,596
Due to Joint Ventures	0	0	0	0	0	1,180,314	0	291,384	1,471,698	0	0	1,471,698
Other Current Liabilities	0	0	0	0	0	31,662	0	0	0	0	0	31,662
Total Liabilities	\$ 2,635,906	\$ 3,967,306	\$ 11,150,342	\$ 3,464,555	\$ 208,927	\$ 1,212,051	\$ 171,041	\$ 291,384	\$ 23,101,512			

Exhibit I-2

Blount County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 14,706,740	\$ 14,706,740	\$ 0
Due from Other Governments	2,495,575	2,635,906	2,495,575	2,635,906
Total Assets	\$ 2,495,575	\$ 17,342,646	\$ 17,202,315	\$ 2,635,906
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,495,575	\$ 17,342,646	\$ 17,202,315	\$ 2,635,906
Total Liabilities	\$ 2,495,575	\$ 17,342,646	\$ 17,202,315	\$ 2,635,906
<u>City School ADA - Alcoa Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,441	\$ 5,469,830	\$ 5,468,859	\$ 3,412
Due from Other Governments	336,238	353,746	336,238	353,746
Taxes Receivable	3,574,342	3,685,194	3,574,342	3,685,194
Allowance for Uncollectible Taxes	(72,171)	(75,046)	(72,171)	(75,046)
Total Assets	\$ 3,840,850	\$ 9,433,724	\$ 9,307,268	\$ 3,967,306
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,840,850	\$ 9,433,724	\$ 9,307,268	\$ 3,967,306
Total Liabilities	\$ 3,840,850	\$ 9,433,724	\$ 9,307,268	\$ 3,967,306
<u>City School ADA - Maryville Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 6,800	\$ 15,362,594	\$ 15,359,813	\$ 9,581
Due from Other Governments	936,633	993,172	936,633	993,172
Taxes Receivable	9,959,367	10,358,533	9,959,367	10,358,533
Allowance for Uncollectible Taxes	(201,095)	(210,944)	(201,095)	(210,944)
Total Assets	\$ 10,701,705	\$ 26,503,355	\$ 26,054,718	\$ 11,150,342
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 10,701,705	\$ 26,503,355	\$ 26,054,718	\$ 11,150,342
Total Liabilities	\$ 10,701,705	\$ 26,503,355	\$ 26,054,718	\$ 11,150,342

(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	\$ 2,440,859	\$ 24,090,875	\$ 23,067,629	\$ 3,464,105
Accounts Receivable	1,960	450	1,960	450
Total Assets	\$ 2,442,819	\$ 24,091,325	\$ 23,069,589	\$ 3,464,555
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,442,819	\$ 24,091,325	\$ 23,069,589	\$ 3,464,555
Total Liabilities	\$ 2,442,819	\$ 24,091,325	\$ 23,069,589	\$ 3,464,555
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 212,981	\$ 79,839,496	\$ 80,027,350	\$ 25,127
Due from Other Funds	4,754	183,800	4,754	183,800
Due from Component Units	22,958	0	22,958	0
Prepaid Items	124,997	0	124,997	0
Total Assets	\$ 365,690	80,023,296	80,180,059	208,927
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 79,167	\$ 0	\$ 79,167
Payroll Deductions Payable	226,899	79,944,129	80,041,268	129,760
Due to Other Funds	40,083	0	40,083	0
Due to Component Units	98,708	0	98,708	0
Total Liabilities	\$ 365,690	\$ 80,023,296	\$ 80,180,059	\$ 208,927
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,309,426	\$ 377,995	\$ 476,993	\$ 1,210,428
Accounts Receivable	0	1,623	0	1,623
Total Assets	\$ 1,309,426	\$ 379,618	\$ 476,993	\$ 1,212,051
<u>Liabilities</u>				
Accounts Payable	\$ 38,189	\$ 75	\$ 38,189	\$ 75
Due to Joint Venture	1,238,408	347,881	405,975	1,180,314
Other Current Liabilities	32,829	31,662	32,829	31,662
Total Liabilities	\$ 1,309,426	\$ 379,618	\$ 476,993	\$ 1,212,051

(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	\$ 149,214	\$ 22,001	\$ 174	\$ 171,041
Total Assets	\$ 149,214	\$ 22,001	\$ 174	\$ 171,041
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 149,214	\$ 22,001	\$ 174	\$ 171,041
Total Liabilities	\$ 149,214	\$ 22,001	\$ 174	\$ 171,041
<u>Other Agency Fund #2</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 132,084	\$ 1,376,909	\$ 1,370,677	\$ 138,316
Accounts Receivable	151,082	153,068	151,082	153,068
Total Assets	\$ 283,166	\$ 1,529,977	\$ 1,521,759	\$ 291,384
<u>Liabilities</u>				
Due to Joint Ventures	\$ 283,166	\$ 1,529,977	\$ 1,521,759	\$ 291,384
Total Liabilities	\$ 283,166	\$ 1,529,977	\$ 1,521,759	\$ 291,384
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,440,859	\$ 24,090,875	\$ 23,067,629	\$ 3,464,105
Equity in Pooled Cash and Investments	1,812,946	117,155,565	117,410,606	1,557,905
Accounts Receivable	153,042	155,141	153,042	155,141
Due from Other Governments	3,768,446	3,982,824	3,768,446	3,982,824
Due from Other Funds	4,754	183,800	4,754	183,800
Due from Component Units	22,958	0	22,958	0
Taxes Receivable	13,533,709	14,043,727	13,533,709	14,043,727
Allowance for Uncollectible Taxes	(273,266)	(285,990)	(273,266)	(285,990)
Prepaid Items	124,997	0	124,997	0
Total Assets	\$ 21,588,445	\$ 159,325,942	\$ 157,812,875	\$ 23,101,512
<u>Liabilities</u>				
Accounts Payable	\$ 38,189	\$ 79,242	\$ 38,189	\$ 79,242
Payroll Deductions Payable	226,899	79,944,129	80,041,268	129,760
Due to Other Funds	40,083	0	40,083	0
Due to Component Units	98,708	0	98,708	0
Due to Other Taxing Units	17,038,130	53,279,725	52,564,301	17,753,554
Due to Litigants, Heirs, and Others	2,592,033	24,113,326	23,069,763	3,635,596
Due to Joint Ventures	1,521,574	1,877,858	1,927,734	1,471,698
Other Current Liabilities	32,829	31,662	32,829	31,662
Total Liabilities	\$ 21,588,445	\$ 159,325,942	\$ 157,812,875	\$ 23,101,512

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 was used to account for construction projects funded by the Qualified School Construction bonds issued by the primary government and contributed to the School Department. This fund was closed during the year.

Exhibit J-1

Blount County, Tennessee
Statement of Activities
Discretely Presented Blount County School Department
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 56,305,701	\$ 40,500	\$ 6,375,972	\$ 0	\$ (49,889,229)
Support Services	32,398,171	3,031,086	56,999	20,525	(29,289,561)
Operation of Non-instructional Services	7,688,818	0	3,728,326	0	(3,960,492)
Total Governmental Activities	\$ 96,392,690	\$ 3,071,586	\$ 10,161,297	\$ 20,525	\$ (83,139,282)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	21,608,805
Local Option Sales Taxes					10,756,631
Business Taxes					443,027
Other Local Taxes					78,310
Grants and Contributions Not Restricted for Specific Programs					49,024,177
Unrestricted Investment Income					19,122
Miscellaneous					25,547
Total General Revenues				\$	\$ 81,955,619
Change in Net Position				\$	(1,183,663)
Net Position, July 1, 2013					137,223,744
Net Position, June 30, 2014				\$	\$ 136,040,081

Exhibit J-2

Blount County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Blount County School Department
June 30, 2014

	<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	\$ 8,473,447	\$ 1,264,844	\$ 9,738,291
Accounts Receivable	22,317	32,889	55,206
Due from Other Governments	2,306,416	576,447	2,882,863
Due from Other Funds	15,000	2,092	17,092
Property Taxes Receivable	22,191,135	0	22,191,135
Allowance for Uncollectible Property Taxes	(451,906)	0	(451,906)
Total Assets	\$ 32,556,409	\$ 1,876,272	\$ 34,432,681
<u>LIABILITIES</u>			
Accounts Payable	\$ 426,579	\$ 25,721	\$ 452,300
Accrued Payroll	3,770,518	458,671	4,229,189
Payroll Deductions Payable	0	1,307	1,307
Due to Other Funds	2,092	15,000	17,092
Due to Primary Government	715,373	94,265	809,638
Other Current Liabilities	609,930	62,941	672,871
Total Liabilities	\$ 5,524,492	\$ 657,905	\$ 6,182,397
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 21,181,988	\$ 0	\$ 21,181,988
Deferred Delinquent Property Taxes	430,669	0	430,669
Total Deferred Inflows of Resources	\$ 21,612,657	\$ 0	\$ 21,612,657
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,215,174	\$ 721,045	\$ 1,936,219
Committed:			
Committed for Education	0	497,322	497,322
Assigned:			
Assigned for Education	101,340	0	101,340
Unassigned	4,102,746	0	4,102,746
Total Fund Balances	\$ 5,419,260	\$ 1,218,367	\$ 6,637,627
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 32,556,409	\$ 1,876,272	\$ 34,432,681

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, 2014

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)		\$ 6,637,627
(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	118,815,308	
Add: other capital assets net of accumulated depreciation	<u>1,777,383</u>	130,543,750
(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	\$ (1,612,155)	
Less: accrued interest on capital lease payable on primary government debt	(58,053)	
Add: other postemployment benefits (prepaid)	183,260	
Less: compensated absences payable	<u>(85,017)</u>	(1,571,965)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>430,669</u>
Net position of governmental activities (Exhibit A)		<u>\$ 136,040,081</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 33,110,494	\$ 0	\$ 33,110,494
Licenses and Permits	5,335	0	5,335
Charges for Current Services	40,500	3,018,086	3,058,586
Other Local Revenues	293,423	8,773	302,196
State of Tennessee	48,255,077	181,961	48,437,038
Federal Government	517,533	9,772,227	10,289,760
Total Revenues	<u>\$ 82,222,362</u>	<u>\$ 12,981,047</u>	<u>\$ 95,203,409</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 51,499,213	\$ 4,769,433	\$ 56,268,646
Support Services	26,938,460	1,479,709	28,418,169
Operation of Non-instructional Services	652,748	6,854,022	7,506,770
Capital Outlay	538,333	0	538,333
Debt Service:			
Other Debt Service	295,872	0	295,872
Capital Projects	0	23,934	23,934
Total Expenditures	<u>\$ 79,924,626</u>	<u>\$ 13,127,098</u>	<u>\$ 93,051,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,297,736</u>	<u>\$ (146,051)</u>	<u>\$ 2,151,685</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 15,000	\$ 0	\$ 15,000
Transfers Out	0	(15,000)	(15,000)
Total Other Financing Sources (Uses)	<u>\$ 15,000</u>	<u>\$ (15,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,312,736	\$ (161,051)	\$ 2,151,685
Fund Balance, July 1, 2013	3,106,524	1,379,418	4,485,942
Fund Balance, June 30, 2014	<u>\$ 5,419,260</u>	<u>\$ 1,218,367</u>	<u>\$ 6,637,627</u>

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, 2014

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)		\$ 2,151,685
(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	\$ 384,398	
Less: current-year depreciation expense	<u>(3,886,702)</u>	(3,502,304)
(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 assets disposed	<u>\$ (28,693)</u>	(28,693)
(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, 2014	\$ 430,669	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(445,576)</u>	(14,907)
(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		198,094
(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	\$ 7,132	
Change in other postemployment benefits liability (prepaid)	7,754	
Change in compensated absences payable	<u>(2,424)</u>	<u>12,462</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,183,663)</u>

Exhibit J-6

Blount County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Blount County School Department
June 30, 2014

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 142,855	\$ 829,705	\$ 292,284	\$ 1,264,844
Accounts Receivable	0	125	32,764	32,889
Due from Other Governments	569,912	0	6,535	576,447
Due from Other Funds	7	2,085	0	2,092
Total Assets	<u>\$ 712,774</u>	<u>\$ 831,915</u>	<u>\$ 331,583</u>	<u>\$ 1,876,272</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 12,826	\$ 4,493	\$ 8,402	\$ 25,721
Accrued Payroll	337,710	60,483	60,478	458,671
Payroll Deductions Payable	0	1,307	0	1,307
Due to Other Funds	15,000	0	0	15,000
Due to Primary Government	47,282	38,729	8,254	94,265
Other Current Liabilities	44,669	11,145	7,127	62,941
Total Liabilities	<u>\$ 457,487</u>	<u>\$ 116,157</u>	<u>\$ 84,261</u>	<u>\$ 657,905</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 5,287	\$ 715,758	\$ 0	\$ 721,045
Committed:				
Committed for Education	250,000	0	247,322	497,322
Total Fund Balances	<u>\$ 255,287</u>	<u>\$ 715,758</u>	<u>\$ 247,322</u>	<u>\$ 1,218,367</u>
Total Liabilities and Fund Balances	<u>\$ 712,774</u>	<u>\$ 831,915</u>	<u>\$ 331,583</u>	<u>\$ 1,876,272</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, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total	
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 1,820,546	\$ 1,197,540	\$ 0	\$ 3,018,086	\$ 3,018,086
Other Local Revenues	0	3,253	5,517	3	8,770	8,773
State of Tennessee	0	50,306	131,655	0	181,961	181,961
Federal Government	6,269,146	3,503,081	0	0	9,772,227	9,772,227
Total Revenues	\$ 6,269,146	\$ 5,377,186	\$ 1,334,712	\$ 3	\$ 12,981,044	\$ 12,981,047
<u>Expenditures</u>						
Current:						
Instruction	\$ 4,769,433	0	0	0	4,769,433	4,769,433
Support Services	1,479,709	0	0	0	1,479,709	1,479,709
Operation of Non-instructional Services	0	5,381,264	1,472,758	0	6,854,022	6,854,022
Capital Projects	0	0	0	23,934	23,934	23,934
Total Expenditures	\$ 6,249,142	\$ 5,381,264	\$ 1,472,758	\$ 23,934	\$ 13,103,164	\$ 13,127,098
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,004	\$ (4,078)	\$ (138,046)	\$ (23,931)	\$ (122,120)	\$ (146,051)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (15,000)	0	0	0	(15,000)	(15,000)
Total Other Financing Sources (Uses)	\$ (15,000)	0	0	0	(15,000)	(15,000)
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ 5,004	\$ (4,078)	\$ (138,046)	\$ (23,931)	\$ (137,120)	\$ (161,051)
Fund Balance, June 30, 2014	250,283	719,836	385,368	23,931	1,355,487	1,379,418
	\$ 255,287	\$ 715,758	\$ 247,322	\$ 0	\$ 1,218,367	\$ 1,218,367

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 33,110,494	\$ 0	\$ 0	\$ 33,110,494	\$ 31,845,000	\$ 31,895,000	\$ 1,215,494
Licenses and Permits	5,335	0	0	5,335	5,000	5,000	335
Charges for Current Services	40,500	0	0	40,500	41,000	41,000	(500)
Other Local Revenues	293,423	0	0	293,423	346,000	335,675	(42,252)
State of Tennessee	48,255,077	0	0	48,255,077	48,241,400	48,326,201	(71,124)
Federal Government	517,533	0	0	517,533	491,600	555,313	(37,780)
Total Revenues	\$ 82,222,362	\$ 0	\$ 0	\$ 82,222,362	\$ 80,970,000	\$ 81,158,189	\$ 1,064,173
Expenditures							
Instruction							
Regular Instruction Program	\$ 38,862,707	(3,154)	4,964	\$ 38,864,517	\$ 37,612,976	\$ 39,544,100	\$ 679,583
Special Education Program	7,845,887	(7,141)	4,090	7,842,836	8,076,400	7,935,120	92,284
Vocational Education Program	3,336,492	0	1,748	3,338,240	3,559,400	3,465,800	127,560
Adult Education Program	211,790	(342)	495	211,943	218,400	226,099	14,156
Other	1,242,337	0	0	1,242,337	1,325,000	1,310,000	67,663
Support Services							
Attendance	116,577	0	0	116,577	120,000	117,400	823
Health Services	789,590	(100)	2,023	791,513	813,350	805,600	14,087
Other Student Support	1,782,254	(207)	7,753	1,789,800	1,913,900	1,824,500	34,700
Regular Instruction Program	2,005,385	(1,551)	1,765	2,005,599	2,317,800	2,107,400	101,801
Special Education Program	463,050	0	0	463,050	484,700	479,600	16,550
Vocational Education Program	85,485	0	0	85,485	87,800	85,800	315
Adult Programs	109,236	(751)	0	108,485	113,100	120,859	12,374
Other Programs	114,851	0	0	114,851	61,500	117,656	2,805
Board of Education	1,959,711	(8,423)	2,293	1,953,581	1,623,600	1,977,248	23,667
Director of Schools	503,975	(5,370)	1,766	500,371	569,200	516,775	16,404
Office of the Principal	5,624,752	(12,642)	3,175	5,615,285	5,807,100	5,627,230	11,945
Fiscal Services	183,238	0	0	183,238	212,600	186,960	3,722
Operation of Plant	7,185,590	(23,521)	31,367	7,193,436	7,749,494	7,427,955	234,519
Maintenance of Plant	1,660,618	(82,625)	29,013	1,607,006	1,921,700	1,712,100	105,094

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 3,567,507	\$ 0	\$ 0	\$ 3,567,507	\$ 3,672,300	\$ 3,588,300	\$ 20,793
Central and Other	786,641	(42,287)	9,946	754,300	1,103,800	766,000	11,700
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	652,748	0	857	653,605	664,000	655,000	1,395
Capital Outlay							
Regular Capital Outlay	538,333	(2,942)	85	535,476	676,000	639,955	104,479
Other Debt Service							
Education	295,872	0	0	295,872	295,880	295,880	8
Total Expenditures	\$ 79,924,626	\$ (191,056)	\$ 101,340	\$ 79,834,910	\$ 81,000,000	\$ 81,533,337	\$ 1,698,427
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,297,736	\$ 191,056	\$ (101,340)	\$ 2,387,452	\$ (30,000)	\$ (375,148)	\$ 2,762,600
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 15,000	\$ 0	\$ 0	\$ 15,000	\$ 30,000	\$ 30,000	\$ (15,000)
Total Other Financing Sources	\$ 15,000	\$ 0	\$ 0	\$ 15,000	\$ 30,000	\$ 30,000	\$ (15,000)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 2,312,736	\$ 191,056	\$ (101,340)	\$ 2,402,452	\$ 0	\$ (345,148)	\$ 2,747,600
Fund Balance, June 30, 2014	\$ 3,106,524	\$ (191,056)	\$ 0	\$ 2,915,468	\$ 3,106,524	\$ 3,106,524	\$ (191,056)
Fund Balance, June 30, 2014	\$ 5,419,260	\$ 0	\$ (101,340)	\$ 5,317,920	\$ 3,106,524	\$ 2,761,376	\$ 2,556,544

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, 2014

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2013	Encumbrances 6/30/2014			Original	Final	
<u>Revenues</u>								
Federal Government	\$ 6,269,146	\$ 0	\$ 0	\$ 6,269,146	\$ 6,074,166	\$ 7,161,911	\$ (892,765)	
Total Revenues	\$ 6,269,146	\$ 0	\$ 0	\$ 6,269,146	\$ 6,074,166	\$ 7,161,911	\$ (892,765)	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 2,533,910	\$ 0	\$ 0	\$ 2,533,910	\$ 2,154,364	\$ 2,693,432	\$ 159,522	
Special Education Program	2,102,384	0	4,135	2,106,519	2,361,515	2,320,063	213,544	
Vocational Education Program	133,139	(283)	257	133,113	153,640	163,179	30,066	
<u>Support Services</u>								
Other Student Support	52,829	0	0	52,829	59,512	54,963	2,134	
Regular Instruction Program	760,598	0	0	760,598	871,845	1,025,155	264,557	
Special Education Program	422,111	0	511	422,622	411,500	565,620	142,998	
Vocational Education Program	1,497	0	0	1,497	2,700	1,497	0	
Transportation	242,674	0	0	242,674	223,000	323,000	80,326	
Total Expenditures	\$ 6,249,142	\$ (283)	\$ 4,903	\$ 6,253,762	\$ 6,238,076	\$ 7,146,909	\$ 893,147	
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,004	\$ 283	\$ (4,903)	\$ 15,384	\$ (163,910)	\$ 15,002	\$ 382	
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,509	\$ 0	\$ 0	
Transfers Out	(15,000)	0	0	(15,000)	(20,599)	(15,000)	0	
Total Other Financing Sources	\$ (15,000)	\$ 0	\$ 0	\$ (15,000)	\$ 163,910	\$ (15,000)	\$ 0	
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 5,004	\$ 283	\$ (4,903)	\$ 384	\$ 0	\$ 2	\$ 382	
Fund Balance, June 30, 2014	250,283	(283)	0	250,000	250,283	250,283	(283)	
Fund Balance, June 30, 2014	\$ 255,287	\$ 0	\$ (4,903)	\$ 250,384	\$ 250,283	\$ 250,285	\$ 99	

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,820,546	\$ 0	\$ 0	\$ 1,820,546	\$ 2,097,000	\$ 2,097,000	\$ (276,454)
Other Local Revenues	3,253	0	0	3,253	3,000	3,000	253
State of Tennessee	50,306	0	0	50,306	52,000	52,000	(1,694)
Federal Government	3,503,081	0	0	3,503,081	3,567,000	3,611,599	(108,518)
Total Revenues	\$ 5,377,186	\$ 0	\$ 0	\$ 5,377,186	\$ 5,719,000	\$ 5,763,599	\$ (386,413)
<u>Expenditures</u>							
Operation of Non-instructional Services	\$ 5,381,264	\$ (20,998)	\$ 201,266	\$ 5,561,532	\$ 5,948,000	\$ 5,992,599	\$ 431,067
Food Service	5,381,264	(20,998)	201,266	5,561,532	5,948,000	5,992,599	431,067
Total Expenditures	\$ (4,078)	\$ 20,998	\$ (201,266)	\$ (184,346)	\$ (229,000)	\$ (229,000)	\$ 44,654
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,000	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,000	\$ 0	\$ 0
Total Other Financing Sources	\$ (4,078)	\$ 20,998	\$ (201,266)	\$ (184,346)	\$ 0	\$ (229,000)	\$ 44,654
Net Change in Fund Balance Fund Balance, July 1, 2013	719,836	(20,998)	0	698,838	719,836	719,836	(20,998)
Fund Balance, June 30, 2014	\$ 715,758	\$ 0	\$ (201,266)	\$ 514,492	\$ 719,836	\$ 490,836	\$ 23,656

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,197,540	\$ 0	\$ 0	\$ 1,197,540	\$ 1,330,000	\$ 1,330,000	\$ (132,460)
Other Local Revenues	5,517	0	0	5,517	5,000	5,000	517
State of Tennessee	131,655	0	0	131,655	160,000	160,000	(28,345)
Total Revenues	\$ 1,334,712	\$ 0	\$ 0	\$ 1,334,712	\$ 1,495,000	\$ 1,495,000	\$ (160,288)
<u>Expenditures</u>							
<u>Operation of Non-instructional Services</u>							
Community Services	\$ 1,472,758	\$ (17,322)	\$ 17,942	\$ 1,473,378	\$ 1,665,000	\$ 1,665,000	\$ 191,622
Total Expenditures	\$ 1,472,758	\$ (17,322)	\$ 17,942	\$ 1,473,378	\$ 1,665,000	\$ 1,665,000	\$ 191,622
Excess (Deficiency) of Revenues Over Expenditures	\$ (138,046)	\$ 17,322	\$ (17,942)	\$ (138,666)	\$ (170,000)	\$ (170,000)	\$ 31,334
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (138,046)	\$ 17,322	\$ (17,942)	\$ (138,666)	\$ 0	\$ (170,000)	\$ 31,334
Fund Balance, July 1, 2013	385,368	(17,322)	0	368,046	385,368	385,368	(17,322)
Fund Balance, June 30, 2014	\$ 247,322	\$ 0	\$ (17,942)	\$ 229,380	\$ 385,368	\$ 215,368	\$ 14,012

MISCELLANEOUS SCHEDULES

Exhibit K-1

Blount County, Tennessee
 Schedule of Changes in Other Loans, Capital Leases and Bonds
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-14
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Public Building Authority Loan Agreements									
Industrial Park (Series B-10-A)	\$ 2,000,000	5.55 to 6.2%	6-29-06	6-1-21	\$ 1,330,000	\$ 0	\$ 135,000	\$ 0	\$ 1,195,000
Various Purposes (Series B-16-A)	33,550,000	3 to 5	5-15-08	6-1-37	25,885,000	0	1,985,000	0	23,900,000
Refunding (Series E-1-A)	50,500,000	Variable	6-20-08	6-1-37	50,500,000	0	0	50,500,000	0
Industrial Park (Series B-17-A)	3,000,000	3.25 to 4.5	6-20-08	6-1-30	2,635,000	0	100,000	0	2,535,000
Refunding (Series E-3-B)	20,165,000	Variable (1)	7-31-08	6-1-30	20,165,000	0	0	0	20,165,000
Refunding (Series E-5-A)	31,175,000	Variable	8-7-08	6-1-30	29,300,000	0	0	29,300,000	0
Various Purposes (Series B-18-A)	4,380,000	2.5 to 5	3-2-09	6-1-19	3,750,000	0	350,000	0	3,400,000
Tennessee State School Bond Authority									
Loan Agreement									
Qualified Zone Academy Bonds - School Building, Renovation, Repairs, and Equipping	727,865	0	11-24-04	11-24-20	225,209	0	40,501	0	184,708
Total Other Loans Payable					\$ 133,790,209	\$ 0	\$ 2,610,501	\$ 79,800,000	\$ 51,379,708
CAPITAL LEASES PAYABLE									
Payable through General Debt Service Fund									
Drug Task Force Building	350,000	4.5	11-1-05	6-1-19	179,422	0	179,422	0	0
Motorola Radio System	3,007,000	3.97	9-1-10	9-1-20	2,495,435	0	271,114	0	2,224,321
Total Payable through General Debt Service Fund					\$ 2,674,857	\$ 0	\$ 450,536	\$ 0	\$ 2,224,321
Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund									
School Energy Facility Upgrades	2,738,602	5.4	7-6-06	11-6-19	1,810,249	0	198,094	0	1,612,155
Total Contributions Due by School Department					\$ 1,810,249	\$ 0	\$ 198,094	\$ 0	\$ 1,612,155
Total Capital Leases Payable					\$ 4,485,106	\$ 0	\$ 648,630	\$ 0	\$ 3,836,476
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Refunding, Series 2004 A	7,405,000	2 to 4.15	9-1-04	3-1-19	4,000,000	0	605,000	0	3,395,000
General Obligation Refunding, Series 2004 B	5,060,000	2 to 4	10-1-04	4-1-19	3,120,000	0	475,000	0	2,645,000
General Obligation Refunding, Series 2005	14,860,000	3 to 5	1-27-05	4-1-19	8,780,000	0	1,305,000	0	7,475,000
Qualified School Construction Bond, Series 2010	14,855,000	2.6	10-7-10	9-14-27	13,129,613	0	978,155	0	12,151,458
General Obligation Refunding, Series 2011	46,390,000	4.5	5-5-11	6-1-30	45,780,000	0	295,000	0	45,485,000
General Obligation Refunding, Series 2013B	79,800,000	Variable (1)	12-9-13	6-1-37	0	79,800,000	125,000	0	79,675,000
Total Bonds Payable					\$ 74,809,613	\$ 79,800,000	\$ 3,783,155	\$ 0	\$ 150,826,458

(1) These debt instruments have interest rate swap agreements associated with them. 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	Swap Payments	Total
2015	\$ 2,740,501	\$ 1,412,244	\$ 187,011	\$ 651,292	\$ 4,991,048
2016	2,900,501	1,311,593	187,011	651,292	5,050,397
2017	2,020,501	1,203,718	187,011	651,292	4,062,522
2018	1,235,501	1,120,808	187,011	651,292	3,194,612
2019	1,232,704	1,064,768	187,011	651,292	3,135,775
2020	325,000	1,007,584	186,766	651,292	2,170,642
2021	345,000	990,066	186,767	651,292	2,173,125
2022	150,000	971,503	186,766	651,292	1,959,561
2023	160,000	965,128	186,766	651,292	1,963,186
2024	3,455,000	958,328	186,766	651,292	5,251,386
2025	3,775,000	806,966	186,766	651,292	5,420,024
2026	4,105,000	619,091	186,766	651,292	5,562,149
2027	4,935,000	414,766	186,766	651,292	6,187,824
2028	400,000	192,691	186,767	651,292	1,430,750
2029	210,000	174,190	186,766	651,292	1,222,248
2030	7,725,000	164,740	186,766	651,292	8,727,798
2031	12,665,000	150,110	117,302	409,825	13,342,237
2032	500,000	142,500	0	0	642,500
2033	500,000	118,750	0	0	618,750
2034	500,000	95,000	0	0	595,000
2035	500,000	71,250	0	0	571,250
2036	500,000	47,500	0	0	547,500
2037	500,000	23,750	0	0	523,750
Total	\$ 51,379,708	\$ 14,027,044	\$ 3,106,785	\$ 10,830,497	\$ 79,344,034

*Net of on-going costs, which are reflected as other loan fees.

(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
2015	\$ 3,906,929	\$ 3,741,186	\$ 2,123,175	\$ 9,771,290
2016	4,006,929	3,619,804	2,123,175	9,749,908
2017	4,646,929	3,494,357	2,123,175	10,264,461
2018	5,571,929	3,344,337	2,074,492	10,990,758
2019	6,011,929	3,180,022	1,962,984	11,154,935
2020	7,166,929	2,997,070	1,845,384	12,009,383
2021	7,411,929	2,747,469	1,620,761	11,780,159
2022	8,001,929	2,423,220	1,383,765	11,808,914
2023	8,351,929	2,069,469	1,133,724	11,555,122
2024	6,036,929	1,698,220	869,926	8,605,075
2025	6,041,929	1,667,520	767,924	8,477,373
2026	6,071,928	1,636,619	665,922	8,374,469
2027	5,618,311	1,604,155	563,919	7,786,385
2028	11,035,000	862,216	478,694	12,375,910
2029	11,345,000	739,276	284,762	12,369,038
2030	4,100,000	387,269	101,660	4,588,929
2031	0	239,330	0	239,330
2032	6,600,000	239,330	0	6,839,330
2033	7,050,000	204,614	0	7,254,614
2034	7,400,000	167,531	0	7,567,531
2035	7,750,000	128,607	0	7,878,607
2036	8,150,000	87,842	0	8,237,842
2037	8,550,000	44,973	0	8,594,973
Total	\$ 150,826,458	\$ 37,324,436	\$ 20,123,442	\$ 208,274,336

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2015	\$ 498,025	\$ 175,385	\$ 673,410
2016	528,466	152,519	680,985
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	\$ 3,836,476	\$ 692,456	\$ 4,528,932

Exhibit K-3

Blount County, Tennessee
Schedule of Notes Receivable
June 30, 2014

<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 6-30-14</u>
<u>General Debt Service Fund</u>						
Sale of Land	The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee	\$ 695,000	2-27-07	9-1-14	0%	\$ 538,929
Motorola Radio System	The City of Maryville, Tennessee	918,996	9-1-10	9-1-20	0	579,596
"	The City of Alcoa, Tennessee	751,735	9-1-10	9-1-20	0	474,103
Total Notes Receivable						<u>\$ 1,592,628</u>

(1) Per agreement, maturity date was extended to September 1, 2014.

Exhibit K-4

Blount County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Blount County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 899,520
"	General Debt Service	Debt service	827,422
"	Other Special Revenue	Operations	10,000
Self-Insurance	General	Payroll	109,944
Total Transfers Primary Government			<u>\$ 1,846,886</u>
<u>DISCRETELY PRESENTED BLOUNT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 15,000</u>
Total Transfers Discretely Presented Blount County School Department			<u>\$ 15,000</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 108,812	\$ 50,000	Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, TCA	86,359	100,000	"
Director of Schools	Board of Education	115,055 (1)	50,000	"
Trustee	Section 8-24-102, TCA	78,508	4,121,800	"
Assessor of Property	Section 8-24-102, TCA	78,508	10,000	"
Director of Accounts and Budgets	County Commission	87,866 (2)	25,000	"
County Clerk	Section 8-24-102, TCA	78,508	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	78,508	50,000	"
Clerk and Master	Section 8-24-102, TCA	78,508 (3)	55,000	"
Register of Deeds	and Chancery Court Judge	78,508	25,000	"
Sheriff	Section 8-24-102, TCA	103,631 (4)	25,000	"
Purchasing Agent	Section 8-24-102, TCA, and County Commission	53,250	25,000	"
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 \$9,358 for serving as assistant county mayor.
(3) Does not include special commissioner fees of \$1,825.
(4) Includes \$8,636 for serving as director of the Juvenile Detention Center and \$8,636 for serving as superintendent of the workhouse.

Exhibit K-6

Blount County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds						Other Special Revenue
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 20,231,718	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(278,826)	0	0	0	0	0	0
Trustee's Collections - Prior Year	819,244	0	0	0	0	0	0
Trustee's Collections - Bankruptcy	34,117	0	0	0	0	0	0
Circuit/Clerk and Master Collections - Prior Years	171,963	0	0	0	0	0	0
Interest and Penalty	115,673	0	0	0	0	0	0
Pickup Taxes	4,866	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	798,415	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	590,954	0	0	0	0	0	0
Litigation Tax - General	270,480	0	0	0	0	0	44,524
Litigation Tax - Special Purpose	0	1,266	8,069	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	159,405	0	0	0	0	0
Litigation Tax - Courthouse Security	121,239	0	0	0	0	0	0
Business Tax	429,141	0	0	0	0	0	0
Mixed Drink Tax	117,332	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	60,760	0	0	0	0	0	0
Wholesale Beer Tax	250,414	0	0	0	0	0	0
Interstate Telecommunications Tax	9,199	0	0	0	0	0	0
Total Local Taxes	\$ 23,746,689	\$ 160,671	\$ 8,069	\$ 0	\$ 0	\$ 0	\$ 44,524

(Continued)

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

	Special Revenue Funds						Other Special Revenue
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 70,111	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Building Permits	252,159	0	0	0	0	0	0
Other Permits	215	0	0	0	0	0	0
Total Licenses and Permits	\$ 322,485	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	5,622	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	1,728	0	0
Drug Court Fees	0	0	0	0	0	0	21,231
DUI Treatment Fines	0	0	0	0	0	0	1,903
Data Entry Fee - Circuit Court	97,670	0	0	0	0	0	0
<u>Criminal Court</u>							
Fines	4,428	0	0	0	0	0	0
Officers Costs	41,255	0	0	0	0	0	0
Victims Assistance Assessments	4,485	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	59,395	0	0	0	0	0	0
Officers Costs	547,670	0	0	0	0	0	0
Game and Fish Fines	691	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	10,883	0	0
Jail Fees	34,464	0	0	0	0	0	0
District Attorney General Fees	52,391	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0	21,858

(Continued)

Exhibit K-6

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

	Special Revenue Funds						Other Special Revenue
	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	\$ 35,665	0 \$	0 \$	0 \$	0 \$	0 \$	0
Victims Assistance Assessments	57,162	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	6,045	0	0	0	0	0	0
Drug Court Fees	1,713	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,775	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	26,340	0	0
Other Fines, Forfeitures, and Penalties	1,880	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 955,311	0 \$	0 \$	0 \$	38,951	\$ 44,992	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other General Service Charges	\$ 143,074	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fees</u>							
Copy Fees	5,706	0	0	23,033	0	0	0
Library Fees	0	0	0	80,377	0	0	0
Telephone Commissions	86,952	0	0	0	86,952	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	41,144	0	0	0	0	0	0
Probation Fees	607,026	0	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	18,150	0	0	0	0	0	0
Data Processing Fee - County Clerk	18,308	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds						Other Special Revenue
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Drug Control		
<u>Charges for Current Services (Cont.)</u>							
<u>Other Charges for Services</u>							
Other Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,642
Total Charges for Current Services	\$ 920,360	\$ 0	\$ 0	\$ 103,410	\$ 86,952	\$ 0	\$ 1,642
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 22,420	\$ 0	\$ 0	\$ 2,225	\$ 3,161	\$ 0	\$ 27
Lease/Rentals	2,401	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Commissary Sales	463,433	0	0	0	0	0	0
Sale of Maps	138	0	0	0	0	0	0
Sale of Recycled Materials	634	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	11,062	0	0	0	0	0	0
Sale of Property	0	0	0	0	0	0	0
Damages Recovered from Individuals	499	0	0	0	0	0	0
Contributions and Gifts	0	0	0	3,750	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	159,178	0	0	102,426	0	0	0
Total Other Local Revenues	\$ 659,765	\$ 0	\$ 0	\$ 108,401	\$ 3,161	\$ 0	\$ 27
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 1,518,805	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	391,470	0	0	0	0	0	0
General Sessions Court Clerk	1,948,992	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds						Other Special Revenue
	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>							
Clerk and Master	\$ 426,073	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Register	592,132	0	0	0	0	0	0
Sheriff	38,265	0	0	0	0	0	0
Trustee	2,022,997	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,938,734	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	4,500	0	0	0	0	0	0
Other General Government Grants	0	0	0	5,404	0	0	0
Health and Welfare Grants							
Health Department Programs	929,040	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	62,400	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	321,236	0	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0	0
Vehicle Certificate of Title Fees	6,417	0	0	0	0	0	0
Alcoholic Beverage Tax	180,223	0	0	0	0	0	0
Contracted Prisoner Boarding	1,644,015	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	104,370	0	0	0	0	0	69,988

(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	Other Special Revenue
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Revenues	\$ 110,592 \$	0 \$	0 \$	0 \$	0 \$	0 \$
Total State of Tennessee	\$ 3,395,763 \$	0 \$	0 \$	5,404 \$	0 \$	69,988 \$
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 3,946 \$	0 \$	0 \$	0 \$	0 \$	0 \$
Other Federal through State	176,605	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	96,489	0
Tax Credit Bond Rebate	662,917	0	0	0	0	0
Other Direct Federal Revenue	2,384,975	0	0	0	0	0
Total Federal Government	\$ 3,228,443 \$	0 \$	0 \$	0 \$	96,489 \$	0 \$
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 7,800 \$	0 \$	0 \$	0 \$	0 \$	0 \$
Contributions	39,398	0	0	903,526	0	0
Contracted Services	109,666	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	8,202	0	0	10,000	0	0
Total Other Governments and Citizens Groups	\$ 165,066 \$	0 \$	0 \$	913,526 \$	0 \$	0 \$
Total	\$ 40,332,616 \$	160,671 \$	8,069 \$	1,130,741 \$	225,553 \$	161,173 \$

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Funds		
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 0	13,592,605	\$ 0	\$ 0			
Discount on Property Taxes	0	0	(187,323)	0	0			
Trustee's Collections - Prior Year	0	0	494,993	0	0			
Trustee's Collections - Bankruptcy	0	0	22,524	0	0			
Circuit/Clerk and Master Collections - Prior Years	0	0	115,538	0	0			
Interest and Penalty	0	0	70,206	0	0			
Pickup Taxes	0	0	2,883	0	0			
Payments in-Lieu-of Taxes - Local Utilities	0	180,584	121,330	0	0			
Payments in-Lieu-of Taxes - Other	0	0	6,418	0	0			
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	2,735,925	0	0	0			
Hotel/Motel Tax	0	0	0	0	0			
Litigation Tax - General	0	0	0	0	0			
Litigation Tax - Special Purpose	0	0	0	0	0			
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0			
Litigation Tax - Courthouse Security	0	0	0	0	0			
Business Tax	0	0	288,139	0	0			
Mixed Drink Tax	0	0	0	0	0			
Mineral Severance Tax	0	57,293	0	0	0			
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0			
Wholesale Beer Tax	0	0	0	0	0			
Interstate Telecommunications Tax	0	0	0	0	0			
Total Local Taxes	\$ 0	\$ 2,973,802	\$ 14,527,313	\$ 0	\$ 0			

(Continued)

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Funds	
	Constituti- onal Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	0 \$	351,000 \$	0 \$	300,000 \$	0	
<u>Permits</u>						
Building Permits	0	0	0	0	0	
Other Permits	0	186,041	0	0	0	
Total Licenses and Permits	0 \$	537,041 \$	0 \$	300,000 \$	0	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	0 \$	0 \$	0 \$	0 \$	0	
Drug Control Fines	0	0	0	0	0	
Drug Court Fees	0	0	0	0	0	
DUI Treatment Fines	0	0	0	0	0	
Data Entry Fee - Circuit Court	0	0	0	0	0	
<u>Criminal Court</u>						
Fines	0	0	0	0	0	
Officers Costs	0	0	0	0	0	
Victims Assistance Assessments	0	0	0	0	0	
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	
Officers Costs	0	0	0	0	0	
Game and Fish Fines	0	0	0	0	0	
Drug Control Fines	0	0	0	0	0	
Jail Fees	0	0	0	0	0	
District Attorney General Fees	0	0	0	0	0	
DUI Treatment Fines	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Funds	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Victims Assistance Assessments	0	0	0	0	0	
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	
Drug Court Fees	0	0	0	0	0	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Fees</u>						
Copy Fees	0	0	0	0	0	
Library Fees	0	0	0	0	0	
Telephone Commissions	0	0	0	0	0	
Special Commissioner Fees/Special Master Fees	1,825	0	0	0	0	
Data Processing Fee - Register	0	0	0	0	0	
Probation Fees	0	0	0	0	0	
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	
Data Processing Fee - County Clerk	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Funds	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>						
Other Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total Charges for Current Services	\$ 1,825	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 2,930	\$ 93,887	\$ 0	\$ 0	
Lease/Rentals	0	0	33,000	0	0	
Sale of Materials and Supplies	0	1,698	0	0	0	
Commissary Sales	0	0	0	0	0	
Sale of Maps	0	0	0	0	0	
Sale of Recycled Materials	0	8,919	0	0	0	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	11,930	0	0	0	
Sale of Property	0	0	25,000	0	0	
Damages Recovered from Individuals	0	0	0	0	0	
Contributions and Gifts	0	0	0	0	0	
<u>Other Local Revenues</u>						
Other Local Revenues	0	103	0	0	0	
Total Other Local Revenues	\$ 0	\$ 25,580	\$ 151,887	\$ 0	\$ 0	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Circuit Court Clerk	0	0	0	0	0	
General Sessions Court Clerk	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Funds	
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Clerk and Master	\$ 0 \$	0 \$	0 \$	0 \$	0	
Register	0	0	0	0	0	
Sheriff	0	0	0	0	0	
Trustee	0	0	0	0	0	
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0	
Other General Government Grants	0	0	0	0	0	
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	
<u>Public Works Grants</u>						
State Aid Program	0	5,30,408	0	0	0	
Litter Program	0	0	0	0	0	
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	
Beer Tax	0	0	0	0	0	
Vehicle Certificate of Title Fees	0	0	0	0	0	
Alcoholic Beverage Tax	0	0	0	0	0	
Contracted Prisoner Boarding	0	0	0	0	0	
Gasoline and Motor Fuel Tax	0	2,498,969	0	0	0	
Petroleum Special Tax	0	88,757	0	0	0	
Registrar's Salary Supplement	0	0	0	0	0	
Other State Grants	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Funds	
	Constituti- onal Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Revenues	0 \$	0 \$	0 \$	0 \$	0 \$	0
Total State of Tennessee	0 \$	3,118,134 \$	0 \$	0 \$	0 \$	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	0 \$	0 \$	0 \$	0 \$	0 \$	0
Other Federal through State	0	0	0	0	0	66,445
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	0
Tax Credit Bond Rebate	0	0	0	0	0	0
Other Direct Federal Revenue	0	4,615	0	0	0	0
Total Federal Government	0 \$	4,615 \$	0 \$	0 \$	0 \$	66,445
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	0 \$	0 \$	0 \$	0 \$	0 \$	0
Contributions	0	0	475,563	0	0	0
Contracted Services	0	0	248,722	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	0
Total Other Governments and Citizens Groups	0 \$	0 \$	724,285 \$	0 \$	0 \$	0
Total	1,825 \$	6,659,172 \$	15,403,485 \$	300,000 \$	66,445	

(Continued)

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

	Permanent Fund	Endowment	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	0	0	33,824,323
Discount on Property Taxes	0	0	(466,149)
Trustee's Collections - Prior Year	0	0	1,314,237
Trustee's Collections - Bankruptcy	0	0	56,641
Circuit/Clerk and Master Collections - Prior Years	0	0	287,501
Interest and Penalty	0	0	185,879
Pickup Taxes	0	0	7,749
Payments in-Lieu-of Taxes - Local Utilities	0	0	301,914
Payments in-Lieu-of Taxes - Other	0	0	804,833
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	2,735,925
Hotel/Motel Tax	0	0	590,954
Litigation Tax - General	0	0	315,004
Litigation Tax - Special Purpose	0	0	9,335
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	159,405
Litigation Tax - Courthouse Security	0	0	121,239
Business Tax	0	0	717,280
Mixed Drink Tax	0	0	117,332
Mineral Severance Tax	0	0	57,293
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	60,760
Wholesale Beer Tax	0	0	250,414
Interstate Telecommunications Tax	0	0	9,199
Total Local Taxes	0	0	41,461,068

(Continued)

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

	Permanent Fund	Endowment	Total
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	0	0	721,111
<u>Permits</u>			
Building Permits	0	0	252,159
Other Permits	0	0	186,256
Total Licenses and Permits	0	0	1,159,526
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Officers Costs	0	0	5,622
Drug Control Fines	0	0	1,728
Drug Court Fees	0	0	21,231
DUI Treatment Fines	0	0	1,903
Data Entry Fee - Circuit Court	0	0	97,670
<u>Criminal Court</u>			
Fines	0	0	4,428
Officers Costs	0	0	41,255
Victims Assistance Assessments	0	0	4,485
<u>General Sessions Court</u>			
Fines	0	0	59,395
Officers Costs	0	0	547,670
Game and Fish Fines	0	0	691
Drug Control Fines	0	0	10,883
Jail Fees	0	0	34,464
District Attorney General Fees	0	0	52,391
DUI Treatment Fines	0	0	21,858

(Continued)

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

	Permanent Fund	Endowment	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
Courtroom Security Fee	0 \$		35,665
Victims Assistance Assessments	0		57,162
<u>Juvenile Court</u>			
Fines			
Drug Court Fees	0		6,045
<u>Chancery Court</u>			
Officers Costs	0		1,713
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0		26,340
Other Fines, Forfeitures, and Penalties	0		1,880
Total Fines, Forfeitures, and Penalties	0 \$		1,039,254
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Other General Service Charges	0 \$		143,074
<u>Fees</u>			
Copy Fees	0		28,739
Library Fees	0		80,377
Telephone Commissions	0		173,904
Special Commissioner Fees/Special Master Fees	0		1,825
Data Processing Fee - Register	0		41,144
Probation Fees	0		607,026
Sexual Offender Registration Fee - Sheriff	0		18,150
Data Processing Fee - County Clerk	0		18,308

(Continued)

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

	<u>Permanent Fund</u>	<u>Endowment</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>			
<u>Other Charges for Services</u>	0	0	1,642
Other Charges for Services	0	0	1,114,189
Total Charges for Current Services			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	4,317	0	128,967
Lease/Rentals	0	0	35,401
Sale of Materials and Supplies	0	0	1,698
Commissary Sales	0	0	463,433
Sale of Maps	0	0	138
Sale of Recycled Materials	0	0	9,553
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	22,992
Sale of Property	0	0	25,000
Damages Recovered from Individuals	0	0	499
Contributions and Gifts	0	0	3,750
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	261,707
Total Other Local Revenues	4,317	0	953,138
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0	0	1,518,805
Circuit Court Clerk	0	0	391,470
General Sessions Court Clerk	0	0	1,948,992

(Continued)

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

	Permanent Fund	Endowment	Total
<u>Fees Received from County Officials (Cont.)</u>			
<u>Fees in-Lieu-of Salary (Cont.)</u>			
Clerk and Master	0 \$		426,073
Register	0		592,132
Sheriff	0		38,265
Trustee	0		2,022,997
Total Fees Received from County Officials	0 \$		6,938,734
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0 \$		4,500
Other General Government Grants	0		5,404
<u>Health and Welfare Grants</u>			
Health Department Programs	0		929,040
<u>Public Works Grants</u>			
State Aid Program	0		530,408
Litter Program	0		62,400
<u>Other State Revenues</u>			
Income Tax	0		321,236
Beer Tax	0		17,806
Vehicle Certificate of Title Fees	0		6,417
Alcoholic Beverage Tax	0		180,223
Contracted Prisoner Boarding	0		1,644,015
Gasoline and Motor Fuel Tax	0		2,498,969
Petroleum Special Tax	0		88,757
Registrar's Salary Supplement	0		15,164
Other State Grants	0		174,358

(Continued)

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

	Permanent Fund	Endowment	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Other State Revenues	0 \$		110,592
Total State of Tennessee	0 \$		6,589,289
<u>Federal Government</u>			
<u>Federal Through State</u>			
Disaster Relief	0 \$		3,946
Other Federal through State	0		243,050
<u>Direct Federal Revenue</u>			
Asset Forfeiture Funds	0		96,489
Tax Credit Bond Rebate	0		662,917
Other Direct Federal Revenue	0		2,389,590
Total Federal Government	0 \$		3,395,992
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	0 \$		7,800
Contributions	0		1,418,487
Contracted Services	0		358,388
<u>Citizens Groups</u>			
Donations	0		18,202
Total Other Governments and Citizens Groups	0 \$		1,802,877
<u>Total</u>	\$	4,317 \$	64,454,067

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, 2014

	Special Revenue Funds					Capital Projects Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 20,925,455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,925,455
Discount on Property Taxes	(290,360)	0	0	0	0	0	0	(290,360)
Trustee's Collections - Prior Year	671,316	0	0	0	0	0	0	671,316
Trustee's Collections - Bankruptcy	34,305	0	0	0	0	0	0	34,305
Circuit/Clerk and Master Collections - Prior Years	177,731	0	0	0	0	0	0	177,731
Interest and Penalty	101,201	0	0	0	0	0	0	101,201
Pickup Taxes	4,064	0	0	0	0	0	0	4,064
Payments in-Lieu-of Taxes - T.V.A.	13,279	0	0	0	0	0	0	13,279
Payments in-Lieu-of Taxes - Local Utilities	185,513	0	0	0	0	0	0	185,513
Payments in-Lieu-of Taxes - Other	10,022	0	0	0	0	0	0	10,022
<u>County Local Option Taxes</u>								
Local Option Sales Tax	10,756,631	0	0	0	0	0	0	10,756,631
Business Tax	443,027	0	0	0	0	0	0	443,027
Mixed Drink Tax	71,786	0	0	0	0	0	0	71,786
<u>Statutory Local Taxes</u>								
Interstate Telecommunications Tax	6,524	0	0	0	0	0	0	6,524
Total Local Taxes	\$ 33,110,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,110,494
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 5,335	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,335
Total Licenses and Permits	\$ 5,335	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,335

(Continued)

Exhibit K-7

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects		
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Contract for Instructional Services with Other LEAs	\$ 40,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	40,500
Receipts from Individual Schools	0	0	1,820,546	0	0	0	1,820,546
Community Service Fees - Children	0	0	0	1,197,540	0	0	1,197,540
Total Charges for Current Services	\$ 40,500	\$ 0	\$ 1,820,546	\$ 1,197,540	\$ 0	\$ 0	\$ 3,058,586
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 17,395	\$ 0	\$ 1,107	\$ 617	\$ 3	\$ 3	19,122
Lease/Rentals	13,000	0	0	0	0	0	13,000
E-Rate Funding	66,627	0	0	0	0	0	66,627
<u>Nonrecurring Items</u>							
Sale of Equipment	17,579	0	2,146	0	0	0	19,725
Damages Recovered from Individuals	5,822	0	0	0	0	0	5,822
Contributions and Gifts	86,693	0	0	0	0	0	86,693
<u>Other Local Revenues</u>	86,307	0	0	4,900	0	0	91,207
Other Local Revenues	293,423	0	3,253	5,517	3	3	302,196
Total Other Local Revenues	\$ 293,423	\$ 0	\$ 3,253	\$ 5,517	\$ 3	\$ 3	\$ 302,196
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-behalf Contributions for OPEB	\$ 56,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	56,456
<u>State Education Funds</u>							
Basic Education Program	44,755,000	0	0	0	0	0	44,755,000
Early Childhood Education	681,048	0	0	0	0	0	681,048
School Food Service	0	0	50,306	0	0	0	50,306
Other State Education Funds	836,056	0	0	131,655	0	0	967,711

(Continued)

Exhibit K-7

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects		
<u>State of Tennessee (Cont.)</u>							
<u>State Education Funds (Cont.)</u>							
Career Ladder Program	\$ 326,637	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 326,637
Career Ladder - Extended Contract	78,295	0	0	0	0	0	78,295
<u>Other State Revenues</u>							
State Revenue Sharing - T.V.A.	1,398,641	0	0	0	0	0	1,398,641
Other State Grants	122,944	0	0	0	0	0	122,944
Total State of Tennessee	\$ 48,255,077	\$ 0	\$ 50,306	\$ 131,655	\$ 0	\$ 0	\$ 48,437,038
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,262,745	\$ 0	\$ 0	\$ 0	\$ 2,262,745
USDA - Commodities	0	0	344,599	0	0	0	344,599
Breakfast	0	0	895,737	0	0	0	895,737
Adult Education State Grant Program	174,939	0	0	0	0	0	174,939
Vocational Education - Basic Grants to States	0	151,151	0	0	0	0	151,151
Title I Grants to Local Education Agencies	0	2,569,694	0	0	0	0	2,569,694
Special Education - Grants to States	209,415	2,772,198	0	0	0	0	2,981,613
English Language Acquisition Grants	0	14,645	0	0	0	0	14,645
Eisenhower Professional Development State Grants	0	381,617	0	0	0	0	381,617
Race-to-the-Top - ARRA	0	366,366	0	0	0	0	366,366
Other Federal through State	0	13,475	0	0	0	0	13,475
<u>Direct Federal Revenue</u>							
ROTC Reimbursement	132,636	0	0	0	0	0	132,636
Other Direct Federal Revenue	543	0	0	0	0	0	543
Total Federal Government	\$ 517,533	\$ 6,269,146	\$ 3,503,081	\$ 0	\$ 0	\$ 0	\$ 10,289,760
Total	\$ 82,222,362	\$ 6,269,146	\$ 5,377,186	\$ 1,334,712	\$ 3	\$ 3	\$ 95,203,409

Exhibit K-8

Blount County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Secretary to Board	\$	43,330	
Temporary Personnel		2,552	
Board and Committee Members Fees		102,060	
Social Security		8,780	
State Retirement		4,918	
Employee and Dependent Insurance		6,600	
Life Insurance		113	
Medical Insurance		5,100	
Dental Insurance		296	
Unemployment Compensation		92	
Employer Medicare		2,118	
Dues and Memberships		2,200	
Operating Lease Payments		1,129	
Legal Notices, Recording, and Court Costs		1,447	
Printing, Stationery, and Forms		170	
Travel		3,402	
Tuition		900	
Duplicating Supplies		110	
Office Supplies		120	
Other Supplies and Materials		101	
Workers' Compensation Insurance		221	
Total County Commission			\$ 185,759

Board of Equalization

Board and Committee Members Fees	\$	510	
Social Security		32	
Employer Medicare		7	
Workers' Compensation Insurance		4	
Total Board of Equalization			553

Beer Board

Legal Notices, Recording, and Court Costs	\$	200	
Total Beer Board			200

Budget and Finance Committee

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

County Mayor/Executive

County Official/Administrative Officer	\$	108,812	
Assistant(s)		9,358	
Secretary(ies)		45,800	
Social Security		9,743	
State Retirement		6,253	
Employee and Dependent Insurance		6,460	
Life Insurance		246	
Medical Insurance		4,752	

(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.)

Dental Insurance	\$	556	
Unemployment Compensation		70	
Employer Medicare		2,279	
Dues and Memberships		1,157	
Gasoline		592	
Office Supplies		396	
Periodicals		95	
Other Supplies and Materials		141	
Workers' Compensation Insurance		237	
Other Charges		1,328	
Total County Mayor/Executive			\$ 198,275

Personnel Office

Clerical Personnel	\$	49,683	
Social Security		2,884	
State Retirement		5,639	
Employee and Dependent Insurance		6,600	
Life Insurance		129	
Medical Insurance		5,100	
Dental Insurance		296	
Unemployment Compensation		72	
Employer Medicare		674	
Office Supplies		615	
Workers' Compensation Insurance		173	
Total Personnel Office			71,865

Election Commission

County Official/Administrative Officer	\$	70,657
Clerical Personnel		63,008
Custodial Personnel		575
Temporary Personnel		14,439
Other Salaries and Wages		20,000
Election Commission		21,500
Election Workers		68,104
In-service Training		7,605
Social Security		12,467
State Retirement		15,194
Employee and Dependent Insurance		6,600
Life Insurance		293
Medical Insurance		15,300
Dental Insurance		888
Unemployment Compensation		625
Employer Medicare		2,998
Dues and Memberships		262
Operating Lease Payments		1,129
Legal Notices, Recording, and Court Costs		8,362
Printing, Stationery, and Forms		2,484

(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.)

Rentals	\$	500	
Travel		3,722	
Tuition		1,640	
Other Contracted Services		40,785	
Office Supplies		3,625	
Workers' Compensation Insurance		594	
Data Processing Equipment		1,540	
Total Election Commission			\$ 384,896

Register of Deeds

County Official/Administrative Officer	\$	78,508	
Clerical Personnel		297,607	
Social Security		22,660	
State Retirement		42,202	
Employee and Dependent Insurance		19,800	
Life Insurance		909	
Medical Insurance		45,900	
Dental Insurance		2,663	
Unemployment Compensation		576	
Employer Medicare		5,299	
Dues and Memberships		926	
Operating Lease Payments		4,616	
Maintenance and Repair Services - Office Equipment		568	
Printing, Stationery, and Forms		130	
Travel		1,593	
Tuition		425	
Other Contracted Services		34,525	
Data Processing Supplies		20	
Duplicating Supplies		40	
Office Supplies		1,669	
Other Supplies and Materials		394	
Workers' Compensation Insurance		556	
Data Processing Equipment		907	
Total Register of Deeds			562,493

Development

Assistant(s)	\$	3,000
Supervisor/Director		64,000
Secretary(ies)		33,000
Other Salaries and Wages		250,660
Social Security		20,912
State Retirement		39,878
Employee and Dependent Insurance		33,000
Life Insurance		818
Medical Insurance		30,600
Dental Insurance		1,776
Unemployment Compensation		504

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Employer Medicare	\$	4,890	
Advertising		800	
Communication		1,428	
Dues and Memberships		4,220	
Operating Lease Payments		1,381	
Legal Notices, Recording, and Court Costs		2,591	
Maintenance and Repair Services - Vehicles		2,153	
Printing, Stationery, and Forms		2,163	
Travel		4,682	
Tuition		750	
Other Contracted Services		7,104	
Gasoline		10,476	
Office Supplies		4,256	
Uniforms		500	
Other Supplies and Materials		602	
Workers' Compensation Insurance		515	
Other Charges		2,191	
Communication Equipment		28	
Health Equipment		3,895	
Total Development			\$ 532,773

Planning

Assistant(s)	\$	51,108	
Supervisor/Director		71,086	
Secretary(ies)		36,479	
Social Security		9,538	
State Retirement		18,010	
Employee and Dependent Insurance		6,600	
Life Insurance		335	
Medical Insurance		14,398	
Dental Insurance		835	
Unemployment Compensation		204	
Employer Medicare		2,231	
Dues and Memberships		2,168	
Operating Lease Payments		2,342	
Legal Notices, Recording, and Court Costs		655	
Maintenance and Repair Services - Vehicles		330	
Travel		1,084	
Gasoline		502	
Library Books/Media		55	
Office Supplies		275	
Other Supplies and Materials		70	
Workers' Compensation Insurance		234	
Total Planning			218,539

County Buildings

Supervisor/Director	\$	73,771	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Secretary(ies)	\$	26,812	
Custodial Personnel		168,014	
Maintenance Personnel		81,599	
Part-time Personnel		33,363	
Overtime Pay		839	
Social Security		23,276	
State Retirement		38,130	
Employee and Dependent Insurance		15,675	
Life Insurance		787	
Medical Insurance		50,575	
Dental Insurance		3,009	
Unemployment Compensation		1,083	
Employer Medicare		5,444	
Communication		5,342	
Maintenance Agreements		37,194	
Maintenance and Repair Services - Buildings		55,322	
Maintenance and Repair Services - Equipment		36,523	
Maintenance and Repair Services - Office Equipment		84	
Maintenance and Repair Services - Vehicles		128	
Permits		880	
Custodial Supplies		32,630	
Gasoline		4,805	
Natural Gas		79,657	
Office Supplies		384	
Uniforms		1,048	
Utilities		628,491	
Other Supplies and Materials		1,334	
Workers' Compensation Insurance		560	
Building Improvements		4,749	
Total County Buildings			\$ 1,411,508

Other General Administration

Local Retirement	\$	167,737	
Audit Services		36,903	
Communication		146,739	
Legal Services		78,360	
Legal Notices, Recording, and Court Costs		1,064,421	
Pauper Burials		4,150	
Postal Charges		171,767	
Other Contracted Services		212,272	
Liability Insurance		974,110	
Trustee's Commission		476,881	
Workers' Compensation Insurance		80,728	
Other Charges		10,348	
Total Other General Administration			3,424,416

(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	\$	42,624	
Other Salaries and Wages		26,067	
Social Security		4,041	
State Retirement		7,102	
Employee and Dependent Insurance		11,275	
Life Insurance		178	
Medical Insurance		9,775	
Dental Insurance		592	
Unemployment Compensation		179	
Employer Medicare		945	
Communication		1,649	
Dues and Memberships		20	
Operating Lease Payments		710	
Travel		492	
Tuition		70	
Other Contracted Services		660	
Data Processing Supplies		54	
Duplicating Supplies		88	
Gasoline		115	
Office Supplies		431	
Utilities		6,000	
Other Supplies and Materials		334	
Workers' Compensation Insurance		100	
Total Preservation of Records			\$ 113,501

Risk Management

Supervisor/Director	\$	62,992	
Clerical Personnel		40,680	
Other Salaries and Wages		44,000	
Social Security		8,645	
State Retirement		16,913	
Employee and Dependent Insurance		16,500	
Life Insurance		351	
Medical Insurance		15,300	
Dental Insurance		888	
Unemployment Compensation		216	
Employer Medicare		2,022	
Communication		400	
Operating Lease Payments		1,849	
Printing, Stationery, and Forms		25	
Travel		58	
Tuition		889	
Other Contracted Services		610	
Gasoline		3,161	
Office Supplies		1,298	
Workers' Compensation Insurance		218	
Furniture and Fixtures		80	
Total Risk Management			217,095

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	78,508	
Accountants/Bookkeepers		336,896	
Clerical Personnel		58,973	
Part-time Personnel		5,617	
Social Security		28,818	
State Retirement		49,312	
Employee and Dependent Insurance		19,940	
Life Insurance		1,059	
Medical Insurance		41,148	
Dental Insurance		2,403	
Unemployment Compensation		740	
Employer Medicare		6,762	
Dues and Memberships		1,232	
Operating Lease Payments		4,205	
Printing, Stationery, and Forms		652	
Travel		1,656	
Tuition		1,590	
Gasoline		261	
Office Supplies		792	
Workers' Compensation Insurance		729	
Other Charges		2,395	
Total Accounting and Budgeting			\$ 643,688

Purchasing

Supervisor/Director	\$	53,250	
Purchasing Personnel		125,479	
Social Security		10,116	
State Retirement		20,286	
Employee and Dependent Insurance		26,400	
Life Insurance		456	
Medical Insurance		25,500	
Dental Insurance		1,480	
Unemployment Compensation		360	
Employer Medicare		2,366	
Dues and Memberships		315	
Operating Lease Payments		1,381	
Legal Notices, Recording, and Court Costs		2,861	
Maintenance and Repair Services - Office Equipment		248	
Printing, Stationery, and Forms		889	
Travel		1,408	
Tuition		688	
Office Supplies		644	
Workers' Compensation Insurance		267	
Total Purchasing			274,394

Property Assessor's Office

County Official/Administrative Officer	\$	78,508	
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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.)

Property Assessor's Office (Cont.)

Assistant(s)	\$	368,496	
Clerical Personnel		105,327	
Social Security		32,731	
State Retirement		60,638	
Employee and Dependent Insurance		45,100	
Life Insurance		1,343	
Medical Insurance		56,525	
Dental Insurance		3,280	
Unemployment Compensation		945	
Employer Medicare		7,655	
Data Processing Services		35,719	
Dues and Memberships		2,704	
Operating Lease Payments		3,173	
Maintenance and Repair Services - Office Equipment		300	
Maintenance and Repair Services - Vehicles		1,424	
Printing, Stationery, and Forms		435	
Travel		2,007	
Tuition		330	
Data Processing Supplies		1,554	
Duplicating Supplies		996	
Gasoline		2,704	
Office Supplies		1,261	
Other Supplies and Materials		957	
Workers' Compensation Insurance		756	
Other Charges		54,077	
Data Processing Equipment		4,777	
Furniture and Fixtures		920	
Total Property Assessor's Office			\$ 874,642

Reappraisal Program

Assistant(s)	\$	84,250	
Clerical Personnel		35,180	
Social Security		6,960	
State Retirement		13,555	
Employee and Dependent Insurance		19,800	
Life Insurance		311	
Medical Insurance		15,300	
Dental Insurance		888	
Unemployment Compensation		216	
Employer Medicare		1,628	
Tuition		75	
Office Supplies		318	
Other Supplies and Materials		270	
Workers' Compensation Insurance		258	
Office Equipment		600	
Total Reappraisal Program			179,609

(Continued)

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	\$	78,508	
Clerical Personnel		226,437	
Temporary Personnel		3,171	
Social Security		18,311	
State Retirement		34,408	
Employee and Dependent Insurance		26,400	
Life Insurance		713	
Medical Insurance		32,725	
Dental Insurance		1,776	
Unemployment Compensation		472	
Employer Medicare		4,309	
Dues and Memberships		1,167	
Operating Lease Payments		1,381	
Legal Services		4,793	
Legal Notices, Recording, and Court Costs		144	
Maintenance Agreements		9,100	
Printing, Stationery, and Forms		456	
Travel		855	
Tuition		325	
Other Contracted Services		120	
Duplicating Supplies		1,277	
Office Supplies		1,614	
Other Supplies and Materials		345	
Workers' Compensation Insurance		472	
Total County Trustee's Office			\$ 449,279

County Clerk's Office

County Official/Administrative Officer	\$	78,508
Clerical Personnel		580,747
Part-time Personnel		45,614
Social Security		41,202
State Retirement		74,617
Employee and Dependent Insurance		75,900
Life Insurance		1,613
Medical Insurance		89,675
Dental Insurance		4,883
Unemployment Compensation		1,559
Employer Medicare		9,636
Dues and Memberships		941
Operating Lease Payments		6,312
Maintenance Agreements		13,901
Printing, Stationery, and Forms		366
Travel		1,055
Other Contracted Services		950
Data Processing Supplies		2,000
Duplicating Supplies		7,497
Gasoline		1,404

(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.)

Office Supplies	\$	4,363	
Periodicals		600	
Premiums on Corporate Surety Bonds		124	
Workers' Compensation Insurance		1,033	
Data Processing Equipment		4,788	
Total County Clerk's Office			\$ 1,049,288

Data Processing

Supervisor/Director	\$	88,308	
Data Processing Personnel		270,213	
Social Security		21,516	
State Retirement		39,535	
Employee and Dependent Insurance		13,200	
Life Insurance		768	
Medical Insurance		33,150	
Dental Insurance		1,923	
Unemployment Compensation		479	
Employer Medicare		5,117	
Data Processing Services		2,996	
Maintenance and Repair Services - Equipment		18,931	
Printing, Stationery, and Forms		7,279	
Travel		115	
Other Contracted Services		9,065	
Data Processing Supplies		8,143	
Equipment Parts - Light		12,047	
Office Supplies		224	
Workers' Compensation Insurance		551	
Data Processing Equipment		24,742	
Total Data Processing			558,302

Administration of Justice

Circuit Court Judge

Jury and Witness Expense	\$	18,620	
Operating Lease Payments		1,104	
Printing, Stationery, and Forms		4,198	
Other Contracted Services		3,948	
Duplicating Supplies		100	
Library Books/Media		119	
Office Supplies		196	
Other Supplies and Materials		3,539	
Building Improvements		3,248	
Furniture and Fixtures		600	
Total Circuit Court Judge			35,672

Circuit Court Clerk

County Official/Administrative Officer	\$	78,508	
Clerical Personnel		1,176,316	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Overtime Pay	\$	7,932	
Social Security		75,036	
State Retirement		126,906	
Employee and Dependent Insurance		76,175	
Life Insurance		2,939	
Medical Insurance		175,312	
Dental Insurance		10,009	
Unemployment Compensation		3,409	
Employer Medicare		17,681	
Bank Charges		153	
Data Processing Services		27,778	
Dues and Memberships		1,641	
Operating Lease Payments		5,991	
Maintenance Agreements		15,170	
Maintenance and Repair Services - Office Equipment		94	
Maintenance and Repair Services - Vehicles		14	
Printing, Stationery, and Forms		14,705	
Travel		5,935	
Tuition		2,278	
Other Contracted Services		3,372	
Data Processing Supplies		4,887	
Duplicating Supplies		2,723	
Gasoline		2,177	
Library Books/Media		1,478	
Office Supplies		4,634	
Other Supplies and Materials		7,707	
Workers' Compensation Insurance		1,890	
Other Charges		1,999	
Building Improvements		8,825	
Data Processing Equipment		120,190	
Total Circuit Court Clerk			\$ 1,983,864

Criminal Court

Supervisor/Director	\$	1,000	
Probation Officer(s)		2,000	
Secretary(ies)		1,000	
Social Security		248	
State Retirement		454	
Unemployment Compensation		29	
Employer Medicare		58	
Total Criminal Court			4,789

General Sessions Judge

Judge(s)	\$	625,796
Secretary(ies)		115,434
Other Salaries and Wages		4,500
Social Security		35,413

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

State Retirement	\$	84,129	
Employee and Dependent Insurance		23,100	
Life Insurance		825	
Medical Insurance		35,700	
Dental Insurance		1,776	
Unemployment Compensation		216	
Employer Medicare		10,573	
Dues and Memberships		1,545	
Operating Lease Payments		1,022	
Maintenance and Repair Services - Office Equipment		181	
Printing, Stationery, and Forms		1,498	
Travel		4,564	
Tuition		860	
Other Contracted Services		2,024	
Library Books/Media		2,352	
Office Supplies		1,519	
Other Supplies and Materials		2,100	
Workers' Compensation Insurance		1,126	
Other Charges		63	
Total General Sessions Judge			\$ 956,316

Chancery Court

County Official/Administrative Officer	\$	78,508	
Clerical Personnel		254,380	
Social Security		19,836	
State Retirement		37,669	
Employee and Dependent Insurance		19,250	
Life Insurance		771	
Medical Insurance		41,225	
Dental Insurance		2,367	
Unemployment Compensation		540	
Employer Medicare		4,639	
Dues and Memberships		861	
Operating Lease Payments		3,984	
Legal Services		182	
Maintenance and Repair Services - Office Equipment		45	
Printing, Stationery, and Forms		6,042	
Travel		171	
Duplicating Supplies		320	
Office Supplies		6,217	
Other Supplies and Materials		371	
Workers' Compensation Insurance		499	
Total Chancery Court			477,877

Juvenile Court

Youth Service Officer(s)	\$	202,599
Secretary(ies)		27,286

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Temporary Personnel	\$	4,800	
Other Salaries and Wages		65,121	
Social Security		17,785	
State Retirement		29,630	
Employee and Dependent Insurance		19,800	
Life Insurance		712	
Medical Insurance		35,275	
Dental Insurance		2,047	
Unemployment Compensation		576	
Employer Medicare		4,229	
Dues and Memberships		385	
Evaluation and Testing		959	
Operating Lease Payments		4,225	
Medical and Dental Services		4,225	
Printing, Stationery, and Forms		6,017	
Travel		2,799	
Tuition		630	
Other Contracted Services		1,648	
Library Books/Media		500	
Office Supplies		1,254	
Other Supplies and Materials		1,274	
Workers' Compensation Insurance		456	
Other Charges		2,277	
Furniture and Fixtures		2,088	
Total Juvenile Court			\$ 438,597

Office of Public Defender

Clerical Personnel	\$	29,050	
Social Security		1,801	
Unemployment Compensation		166	
Employer Medicare		421	
Operating Lease Payments		15,600	
Other Contracted Services		7,876	
Workers' Compensation Insurance		43	
Total Office of Public Defender			54,957

Judicial Commissioners

Clerical Personnel	\$	171,039	
Social Security		10,322	
State Retirement		19,441	
Employee and Dependent Insurance		9,350	
Life Insurance		434	
Medical Insurance		27,625	
Dental Insurance		1,606	
Unemployment Compensation		364	
Employer Medicare		2,414	
Workers' Compensation Insurance		244	
Total Judicial Commissioners			242,839

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Captain(s)	\$	61,872	
Lieutenant(s)		20,129	
Attendants		223,136	
Longevity Pay		4,228	
Social Security		18,542	
State Retirement		44,280	
Employee and Dependent Insurance		20,392	
Life Insurance		754	
Medical Insurance		37,958	
Dental Insurance		2,286	
Unemployment Compensation		570	
Employer Medicare		4,336	
Other Contracted Services		750	
Workers' Compensation Insurance		8,402	
Total Other Administration of Justice			\$ 447,635

Probation Services

Supervisor/Director	\$	57,250	
Probation Officer(s)		212,726	
Accountants/Bookkeepers		32,820	
Secretary(ies)		27,007	
Other Salaries and Wages		6,000	
Social Security		20,212	
State Retirement		33,704	
Employee and Dependent Insurance		11,275	
Life Insurance		827	
Medical Insurance		40,375	
Dental Insurance		2,639	
Unemployment Compensation		806	
Employer Medicare		4,727	
Communication		2,706	
Dues and Memberships		1,900	
Operating Lease Payments		1,381	
Printing, Stationery, and Forms		1,340	
Travel		1,870	
Tuition		2,400	
Other Contracted Services		22,648	
Drugs and Medical Supplies		1,895	
Office Supplies		4,198	
Other Supplies and Materials		8,542	
Workers' Compensation Insurance		563	
Communication Equipment		1,680	
Data Processing Equipment		1,804	
Furniture and Fixtures		1,488	
Total Probation Services			504,783

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victim Assistance Programs

Contributions	\$ 62,502	
Total Victim Assistance Programs		\$ 62,502

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 86,359
Assistant(s)	117,847
Supervisor/Director	291,343
Deputy(ies)	3,649,116
Detective(s)	334,868
Investigator(s)	31,060
Captain(s)	229,320
Lieutenant(s)	260,823
Sergeant(s)	394,597
Mechanic(s)	39,035
Clerical Personnel	196,198
Attendants	192,083
Longevity Pay	48,811
Overtime Pay	427,537
Other Salaries and Wages	11,609
In-service Training	90,000
Social Security	382,312
State Retirement	889,959
Employee and Dependent Insurance	576,270
Life Insurance	14,550
Medical Insurance	741,111
Dental Insurance	42,769
Unemployment Compensation	11,548
Employer Medicare	89,617
Communication	19,702
Dues and Memberships	5,213
Evaluation and Testing	9,124
Operating Lease Payments	19,205
Legal Services	1,998
Licenses	8,819
Maintenance Agreements	72,104
Maintenance and Repair Services - Equipment	26,290
Maintenance and Repair Services - Vehicles	34,408
Matching Share	23,750
Printing, Stationery, and Forms	13,129
Transportation - Other than Students	841
Travel	34,616
Tuition	36,266
Other Contracted Services	17,372
Basic Skills Materials	73,274
Data Processing Supplies	26,035
Duplicating Supplies	2,000

(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.)

Electricity	\$	10,346	
Equipment and Machinery Parts		2,971	
Garage Supplies		1,606	
Gasoline		586,780	
Law Enforcement Supplies		40,303	
Lubricants		4,070	
Office Supplies		20,618	
Small Tools		480	
Tires and Tubes		35,502	
Uniforms		83,831	
Vehicle Parts		49,852	
Other Supplies and Materials		117	
Workers' Compensation Insurance		158,479	
Other Charges		579	
Furniture and Fixtures		7,026	
Other Equipment		1,138	
Other Capital Outlay		629	
Total Sheriff's Department			\$ 10,577,215

Administration of the Sexual Offender Registry

Other Charges	\$	5,500	
Total Administration of the Sexual Offender Registry			5,500

Jail

Assistant(s)	\$	40,323	
Supervisor/Director		39,035	
Captain(s)		36,999	
Lieutenant(s)		132,899	
Sergeant(s)		109,139	
Computer Programmer(s)		215,760	
Guards		128,115	
Clerical Personnel		187,183	
Attendants		2,385,012	
Cafeteria Personnel		81,705	
Part-time Personnel		149,399	
Longevity Pay		19,674	
Overtime Pay		200,729	
In-service Training		29,100	
Social Security		222,446	
State Retirement		409,436	
Employee and Dependent Insurance		342,818	
Life Insurance		8,546	
Medical Insurance		506,375	
Dental Insurance		28,160	
Unemployment Compensation		9,367	
Employer Medicare		52,301	
Contracts with Private Agencies		22,863	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Dues and Memberships	\$	999	
Evaluation and Testing		715	
Maintenance Agreements		15,000	
Maintenance and Repair Services - Buildings		4,537	
Maintenance and Repair Services - Equipment		16,752	
Medical and Dental Services		920,973	
Printing, Stationery, and Forms		7,951	
Travel		12,172	
Tuition		4,979	
Other Contracted Services		4,613	
Custodial Supplies		67,464	
Data Processing Supplies		11,696	
Food Preparation Supplies		33,947	
Food Supplies		565,250	
Prisoners Clothing		12,625	
Uniforms		26,177	
Other Supplies and Materials		52,160	
Workers' Compensation Insurance		99,971	
Food Service Equipment		11,066	
Law Enforcement Equipment		4,200	
Other Equipment		6,610	
Total Jail			\$ 7,237,241

Workhouse

County Official/Administrative Officer	\$	8,636	
Social Security		516	
State Retirement		1,282	
Life Insurance		1	
Employer Medicare		121	
Workers' Compensation Insurance		215	
Total Workhouse			10,771

Juvenile Services

Captain(s)	\$	28,285	
Lieutenant(s)		40,851	
Sergeant(s)		99,771	
Medical Personnel		1,830	
Guards		89,455	
Attendants		501,665	
Part-time Personnel		957	
Overtime Pay		15,842	
Other Salaries and Wages		27,947	
Social Security		48,249	
State Retirement		91,415	
Employee and Dependent Insurance		69,505	
Life Insurance		2,004	
Medical Insurance		117,452	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Dental Insurance	\$	6,409	
Unemployment Compensation		1,839	
Employer Medicare		11,284	
Maintenance Agreements		6,905	
Medical and Dental Services		5,000	
Printing, Stationery, and Forms		1,000	
Travel		1,092	
Tuition		1,220	
Other Contracted Services		5,558	
Instructional Supplies and Materials		1,237	
Office Supplies		4,178	
Prisoners Clothing		1,390	
Uniforms		4,714	
Other Supplies and Materials		9,363	
Workers' Compensation Insurance		23,443	
Other Equipment		12,208	
Total Juvenile Services			\$ 1,232,068

Commissary

Other Supplies and Materials	\$	393,563	
Total Commissary			393,563

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	19,339	
Clerical Personnel		45,023	
Social Security		3,922	
State Retirement		7,305	
Employee and Dependent Insurance		1,925	
Life Insurance		163	
Medical Insurance		6,800	
Dental Insurance		395	
Unemployment Compensation		72	
Employer Medicare		917	
Operating Lease Payments		691	
Maintenance and Repair Services - Vehicles		566	
Other Contracted Services		50,672	
Gasoline		1,044	
Office Supplies		56	
Workers' Compensation Insurance		155	
Communication Equipment		6,267	
Other Equipment		7,683	
Total Civil Defense			152,995

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

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

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 494,275	
Clerical Personnel	96,424	
Custodial Personnel	43,162	
Part-time Personnel	107,933	
Social Security	42,895	
State Retirement	70,874	
Employee and Dependent Insurance	85,600	
Life Insurance	1,513	
Medical Insurance	101,788	
Dental Insurance	5,499	
Unemployment Compensation	2,140	
Employer Medicare	10,178	
Communication	25,789	
Contracts with Government Agencies	59,498	
Maintenance and Repair Services - Buildings	4,044	
Maintenance and Repair Services - Equipment	981	
Pest Control	372	
Travel	4,023	
Other Contracted Services	3,011	
Custodial Supplies	2,088	
Electricity	53,058	
Office Supplies	1,318	
Other Supplies and Materials	1,581	
Workers' Compensation Insurance	1,062	
Other Charges	45,651	
Total Local Health Center		1,264,757

Rabies and Animal Control

Supervisor/Director	\$ 51,000
Part-time Personnel	3,872
Overtime Pay	9,882
Other Salaries and Wages	100,431
Social Security	9,846
State Retirement	12,239
Employee and Dependent Insurance	16,225
Life Insurance	327
Medical Insurance	20,400
Dental Insurance	1,184
Unemployment Compensation	518
Employer Medicare	2,303
Dues and Memberships	580
Licenses	1,560

(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 (Cont.)

Maintenance and Repair Services - Vehicles	\$	553	
Other Contracted Services		21,438	
Animal Food and Supplies		6,329	
Drugs and Medical Supplies		19,920	
Gasoline		6,275	
Office Supplies		2,830	
Uniforms		4,918	
Utilities		5,254	
Other Supplies and Materials		9,010	
Workers' Compensation Insurance		240	
Other Charges		7,164	
Building Purchases		5,400	
Other Equipment		690	
Total Rabies and Animal Control			\$ 320,388

Other Local Welfare Services

Contracts with Private Agencies	\$	98,668	
Total Other Local Welfare Services			98,668

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contracts with Government Agencies	\$	653,585	
Total Parks and Fair Boards			653,585

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	4,183	
Contracts with Government Agencies		140,592	
Operating Lease Payments		1,129	
Office Equipment		17,444	
Total Agricultural Extension Service			163,348

Soil Conservation

Supervisor/Director	\$	48,954	
Clerical Personnel		41,483	
Social Security		5,582	
State Retirement		10,265	
Life Insurance		235	
Medical Insurance		10,200	
Dental Insurance		592	
Unemployment Compensation		144	
Employer Medicare		1,306	
Communication		853	
Postal Charges		200	
Travel		366	
Office Supplies		330	
Workers' Compensation Insurance		133	
Total Soil Conservation			120,643

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations

Industrial Development

Contracts for Development Costs	\$ 848,021	
Total Industrial Development		\$ 848,021

Veterans' Services

Supervisor/Director	\$ 49,250	
Clerical Personnel	66,474	
Social Security	6,776	
State Retirement	13,213	
Employee and Dependent Insurance	13,200	
Life Insurance	299	
Medical Insurance	15,300	
Dental Insurance	888	
Unemployment Compensation	216	
Employer Medicare	1,585	
Dues and Memberships	50	
Operating Lease Payments	1,266	
Legal Notices, Recording, and Court Costs	41	
Maintenance Agreements	1,197	
Maintenance and Repair Services - Vehicles	40	
Printing, Stationery, and Forms	407	
Travel	1,469	
Duplicating Supplies	164	
Gasoline	1,257	
Office Supplies	702	
Workers' Compensation Insurance	172	
Total Veterans' Services		173,966

Contributions to Other Agencies

Contributions	\$ 112,240	
Total Contributions to Other Agencies		112,240

Highways

Litter and Trash Collection

Attendants	\$ 34,018
Longevity Pay	250
Social Security	2,004
State Retirement	3,889
Employee and Dependent Insurance	6,314
Life Insurance	84
Medical Insurance	4,756
Dental Insurance	278
Unemployment Compensation	72
Employer Medicare	469
Contracts with Government Agencies	3,250
Licenses	15
Other Contracted Services	23,765
Tires and Tubes	300

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Other Supplies and Materials	\$ 2,454	
Workers' Compensation Insurance	821	
Total Litter and Trash Collection	\$ 82,739	

Capital Projects

General Administration Projects

Data Processing Equipment	\$ 36,979	
Other Equipment	35,283	
Total General Administration Projects	72,262	

Public Safety Projects

Communication Equipment	\$ 146,444	
Motor Vehicles	663,767	
Total Public Safety Projects	810,211	

Public Health and Welfare Projects

Motor Vehicles	\$ 31,385	
Total Public Health and Welfare Projects	31,385	

Other General Government Projects

Building Improvements	\$ 9,925	
Motor Vehicles	18,091	
Total Other General Government Projects	28,016	

Total General Fund \$ 41,276,270

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Trustee's Commission	\$ 1,383	
Building Improvements	13,119	
Total County Buildings	\$ 14,502	

Total Courthouse and Jail Maintenance Fund 14,502

Law Library Fund

Other Operations

Other Charges

Other Contracted Services	\$ 6,118	
Trustee's Commission	25	
Total Other Charges	\$ 6,143	

Total Law Library Fund 6,143

(Continued)

Exhibit K-8

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

Public Library Fund

General Government

County Buildings

Supervisor/Director	\$	4,956	
Custodial Personnel		44,228	
Maintenance Personnel		28,399	
Part-time Personnel		9,159	
Social Security		5,029	
State Retirement		6,039	
Employee and Dependent Insurance		10,175	
Life Insurance		235	
Medical Insurance		17,213	
Dental Insurance		962	
Unemployment Compensation		335	
Employer Medicare		1,205	
Maintenance and Repair Services - Buildings		17,431	
Maintenance and Repair Services - Equipment		5,590	
Other Supplies and Materials		2,048	
Workers' Compensation Insurance		163	
Maintenance Equipment		2,311	
Total County Buildings			\$ 155,478

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$	94,033
Supervisor/Director		309,729
Part-time Personnel		220,916
Other Salaries and Wages		204,162
Social Security		47,765
State Retirement		55,596
Employee and Dependent Insurance		55,275
Life Insurance		1,614
Medical Insurance		90,525
Dental Insurance		5,055
Unemployment Compensation		2,986
Employer Medicare		11,555
Bank Charges		4,004
Communication		6,817
Data Processing Services		17,054
Debt Collection Services		2,103
Dues and Memberships		350
Operating Lease Payments		7,255
Maintenance Agreements		10,661
Pest Control		716
Postal Charges		1,178
Travel		1,521
Tuition		90
Permits		210
Other Contracted Services		9,855
Custodial Supplies		16,486

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Supplies	\$	3,835	
Library Books/Media		245,310	
Office Supplies		12,542	
Periodicals		12,165	
Utilities		200,000	
Other Supplies and Materials		1,843	
Liability Insurance		42,445	
Trustee's Commission		827	
Workers' Compensation Insurance		1,650	
Data Processing Equipment		8,198	
Total Libraries			\$ 1,706,326

Other Social, Cultural, and Recreational

Supervisor/Director	\$	22,607	
Part-time Personnel		21,185	
Social Security		4,604	
State Retirement		1,057	
Employee and Dependent Insurance		6,325	
Life Insurance		63	
Medical Insurance		4,888	
Dental Insurance		271	
Unemployment Compensation		318	
Employer Medicare		663	
Food Preparation Supplies		1,624	
Food Supplies		30,965	
Other Supplies and Materials		97	
Workers' Compensation Insurance		66	
Food Service Equipment		928	
Total Other Social, Cultural, and Recreational			95,661

Capital Projects

General Administration Projects

Administration Equipment	\$	8,488	
Building Improvements		66,715	
Maintenance Equipment		8,183	
Total General Administration Projects			83,386

Total Public Library Fund \$ 2,040,851

Drug Control Fund

Public Safety

Sheriff's Department

Other Contracted Services	\$	9,572	
Animal Food and Supplies		9,991	
Other Supplies and Materials		33,154	
Trustee's Commission		1,299	
Law Enforcement Equipment		43,220	
Total Sheriff's Department			\$ 97,236

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Law Enforcement Equipment	\$ 47,057	
Total Drug Enforcement		\$ 47,057

Total Drug Control Fund \$ 144,293

Other Special Revenue Fund

Administration of Justice

Criminal Court

Supervisor/Director	\$ 43,465	
Probation Officer(s)	69,300	
Secretary(ies)	25,625	
Social Security	8,442	
State Retirement	15,707	
Employee and Dependent Insurance	6,600	
Life Insurance	372	
Medical Insurance	15,300	
Dental Insurance	888	
Unemployment Compensation	259	
Employer Medicare	1,974	
Communication	1,672	
Dues and Memberships	700	
Travel	2,987	
Tuition	760	
Other Contracted Services	900	
Instructional Supplies and Materials	2,970	
Office Supplies	1,143	
Other Supplies and Materials	12,785	
Trustee's Commission	681	
Workers' Compensation Insurance	206	
Total Criminal Court		\$ 212,736

Total Other Special Revenue Fund 212,736

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,825	
Total Chancery Court		\$ 1,825

Total Constitutional Officers - Fees Fund 1,825

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 86,359
Assistant(s)	73,090
Supervisor/Director	64,341

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	78,167	
Other Salaries and Wages		53,361	
Social Security		21,548	
State Retirement		39,470	
Employee and Dependent Insurance		26,675	
Life Insurance		775	
Medical Insurance		32,086	
Dental Insurance		1,751	
Unemployment Compensation		184	
Employer Medicare		5,040	
Communication		7,457	
Dues and Memberships		4,262	
Maintenance Agreements		6,765	
Postal Charges		300	
Rentals		576	
Travel		326	
Tuition		762	
Custodial Supplies		1,555	
Drugs and Medical Supplies		98	
Electricity		3,891	
Office Supplies		3,692	
Other Supplies and Materials		664	
Liability Insurance		188,686	
Trustee's Commission		60,784	
Workers' Compensation Insurance		24,529	
Building Improvements		16,099	
Office Equipment		1,982	
Total Administration			\$ 805,275

Highway and Bridge Maintenance

Supervisor/Director	\$	64,649
Foremen		160,081
Equipment Operators		299,448
Equipment Operators - Heavy		146,047
Equipment Operators - Light		144,560
Truck Drivers		385,311
Overtime Pay		14,720
Other Salaries and Wages		229,749
Social Security		85,995
State Retirement		159,832
Employee and Dependent Insurance		157,581
Life Insurance		4,076
Medical Insurance		205,083
Dental Insurance		11,474
Unemployment Compensation		1,387
Local Retirement		69,307
Employer Medicare		20,035

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	153,416	
Asphalt - Hot Mix		794,158	
Asphalt - Liquid		55,110	
Concrete		5,984	
Crushed Stone		83,819	
Other Road Materials		6,331	
Pipe - Metal		71,377	
Salt		35,722	
Structural Steel		4,396	
Uniforms		6,606	
Chemicals		9,191	
Other Supplies and Materials		1,784	
Workers' Compensation Insurance		18,403	
Highway Equipment		7,828	
State Aid Projects		674,986	
Total Highway and Bridge Maintenance			\$ 4,088,446

Operation and Maintenance of Equipment

Foremen	\$	53,361	
Mechanic(s)		289,113	
Social Security		20,372	
State Retirement		38,871	
Employee and Dependent Insurance		38,775	
Life Insurance		965	
Medical Insurance		42,500	
Dental Insurance		2,378	
Unemployment Compensation		288	
Local Retirement		38,227	
Employer Medicare		4,765	
Diesel Fuel		108,129	
Equipment and Machinery Parts		93,002	
Garage Supplies		3,141	
Gasoline		71,832	
Lubricants		7,366	
Pipe - Metal		2,868	
Propane Gas		2,685	
Tires and Tubes		37,340	
Uniforms		4,702	
Workers' Compensation Insurance		4,118	
Maintenance Equipment		3,133	
Total Operation and Maintenance of Equipment			867,931

Other Charges

Supervisor/Director	\$	64,033	
Foremen		22,774	
Overtime Pay		646	
Other Salaries and Wages		72,891	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Social Security	\$	9,639	
State Retirement		18,226	
Employee and Dependent Insurance		13,469	
Life Insurance		457	
Medical Insurance		19,532	
Dental Insurance		1,084	
Unemployment Compensation		135	
Employer Medicare		2,254	
Legal Services		1,600	
Tuition		750	
Custodial Supplies		60	
Road Signs		29,572	
Small Tools		1,469	
Workers' Compensation Insurance		2,356	
Data Processing Equipment		696	
Other Equipment		988	
Total Other Charges			\$ 262,631

Capital Outlay

Freight Expenses	\$	4,758	
Highway Equipment		49,225	
Other Capital Outlay		6,858	
Total Capital Outlay			60,841

Total Highway/Public Works Fund \$ 6,085,124

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	3,783,155	
Principal on Capital Leases		450,536	
Principal on Other Loans		2,610,501	
Total General Government			\$ 6,844,192

Education

Principal on Capital Leases	\$	198,094	
Total Education			198,094

Interest on Debt

General Government

Interest on Bonds	\$	3,565,936	
Interest on Capital Leases		100,553	
Interest on Other Loans		1,491,907	
Other Debt Service		2,803,215	
Total General Government			7,961,611

(Continued)

Exhibit K-8

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Capital Leases	\$	97,778	
Total Education			\$ 97,778
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	289,296	
Other Charges		10,676	
Other Debt Issuance Charges		180,000	
Other Debt Service		520,373	
Total General Government			<u>1,000,345</u>
Total General Debt Service Fund			\$ 16,102,020
<u>Highway Capital Projects Fund</u>			
<u>Highways</u>			
<u>Capital Outlay</u>			
Trustee's Commission	\$	2,990	
Highway Equipment		355,211	
Total Capital Outlay			<u>\$ 358,201</u>
Total Highway Capital Projects Fund			358,201
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Other Charges	\$	66,445	
Total Social, Cultural, and Recreation Projects			\$ 66,445
<u>Education Capital Projects</u>			
Building Improvements	\$	15,149	
Heating and Air Conditioning Equipment		62,200	
Total Education Capital Projects			<u>77,349</u>
Total Other Capital Projects Fund			143,794
<u>Endowment Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Remittance of Revenue Collected	\$	1,244	
Total Miscellaneous			<u>\$ 1,244</u>
Total Endowment Fund			<u>1,244</u>
Total Governmental Funds - Primary Government			<u>\$ 66,387,003</u>

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 26,373,524	
Career Ladder Program	229,107	
Career Ladder Extended Contracts	52,800	
Salary Supplements	405,103	
Educational Assistants	1,147,932	
Overtime Pay	8,555	
Certified Substitute Teachers	343,971	
Non-certified Substitute Teachers	223,080	
Social Security	1,704,953	
State Retirement	2,411,705	
Employee and Dependent Insurance	2,196,303	
Life Insurance	65,659	
Medical Insurance	2,766,732	
Dental Insurance	157,906	
Employer Medicare	402,293	
Printing, Stationery, and Forms	2,352	
Instructional Supplies and Materials	264,792	
Textbooks	102,345	
Regular Instruction Equipment	3,595	
Total Regular Instruction Program		\$ 38,862,707

Special Education Program

Teachers	\$ 4,552,204	
Career Ladder Program	31,500	
Career Ladder Extended Contracts	4,800	
Educational Assistants	894,268	
Social Security	324,117	
State Retirement	457,985	
Employee and Dependent Insurance	460,208	
Life Insurance	12,051	
Medical Insurance	623,336	
Dental Insurance	31,989	
Employer Medicare	76,401	
Contracts with Other Public Agencies	1,141	
Contracts with Private Agencies	15,451	
Maintenance and Repair Services - Equipment	599	
Other Contracted Services	278,566	
Instructional Supplies and Materials	64,470	
Other Supplies and Materials	976	
Special Education Equipment	15,825	
Total Special Education Program		7,845,887

Vocational Education Program

Teachers	\$ 2,426,883
Career Ladder Program	14,980
Career Ladder Extended Contracts	3,200

(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.)

Social Security	\$	145,225	
State Retirement		215,418	
Employee and Dependent Insurance		190,370	
Life Insurance		5,935	
Medical Insurance		236,172	
Dental Insurance		13,864	
Employer Medicare		33,964	
Maintenance and Repair Services - Equipment		1,184	
Instructional Supplies and Materials		44,611	
Liability Insurance		600	
Vocational Instruction Equipment		4,086	
Total Vocational Education Program			\$ 3,336,492

Adult Education Program

Teachers	\$	117,849	
Paraprofessionals		9,001	
Instructional Computer Personnel		31,920	
Social Security		9,307	
State Retirement		8,245	
Employee and Dependent Insurance		6,600	
Life Insurance		200	
Medical Insurance		10,200	
Dental Insurance		590	
Employer Medicare		2,258	
Instructional Supplies and Materials		4,934	
Liability Insurance		18	
Data Processing Equipment		10,668	
Total Adult Education Program			211,790

Other

Local Retirement	\$	1,242,337	
Total Other			1,242,337

Support Services

Attendance

Supervisor/Director	\$	38,187	
Clerical Personnel		44,096	
Social Security		4,823	
State Retirement		8,396	
Employee and Dependent Insurance		6,600	
Life Insurance		178	
Medical Insurance		12,485	
Dental Insurance		684	
Employer Medicare		1,128	
Total Attendance			116,577

(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

Medical Personnel	\$	512,466	
Secretary(ies)		12,433	
Other Salaries and Wages		59,374	
Social Security		34,903	
State Retirement		40,726	
Employee and Dependent Insurance		29,975	
Life Insurance		888	
Medical Insurance		37,825	
Dental Insurance		2,358	
Employer Medicare		8,163	
Dues and Memberships		276	
Travel		2,068	
Other Contracted Services		2,380	
Drugs and Medical Supplies		15,856	
Instructional Supplies and Materials		28,799	
In Service/Staff Development		1,100	
Total Health Services	\$		789,590

Other Student Support

Guidance Personnel	\$	1,188,155	
Social Workers		37,744	
Secretary(ies)		51,496	
Social Security		76,514	
State Retirement		113,943	
Employee and Dependent Insurance		79,652	
Life Insurance		3,043	
Medical Insurance		119,479	
Dental Insurance		7,162	
Employer Medicare		17,898	
Evaluation and Testing		32,144	
Travel		888	
Instructional Supplies and Materials		165	
Office Supplies		24	
Other Supplies and Materials		4,611	
In Service/Staff Development		6,840	
Data Processing Equipment		42,496	
Total Other Student Support			1,782,254

Regular Instruction Program

Supervisor/Director	\$	177,012	
Librarians		1,066,138	
Secretary(ies)		86,320	
Educational Assistants		168,667	
Social Security		87,790	
State Retirement		124,657	
Employee and Dependent Insurance		75,782	

(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.)

Life Insurance	\$	3,133	
Medical Insurance		136,325	
Dental Insurance		7,982	
Employer Medicare		20,948	
Contracts with Government Agencies		42,099	
Travel		5,182	
Tuition		580	
In Service/Staff Development		2,770	
Total Regular Instruction Program			\$ 2,005,385

Special Education Program

Psychological Personnel	\$	325,404	
Social Security		19,114	
State Retirement		28,939	
Employee and Dependent Insurance		26,400	
Life Insurance		777	
Medical Insurance		28,475	
Dental Insurance		1,474	
Employer Medicare		4,470	
Travel		10,398	
Other Contracted Services		1,821	
In Service/Staff Development		15,778	
Total Special Education Program			463,050

Vocational Education Program

Supervisor/Director	\$	7,745	
Secretary(ies)		54,497	
Social Security		3,770	
State Retirement		6,873	
Employee and Dependent Insurance		550	
Life Insurance		156	
Medical Insurance		10,414	
Dental Insurance		598	
Employer Medicare		882	
Total Vocational Education Program			85,485

Adult Programs

Supervisor/Director	\$	54,283	
Clerical Personnel		23,120	
Social Security		4,560	
State Retirement		4,832	
Employee and Dependent Insurance		6,589	
Life Insurance		132	
Medical Insurance		5,092	
Dental Insurance		294	
Employer Medicare		1,089	

(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.)

Adult Programs (Cont.)

Other Contracted Services	\$	1,586	
In Service/Staff Development		7,659	
Total Adult Programs			\$ 109,236

Other Programs

Educational Assistants	\$	13,400	
Social Security		814	
State Retirement		1,521	
Life Insurance		34	
Medical Insurance		5,100	
Dental Insurance		295	
Employer Medicare		167	
On-behalf Payments to OPEB		56,456	
Other Contracted Services		37,064	
Total Other Programs			114,851

Board of Education

Other Salaries and Wages	\$	83,301	
Board and Committee Members Fees		33,600	
Social Security		6,744	
State Retirement		6,293	
Employee and Dependent Insurance		5,128	
Medical Insurance		3,869	
Dental Insurance		727	
Unemployment Compensation		34,733	
Employer Medicare		1,648	
Audit Services		32,000	
Dues and Memberships		8,812	
Legal Services		22,300	
Printing, Stationery, and Forms		241	
Travel		2,310	
Tuition		1,565	
Other Contracted Services		18,547	
Other Supplies and Materials		450	
Liability Insurance		747,274	
Trustee's Commission		659,540	
Workers' Compensation Insurance		281,738	
In Service/Staff Development		894	
Other Charges		7,997	
Total Board of Education			1,959,711

Director of Schools

County Official/Administrative Officer	\$	114,055
Assistant(s)		96,384
Supervisor/Director		86,627
Career Ladder Program		1,000

(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.)

Secretary(ies)	\$	64,623	
Social Security		21,789	
State Retirement		36,383	
Employee and Dependent Insurance		19,235	
Life Insurance		1,699	
Medical Insurance		22,508	
Dental Insurance		1,158	
Disability Insurance		1,410	
Employer Medicare		5,148	
Dues and Memberships		5,239	
Postal Charges		4,406	
Printing, Stationery, and Forms		683	
Travel		1,253	
Other Contracted Services		9,913	
Office Supplies		7,953	
Other Supplies and Materials		144	
In Service/Staff Development		1,771	
Other Charges		594	
Total Director of Schools			\$ 503,975

Office of the Principal

Principals	\$	1,610,734	
Accountants/Bookkeepers		60,856	
Assistant Principals		1,164,147	
Secretary(ies)		1,124,540	
Social Security		236,479	
State Retirement		375,553	
Employee and Dependent Insurance		281,293	
Life Insurance		8,020	
Medical Insurance		388,605	
Dental Insurance		22,572	
Employer Medicare		55,305	
Communication		289,729	
Dues and Memberships		1,450	
Other Contracted Services		683	
Other Charges		4,786	
Total Office of the Principal			5,624,752

Fiscal Services

Accountants/Bookkeepers	\$	130,904
Social Security		7,501
State Retirement		14,858
Employee and Dependent Insurance		9,900
Life Insurance		348
Medical Insurance		15,087
Dental Insurance		888

(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.)

Fiscal Services (Cont.)

Employer Medicare	\$	1,754	
In Service/Staff Development		1,998	
Total Fiscal Services			\$ 183,238

Operation of Plant

Custodial Personnel	\$	2,249,072	
Social Security		131,536	
State Retirement		239,570	
Employee and Dependent Insurance		277,237	
Life Insurance		5,801	
Medical Insurance		388,642	
Dental Insurance		22,366	
Employer Medicare		30,864	
Evaluation and Testing		660	
Other Contracted Services		177,516	
Custodial Supplies		199,603	
Electricity		2,883,329	
Fuel Oil		56,898	
Natural Gas		220,479	
Water and Sewer		300,731	
Plant Operation Equipment		1,286	
Total Operation of Plant			7,185,590

Maintenance of Plant

Supervisor/Director	\$	66,958	
Secretary(ies)		35,495	
Maintenance Personnel		522,722	
Social Security		37,454	
State Retirement		67,382	
Employee and Dependent Insurance		39,558	
Life Insurance		1,594	
Medical Insurance		72,430	
Dental Insurance		4,217	
Employer Medicare		8,760	
Maintenance and Repair Services - Buildings		40,964	
Maintenance and Repair Services - Equipment		24,356	
Maintenance and Repair Services - Vehicles		14,457	
Other Contracted Services		366,797	
Equipment and Machinery Parts		50,102	
Gasoline		59,017	
Other Supplies and Materials		113,967	
Other Charges		26,820	
Building Improvements		13,404	
Heating and Air Conditioning Equipment		70,488	
Plant Operation Equipment		23,676	
Total Maintenance of Plant			1,660,618

(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

Supervisor/Director	\$	39,406	
Clerical Personnel		41,111	
Social Security		4,937	
State Retirement		8,184	
Life Insurance		174	
Medical Insurance		7,664	
Dental Insurance		444	
Employer Medicare		1,155	
Contracts with Parents		8	
Contracts with Vehicle Owners		2,941,328	
Maintenance and Repair Services - Vehicles		2,055	
Medical and Dental Services		262	
Other Contracted Services		519,999	
Tires and Tubes		780	
Total Transportation			\$ 3,567,507

Central and Other

Computer Programmer(s)	\$	137,020	
Clerical Personnel		38,781	
Other Salaries and Wages		40,986	
Social Security		12,825	
State Retirement		24,605	
Employee and Dependent Insurance		23,100	
Life Insurance		568	
Medical Insurance		25,500	
Dental Insurance		1,480	
Employer Medicare		2,999	
Other Contracted Services		137,431	
Data Processing Supplies		38,334	
Communication Equipment		18,760	
Data Processing Equipment		284,252	
Total Central and Other			786,641

Operation of Non-instructional Services

Early Childhood Education

Supervisor/Director	\$	7,384	
Teachers		335,360	
Educational Assistants		73,297	
Social Security		24,291	
State Retirement		38,794	
Employee and Dependent Insurance		48,755	
Life Insurance		1,035	
Medical Insurance		61,610	
Dental Insurance		3,556	
Employer Medicare		5,681	
Other Contracted Services		29,828	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$	12,237	
In Service/Staff Development		3,686	
Data Processing Equipment		4,128	
Furniture and Fixtures		701	
Other Equipment		2,405	
Total Early Childhood Education			\$ 652,748

Capital Outlay

Regular Capital Outlay

Other Supplies and Materials	\$	17,713	
Data Processing Equipment		517,678	
Motor Vehicles		2,942	
Total Regular Capital Outlay			538,333

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	295,872	
Total Education			<u>295,872</u>

Total General Purpose School Fund \$ 79,924,626

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,020,140	
Educational Assistants		940,589	
Social Security		98,841	
State Retirement		107,999	
Employee and Dependent Insurance		88,661	
Life Insurance		2,970	
Medical Insurance		137,488	
Dental Insurance		8,318	
Employer Medicare		28,262	
Instructional Supplies and Materials		90,992	
Workers' Compensation Insurance		6,151	
Regular Instruction Equipment		3,499	
Total Regular Instruction Program			\$ 2,533,910

Special Education Program

Teachers	\$	130,696	
Clerical Personnel		82,293	
Educational Assistants		1,181,932	
Speech Pathologist		38,145	
Social Security		84,464	
State Retirement		109,835	
Employee and Dependent Insurance		100,125	

(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.)

Special Education Program (Cont.)

Life Insurance	\$	2,673	
Medical Insurance		216,475	
Dental Insurance		16,292	
Employer Medicare		19,839	
Instructional Supplies and Materials		66,450	
Workers' Compensation Insurance		4,950	
Special Education Equipment		48,215	
Total Special Education Program			\$ 2,102,384

Vocational Education Program

Secretary(ies)	\$	2,386	
Social Security		1,307	
State Retirement		3,505	
Life Insurance		82	
Medical Insurance		5,100	
Dental Insurance		296	
Employer Medicare		283	
Postal Charges		105	
Instructional Supplies and Materials		65,292	
Office Supplies		411	
Vocational Instruction Equipment		54,372	
Total Vocational Education Program			133,139

Support Services

Other Student Support

Evaluation and Testing	\$	1,000	
Travel		28,016	
Instructional Supplies and Materials		620	
In Service/Staff Development		2,000	
Other Charges		21,193	
Total Other Student Support			52,829

Regular Instruction Program

Supervisor/Director	\$	86,649	
Secretary(ies)		42,139	
Other Salaries and Wages		404,339	
Social Security		30,677	
State Retirement		45,391	
Employee and Dependent Insurance		26,400	
Life Insurance		992	
Medical Insurance		38,888	
Dental Insurance		2,263	
Employer Medicare		7,271	
Travel		22,099	
Other Contracted Services		26,425	
Other Supplies and Materials		473	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Workers' Compensation Insurance	\$	1,049	
In Service/Staff Development		25,207	
Other Charges		336	
Total Regular Instruction Program			\$ 760,598

Special Education Program

Supervisor/Director	\$	85,172	
Psychological Personnel		101,981	
Secretary(ies)		38,606	
Clerical Personnel		66,123	
Social Security		17,891	
State Retirement		27,173	
Employee and Dependent Insurance		7,150	
Life Insurance		675	
Medical Insurance		26,350	
Dental Insurance		1,527	
Employer Medicare		4,184	
Workers' Compensation Insurance		1,000	
In Service/Staff Development		44,279	
Total Special Education Program			422,111

Vocational Education Program

Travel	\$	1,397	
In Service/Staff Development		100	
Total Vocational Education Program			1,497

Transportation

Other Contracted Services	\$	242,674	
Total Transportation			242,674

Total School Federal Projects Fund \$ 6,249,142

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	53,276
Accountants/Bookkeepers		36,535
Cafeteria Personnel		1,851,411
Social Security		115,328
State Retirement		128,902
Employee and Dependent Insurance		160,600
Life Insurance		3,515
Medical Insurance		277,312
Dental Insurance		14,718
Unemployment Compensation		3,438
Local Retirement		24,410

(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.)

Employer Medicare	\$	27,176	
Dues and Memberships		4,969	
Maintenance and Repair Services - Equipment		123,271	
Printing, Stationery, and Forms		2,988	
Transportation - Other than Students		14,267	
Travel		5,584	
Other Contracted Services		86,470	
Custodial Supplies		40,534	
Food Supplies		1,877,850	
Office Supplies		3,441	
Uniforms		9,169	
USDA - Commodities		344,599	
Other Supplies and Materials		90,579	
Workers' Compensation Insurance		43,000	
In Service/Staff Development		7,437	
Other Charges		1,740	
Data Processing Equipment		1,658	
Food Service Equipment		27,087	
Total Food Service			\$ 5,381,264

Total Central Cafeteria Fund \$ 5,381,264

Extended School Program Fund

Operation of Non-instructional Services

Community Services

Assistant(s)	\$	70,170	
Clerical Personnel		41,111	
Custodial Personnel		25,000	
Part-time Personnel		886,981	
Social Security		61,647	
State Retirement		61,376	
Employee and Dependent Insurance		62,841	
Life Insurance		1,180	
Medical Insurance		78,040	
Dental Insurance		4,742	
Employer Medicare		14,427	
Contracts with Vehicle Owners		20,843	
Travel		650	
Other Contracted Services		40,502	
Food Supplies		63,046	
Instructional Supplies and Materials		10,158	
Other Supplies and Materials		5,501	
Trustee's Commission		10,386	
Workers' Compensation Insurance		3,900	
Other Charges		3,551	
Other Equipment		6,706	
Total Community Services			\$ 1,472,758

Total Extended School Program Fund 1,472,758

(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>			
Building Improvements	\$	<u>23,934</u>	
Total Education Capital Projects			\$ <u>23,934</u>
 Total Education Capital Projects Fund			 \$ <u>23,934</u>
 Total Governmental Funds - Blount County School Department			 \$ <u>93,051,724</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, 2014

	Cities - Sales Tax Fund	City School ADA - Alcoa Fund	City School ADA - Maryville Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,402,653	\$ 9,553,152	\$ 12,955,805
Trustee's Collections - Prior Years	0	126,417	354,921	481,338
Circuit/Clerk and Master Collections - Prior Years	0	29,512	82,945	112,457
Interest and Penalty	0	16,783	47,120	63,903
Pick-up Taxes	0	674	1,891	2,565
Payments in-Lieu-of Taxes - Local Utilities	0	28,427	79,903	108,330
Payments in-Lieu-of Taxes - Other	0	1,271	3,540	4,811
Local Option Sales Taxes	14,706,740	1,771,564	4,979,113	21,457,417
Business Taxes	0	78,886	221,689	300,575
Marriage Licenses	0	784	2,205	2,989
Other Local Revenue	0	73	203	276
Mixed Drink Taxes	0	11,705	32,897	44,602
Interstate Telecommunications Tax	0	1,081	3,015	4,096
Total Cash Receipts	\$ 14,706,740	\$ 5,469,830	\$ 15,362,594	\$ 35,539,164
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 14,559,673	\$ 5,379,196	\$ 15,106,445	\$ 35,045,314
Trustee's Commission	147,067	89,663	253,368	490,098
Total Cash Disbursements	\$ 14,706,740	\$ 5,468,859	\$ 15,359,813	\$ 35,535,412
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 971	\$ 2,781	\$ 3,752
Cash Balance, July 1, 2013	0	2,441	6,800	9,241
Cash Balance, June 30, 2014	\$ 0	\$ 3,412	\$ 9,581	\$ 12,993

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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, 2014, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements, and have issued our report thereon dated November 14, 2014. Our report includes a reference to other auditors who audited the financial statements of the Blount Memorial Hospital, Inc., the Blount County Emergency Communications District, and the Blount County Public Building Authority, as described in our report on Blount County's financial statements. This report does not include the results of the other auditors testing of internal 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.

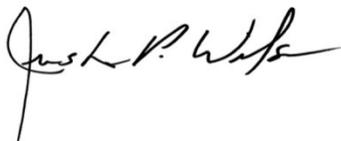
Compliance and Other Matters

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2014-001.

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 result 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

November 14, 2014

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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 OMB Circular A-133

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 Compliance for Each Major Federal Program

We have audited Blount County's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Blount County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2014.

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 OMB Circular A-133, 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.

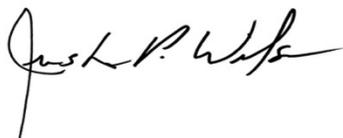
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise Blount County's basic financial statements. We issued our report thereon dated November 14, 2014, 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 OMB Circular A-133 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 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

November 14, 2014

JPW/sb

Blount County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

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	\$ 895,737
National School Lunch Program	10.555	N/A	2,262,745 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	344,599 (3)
Total U.S. Department of Agriculture			<u>\$ 3,503,081</u>
U.S. Department of the Interior:			
Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 251,668
Total U.S. Department of the Interior			<u>\$ 251,668</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 66,445
Highway Safety Cluster:			
State and Community Highway Safety	20.600	(4)	43,392
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(5)	26,830
Incentive Grant Program to Increase Motorcyclist Safety	20.612	Z-13-GHSO33	48,570
Total U.S. Department of Transportation			<u>\$ 185,237</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,569,694
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,854,533
Special Education - Preschool Grants	84.173	N/A	122,051
Career and Technical Education - Basic Grants to States	84.048	N/A	164,652
English Language Acquisition Grants	84.365	(2)	14,645
Improving Teacher Quality State Grants	84.367	N/A	381,617
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	366,366
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	174,939
Total U.S. Department of Education			<u>\$ 6,648,497</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 1,463
Total U.S. Election Assistance Commission			\$ 1,463
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 56,350
Total U.S. Department of Homeland Security			\$ 56,350
Total Expenditures of Federal Awards			\$ 10,646,296
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 4,500
Litter Program - State Department of Transportation	N/A	(2)	62,400
Health Department Program - State Department of Health	N/A	(2)	929,040
Adult Basic Education - State Department of Education	N/A	(2)	59,637
Drug Court Grant - State Department of Finance and Administration	N/A	(2)	69,988
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	681,048
Juvenile Court Home Base - State Department of Finance and Administration	N/A	(2)	98,668
Total State Grants			\$ 1,905,281

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$2,607,344.
- (4) Z-13-GHS032, \$11,269; Z-13-GHS034, \$2,049; Z-14-GHSO32, \$15,560; Z-14-GHSO33, \$2,324; Z-14-GHSO34, \$12,190.
- (5) Z-13-GHSO32, \$11,270; Z-14-GHSO32, \$15,560.

Blount County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Annual Financial Report for Blount County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

BLOUNT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Blount County is unmodified.
2. The audit of the financial statements of Blount County disclosed no significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Blount County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Improving Teacher Quality State Grants (CFDA No. 84.367), and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$319,389 threshold was used to distinguish between Type A and Type B federal programs.
9. Blount County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

The finding and recommendation, as a result of our examination are presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF CIRCUIT COURT CLERK

FINDING 2014-001

FUNDS WERE NOT ADEQUATELY COLLATERALIZED IN THE OFFICE OF CIRCUIT COURT CLERK

(Material Noncompliance Under *Government Auditing Standards*)

The clerk did not require one depository holding funds for Circuit Court to pledge adequate securities to protect the funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2014, deposits exceeded FDIC coverage and collateral securities pledged by \$288,915. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county. Subsequent to June 30, upon the auditor's notification, the clerk moved the investment to another bank and adequately collateralized the account.

RECOMMENDATION

The Circuit Court should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Blount County.

BLOUNT COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Blount County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

**BLOUNT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.