

CITY OF MARYVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

Prepared By:

Deborah P. Caughron
City Director of Financial Services

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CITY OF MARYVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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December 9, 2011

Honorable Mayor, City Council and Citizens of the City of Maryville, Tennessee

We are pleased to present the comprehensive annual report for the fiscal year ended June 30, 2011.

This report was prepared in accordance with the Maryville City Charter and state statutes. It provides detailed information as to how the City receives, spends and accounts for its revenues, along with key indicators of financial strength. The City is responsible for the accuracy of the data and for the fairness and completeness of the presentation. We believe this document contains all information necessary to gain an understanding of the City's financial activities in fiscal year 2011. We encourage readers to consider this transmittal letter in conjunction with the annotated financial statements and Management's Discussion and Analysis ("MD&A"). The MD&A is a narrative introduction, overview and analysis of the financial statements.

This report includes all funds of the City of Maryville (primary government). The City has no financial accountability for any component units.

Demographics

Located approximately 15 miles southeast of Knoxville, Tennessee, the City of Maryville consists of 16.12 square miles and is the county seat of Blount County. The Townsend entrance to the Great Smoky Mountains National Park is also a 20 minute drive from the City. With an estimated population of 27,536 residents in 2011, the City population has grown by approximately 16% in the last decade. The City is also home to Maryville College, a private, four year, liberal arts college with enrollment of approximately 1,050 students. The statistical section of this report contains more detailed demographic information.

Governmental Structure

The governing authority consists of a five-member City Council elected at-large, with City Council selecting two of its own members to serve as Mayor and Vice-Mayor, respectively. The City Manager reports to the City Council and manages the daily operations of 7 appointed operating department directors.

The City provides traditional government services, including police and fire protection, codes enforcement, street maintenance and refuse collection. In addition, the City provides water distribution services to 15,108 customers and wastewater collection services to 13,068 customers. Electric service is provided to another 21,381 customers. The service areas for Water, Wastewater and Electric utilities extend beyond the municipal boundaries of the City.

Maryville City Schools currently serves approximately 5,000 students in seven schools. The Schools are funded in part by property taxes imposed within the City of Maryville. In FY 2011, City property taxes contributed \$9,307,500 to fund school operations.

Economic Condition and Outlook

Similar to local governments throughout the country, the City of Maryville has been significantly affected by weak economic conditions over the last several years. While lower than the state average, high unemployment has continued during this period. Below is a summation of these conditions:

- For September 2011, the unemployment rate for the City was 8.1% compared to a rate of 8.0% for Blount County and 9.7% statewide, according to the Tennessee Department of Labor and Workforce Development. The unemployment rate for the City has increased 0.7% since September 2010.
- Local option sales tax reported for the twelve month period beginning July increased year over year from FY 2010 to FY 2011, resulting in additional revenue of \$76,225 for the City (increase of 1.2%) and another \$256,085 for Maryville City Schools (increase of 6.2%).
- Denso Manufacturing Tennessee, Inc., the largest employer in both Blount County and the City of Maryville with 2,700 full time employees, has increased its number of full-time employees by 200 since the previous year. The County's third largest employer, Blount Memorial Hospital with 2,256 full time employees, is also located within the City. The largest 19 employers in Blount County represent approximately 28% of all employment.
- The Taxable Digest of \$794.9 million reflects an increase of 8.4% from the previous year due to a county-wide reassessment of property. Assessed Real Property, including both residential and commercial/industrial categories, increased by \$60.9 million, or 9%, to \$611.5 million. Assessed value of Personal Property increased by <1%, or \$261,610, to \$112.4 million and the assessment for Public Utilities increased by 2%, or \$291,119, to \$10.1 million.
- Total General Fund Revenues excluding in-lieu-of-tax payments increased by 4%, or \$1,200,417, from \$29.6 million to \$30.7 million from FY 2010 to FY 2011.

Major Initiatives

This section highlights some of the major initiatives completed or underway in FY 2011.

School Construction and Expansion

In 2007 the Maryville Board of Education approved a long range master facilities plan to accommodate growth projections, which was presented to the Maryville City Council on November 14th of the same year. The plan, designed in coordination with the School Board, school staff, Lawler Wood Management, Inc., and Johnson Architecture, recommended new facilities and improvements to existing buildings to address the educational needs of a school population that had grown by 14% in the decade before, as well as the long range maintenance needs of aging facilities.

Phase I of the multi-phase plan was estimated initially at \$52 million - \$15 million for an expansion at the high school, \$5 million in renovations at existing schools, and \$32 million for a new intermediate school. The plan was designed to add space at the elementary and high school levels – ultimately moving 4th graders to different facilities.

City Council initially appropriated \$10 million to begin Phase I school capital projects on a pay-as-you go basis. Extensive renovations were completed in July 2009 at two elementary schools. However, due to the deterioration of the municipal bond market in the fall of 2008 and downward pressures in the economy, issuance of the debt to complete Phase I was delayed indefinitely. The site of Coulter Grove Intermediate was mothballed after completion of the preliminary site work and planned improvements at the high school were also put on hold.

After plans to accommodate growth met delays, administrators turned their attention in early 2009 to finding alternative solutions for the short and long terms. While portable classrooms are not the preferred classroom environment, the system used ARRA (federal stimulus) funds to temporarily, but immediately, address overcrowding by installing portables. In addition to continuing a long range strategic planning process for the school district, leaders embarked on a collaborative effort with business, community, government and education partners to determine the feasibility of an alternate campus program that might address growth pressures at the high school level.

On September 10, 2009, the Tennessee State School Bond Authority announced that funding in the form of a low-interest loan was awarded to the City of Maryville for construction of Coulter Grove Intermediate School. The loan for \$18,720,000 is part of the State's 2009 Qualified School Construction Bond issuance. Construction commenced on this project in January 2010, will be completed late fall 2011 and projected to open for the 2012-2013 school year. With the opening of Coulter Grove Intermediate in August 2012, all schools in the district will experience grade-level realignments designed to serve current and future student populations in the Maryville City Schools, while working within the parameters of the existing budget and budget projections in a stalled economy. After undergoing a significant research and design effort, a team of professional educators recommended the following grade alignments: high school (10-12), junior high school (8-9), intermediate (4-7), and elementary (PreK-3). Beginning in the 2012-2013 school year, two schools will be zoned for intermediate students. Fort Craig Elementary (with only 285 students) will be repurposed – freeing up funds needed to open the new school and moving all elementary students to one of the three zoned PreK-3 schools.

Maryville City Council and School Board have also approved design and engineering services for HVAC improvements at Maryville High School and Maryville Junior High. While still in the design phase, the plan provides for completion of this work at each school during the summers of 2012 and 2013 respectively.

Maryville Intermediate School's name will change to Montgomery Ridge Intermediate and both intermediate schools will be grades 4-7. All elementary schools will include grades K-3.

Actual school enrollment figures and estimates for future years are shown below:

School	Capacity	Actual 2010-11	Proj. 2011-12	Proj. 2012/13	Proj. 2013/14	Proj. 2014/15	Excess Capacity by School 2014/15
Elementary							
John Sevier	540	523	499	481	489	509	31
Sam Houston	500	536	501	448	459	478	22
Fort Craig	290	288	282	0	0	0	0
Foothills	520	515	515	497	504	525	(5)
Total Elem.		1862	1797	1426	1452	1512	48
Intermediate							
MIS/Mont Ridge	800	846	866	810	800	773	27
Coulter Grove	900	0	0	800	791	760	140
Middle	900	751	781	811	871	916	(16)
High	1400	1521	1489	1125	1054	1083	317
System Total		4980	4933	4972	4968	5044	516
System Capacity		4950	4950	5560	5560	5560	
Y/Y Change		(19)	(47)	39	(4)	76	
Excess Capacity		(30)	17	588	592	516	

Notes:

Actual and projected numbers do not include PreK.

A master planning study conducted by Johnson Architecture evaluated each schools' programs and facilities that began in 2006 and concluded in November 2008. This evaluation established the school capacity numbers.

Actual enrollment for FY 2011 based on 1st month of school year.

Fort Craig Elementary will close at the end of the 2011-2012 school year.

Maryville Intermediate School ("MIS") will become Montgomery Ridge Intermediate School in 2011-2012.

Coulter Grove Intermediate School will open 2012-2013. Elementary schools will be grades K-3. Intermediate schools will be grades 4-7.

Maryville Middle School will become Maryville Junior High in 2012-2013 for grades 8-9.

In 2012-2013 Maryville High School will consist of grades 10-12.

Source: Maryville City Schools

Water and Wastewater System Improvements

The Water Quality Control (WQC) Department completed several large water and wastewater projects in fiscal year 2011. Listed below are highlights:

1. Construction continued on the expansion and upgrade to the Regional Wastewater Treatment Plant. The permitted treatment capacity under normal flow conditions is 17 million gallons per day (mgd). The project, completed in late fiscal year 2011, was funded primarily with a \$34 million revenue bond and \$1.6 million loan from the State Revolving Fund. The project was completed in late fiscal year 2011.
2. Sewer Rehabilitation work began in the Lincoln Road and East Broadway Area while work was completed along Mynders Avenue, Providence Road and other various areas for \$168,851. Sewer service and manhole replacements were completed system-wide for a cost of \$169,679.
3. New residential and commercial water meters and services were installed for a cost of \$98,339.
4. In addition to the meters noted above, the Water Quality Department continued the replacement of existing meters and installation of the leak detection system. The total cost through the end of the fiscal year is \$1,017,177 for a project total of \$2,751,390. The new meters are an automatic meter reading system with state-of-the-art water meters. Funding for this work was provided by a loan from the State Revolving Fund.
5. The water service area was expanded to include the purchase of customers from the City of Alcoa in the Bungalow community. The initial purchase and subsequent line work improvements total \$551,463. Some of the improvements include replacement of galvanized mains with PVC and installation for fire hydrants.

Electric System Improvements

The Electric Department completed or began several significant projects in 2011. Listed below are highlights:

1. Continuing to rebuild Maryville Substation. This substation is the oldest in our system. Phase one was energized in FY 2011. Work continues on phase 2 and will be completed in FY 2012. This project will bring the substation up to code and replace outdated equipment and protections systems. Total project budget is \$1,084,000 and is funded in part from a \$2.5 million revenue bond issued June 2010.
2. Replaced the main 161 kv Breaker at Alcoa substation. This was the oldest device in the distribution system dating back to the 1950's. Total cost for the equipment is \$50,000.
3. Overhead construction continues to focus on rebuilding the oldest parts of the distribution system and replacing poles. Work completed in FY 2011 totals \$619,864.
4. Completed underground construction in two developments, Royal Oaks Villas and Asbury, for a cost of \$27,779. Replacing underground cable that is beginning to fail continues to be a priority. Work completed in FY 2011 totals \$52,182.

Engineering & Public Works Improvements

The Engineering and Public Works Department completed several projects in FY 2011 in the areas of Engineering, Transportation, Grounds, Solid Waste and Stormwater Management. Highlights include:

1. FEMA Mapping Project – The Dunlap Branch of Pistol Creek was remapped using a hydrology and hydraulic model to provide the City with a revised FEMA map. The work was performed by ARCADIS for \$22,000. Surveying for the project was performed by Sterling Engineering for \$10,000.
2. Grandview Drive Drainage Project - This project included installing 400 feet of pipe and excavating a 10-foot wide, 515-foot long drainage ditch along Willow Creek to improve drainage in the area. The cost of the work was \$27,775.

Engineering & Public Works Improvements (Continued)

3. Willow Creek Drainage Project – This project included installing 155 feet of pipe and excavating an 8-foot wide, 285-foot long drainage ditch along Grandview Drive to improve drainage in the area. The cost of the work was \$58,349.
4. Improvements Along E. Broadway Ave at E. Lincoln Road and Wildwood Road – To improve traffic flow, this intersection was largely reconstructed by realigning and extending Lincoln Road, widening Broadway Avenue, and installing a 4-way stop at Wildwood Road/Old Knoxville Pike/Horn Street. The contract amount for construction was \$1,140,820 which was funded primarily through the State Street Aid Fund in the budget.
5. Alcoa/Maryville ATMS Signal Upgrades – This was a joint project by the Cities of Maryville and Alcoa to allow both Cities’ signals to be synchronized on the same timing plan. The project was completely funded through Congestion Mitigation Air Quality (CMAQ) and American Reinvestment and Recovery Act (ARRA) funds. Project was bid at approximately \$1,129,371. The project included pedestrian infrastructure improvements to identified intersections, signal phasing improvements, and one traffic signal complete replacement.
6. New Traffic Signal Installation at U.S. 321 and William Blount Drive – A new traffic signal was installed at William Blount Drive and U.S. Highway 321. This was identified and funded through TDOT safety money. The contract amount was \$297,275. The speed limit on the major highway (U.S. 321) was also reduced in the area.
7. Improvements to Montvale Road at Montvale Station Road Intersection – Needed pedestrian improvements were made to this intersection with installation of pedestrian signals with countdown displays and Aldis camera for video traffic diction. (This is not an enforcement camera.) In addition, ADA ramps, truncated domes, and 2 new crosswalks were installed as well as sidewalk repair at the intersection.

Financial Information

Internal Controls

City management maintains internal accounting controls to ensure that the City’s assets are protected from loss, theft, or misuse and that adequate accounting records allows financial statements to conform with generally accepted accounting principles. Since the costs of internal controls should not outweigh their benefits, the City’s internal controls have been designed to provide reasonable, rather than absolute assurances that the financial statements will be free from material misstatements.

Budgetary Controls

Sound financial management and legal compliance require compliance with budget controls. The Maryville City Charter and state statutes require the City to operate under an annual balanced budget adopted by local ordinance. Within each fund, expenditures may not legally exceed appropriations at the department (cost center) level.

In accordance with Article IX Section 3 of the Maryville City Charter, the City Manager shall submit the proposed budget to City Council at least forty-five days before the beginning of the fiscal year. The City Council reviews the budget, holds a required public hearing and adopts the annual budget with two required readings prior to the beginning of the fiscal year. Coordination of the budget process and ongoing management of the adopted budget is delegated by the City Manager to the Director of Management and Budget and the Department of Financial Services.

Other Information

Independent Audit

The financial statements are prepared in compliance with governmental-reporting standards issued by the Governmental Accounting Standards Board, guidelines issued by the Government Finance Officers Association of the United States and Canada, and generally accepted accounting principles applicable to government entities. The Maryville City Charter and state statutes require an annual audit by independent Certified Public Accountants. The accounting firm of Ingram, Overholt & Bean, PC, serves as independent auditor to the City of Maryville. The auditor's report on the combined financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Maryville for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


Acknowledgements

This document is made possible by the commitment of the staff of the Department of Financial Services. We recognize and appreciate the willingness of each City department that provided information for this document. We also wish to express our sincere appreciation to the staff of Ingram, Overholt & Bean, PC, for their technical expertise and to City Council for their support and leadership in planning and conducting the City's financial activities.

Respectfully submitted,



Greg S. McClain
City Manager



Deborah P. Caughron
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Maryville
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



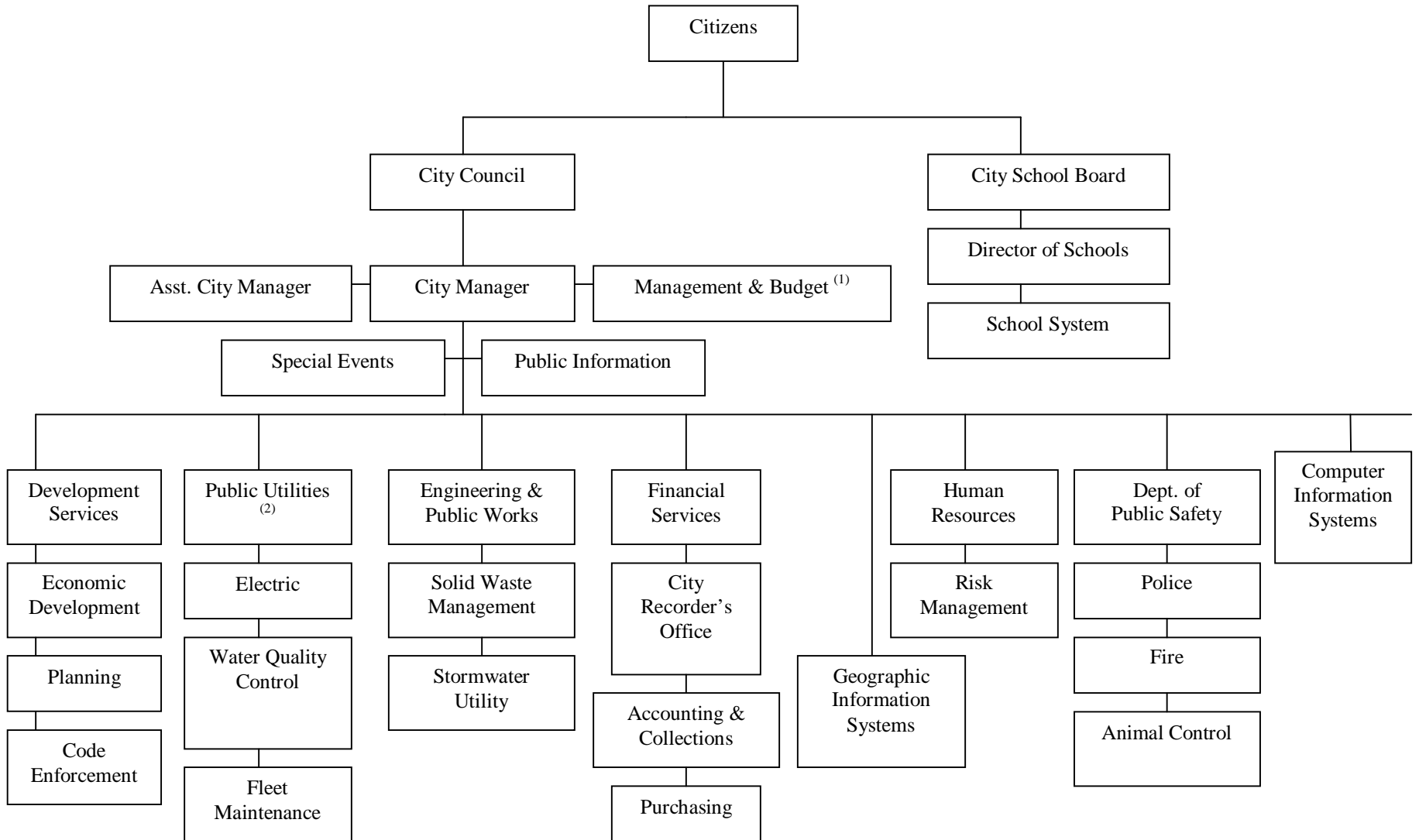
Linda C. Davison

President

Jeffrey R. Enos

Executive Director

CITY OF MARYVILLE, TENNESSEE
Organizational Chart as of 6/30/11



⁽¹⁾ Position of Management & Budget established December 2009

⁽²⁾ Electric, Water Quality Control and Fleet Maintenance combined into one department as of 5/31/10

Principal Elected and Appointed Officials

I. City Council

- A. Tom Taylor Mayor
- B. Andy White Vice-Mayor
- C. Tommy Hunt Councilman
- D. Fred Metz Councilman
- E. Joe Swann Councilman

II. City School Board

- A. Christi Sayles Chairman
- B. Doug Jenkins Vice-Chairman
- C. Denny Garner Secretary
- D. Bethany Pope Member
- E. Charles West Member

III. City Administration

- A. Greg McClain City Manager
- B. Roger D. Campbell Assistant City Manager
- C. Kristine Tallent Management & Budget

IV. City School Administration

- A. Stephanie Thompson Director of Maryville City Schools
- B. Dr. Mike Windstead Assistant Director of Maryville City Schools

V. Judicial/Legal Services

- A. William Yarborough City Judge
- B. Tammy Harrington/Betsy Smith City Juvenile Judge (2)
- C. Michael Fox Assistant City Judge
- D. David Black City Attorney (1)

VI. Department Heads

- A. Teresa Best Director of Human Resources
- B. Deborah Caughron Director of Financial Services
- C. Tony Crisp Director of Public Safety
- D. John Jagger Director of Development Services
- E. Angela Luckie Director of Engineering & Public Works
- F. Terry McCoy Director of Information Technology
- H. Baron Swafford Public Utility Director

(1) Per contractual agreement

(2) In May 2011, Tammy Harrington resigned as City Juvenile Judge. Betsy Smith took over the position on June 1, 2011.

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December 9, 2011

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of
the City Council,
and City Manager
City of Maryville
Maryville, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maryville, Tennessee (the City), as of and for the year ended June 30, 2011 which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maryville, Tennessee, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the General Purpose School Special Revenue Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information on pages 10 through 18, and required supplementary schedule on pages 68 and 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Maryville, Tennessee's basic financial statements. The introductory section, combining fund financial statements, budgetary comparison schedules included in other supplementary information, capital assets used in the operation of governmental funds schedules, miscellaneous schedules, statistical section, and the single audit section, including the Schedule of Federal and State Financial Assistance, (as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"), as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, budgetary comparison schedules included in other supplementary information, capital assets used in the operation of governmental funds schedules, miscellaneous schedules, and the Schedule of Federal and State Financial Assistance, (as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"), have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 9, 2011, on our consideration of the City of Maryville, Tennessee'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in conjunction with this report in considering the results of our audit.

Ingram, Overholt & Bean, PC



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Maryville's Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Overview of the Financial Statements

The City's basic audited financial statements comprise three components: (1) Government-wide financial statements; (2) Fund financial statements; and (3) Notes to the financial statements. This section also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business reporting. All governmental and business-type activities are combined to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement combines the governmental fund's current financial resources (short-term) with capital assets and long term liabilities. The reader should recall that prior to the implementation of GASB Statement 34, capital assets and long term liabilities were excluded from an entity's balance sheet and instead presented within the General Fixed Asset and General Long Term Debt Account Groups.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. The format of this statement is very different from a traditional "income statement". The format is intended to portray the extent to which governmental activities are funded by taxes and the extent to which business-type activities are supported by the revenues they generate. The statement presents all underlying events giving rise to the changes in net assets, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Each of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police and fire services, public works, development services, schools and general government activities. The business-type activities of the City include Water & Wastewater, Electric and Stormwater utilities.

The government-wide financial statements can be found beginning on page 1 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Maryville, similar to other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Maryville can be divided into two categories: **governmental** funds and **proprietary** funds. The City of Maryville does not have any funds of the fiduciary fund type.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type: General, Special Revenue, Capital Projects and Debt Service. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, General Purpose School, Debt Service and Qualified School Construction, which are all considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the combining statements elsewhere in the report.

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*, as discussed in Note 1 on page 30. As a result of this requirement, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB 54.

The City adopts an annual appropriated budget for its general, special revenue and debt service funds. A budgetary comparison statement has been provided for the General Fund and General Purpose School Fund, with statements beginning on pages 10 and 19, respectively.

Proprietary Funds

The City maintains two types of proprietary funds. **Enterprise** funds are used to account for quasi-business functions where revenues typically are generated from charges or fees rather than taxes. The City uses enterprise funds to account for its Electric, Water and Wastewater and Stormwater activities. The City uses **Internal Service** funds to account for its group self-insurance, worker's compensation, fleet, information technology services and facility management. The internal services funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is presented in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found beginning on page 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 25 of this report.

Financial Highlights

- The City's total assets exceeded its liabilities at June 30, 2011, by \$153,831,413 (net assets). Of this amount, \$25,923,873 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$34,817,454, a decrease of \$8,278,069 in comparison with the prior year. Of this amount, \$5,946,711 remains in the various funds as unassigned. The decrease is due primarily to expenditures of \$10,895,234 in the Qualified School Construction Fund for construction of a new intermediate school. This project will be completed in FY 2012.
- At June 30, 2011, the City's General Fund reported an unassigned fund balance of \$5,946,711, an increase of \$835,932 from last fiscal year. Fund balance is approximately 18.8% of total general fund expenditures, including transfers to school and other operations for FY 2011.
- At June 30, 2011, the City's General Purpose School Fund reported an assigned fund balance of \$7,272,785, an increase of \$3,647,978 from last fiscal year. Assigned fund balance is approximately 19% of total fund expenditures for FY 2011. Tennessee State Law requires schools to maintain a minimum fund balance of 3% (TCA 49-3-352).
- Work on capital projects for the City's Schools and Water & Wastewater Systems continued during FY 2011. School projects, primarily for construction of the new Coulter Grove Intermediate School, expended \$10,955,417. Construction to upgrade and expand the City's Regional Wastewater Treatment Facility was completed in June 2011. This work was funded with proceeds of the \$34 million Series 2008A Revenue and Tax Bonds and a portion of a \$3.84 million loan from the State of Tennessee Revolving Fund.

Government-Wide Financial Analysis

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$153,831,413 at the close of the most recent fiscal year. This represents an increase of \$12,935,222, or 9.2% over FY 2010.

Net Assets June 30, 2011

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
Current and other Assets	\$64,052,247	\$73,052,978	\$21,349,011	\$25,838,609	\$85,401,258	\$98,891,587
Capital Assets (Net)	<u>132,853,488</u>	<u>123,344,733</u>	<u>132,767,631</u>	<u>122,429,297</u>	<u>265,621,119</u>	<u>245,774,030</u>
Total Assets	\$196,905,735	\$196,397,711	\$154,116,642	\$148,267,906	\$351,022,377	\$344,665,617
Long-Term Liabilities	\$99,702,760	\$102,473,370	\$64,585,149	\$64,595,513	\$164,287,909	\$167,068,883
Other Liabilities	<u>24,659,739</u>	<u>25,955,136</u>	<u>8,243,316</u>	<u>10,745,407</u>	<u>32,903,055</u>	<u>36,700,543</u>
Total Liabilities	\$124,362,499	\$128,428,506	\$72,828,465	\$75,340,920	\$197,190,964	\$203,769,426
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$41,656,069	\$38,205,393	\$71,888,457	\$69,637,184	\$113,544,526	\$107,842,577
Restricted	14,363,014	14,381,014	0	0	14,363,014	14,381,014
Unrestricted	<u>16,524,153</u>	<u>15,382,798</u>	<u>9,399,720</u>	<u>3,289,802</u>	<u>25,923,873</u>	<u>18,672,600</u>
Total Net Assets	\$72,543,236	\$67,969,205	\$81,288,177	\$72,926,986	\$153,831,413	\$140,896,191

The largest portion of the City's net assets (74 %) at June 30, 2011, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not easily or quickly available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not planned to be used to liquidate these liabilities.

An additional portion of the City's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$25,923,873 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities experienced an increase of 9% year over year for Net Assets Invested in Capital Assets, Net of Related Debt. This change resulted from additional construction –in-progress at June 30, 2011, primarily for Coulter Grove Intermediate School.

Business-Type Activities experienced an increase of 3% year over year for Net Assets Invested in Capital Assets, Net of Related Debt. This change resulted primarily from additions to Wastewater Plant-in-Service.

The City is able to report positive balances in all three categories of net assets for activities of the primary government.

**Changes in Net Assets
June 30, 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
Revenues						
Program Revenues:						
Charges for Services	\$4,532,039	\$4,320,796	\$79,440,746	\$68,232,472	\$83,972,785	\$72,553,268
Operating Grants and Contributions	22,862,220	22,288,846	0	0	22,862,220	22,288,846
Capital Grants and Contributions	791,634	749,836	3,926,340	173,428	4,717,974	923,264
General Revenues:						
Sales Taxes	10,913,074	10,580,764	0	0	10,913,074	10,580,764
State Income Taxes and Excise Taxes	299,275	570,146	0	0	299,275	570,146
Property Taxes	26,178,362	24,087,480	0	0	26,178,362	24,087,480
Business Taxes	723,497	680,872	0	0	723,497	680,872
Miscellaneous Taxes	5,100,621	5,152,442	0	0	5,100,621	5,152,442
In-Lieu of Taxes	620,312	449,801	0	0	620,312	449,801
Investment Earnings	217,446	278,708	77,879	223,887	295,325	502,595
Miscellaneous Revenues	994,638	887,083	8,400	8,400	1,003,038	895,483
Gain on Deletion of Capital Assets	<u>11,117</u>	<u>14,682</u>	<u>142,062</u>	<u>0</u>	<u>153,179</u>	<u>14,682</u>
Total Revenues	\$73,244,235	\$70,061,456	\$83,595,427	\$68,638,187	\$156,839,662	\$138,699,643

(Continued)

Changes in Net Assets (Continued)
June 30, 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
Expenses						
General Government	\$1,732,507	\$2,612,508	\$0	\$0	\$1,732,507	\$2,612,508
Public Safety	9,754,968	8,800,812	0	0	9,754,968	8,800,812
Public Works	6,012,197	5,837,835	0	0	6,012,197	5,837,835
Culture and Recreation	2,950,743	3,297,321	0	0	2,950,743	3,297,321
Economic Development	342,968	1,340,465	0	0	342,968	1,340,465
Education	45,788,418	46,459,245	0	0	45,788,418	46,459,245
Nondepartmental	994,254	1,068,209	0	0	994,254	1,068,209
Interest on Long-Term Debt	2,187,347	2,918,472	0	0	2,187,347	2,918,472
Other Debt Service	289,682	191,141	0	0	289,682	191,141
Electric	0	0	61,371,556	54,402,893	61,371,556	54,398,888
Water Quality Control	0	0	11,562,664	13,711,949	11,562,664	11,026,225
Stormwater Utility	<u>0</u>	<u>0</u>	<u>917,136</u>	<u>1,018,169</u>	<u>917,136</u>	<u>884,042</u>
Total Expenses	\$70,053,084	\$72,526,008	\$73,851,356	\$69,133,011	\$143,904,440	\$138,835,163
Excess (Deficiency) of Revenues over Expenses before Transfers	\$3,191,151	(\$2,464,552)	\$9,744,071	(\$494,824)	\$12,935,222	(\$2,959,376)
Transfers-In Lieu of Tax Payments	1,382,880	1,232,663	(1,382,880)	(1,232,663)	0	0
Other Transfers	<u>0</u>	<u>25,720</u>	<u>0</u>	<u>(25,720)</u>	<u>0</u>	<u>0</u>
Change in Net Assets	\$4,574,031	(\$1,206,169)	\$8,361,191	(\$1,753,207)	\$12,935,222	(\$2,959,376)
Net Assets at Beginning of Year	<u>\$67,969,205</u>	<u>\$69,175,374</u>	<u>\$72,926,986</u>	<u>\$76,355,567</u>	<u>\$140,896,191</u>	<u>\$145,530,941</u>
Adjustment to Net Assets- Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>(\$1,675,374)</u>	<u>0</u>	<u>(\$1,675,374)</u>
Adjusted Net Assets at Beginning of Year	<u>\$67,969,205</u>	<u>\$69,175,374</u>	<u>\$72,926,986</u>	<u>\$74,680,193</u>	<u>\$140,896,191</u>	<u>\$143,855,567</u>
Net Assets at End of Year	<u>\$72,543,236</u>	<u>\$67,969,205</u>	<u>\$81,288,177</u>	<u>\$72,926,986</u>	<u>\$153,831,413</u>	<u>\$140,896,191</u>

(Continued)

Analysis of Change in Net Assets

Governmental Activities

- Governmental activities increased the City's governmental net assets by \$4,574,031, thereby accounting for a 6.7% increase over the prior year. The increase is attributed primarily to additional property tax revenue of \$2,090,882 and reduced expenses in the areas of Economic Development (\$997,497), Interest on Long-Term Debt (\$731,125) and Education (\$670,827).
- Revenue increased by 4.5%, or \$3,182,779, due primarily to an increase in property tax revenues. Approximately \$850,000 of the additional property tax revenue was paid by an industrial taxpayer located in the City of Alcoa for prior year taxes. These funds are dedicated to the Maryville School District.
- Expenses also decreased by 3.4%, or \$2,472,924, due primarily to the completion of grant projects.
- The only expense categories with year over year increases were Public Safety (\$954,156), Public Works (\$174,362) and Other Debt Service (\$98,541). The Public Safety increase was the addition of Capital Outlay for the equipping of a county-wide communications system.

Business-Type Activities

- Business-type activities increased the City's business-type net assets by \$8,361,191, thereby accounting for a change over the prior year of 11.5%.
- The Electric Utility, the largest business-type activity of the City with FY 2011 operating revenues of \$65,112,057 and expenses of \$60,952,804, experienced increasing revenues and expenses from the prior year due to significant changes in the rate schedule as set by TVA. The new rate schedule was effective April 1, 2011. Purchased Power expense for the utility increased by \$7,124,348, or 15.3% year over year.
- The Water Quality Fund (Water & Wastewater Utility) concluded FY 2011 with a change in net assets of \$5,007,049. The increase is a result of capital contributions of \$3,926,340 and additional operating revenues of \$1,623,408. Water and Wastewater rates were raised by 10% effective July 1, 2010.
- The Stormwater Utility finished the fiscal year with operating revenues of \$1,368,969 and expenses of \$917,136. The fund ended the fiscal year with net assets of \$933,443.
- Total Business-Type Activities contributed transfers-in-lieu of tax payments of \$1,382,880 compared to \$1,232,663 in FY 2010.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. As of June 30, 2011, unassigned fund balance of the General Fund was \$5,946,711. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, including General Fund transfers. Unassigned fund balance represents 18.8% of total general fund expenditures.

The General Purpose School Fund is the primary operating fund for the Maryville City Schools. As of June 30, 2011, the assigned fund balance of the General Purpose School Fund was \$7,272,785. The City's contribution from General Fund for operating support of the schools remained unchanged from since FY 2009 at \$9,307,500.

(Continued)

Financial Analysis of the Government's Funds (Continued)

Governmental Funds (Continued)

The Debt Service Fund is used to pay principal and interest for debt issued for City and School-related projects, not including self-supporting debt issued for capital improvements to the Water & Wastewater and Electric Utilities. In FY 2011, revenues to the Debt Service Fund were a transfer from General Fund and contributions from Maryville College related to payment of the Civic Arts Center issuance. The assigned fund balance of the Debt Service Fund as of June 30, 2011, was \$9,087,727, a decrease of \$1,754,476 from the prior year.

The Qualified School Construction Fund accounts for revenues and expenditures related to the City's loan for purposes of constructing the new Coulter Grove Intermediate School. As of June 30, 2011, restricted fund balance of the Qualified School Construction Fund was \$3,707,482. Revenues of \$18,720,000 were received from proceeds of a bond issued by the Tennessee State School Bond Authority on December 17, 2009. Construction expenditures of \$14,828,689 were incurred in FY 2010 and FY 2011. It is projected that construction of the new school will be completed in December 2011, and the Qualified School Construction Fund will be closed at the end of FY 2012.

Schedules for Other Non-Major Governmental Funds are also found in this report.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Electric Utility as of June 30, 2011 were \$31,736,457, an increase of \$2,902,309 from the prior year. Operating income for the utility increased from \$1,506,720 in FY 2010 to \$4,159,253 in FY 2011. Charges for services increased by 17% and purchased power costs increased by 15% year over year.

Net assets of the Water Quality Control Department (Water & Wastewater) as of June 30, 2011, were \$48,618,277, an increase of \$5,007,049 from FY 2010. Operating income for the utility increased from \$2,684,148 in FY 2010 to \$3,855,611 for FY 2011. There was also Capital Contributions of \$3,926,340 for FY 2011.

Net assets of the Stormwater Utility as of June 30, 2011 were \$933,443. Operating revenue for the utility increased slightly from \$1,353,127 in FY 2010 to \$1,368,969 for FY 2011.

General Fund Budgetary Highlights

The final budget increased original estimates by \$924,814 to \$30,259,814, which removes a budgeted use of fund balance for FY 2011.

On the appropriation side, management continued to closely monitor spending throughout the fiscal year for additional reductions. For example, budgeted positions that were vacated were left unfilled. Departments continued to identify savings within line items or delay purchases where possible.

Only three operating cost centers, Judicial/Legal, Financial Services and Public Works-Street Lighting, exceeded their original budgets. The final budget for Judicial/Legal was increased by \$10,000 to account for additional expenses for Outside Legal Services, with an original budget of \$74,000 versus expense of \$81,212. The budget for Financial Services- Professional Services line item was raised by \$70,000 for an increase of \$69,672 for County Property Reappraisal Services (\$33,817 for FY 2007 versus \$103,489 for FY 2011). The budget for Public Works-Street Lighting was increased by \$100,000 from \$481,000 to \$581,000 due to higher electricity expenses for city street lights.

The final ordinance appropriated an additional \$1,075,000 as a transfer from General Fund to the Debt Service Fund (\$625,000), Equipment Replacement Fund (\$300,000) and Local Grant Fund (\$150,000).

(Continued)

General Fund Budgetary Highlights (Continued)

Below is a listing of the changes to the General Fund budget for FY 2011:

- Increase in Multiple Revenue Line Items- \$924,814
- Increase in Other Financing Sources (Capitalized Lease under Sub-Lease Agreement)- \$918,996
- Increase in Judicial/Legal Appropriation- \$10,000
- Decrease in Development Services Appropriation- (\$30,000)
- Decrease in Engineering Appropriation- (\$10,000)
- Increase in Financial Services- \$70,000
- Decrease in Police Services Appropriation- (\$300,000)
- Decrease in Fire Services Appropriation- (\$10,000)
- Decrease in Public Works- Grounds- (\$45,000)
- Increase in Public Works-Street Lighting- \$100,000
- Decrease in Parks & Recreation- (\$10,000)
- Increase in Transfer of Funds- \$1,075,000
- Decrease in Contingency- (\$20,000)
- Decrease in Non-Departmental Cost Center- (\$20,000)
- Increase in Capital Outlay (Public Safety)- \$918,996

Capital Asset and Debt Administration

Capital Assets as of June 30, 2011 Net of Depreciation

Capital Assets	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Land	\$6,015,882	\$6,015,882	\$1,937,994	\$1,933,165	\$7,953,876	\$7,949,047
Right-of-Way/Easements	69,375	69,375	0	0	69,375	69,375
Construction in Progress	19,782,519	8,373,179	1,238,301	11,764,879	21,020,820	20,138,058
Buildings	77,809,957	77,809,957	0	0	77,809,957	77,809,957
Improvements	16,724,426	15,826,957	0	0	16,724,426	15,826,957
Infrastructure	17,300,594	17,300,594	0	0	17,300,594	17,300,594
Machinery, Equipment & Vehicles	13,578,781	13,455,344	0	0	13,578,781	13,455,344
Capital Lease Property	24,466,663	23,075,000	0	0	24,466,663	23,075,000
Electric Plant	0	0	60,321,984	58,112,905	60,321,984	58,112,905
Water & Wastewater Plant	0	0	118,459,652	96,187,638	118,459,652	96,187,638
Stormwater Utility	0	0	863,987	678,498	863,987	678,498
Utility Plant Acquisition Costs	<u>0</u>	<u>0</u>	<u>162,770</u>	<u>162,770</u>	<u>162,770</u>	<u>162,770</u>
Total Capital Assets	\$175,748,197	\$161,926,288	\$182,984,688	\$168,839,855	\$358,732,885	\$330,766,143
Less: Accumulated Depreciation	<u>42,894,709</u>	<u>38,581,555</u>	<u>50,217,057</u>	<u>46,410,558</u>	<u>93,111,766</u>	<u>84,992,113</u>
Net Capital Assets	<u>\$132,853,488</u>	<u>\$123,344,733</u>	<u>\$132,767,631</u>	<u>\$122,429,297</u>	<u>\$265,621,119</u>	<u>\$245,774,030</u>
Net Capital Assets-Beginning	\$123,344,733	\$120,486,146	\$122,429,297	\$111,907,096	\$245,774,030	\$232,393,242
Adjustment to Net Capital Assets- Prior Period Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,598,231)</u>	<u>0</u>	<u>(1,598,231)</u>
Adjusted Net Capital Assets- Beginning	<u>\$123,344,733</u>	<u>\$120,486,146</u>	<u>\$122,429,297</u>	<u>\$110,308,865</u>	<u>\$245,774,030</u>	<u>\$230,795,011</u>
Increase in Net Capital Assets	<u>9,508,755</u>	<u>2,858,587</u>	<u>10,338,334</u>	<u>12,120,432</u>	<u>19,847,089</u>	<u>14,979,019</u>
Net Capital Assets- Ending	<u>\$132,853,488</u>	<u>\$123,344,733</u>	<u>\$132,767,631</u>	<u>\$122,429,297</u>	<u>\$265,621,119</u>	<u>\$245,774,030</u>

(Continued)

Capital Asset and Debt Administration (Continued)

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$265,621,119 net of accumulated depreciation, an increase of 8%, or \$19,847,089, year over year.

The largest increase in the Governmental Activities category is in the area of Construction in Progress. The \$26 million construction of the new Coulter Grove Intermediate School continued in FY 2011, with completion anticipated in December 2011. In the Business-Type Activities, there is an increase in Water & Wastewater Plant assets of \$22.3 million. This addition is primarily associated with the completion in June 2011 of the expansion and upgrade to the City's Wastewater Treatment Plant.

Please refer to Note 6 beginning on page 43 of the report for further information regarding capital assets.

Long-Term Debt

Outstanding Long-Term Obligations June 30, 2011

Debt	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
General Obligation/Rev Bonds	\$51,950,000	\$53,770,000	\$60,045,000	\$62,100,000	\$115,995,000	\$115,870,000
Public Improvement Loans	3,795,000	4,115,000	0	0	3,795,000	4,115,000
TN State School Bond Authority Loan	17,649,243	18,720,000	0	0	17,649,243	18,720,000
TN State Revolving Fund Loans	0	0	2,304,000	260,142	2,304,000	260,142
Capital Outlay Notes	0	381,498	0	0	0	381,498
Capital Lease Obligations	23,393,996	22,965,000	0	0	23,393,996	22,965,000
Premium on Bonds	<u>1,552,182</u>	<u>1,063,006</u>	<u>740,094</u>	<u>798,630</u>	<u>2,292,276</u>	<u>1,861,636</u>
Total Debt Payable	\$98,340,421	\$101,014,504	\$63,089,094	\$63,158,772	\$161,429,515	\$164,173,276
Compensated Absences	1,362,339	1,458,866	1,496,055	1,436,741	2,858,394	2,895,607
Net OPEB Obligation	<u>1,711,599</u>	<u>1,265,147</u>	<u>631,099</u>	<u>473,420</u>	<u>2,342,698</u>	<u>1,738,567</u>
Total Long Term Obligations	\$101,414,359	\$103,738,517	\$65,216,248	\$65,068,933	\$166,630,607	\$168,807,450

As of June 30, 2011, the City had total bonded debt outstanding of \$96,788,239, comprised of general obligation debt backed by its full faith and credit pledge excluding original issue premium. In addition, the City is obligated for another \$62,349,000 in revenue debt issued for the Water & Wastewater and Electric utilities, excluding original issue premium. These revenue bonds, while carrying the backing of the City's general obligation pledge, are repaid from net revenues of the appropriate utility.

On October 26, 2009, the State of Tennessee Local Development Authority Board approved a State Revolving Fund loan to the City in the amount of \$3,840,000 for the purposes of replacing electronic meters throughout the City's Water & Wastewater system, installation of leak detection sensor monitors and construction of a biosolids handling facility at the City's Wastewater Treatment Plant. Of the total loan amount, 40% of the principal will be forgiven as part of the American Recovery and Reinvestment Act (ARRA) of 2009. Upon the completion of the project in FY 2011, the loan, less the forgiveness amount, was recorded as \$2,304,000.

The City issued fixed rate refunding bonds in the amount of \$14,170,000 during FY 2011. All proceeds were used to refinance outstanding variable rate general obligation debt and pay costs of issuance associated with the transactions.

(Continued)

Capital Asset and Debt Administration (Continued)

Long-Term Debt (Continued)

The City has been assigned long-term bond ratings of AA- from Standard & Poor's and Aa3 from Moody's Investors Service. Both ratings were most recently affirmed in August 2011. See Note 7 beginning on page 45 for additional details.

The Charter of the City of Maryville limits the issuance of general obligation debt up to an amount that will not exceed fifteen percent (15%) of the total assessed value of the incorporated area. The current debt limitation for the City is \$118,778,585 compared to the City's outstanding debt net of fund balance held in the Debt Service Fund of \$83,655,512. The legal debt margin is \$35,123,073. See Schedule 12 on page 156 in the Statistical Section of the report for additional details.

In FY 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 requires public sector employers to expense the cost of other (i.e. non-pension) employment benefits (OPEB) over the service years of their employees. The net OPEB obligation is the net amount for which the City would be obligated. The net OPEB obligation is equivalent to the annual OPEB cost, which is the OPEB expense for the year on the accrual basis of accounting, less estimated retiree claims currently paid by the City on a pay-as-you-go basis. The City's net OPEB obligation, including Schools, at June 30, 2011 was \$2,342,698. Please see Note 10 beginning on page 53 for additional details.

Economic Factors and the FY 2012 Budget

Throughout preparation of the FY 2012 Budget, the City has been mindful of the continued economic difficulties affecting our residents and businesses. This budget reflects the constraints facing local governments across the country, including minimal growth in the City's real property valuation and sales tax collections, declines in certain revenues collected on the City's behalf by the State and county-wide unemployment of 8.3% in March 2011.

Highlights of the FY 2012 Budget include:

- A General Fund Budget of \$31,020,656, an increase of \$662,692, or 2.2%, from the adopted FY 2011 Budget of \$30,357,964.
- The FY 2012 General Fund Budget does not require an increase to the current property tax rate of \$2.17 per \$100 of assessed valuation. For a residence valued at \$150,000, City property taxes for FY 2012 remain \$814, or \$68 per month.
- There is no change in the City contribution to School operations of \$9,307,500. City support of School Operations represents 53.5% of budgeted property tax revenue in FY 2012.
- The FY 2012 Budget eliminates 4 authorized positions city-wide- 1 in Development Services, 1 in Fire Services and 2 in Water Quality. Another 4.5 positions remain authorized but not funded for FY 2012- 1 in Information Technology, 1 in Development Services, 1 in Police Services. 0.5 in Fire Services and 1 in Water Quality. Total number of authorized positions city-wide reduces from 308 to 304. The total number of funded full-time positions decreases from 308 to 299.5. Position reductions have been due to retirements and normal attrition. Funded full-time positions city-wide have decreased 11% from FY 2009 (336 versus 299.5).
- The FY 2012 Budget funds a cost of living increase for all employees of 1.6% effective July 1, 2011. There are no step raises funded with the new budget. City contribution for employee medical care declines by \$196,629, primarily a result of fewer participants in the employee medical plan and efforts to control rising health care costs by the City's employees. There is no increase to employee health care premiums for FY 2012.

(Continued)

Economic Factors and the FY 2012 Budget (Continued)

- There are a few general government capital projects underway or scheduled for completion in FY 2012. Funding for all of these projects are from dedicated revenue sources. Construction of Coulter Grove Intermediate School is anticipated to be completed in late 2011, with road projects related to the school ongoing through summer 2012. Construction of the Greenbelt Lake- Pistol Creek Ecosystem Restoration project, a joint project of the City and the U.S. Corps of Engineers, is scheduled to begin in late fall 2011. Various road projects, funded with revenues from the state tax on motor fuel, will continue with the completion of intersection improvements to East Broadway, Lincoln Road and Wildwood Road.
- Construction of the expanded and upgraded Wastewater Treatment Plant was completed late FY 2011. Water & Wastewater capital projects totaling \$2,190,559 are planned for FY 2012 to focus primarily on system rehabilitation.
- The capital plan for the Electric System includes completion of the upgrade of the Maryville substation and acquisition of an additional grounding transformer for the Alcoa substation as well as annual system rehabilitation. The FY 2012 capital budget for the Electric Department is \$2,860,000.
- The capital plan for the Stormwater Utility includes various drainage projects for a budget of \$185,000 and stream bank restoration as part of a state grant program of \$18,840.

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CITY OF MARYVILLE, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2011 and 2010

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u> <u>2011</u>	<u>Total</u> <u>2010</u>
Cash	\$ 3,484,985	\$ 2,688,576	\$ 6,173,561	\$ 4,598,549
Investments	12,016,146	10,197,960	22,214,106	6,699,967
Pooled cash	921,519	-	921,519	5,616,110
Pooled investments	16,727,816	-	16,727,816	20,781,840
Receivables:				
Taxes, net	19,054,489	-	19,054,489	19,087,835
Accounts, net	258,766	3,463,408	3,722,174	3,366,513
Accrued interest	18,564	-	18,564	19,066
Rentals	-	153,500	153,500	144,204
Other	-	260,910	260,910	253,549
Due from other governments	3,225,448	-	3,225,448	2,703,639
Inventories	430,474	1,550,527	1,981,001	2,029,722
Prepaid items/clearing accounts/other assets	28,948	102,644	131,592	29,624
Deferred issuance costs/refunding loss	3,700,961	1,917,445	5,618,406	5,813,511
Energy service loans receivable	-	710,725	710,725	412,978
Intangible assets	-	303,316	303,316	-
Restricted assets:				
Restricted for capital acquisitions:				
Cash	-	-	-	116,930
Investments	-	-	-	10,249,729
Funds held by fiscal agent	4,184,131	-	4,184,131	15,875,164
Contractor's escrow accounts	-	-	-	1,092,657
Capital assets (net of accumulated depreciation and amortization):				
Land	6,015,882	-	6,015,882	6,015,882
Rights-of-way/Easements	69,375	-	69,375	69,375
Buildings	57,583,188	-	57,583,188	59,130,721
Improvements	12,747,212	-	12,747,212	12,281,726
Infrastructure	9,362,908	-	9,362,908	9,918,345
Equipment, vehicles and software	4,206,404	-	4,206,404	4,917,532
Capital lease property	23,086,000	-	23,086,000	22,637,973
Electric plant in service	-	37,318,923	37,318,923	36,551,140
Water/sewer plant in service	-	93,383,063	93,383,063	73,451,498
Stormwater utility plant in service	-	827,344	827,344	661,780
Construction-in-progress	<u>19,782,519</u>	<u>1,238,301</u>	<u>21,020,820</u>	<u>20,138,058</u>
Total Assets	<u>\$ 196,905,735</u>	<u>\$ 154,116,642</u>	<u>\$ 351,022,377</u>	<u>\$ 344,665,617</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
STATEMENT OF NET ASSETS (Continued)
June 30, 2011 and 2010

<u>LIABILITIES AND NET ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total 2011</u>	<u>Total 2010</u>
Liabilities:				
Accounts payable	\$ 920,617	\$ 5,481,409	\$ 6,402,026	\$ 8,775,220
Cash overdraft	-	-	-	19,995
Accrued payroll	2,633,206	-	2,633,206	2,550,744
Accrued interest payable	158,842	140,220	299,062	267,078
Other liabilities	1,515,269	21,505	1,536,774	2,609,444
Internal balances	87,117	(87,117)	-	-
Customer deposits	-	939,875	939,875	877,226
Advances from TVA for energy service loans	-	710,725	710,725	412,978
Accrued post-employment benefit obligations	1,711,599	631,099	2,342,698	1,738,567
Refundable deposits	-	405,600	405,600	500,200
Unearned revenue	17,633,089	-	17,633,089	17,856,434
Current liabilities payable from restricted assets:				
Contractors' retainage	-	-	-	1,092,657
Long-term liabilities:				
Due within one year	4,142,943	2,750,056	6,892,999	5,686,138
Due in more than one year	<u>95,559,817</u>	<u>61,835,093</u>	<u>157,394,910</u>	<u>161,382,745</u>
Total Liabilities	<u>124,362,499</u>	<u>72,828,465</u>	<u>197,190,964</u>	<u>203,769,426</u>
Net Assets:				
Invested in capital assets, net of related debt	41,656,069	71,888,457	113,544,526	107,842,577
Restricted for:				
Special Revenue	776,038	-	776,038	-
Debt Service	7,725,388	-	7,725,388	9,242,002
Capital Projects	5,861,588	-	5,861,588	5,139,012
Unrestricted	<u>16,524,153</u>	<u>9,399,720</u>	<u>25,923,873</u>	<u>18,672,600</u>
Total Net Assets	<u>72,543,236</u>	<u>81,288,177</u>	<u>153,831,413</u>	<u>140,896,191</u>
Total Liabilities and Net Assets	<u>\$ 196,905,735</u>	<u>\$ 154,116,642</u>	<u>\$ 351,022,377</u>	<u>\$ 344,665,617</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2011			2010
					Governmental Activities	Business-type Activities	Total	Total
Governmental Activities:								
General Government	\$ 1,732,507	\$ 253,572	\$ 2,750	\$ -	\$ (1,476,185)	\$ -	\$ (1,476,185)	\$ (2,407,389)
Public Safety	9,754,968	224,966	12,000	788,977	(8,729,025)	-	(8,729,025)	(8,527,900)
Public Works	6,012,197	455,006	125,575	2,657	(5,428,959)	-	(5,428,959)	(4,537,746)
Culture and Recreation	2,950,743	775,595	-	-	(2,175,148)	-	(2,175,148)	(2,547,338)
Economic Development	342,968	167,300	-	-	(175,668)	-	(175,668)	(1,298,103)
Nondepartmental	994,254	-	-	-	(994,254)	-	(994,254)	(1,068,209)
Education	45,788,418	2,655,600	22,721,895	-	(20,410,923)	-	(20,410,923)	(21,670,232)
Debt Service:								
Interest on long-term debt	2,187,347	-	-	-	(2,187,347)	-	(2,187,347)	(2,918,472)
Other debt service	289,682	-	-	-	(289,682)	-	(289,682)	(191,141)
Total Governmental Activities	70,053,084	4,532,039	22,862,220	791,634	(41,867,191)	-	(41,867,191)	(45,166,530)
Business-Type Activities:								
Electric	61,371,556	65,112,057	-	-	-	3,740,501	3,740,501	1,140,140
Water Quality Control	11,562,664	12,959,720	-	3,926,340	-	5,323,396	5,323,396	(2,202,209)
Stormwater Utility	917,136	1,368,969	-	-	-	451,833	451,833	334,958
Total Business-type Activities	73,851,356	79,440,746	-	3,926,340	-	9,515,730	9,515,730	(727,111)
Total Government	\$ 143,904,440	\$ 83,972,785	\$ 22,862,220	\$ 4,717,974	(41,867,191)	9,515,730	(32,351,461)	(45,893,641)
General Revenues:								
Sales tax					10,913,074	-	10,913,074	10,580,764
State income taxes and excise taxes					299,275	-	299,275	570,146
Property taxes					26,178,362	-	26,178,362	24,087,480
Business taxes					723,497	-	723,497	680,872
Miscellaneous taxes					5,100,621	-	5,100,621	5,152,442
In-lieu-of taxes					620,312	-	620,312	449,801
Investment earnings					217,446	77,879	295,325	502,595
Miscellaneous					994,638	8,400	1,003,038	895,483
Gain on deletion of capital assets					11,117	142,062	153,179	14,682
Transfers – In-lieu-of-tax payments					1,382,880	(1,382,880)	-	-
Other Transfers					-	-	-	-
Total General Revenues and Transfers					46,441,222	(1,154,539)	45,286,683	42,934,265
Change in Net Assets					4,574,031	8,361,191	12,935,222	(2,959,376)
Net Assets – Beginning					67,969,205	72,926,986	140,896,191	145,530,941
Adjustment to Net Assets – Prior Period Adjustment					-	-	-	(1,675,374)
Adjusted Net Assets - Beginning					67,969,205	72,926,986	140,896,191	143,855,567
Net Assets – Ending					\$ 72,543,236	\$ 81,288,177	\$ 153,831,413	\$ 140,896,191

See accompanying independent auditors' report and notes.

**CITY OF MARYVILLE, TENNESSEE
BALANCE SHEET
Governmental Funds
June 30, 2011 and 2010**

<u>ASSETS</u>	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service</u>	<u>Qualified School Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2011</u>	<u>2010</u>
Cash	\$ 281	\$ 2,401,789	\$ -	\$ -	\$ 1,014,703	\$ 3,416,773	\$ 845,150
Investments	5,994,541	6,021,532	-	72	1	12,016,146	3,344,366
Pooled Cash	112,362	-	-	1,160	807,997	921,519	5,616,110
Pooled Investments	161,098	-	9,087,727	-	7,478,991	16,727,816	20,781,840
Funds held by fiscal agent	-	-	-	4,184,131	-	4,184,131	15,875,164
Receivables:							
Taxes	18,415,403	774,447	-	-	-	19,189,850	19,215,213
Less: Allowance for uncollectible taxes	(135,361)	-	-	-	-	(135,361)	(127,378)
Accounts	82,668	741	-	-	4,655	88,064	271,410
Accrued interest	18,564	-	-	-	-	18,564	19,066
Due from other governments	1,305,093	894,615	-	-	1,025,740	3,225,448	2,703,639
Inventories	-	-	-	-	97,903	97,903	104,659
Due from other funds	3,340	1,569,018	-	-	10,955	1,583,313	1,783,239
Prepaid items	4,156	-	-	-	9,014	13,170	4,874
Total Assets	<u>\$ 25,962,145</u>	<u>\$ 11,662,142</u>	<u>\$ 9,087,727</u>	<u>\$ 4,185,363</u>	<u>\$ 10,449,959</u>	<u>\$ 61,347,336</u>	<u>\$ 70,437,352</u>
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 109,280	\$ 24,545	\$ -	\$ 455,349	\$ 297,744	\$ 886,918	\$ 2,404,294
Due to other funds	1,898,460	255,693	-	-	1,436,401	3,590,554	2,683,690
Accrued payroll	-	2,633,206	-	-	-	2,633,206	2,550,744
Other liabilities	39,356	1,475,913	-	-	-	1,515,269	1,592,762
Deferred revenue	17,845,926	-	-	-	58,009	17,903,935	18,110,339
Total Liabilities	<u>19,893,022</u>	<u>4,389,357</u>	<u>-</u>	<u>455,349</u>	<u>1,792,154</u>	<u>26,529,882</u>	<u>27,341,829</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
BALANCE SHEET (Continued)
Governmental Funds
June 30, 2011 and 2010

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service</u>	<u>Qualified School Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2011</u>	<u>2010</u>
Fund Balances:							
Nonspendable	4,156	-	-	-	106,917	111,073	109,533
Restricted	-	-	-	3,707,482	7,104,504	10,811,986	36,639,616
Committed	-	-	-	-	703,049	703,049	-
Assigned	118,256	7,272,785	9,087,727	22,532	743,335	17,244,635	1,235,595
Unassigned	<u>5,946,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,946,711</u>	<u>5,110,779</u>
Total Fund Balances	<u>6,069,123</u>	<u>7,272,785</u>	<u>9,087,727</u>	<u>3,730,014</u>	<u>8,657,805</u>	<u>34,817,454</u>	<u>43,095,523</u>
Total Liabilities and Fund Balances	<u>\$25,962,145</u>	<u>\$11,662,142</u>	<u>\$ 9,087,727</u>	<u>\$ 4,185,363</u>	<u>\$ 10,449,959</u>	<u>\$ 61,347,336</u>	<u>\$ 70,437,352</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS – GOVERNMENTAL ACTIVITIES
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Fund Balances – Total Governmental Funds	\$ 34,817,454	\$ 43,095,523
Amounts to be reported for governmental activities in the statement of net assets are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	132,390,645	122,808,108
(2) Certain earned amounts are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	270,846	253,905
(3) Internal service funds are used by management to charge the cost of fleet maintenance/data processing services, workers' compensation, employee health and dental benefits, and facilities operation and maintenance to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	2,936,531	1,937,705
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.	742,090	682,412
(5) Losses on the advance refunding of debt are expensed when incurred in the governmental funds. The unamortized portion of these losses is reflected on the statement of net assets.	2,958,871	3,071,608
(6) Interest costs of long-term debt is expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.	(158,842)	(141,539)
(7) Long-term liability for other post-employment benefits is expensed when due in the governmental funds. Such costs incurred as of the balance sheet date are accrued in the statement of net assets.	(1,711,599)	(1,265,147)
(8) Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Notes Payable	\$ 21,444,243	
Bonds Payable	51,950,000	
Compensated Absences	1,362,339	
Capital Lease Obligations	23,393,996	
Premium on Bonds (net of accumulated amortization)	<u>1,552,182</u>	
	<u>(99,702,760)</u>	<u>(102,473,370)</u>
Net Assets of Governmental Activities	<u>\$ 72,543,236</u>	<u>\$ 67,969,205</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service</u>	<u>Qualified School Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2011</u>	<u>2010</u>
Revenues:							
Taxes:							
Property taxes	\$ 17,312,755	\$ 8,848,666	\$ -	\$ -	\$ -	\$ 26,161,421	\$ 23,989,205
Sales taxes	6,505,725	4,407,349	-	-	-	10,913,074	10,580,764
Other taxes	3,849,028	62,529	-	-	-	3,911,557	3,838,431
Licenses, permits and fees	30,563	196,914	-	-	-	227,477	233,752
Intergovernmental:							
State taxes	2,132,621	20,670	-	-	630,615	2,783,906	2,960,009
Federal grants	-	1,950,665	-	-	4,015,074	5,965,739	4,612,308
State grants	-	173,456	-	-	12,000	185,456	284,000
U.S.D.A. reimbursements	-	-	-	-	819,357	819,357	774,036
Other state revenues	-	16,424,400	-	-	21,807	16,446,207	17,161,748
Other federal revenues	-	88,100	-	-	-	88,100	73,103
Other local revenues	-	-	-	-	224,848	224,848	102,879
Charges for services	697,977	419,956	-	-	2,233,217	3,351,150	3,284,720
Fines, forfeitures and costs	55,484	-	-	-	14,716	70,200	95,408
Investment income	166,452	13,360	15,101	22,532	1	217,446	278,708
Miscellaneous revenue	<u>21,960</u>	<u>61,658</u>	<u>605,169</u>	<u>-</u>	<u>1,162,069</u>	<u>1,850,856</u>	<u>1,701,932</u>
Total Revenues	<u>30,772,565</u>	<u>32,667,723</u>	<u>620,270</u>	<u>22,532</u>	<u>9,133,704</u>	<u>73,216,794</u>	<u>69,971,003</u>
Expenditures:							
Current:							
General government	2,183,029	-	-	-	161,846	2,344,875	2,346,579
Public safety	7,889,685	-	-	-	1,205,606	9,095,291	8,127,543
Public works	5,496,891	-	-	-	975,064	6,471,955	5,556,931
Culture and recreation	1,377,826	-	-	-	650,529	2,028,355	2,813,232
Economic Development	-	-	-	-	331,338	331,338	1,319,880
Nondepartmental costs	994,254	-	-	-	-	994,254	1,068,209
Education	-	38,130,935	-	-	6,281,041	44,411,976	45,365,948

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service</u>	<u>Qualified School Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
						<u>2011</u>	<u>2010</u>
Expenditures (Continued):							
Debt Service:							
Principal retirement	-	-	3,257,255	-	-	3,257,255	1,931,954
Interest and fiscal fees	-	-	2,448,736	-	-	2,448,736	2,646,425
Payments under Capital lease	-	-	548,169	-	-	548,169	600,706
Capital Outlay	<u>918,996</u>	<u>130,122</u>	<u>-</u>	<u>10,895,234</u>	<u>167,841</u>	<u>12,112,193</u>	<u>5,353,809</u>
Total Expenditures	<u>18,860,681</u>	<u>38,261,057</u>	<u>6,254,160</u>	<u>10,895,234</u>	<u>9,773,265</u>	<u>84,044,397</u>	<u>77,131,216</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>11,911,884</u>	<u>(5,593,334)</u>	<u>(5,633,890)</u>	<u>(10,872,702)</u>	<u>(639,561)</u>	<u>(10,827,603)</u>	<u>(7,160,213)</u>
Other Financing Sources (Uses):							
Transfers In	1,382,880	9,307,500	3,625,000	-	543,263	14,858,643	16,894,743
Transfers Out	(13,409,575)	(66,188)	-	-	-	(13,475,763)	(15,636,360)
Proceeds of Debt	-	-	-	-	-	-	18,720,000
Proceeds from Refunding Debt	-	-	14,170,000	-	-	14,170,000	26,233,673
Premiums on Refunding Debt	-	-	589,414	-	-	589,414	-
Payments to Refunding Agent	-	-	(14,505,000)	-	-	(14,505,000)	(25,897,365)
Capitalized lease under sublease agreement	<u>918,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918,996</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(11,107,699)</u>	<u>9,241,312</u>	<u>3,879,414</u>	<u>-</u>	<u>543,263</u>	<u>2,556,290</u>	<u>20,314,691</u>
Net Change in Fund Balance	<u>804,185</u>	<u>3,647,978</u>	<u>(1,754,476)</u>	<u>(10,872,702)</u>	<u>(96,298)</u>	<u>(8,271,313)</u>	<u>13,154,478</u>
Fund Balance, July 1 st – As previously reported	5,110,799	3,624,807	10,842,203	14,602,716	8,914,998	43,095,523	29,961,682
Adjustment	154,139	-	-	-	(154,139)	-	-
Change in Reserve for Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,756)</u>	<u>(6,756)</u>	<u>(20,637)</u>
Fund Balance, July 1 st – As restated	<u>5,264,938</u>	<u>3,624,807</u>	<u>10,842,203</u>	<u>14,602,716</u>	<u>8,754,103</u>	<u>43,088,767</u>	<u>29,941,045</u>
Fund Balance, June 30th	<u>\$ 6,069,123</u>	<u>\$ 7,272,785</u>	<u>\$ 9,087,727</u>	<u>\$ 3,730,014</u>	<u>\$ 8,657,805</u>	<u>\$ 34,817,454</u>	<u>\$ 43,095,523</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Net change in fund balances – total governmental funds	\$ (8,278,069)	\$ 13,133,841
Amounts reported for the governmental activities in the statement of activities are different because:		
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 governmental funds.	(367,228)	(575,546)
Certain revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.	16,941	98,275
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	9,582,537	2,912,061
Governmental funds only report the disposal or deletion of capital assets to the extent proceeds are received from the disposal or deletion. In the statement of activities, gains and losses are recorded for disposals or deletions based on both the proceeds and the net book value of the disposed or deleted capital assets. This is the amount by which the proceeds exceeded the deleted capital assets in the current period.	617	14,682
Governmental Funds report proceeds received from the sale of capital assets as revenues. In the statement of activities, only the gain or loss on the sale of capital assets is recorded. This is the amount of proceeds from the sale of capital assets	(617)	(22,504)
Bond issuance costs are expended in the governmental funds when paid, but are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceeded current year amortization.	297,284	360,208
Debt refunding losses are recorded in the governmental funds when paid, but are capitalized and amortized in the statement of net assets. This is the amount by which current year debt refunding losses exceeded current year amortization.	(250,105)	2,400,124
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which note proceeds in the current period exceeded the retirement of long term debt.	2,573,845	(19,799,119)
The net revenues (expenditures) of certain activities of internal service funds is reported with governmental activities.	<u>998,826</u>	<u>271,809</u>
Changes in net assets of governmental activities	<u>\$ 4,574,031</u>	<u>\$ (1,206,169)</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>2010</u>
Revenues:					
Taxes:					
Property taxes	\$ 16,645,000	\$ 16,880,000	\$ 17,312,755	\$ 432,755	\$ 16,643,030
Interest and penalties on property tax	345,000	345,000	481,377	136,377	449,236
In lieu of taxes - TVA	258,000	258,000	260,391	2,391	254,530
In lieu of taxes – Other	535,000	535,000	557,783	22,783	391,804
Local sales tax	6,205,000	6,505,000	6,505,725	725	6,429,500
City beer tax	1,050,000	1,200,000	1,119,952	(80,048)	1,072,375
City liquor tax	292,000	292,000	288,305	(3,695)	290,203
Gross receipts tax	389,000	539,000	526,993	(12,007)	487,345
Interest and penalties on gross receipts tax	4,950	4,950	2,017	(2,933)	5,219
Franchise taxes	627,200	627,200	603,283	(23,917)	609,109
Hotel/Motel taxes	7,000	7,000	8,927	1,927	8,630
	<u>26,358,150</u>	<u>27,193,150</u>	<u>27,667,508</u>	<u>474,358</u>	<u>26,640,981</u>
Licenses, Permits, and Fees:	<u>31,000</u>	<u>31,000</u>	<u>30,563</u>	<u>(437)</u>	<u>30,771</u>
Intergovernmental:					
State mixed drink tax	135,000	135,000	153,551	18,551	154,709
State beer tax	11,500	11,500	12,071	571	11,466
State income tax	380,000	380,000	280,418	(99,582)	415,177
State sales tax	1,400,000	1,489,814	1,542,149	52,335	1,475,219
State transportation tax	49,000	49,000	49,661	661	49,683
State excise tax	135,000	135,000	18,857	(116,143)	154,969
State street maintenance contract	63,000	63,000	75,914	12,914	65,767
	<u>2,173,500</u>	<u>2,263,314</u>	<u>2,132,621</u>	<u>(130,693)</u>	<u>2,326,990</u>
Charges for Services:					
Code enforcement services	110,000	110,000	143,918	33,918	123,923
Planning services	6,500	6,500	10,511	4,011	7,403
Public Works sales	45,000	45,000	38,231	(6,769)	53,435
Engineering services	13,500	13,500	11,568	(1,932)	15,306
Animal control	11,350	11,350	10,848	(502)	-
Solid waste management	374,500	374,500	394,696	20,196	-
Clerk's fees	5,900	5,900	59,370	53,470	42,201
Rent	17,500	17,500	20,130	2,630	18,390
Other services	9,000	9,000	8,705	(295)	10,878
	<u>593,250</u>	<u>593,250</u>	<u>697,977</u>	<u>104,727</u>	<u>271,536</u>
Fines, Forfeitures and Court Costs:					
Fines and Costs	78,000	78,000	54,154	(23,846)	72,997
Parking	1,100	1,100	1,330	230	1,565
	<u>79,100</u>	<u>79,100</u>	<u>55,484</u>	<u>(23,616)</u>	<u>74,562</u>
Investment Income	<u>75,000</u>	<u>75,000</u>	<u>166,452</u>	<u>91,452</u>	<u>206,414</u>
Other Revenues	<u>25,000</u>	<u>25,000</u>	<u>21,960</u>	<u>(3,040)</u>	<u>20,894</u>
Total Revenues	<u>29,335,000</u>	<u>30,259,814</u>	<u>30,772,565</u>	<u>512,751</u>	<u>29,572,148</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
Expenditures:					
General Government:					
Administration:					
Salaries and related costs	435,142	435,142	426,739	8,403	340,213
Advertising and publications	5,600	5,600	4,775	825	3,061
Communications	5,000	5,000	2,859	2,141	3,029
Membership	395	395	282	113	673
Vehicle maintenance	1,412	1,412	2,569	(1,157)	3,556
Printing and duplication	2,650	2,650	1,470	1,180	1,675
Training	150	150	225	(75)	250
Travel	50	50	-	50	2,759
Computer operations	1,500	1,500	2,181	(681)	679
Motor fuels and lubricants	2,000	2,000	1,618	382	1,519
Office supplies	1,500	1,500	432	1,068	1,131
Other supplies	100	100	-	100	-
Miscellaneous	<u>4,025</u>	<u>4,025</u>	<u>2,226</u>	<u>1,799</u>	<u>3,069</u>
	<u>459,524</u>	<u>459,524</u>	<u>445,376</u>	<u>14,148</u>	<u>361,614</u>
Development Services:					
Salaries and related costs	709,097	679,097	677,212	1,885	718,589
Advertising and publications	2,200	2,200	1,424	776	1,495
Communications	2,971	2,971	2,705	266	2,896
Memberships	1,845	1,845	1,512	333	2,047
Vehicle maintenance	4,672	4,672	5,026	(354)	5,978
Printing and duplication	2,700	2,700	195	2,505	1,478
Training	2,795	2,795	2,428	367	1,308
Travel	1,967	1,967	1,209	758	1,865
Professional services	3,000	3,000	700	2,300	9,172
Computer operations	1,000	1,000	252	748	90
Motor fuels and lubricants	3,406	3,406	3,446	(40)	3,098
Office supplies	1,600	1,600	701	899	1,440
Other supplies	1,550	1,550	836	714	1,020
Insurance	3,818	3,818	3,904	(86)	4,199
Miscellaneous	<u>6,680</u>	<u>6,680</u>	<u>4,324</u>	<u>2,356</u>	<u>2,354</u>
	<u>749,301</u>	<u>719,301</u>	<u>705,874</u>	<u>13,427</u>	<u>757,029</u>
Judicial/Legal:					
Salaries and related costs	75,706	75,706	74,879	827	73,937
Legal services	74,000	84,000	81,212	2,788	89,325
Miscellaneous	<u>50</u>	<u>50</u>	<u>48</u>	<u>2</u>	<u>48</u>
	<u>149,756</u>	<u>159,756</u>	<u>156,139</u>	<u>3,617</u>	<u>163,310</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
Expenditures (Continued):					
General Government (Continued):					
Human Resources:					
Salaries and related costs	216,516	216,516	210,120	6,396	202,460
Advertising and publications	300	300	-	300	12
Communications	996	996	1,020	(24)	1,059
Membership	1,130	1,130	805	325	1,128
Vehicle maintenance	1,424	1,424	1,445	(21)	1,577
Printing and duplication	800	800	98	702	1,732
Training	925	925	824	101	529
Travel	500	500	20	480	198
Professional services	11,000	11,000	15,462	(4,462)	3,942
Safety programs	500	500	377	123	367
Computer operations	500	500	241	259	712
Motor fuels and lubricants	475	475	61	414	132
Office supplies	1,125	1,125	1,007	118	1,191
Other supplies	475	475	-	475	-
Miscellaneous	<u>4,120</u>	<u>4,120</u>	<u>2,946</u>	<u>1,174</u>	<u>3,109</u>
	<u>240,786</u>	<u>240,786</u>	<u>234,426</u>	<u>6,360</u>	<u>218,148</u>
Finance:					
Salaries and related costs	249,316	249,316	246,159	3,157	302,311
Advertising and publications	-	-	-	-	28
Communications	406	406	258	148	671
Membership	305	305	464	(159)	291
Postage	9,824	9,824	8,622	1,202	9,419
Printing and duplication	2,517	2,517	2,274	243	1,882
Training	213	213	147	66	483
Travel	-	-	-	-	380
Professional services	104,567	174,567	175,541	(974)	68,310
Computer operations	3,700	3,700	321	3,379	782
Bank charges	15,000	15,000	12,519	2,481	24,580
Office supplies	1,865	1,865	1,395	470	1,395
Other supplies	75	75	202	(127)	75
Miscellaneous	<u>369</u>	<u>369</u>	<u>475</u>	<u>(106)</u>	<u>1,687</u>
	<u>388,157</u>	<u>458,157</u>	<u>448,377</u>	<u>9,780</u>	<u>412,294</u>
Purchasing:					
Salaries and related costs	32,418	32,418	32,235	183	30,855
Communications	25	25	19	6	255
Membership	330	330	330	-	330
Printing and duplication	60	60	33	27	20
Computer operations	-	-	52	(52)	-
Office supplies	100	100	70	30	76
Miscellaneous	<u>31</u>	<u>31</u>	<u>31</u>	<u>-</u>	<u>30</u>
	<u>32,964</u>	<u>32,964</u>	<u>32,770</u>	<u>194</u>	<u>31,566</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
Expenditures (Continued):					
General Government (Continued):					
Legislature:					
Salaries and related costs	1,938	1,938	1,938	-	1,938
Advertising and publications	5,850	5,850	945	4,905	1,584
Membership	8,000	8,000	6,467	1,533	6,467
Postage	2,100	2,100	9	2,091	-
Election services	-	-	1,450	(1,450)	-
Printing and duplication	200	200	169	31	571
Training	-	-	280	(280)	65
Travel	2,500	2,500	2,581	(81)	4,971
Professional services	12,183	12,183	16,360	(4,177)	24,015
Community services	126,867	126,867	126,321	546	146,360
Office supplies	700	700	489	211	484
Miscellaneous	4,555	4,555	3,058	1,497	3,148
	<u>164,893</u>	<u>164,893</u>	<u>160,067</u>	<u>4,826</u>	<u>189,603</u>
Contingency	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Government	<u>2,205,381</u>	<u>2,235,381</u>	<u>2,183,029</u>	<u>52,352</u>	<u>2,133,564</u>
Public Safety:					
Police Department:					
Salaries and related costs	3,908,901	3,732,202	3,730,254	1,948	3,841,569
Advertising and publications	3,700	3,700	2,650	1,050	2,349
Communications	45,000	45,000	23,888	21,112	25,693
Membership	11,150	11,150	11,070	80	5,133
Auto licenses	2,000	2,000	369	1,631	880
Vehicle maintenance	115,825	115,825	120,140	(4,315)	104,690
Vehicle parts	35,000	12,839	12,839	-	15,636
Printing and duplication	4,100	4,100	4,511	(411)	4,295
Training	16,505	16,505	10,956	5,549	9,308
Travel	15,050	15,050	12,333	2,717	12,616
Medical and vet services	6,300	6,300	9,027	(2,727)	9,297
Professional services	64,140	39,071	39,071	-	41,195
Public relations	1,000	1,000	1,940	(940)	-
Safety programs	400	400	384	16	375
Informant services	3,000	3,000	3,000	-	(4,150)
Crime prevention programs	7,000	7,000	1,471	5,529	5,510
Computer operations	85,000	38,305	38,305	-	64,428
Motor fuels and lubricants	140,000	129,832	129,832	-	106,712
Office supplies	7,000	7,000	3,673	3,327	6,589
Operating supplies	61,988	42,780	35,252	7,528	40,471
Other supplies	1,800	1,800	2,794	(994)	2,011

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Total 2010</u>
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Expenditures (Continued):					
Public Safety (Continued):					
Police Department(Continued):					
Uniforms	29,000	29,000	27,564	1,436	16,638
Rent	6,000	6,000	6,000	-	6,000
Emergency communications funding (911 services)	151,065	151,065	151,064	1	151,064
Insurance	39,086	39,086	41,225	(2,139)	44,498
Miscellaneous	<u>9,300</u>	<u>9,300</u>	<u>5,259</u>	<u>4,041</u>	<u>4,344</u>
	<u>4,769,310</u>	<u>4,469,310</u>	<u>4,424,871</u>	<u>44,439</u>	<u>4,517,151</u>
Animal Control:					
Salaries and related costs	182,388	182,388	174,044	8,344	-
Memberships	400	400	714	(314)	-
Utilities	5,493	5,493	4,444	1,049	-
Communication	1,100	1,100	617	483	-
Repair and maintenance – Vehicles and equipment	5,979	5,979	6,338	(359)	-
Building maintenance	4,000	4,000	1,756	2,244	-
Travel	1,200	1,200	-	1,200	-
Office supplies	1,000	1,000	831	169	-
Medical services	6,800	6,800	3,323	3,477	-
Chemical, lab and medical supplies	1,900	1,900	689	1,211	-
Other supplies	6,400	6,400	3,296	3,104	-
Uniforms	800	800	935	(135)	-
Motor fuels and lubricants	4,500	4,500	4,723	(223)	-
Consumable tools	1,150	1,150	275	875	-
Insurance	2,179	2,179	2,292	(113)	-
Printing and duplication	1,000	1,000	95	905	-
Training	1,000	1,000	-	1,000	-
Building improvements	25,000	25,000	25,507	(507)	-
Other expenditures	<u>700</u>	<u>700</u>	<u>26</u>	<u>674</u>	<u>-</u>
	<u>252,989</u>	<u>252,989</u>	<u>229,905</u>	<u>23,084</u>	<u>-</u>
Fire Department:					
Salaries and related costs	2,939,821	2,939,821	2,933,348	6,473	2,962,083
Advertising and publications	250	250	-	250	199
Communications	8,430	8,430	6,864	1,566	11,039
Membership	4,710	4,710	5,641	(931)	3,673
Vehicle maintenance	74,287	74,287	73,236	1,051	61,531
Vehicle parts	2,250	2,250	438	1,812	1,902
Printing and duplication	2,100	2,100	1,687	413	2,061
Training	1,350	1,350	3,622	(2,272)	4,599
Travel	1,400	1,400	1,121	279	3,558
Medical and vet services	2,000	2,000	936	1,064	1,970
Professional services	9,255	9,255	9,404	(149)	6,446

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
Expenditures (Continued):					
Public Safety (Continued):					
Fire Department (Continued):					
Public relations	100	100	-	100	-
Fire prevention programs	2,500	2,500	2,636	(136)	3,358
Computer operations	4,000	4,000	1,736	2,264	1,380
Motor fuels and lubricants	25,267	25,267	27,009	(1,742)	22,358
Office supplies	2,500	2,500	1,759	741	2,171
Operating supplies	36,000	26,000	20,145	5,855	34,439
Other supplies	4,150	4,150	3,666	484	9,413
Uniforms	11,000	11,000	11,144	(144)	8,870
Equipment rental	88,182	88,182	82,615	5,567	85,265
Machinery and equipment	-	-	164	(164)	-
Emergency management	15,608	15,608	11,280	4,328	4,368
Environmental maintenance	-	-	6,737	(6,737)	-
Insurance	22,898	22,898	26,150	(3,252)	26,233
Miscellaneous	3,975	3,975	3,571	404	4,416
	<u>3,262,033</u>	<u>3,252,033</u>	<u>3,234,909</u>	<u>17,124</u>	<u>3,261,332</u>
Total Public Safety	<u>8,284,332</u>	<u>7,974,332</u>	<u>7,889,685</u>	<u>84,647</u>	<u>7,778,483</u>
Public Works – Streets:					
Salaries and related costs	696,985	696,985	655,816	41,169	684,497
Communications	660	660	515	145	684
Membership	143	143	142	1	143
Auto licenses	150	150	66	84	138
Vehicle maintenance	73,972	73,972	105,108	(31,136)	112,328
Printing and duplication	490	490	286	204	306
Training	312	312	105	207	404
Travel	-	-	-	-	20
Medical and vet services	1,779	1,779	664	1,115	-
Asphalt filler	32,000	32,000	31,547	453	32,803
Concrete and cement	15,000	15,000	11,517	3,483	8,684
Crushed stone	1,000	1,000	845	155	1,121
Paint supplies	10,000	10,000	7,826	2,174	8,390
Shop supplies	23,500	23,500	13,307	10,193	17,676
Gravel and sand	1,000	1,000	-	1,000	-
Ice removal supplies	15,000	15,000	34,855	(19,855)	-
Other operating supplies	4,750	4,750	1,882	2,868	22,132
Small tools	2,900	2,900	1,663	1,237	2,248
Computer operations	200	200	72	128	910
Motor fuels and lubricants	41,268	41,268	48,093	(6,825)	40,656
Office supplies	240	240	162	78	57
Uniforms	1,465	1,465	1,028	437	1,398
Insurance	9,640	9,640	10,328	(688)	11,542
Miscellaneous	425	425	198	227	4,580
	<u>932,879</u>	<u>932,879</u>	<u>926,025</u>	<u>6,854</u>	<u>950,717</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
Expenditures (Continued):					
Public Works:					
Public Works – Grounds:					
Salaries and related costs	768,534	723,534	704,715	18,819	736,833
Advertising and publications	100	100	-	100	49
Communications	700	700	980	(280)	1,074
Membership	208	208	79	129	206
Vehicle licenses	75	75	-	75	83
Vehicle maintenance	54,393	54,393	56,294	(1,901)	50,059
Printing and duplication	415	415	260	155	261
Training	366	366	197	169	192
Medical and vet services	1,482	1,482	750	732	1,443
Grounds maintenance	13,000	13,000	12,889	111	12,971
Operating supplies	5,325	5,325	4,443	882	3,807
Professional services	4,500	4,500	-	4,500	4,154
Small tools	3,000	3,000	2,741	259	7,317
Computer operations	400	400	72	328	5
Motor fuels and lubricants	23,571	23,571	27,312	(3,741)	21,433
Office supplies	200	200	115	85	28
Uniforms	2,387	2,387	1,434	953	1,711
Insurance	6,108	6,108	5,841	267	6,601
Miscellaneous	325	325	156	169	141
	<u>885,089</u>	<u>840,089</u>	<u>818,278</u>	<u>21,811</u>	<u>848,368</u>
Solid Waste:					
Salaries and related costs	1,425,743	1,425,743	1,438,961	(13,218)	-
Publication of notices	100	100	295	(195)	-
Communication	800	800	410	390	-
Repair and maintenance – vehicles	216,265	216,265	235,029	(18,764)	-
Supplies	5,330	5,330	2,981	2,349	-
Motor fuels and lubricants	127,380	127,380	131,735	(4,355)	-
Repair parts – containers	500	500	2,513	(2,013)	-
Containers	25,100	25,100	23,009	2,091	-
Insurance	19,176	19,176	20,357	(1,181)	-
Vehicle licenses and titles	376	376	154	222	-
Training	16	16	10	6	-
Uniforms	5,822	5,822	5,120	702	-
Consumable tools	300	300	54	246	-
Other expenditures	4,167	4,167	3,354	813	-
Landfill fees	1,008,550	1,008,550	953,192	55,358	-
	<u>2,839,625</u>	<u>2,839,625</u>	<u>2,817,174</u>	<u>22,451</u>	<u>-</u>
Public Works – Street Lighting:					
Electricity	481,000	581,000	576,943	4,057	429,139

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Total 2010
	Budgeted Amounts				
	<u>Original</u>	<u>Final</u>			
Expenditures (Continued):					
Engineering:					
Salaries and related costs	328,545	319,621	318,840	781	327,371
Advertising and publications	1,000	1,000	-	1,000	887
Communications	900	900	828	72	1,390
Membership	1,386	1,386	1,387	(1)	1,348
Vehicle maintenance	2,036	2,036	2,919	(883)	2,105
Printing and duplication	1,040	1,040	975	65	1,028
Training	700	700	503	197	590
Travel	500	500	368	132	464
Professional services	11,000	11,000	10,800	200	8,938
Computer operations	5,200	5,200	4,198	1,002	5,025
Motor fuels and lubricants	2,512	2,512	2,717	(205)	1,983
Office supplies	700	700	118	582	375
Traffic light supplies	25,000	23,924	12,842	11,082	10,330
Other supplies	200	200	99	101	92
Miscellaneous	1,835	1,835	1,877	(42)	1,644
	<u>382,554</u>	<u>372,554</u>	<u>358,471</u>	<u>14,083</u>	<u>363,570</u>
Total Public Works	<u>5,521,147</u>	<u>5,566,147</u>	<u>5,496,891</u>	<u>69,256</u>	<u>2,591,794</u>
Culture and Recreation:					
Parks and Recreation:					
Grounds maintenance	10,000	-	-	-	-
Utilities	32,445	32,445	32,445	-	32,445
Recreation and Parks					
Commission funding	625,765	625,765	625,765	-	628,550
	<u>668,210</u>	<u>658,210</u>	<u>658,210</u>	<u>-</u>	<u>660,995</u>
Library:					
Blount County Library funding	719,616	719,616	719,616	-	719,616
Total Culture and Recreation	<u>1,387,826</u>	<u>1,377,826</u>	<u>1,377,826</u>	<u>-</u>	<u>1,380,611</u>
Non-Departmental Costs:					
Employee relations	4,898	4,898	4,005	893	15,018
Liability insurance	111,811	91,811	87,642	4,169	113,940
Property insurance	39,657	39,657	32,034	7,623	36,315
IT services	202,588	202,588	202,588	-	226,096
Building rental	667,984	667,984	667,985	(1)	676,840
	<u>1,026,938</u>	<u>1,006,938</u>	<u>994,254</u>	<u>12,684</u>	<u>1,068,209</u>
Capital Outlay:					
Public Safety	-	918,996	918,996	-	-
Total Expenditures	<u>18,425,624</u>	<u>19,079,620</u>	<u>18,860,681</u>	<u>218,939</u>	<u>14,952,661</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>June 30, 2011</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Total</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>2010</u>
Excess Revenues Over Expenditures	<u>10,909,376</u>	<u>11,180,194</u>	<u>11,911,884</u>	<u>731,690</u>	<u>14,619,487</u>
Other Financing Sources (Uses):					
Transfers in – Payments in Lieu of taxes	1,294,000	1,294,000	1,382,880	88,880	1,232,663
Transfers Out	(12,338,190)	(13,413,190)	(13,409,575)	3,615	(15,482,282)
Capitalized lease under sublease agreement	<u>-</u>	<u>918,996</u>	<u>918,996</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(11,044,190)</u>	<u>(11,200,194)</u>	<u>(11,107,699)</u>	<u>92,495</u>	<u>(14,249,619)</u>
Net Change in Fund Balance	<u>(134,814)</u>	<u>(20,000)</u>	<u>804,185</u>	<u>824,185</u>	<u>369,868</u>
Fund Balance, July 1 st – As previously reported	5,110,799	5,110,799	5,110,799	-	4,740,931
Adjustment	<u>-</u>	<u>-</u>	<u>154,139</u>	<u>154,139</u>	<u>-</u>
Fund Balance, July 1 st – As restated	<u>5,110,799</u>	<u>5,110,799</u>	<u>5,264,938</u>	<u>154,139</u>	<u>4,740,931</u>
Fund Balance, June 30 th	<u>\$ 4,975,985</u>	<u>\$ 5,090,799</u>	<u>\$ 6,069,123</u>	<u>\$ 978,324</u>	<u>\$ 5,110,799</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND – SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	June 30, 2011				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Totals</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget -</u>	
			<u>Basis)</u>	<u>Positive</u>	<u>2010</u>
				<u>(Negative)</u>	
Revenues:					
Taxes	\$ 11,729,017	\$ 11,729,017	\$ 13,318,544	\$ 1,589,527	\$ 11,767,419
Licenses, permits and fees	2,300	2,300	196,914	194,614	190,778
Charges for services	375,000	375,000	419,956	44,956	381,439
Intergovernmental	18,438,352	18,462,079	18,657,291	195,212	18,591,002
Investment income	22,500	22,500	13,360	(9,140)	48,397
Miscellaneous revenues	<u>31,840</u>	<u>31,840</u>	<u>61,658</u>	<u>29,818</u>	<u>62,977</u>
Total Revenues	<u>30,599,009</u>	<u>30,622,736</u>	<u>32,667,723</u>	<u>2,044,987</u>	<u>31,042,012</u>
Expenditures:					
Instruction:					
Regular instruction program	22,780,954	22,691,227	21,291,213	1,400,014	22,738,236
Special education program	4,023,002	4,097,369	3,840,121	257,248	4,263,694
Vocational education program	554,703	600,098	589,472	10,626	523,479
Student body education program	15,000	15,000	10,756	4,244	16,152
Alternative school program	314,051	313,051	300,547	12,504	281,205
Early childhood education program	224,125	227,012	221,017	5,995	227,466
Support Services:					
Health services	135,000	133,294	129,061	4,233	133,942
Other student support	957,616	961,450	900,296	61,154	943,629
Regular instruction support	1,246,180	1,303,278	1,234,855	68,423	1,365,689
Special education support	578,509	582,785	566,159	16,626	568,589
Board of Education	786,539	821,079	783,985	37,094	581,968
Office of Director of Schools	338,053	340,168	327,637	12,531	330,862
Office of the Principal	2,637,855	2,803,826	2,792,477	11,349	2,566,022
Fiscal services	208,562	187,600	184,219	3,381	192,819
Human Services (Resources)	191,022	187,832	182,602	5,230	179,985
Operation of plant	2,607,946	2,509,061	2,372,022	137,039	2,403,172
Maintenance of plant	865,676	1,260,118	1,083,022	177,096	1,035,662
Transportation	971,326	1,013,305	1,002,154	11,151	687,144
Other Support Services	253,425	253,425	252,074	1,351	255,743
Community services	66,965	68,054	67,246	808	65,611
Capital Outlay:					
Regular capital outlay	<u>150,000</u>	<u>449,999</u>	<u>130,122</u>	<u>319,877</u>	<u>162,566</u>
Total Expenditures	<u>39,906,509</u>	<u>40,819,031</u>	<u>38,261,057</u>	<u>2,557,974</u>	<u>39,523,635</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,307,500)</u>	<u>(10,196,295)</u>	<u>(5,593,334)</u>	<u>4,602,961</u>	<u>(8,481,623)</u>
Other Financing Sources (Uses):					
Transfers In	9,307,500	9,307,500	9,307,500	-	9,307,500
Transfers Out	<u>-</u>	<u>(70,052)</u>	<u>(66,188)</u>	<u>3,864</u>	<u>(99,414)</u>
Total Other Financing Sources (Uses)	<u>9,307,500</u>	<u>9,237,448</u>	<u>9,241,312</u>	<u>3,864</u>	<u>9,208,086</u>
Net Change in Fund Balance	-	(958,847)	3,647,978	4,606,825	726,463
Fund Balance, July 1 st	<u>3,624,807</u>	<u>3,624,807</u>	<u>3,624,807</u>	<u>-</u>	<u>2,898,344</u>
Fund Balance, June 30 th	<u>\$ 3,624,807</u>	<u>\$ 2,665,960</u>	<u>\$ 7,272,785</u>	<u>\$ 4,606,825</u>	<u>\$ 3,624,807</u>

See accompanying independent auditors report and notes.

**CITY OF MARYVILLE, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2011**

With Comparative Totals for the Fiscal Year Ended June 30, 2010

<u>ASSETS</u>	<u>Business-type Activities – Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>	<u>Business-type Activities - Enterprise Funds 2010</u>	<u>Governmental Activities - Internal Service Funds 2010</u>
	<u>Major Funds</u>		<u>Non-Major Fund</u>				
	<u>Electric Department</u>	<u>Water Quality Control Department</u>	<u>Stormwater Utility Department</u>	<u>Total</u>			
CURRENT ASSETS:							
Cash	\$ 1,938,568	\$ 750,008	\$ -	\$ 2,688,576	\$ 68,212	\$ 3,753,399	\$ -
Investments	4,848,938	5,349,022	-	10,197,960	-	3,355,601	-
Receivables:							
Accounts (net of allowance for uncollectibles)	3,104,986	313,716	44,706	3,463,408	170,702	3,041,907	53,196
Rentals	153,500	-	-	153,500	-	144,204	-
Due from other funds	55,528	78,839	207,979	342,346	2,590,379	582,566	1,883,910
Other	-	260,910	-	260,910	-	253,549	-
Inventory of materials and supplies	1,072,282	478,245	-	1,550,527	332,571	1,634,863	290,200
Other	48,273	54,371	-	102,644	15,778	24,750	-
Restricted:							
Escrows	-	-	-	-	-	<u>1,092,657</u>	-
Total Current Assets	<u>11,222,075</u>	<u>7,285,111</u>	<u>252,685</u>	<u>18,759,871</u>	<u>3,177,642</u>	<u>13,883,496</u>	<u>2,227,306</u>
CAPITAL ASSETS:							
Plant in service	60,727,061	119,964,235	892,321	181,583,617	-	156,912,206	-
Utility Plant acquisition costs	39,201	123,569	-	162,770	-	162,770	-
Construction in progress	439,845	798,456	-	1,238,301	-	11,764,879	-
Building and improvements	-	-	-	-	873,125	-	873,125
Data processing equipment	-	-	-	-	49,484	-	85,734
Software	-	-	-	-	218,557	-	218,557
Fleet maintenance equipment and vehicles	-	-	-	-	<u>181,834</u>	-	<u>181,834</u>
	61,206,107	120,886,260	892,321	182,984,688	1,323,000	168,839,855	1,359,250
Less: Accumulated depreciation and amortization	<u>23,447,339</u>	<u>26,704,741</u>	<u>64,977</u>	<u>50,217,057</u>	<u>860,157</u>	<u>46,410,558</u>	<u>822,625</u>
Net Capital Assets	<u>37,758,768</u>	<u>94,181,519</u>	<u>827,344</u>	<u>132,767,631</u>	<u>462,843</u>	<u>122,429,297</u>	<u>536,625</u>
OTHER NONCURRENT ASSETS:							
Restricted for Capital Acquisitions:							
Cash	-	-	-	-	-	116,930	-
Investments	-	-	-	-	-	10,249,729	-
Unamortized debt expense	168,592	1,029,447	-	1,198,039	-	1,155,116	-
Unamortized loss on current refunding	62,337	657,069	-	719,406	-	904,375	-
Intangible assets	-	303,316	-	303,316	-	-	-
Receivables:							
Energy Service Loans	<u>710,725</u>	-	-	<u>710,725</u>	-	<u>412,978</u>	-
Total Other Noncurrent Assets	<u>941,654</u>	<u>1,989,832</u>	-	<u>2,931,486</u>	-	<u>12,839,128</u>	-
Total Noncurrent Assets	<u>38,700,422</u>	<u>96,171,351</u>	<u>827,344</u>	<u>135,699,117</u>	<u>462,843</u>	<u>135,268,425</u>	<u>536,625</u>
Total Assets	<u>\$ 49,922,497</u>	<u>\$ 103,456,462</u>	<u>\$ 1,080,029</u>	<u>\$ 154,458,988</u>	<u>\$ 3,640,485</u>	<u>\$ 149,151,921</u>	<u>\$ 2,763,931</u>

See accompanying independent auditor's report and notes.

(Continued)

**CITY OF MARYVILLE, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (Continued)
June 30, 2011**

With Comparative Totals for the Fiscal Year Ended June 30, 2010

LIABILITIES AND NET ASSETS	Business-type Activities – Enterprise Funds				Governmental Activities - Internal Service Funds	Business-type Activities - Enterprise Funds 2010	Governmental Activities - Internal Service Funds 2010
	Major Funds		Non-Major Fund				
	Electric Department	Water Quality Control Department	Stormwater Utility Department	Total			
CURRENT LIABILITIES							
(Payable from Current Assets):							
Accounts payable	\$ 5,381,123	\$ 95,471	\$ 4,815	\$ 5,481,409	\$ 33,699	\$ 6,246,705	\$ 124,221
Cash overdraft	-	-	-	-	-	-	19,995
Due to other funds	222,567	32,662	-	255,229	670,255	884,015	682,010
Accrued compensated absences	233,934	260,410	36,632	530,976	-	525,145	-
Customer deposits	821,371	118,504	-	939,875	-	877,226	-
Other accrued liabilities	21,505	-	-	21,505	-	1,016,682	-
Current portion of long-term debt	840,000	1,379,080	-	2,219,080	-	2,055,000	-
Accrued interest payable	-	140,220	-	140,220	-	125,539	-
Total Current Liabilities	7,520,500	2,026,347	41,447	9,588,294	703,954	11,730,312	826,226
(Payable from Current Assets)							
CURRENT LIABILITIES							
(Payable from Restricted Assets):							
Contractors' retainage	-	-	-	-	-	1,092,657	-
Total Current Liabilities	7,520,500	2,026,347	41,447	9,588,294	703,954	12,822,969	826,226
NONCURRENT LIABILITIES:							
Bonds payable	8,735,000	49,185,000	-	57,920,000	-	60,045,000	-
Premium on bonds	95,226	644,868	-	740,094	-	798,630	-
Loan Payable – Tennessee Revolving Loan Fund	-	2,209,920	-	2,209,920	-	260,142	-
Accrued compensated absences	448,801	459,250	57,028	965,079	-	911,596	-
Advances from TVA for energy service loans	710,725	-	-	710,725	-	412,978	-
Accrued Post Employment Benefit Obligations	270,188	312,800	48,111	631,099	-	473,420	-
Refundable deposits	405,600	-	-	405,600	-	500,200	-
Total Noncurrent Liabilities	10,665,540	52,811,838	105,139	63,582,517	-	63,401,966	-
Total Liabilities	18,186,040	54,838,185	146,586	73,170,811	703,954	76,224,935	826,226
NET ASSETS							
Invested in Capital Assets, net of related debt	28,088,542	42,972,571	827,344	71,888,457	462,843	69,637,184	536,625
Unrestricted	3,647,915	5,645,706	106,099	9,399,720	2,473,688	3,289,802	1,401,080
Total Net Assets	31,736,457	48,618,277	933,443	81,288,177	2,936,531	72,926,986	1,937,705
Total Liabilities and Net Assets	\$ 49,922,497	\$ 103,456,462	\$ 1,080,029	\$ 154,458,988	\$ 3,640,485	\$ 149,151,921	\$ 2,763,931

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities –Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>	<u>Business-type Activities - Enterprise Funds 2010</u>	<u>Governmental Activities - Internal Service Funds 2010</u>
	<u>Major Funds</u>		<u>Non-Major Fund</u>				
	<u>Electric Department</u>	<u>Water Quality Control Department</u>	<u>Stormwater Utility Department</u>	<u>Total</u>			
OPERATING REVENUES:							
Charges for services	\$ 64,176,010	\$ 11,567,312	\$ 1,360,224	\$ 77,103,546	\$ 13,292,251	\$ 65,950,027	\$ 13,482,873
Customers' forfeited discounts	443,158	86,787	8,745	538,690	-	417,068	-
Rent from property	365,782	94,293	-	460,075	-	429,310	-
Other revenue	<u>127,107</u>	<u>1,211,328</u>	<u>-</u>	<u>1,338,435</u>	<u>-</u>	<u>1,436,067</u>	<u>-</u>
Total Operating Revenues	<u>65,112,057</u>	<u>12,959,720</u>	<u>1,368,969</u>	<u>79,440,746</u>	<u>13,292,251</u>	<u>68,232,472</u>	<u>13,482,873</u>
OPERATING AND MAINTENANCE EXPENSE:							
Purchased power	53,736,628	-	-	53,736,628	-	46,612,280	-
Electric operations	2,317,853	-	-	2,317,853	-	2,251,425	-
Water and Sewer Operations	-	4,477,713	-	4,477,713	-	4,638,029	-
Stormwater Operations	-	-	455,952	455,952	-	486,847	-
Customer accounts expense	631,992	852,224	59,906	1,544,122	-	1,608,139	-
Administrative and general expense	1,871,804	1,219,163	381,353	3,472,320	-	3,610,462	-
Sales expense	17,041	-	-	17,041	-	16,146	-
Depreciation and amortization of							
Capital Assets	1,958,610	2,555,009	19,925	4,533,544	59,282	3,933,380	68,930
Taxes	418,876	-	-	418,876	-	415,811	-
Computer information systems operating expense	-	-	-	-	642,238	-	694,861
Fleet maintenance operating expenses	-	-	-	-	541,397	-	605,840
Facilities operating and maintenance expenses	-	-	-	-	1,003,787	-	1,038,551
Self-insurance operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,057,221</u>	<u>-</u>	<u>10,802,882</u>
Total Operating and Maintenance Expenses	<u>60,952,804</u>	<u>9,104,109</u>	<u>917,136</u>	<u>70,974,049</u>	<u>12,303,925</u>	<u>63,572,519</u>	<u>13,211,064</u>
OPERATING INCOME (LOSS)	<u>4,159,253</u>	<u>3,855,611</u>	<u>451,833</u>	<u>8,466,697</u>	<u>988,326</u>	<u>4,659,953</u>	<u>271,809</u>
NON-OPERATING REVENUES (EXPENSES):							
Interest earned	19,030	58,849	-	77,879	-	223,887	-
Amortization	(25,771)	(126,732)	-	(152,503)	-	(114,497)	-
Rent from non-utility property	8,400	-	-	8,400	-	8,400	-
Gain (Loss) on retirement of Capital Assets	-	142,062	-	142,062	10,500	(2,823,856)	-
Interest expense	<u>(392,981)</u>	<u>(2,331,823)</u>	<u>-</u>	<u>(2,724,804)</u>	<u>-</u>	<u>(2,622,139)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(391,322)</u>	<u>(2,257,644)</u>	<u>-</u>	<u>(2,648,966)</u>	<u>10,500</u>	<u>(5,328,205)</u>	<u>-</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,767,931	1,597,967	451,833	5,817,731	998,826	(668,252)	271,809
CONTRIBUTIONS AND TRANSFERS:							
Capital Contributions	-	3,926,340	-	3,926,340	-	173,428	-
Transfer In	-	-	-	-	39,335	-	-
Payments In Lieu of Taxes	(865,622)	(517,258)	-	(1,382,880)	-	(1,232,663)	-
Other Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,335)</u>	<u>(25,720)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>2,902,309</u>	<u>5,007,049</u>	<u>451,833</u>	<u>8,361,191</u>	<u>998,826</u>	<u>(1,753,207)</u>	<u>271,809</u>
NET ASSETS, July 1st	28,834,148	43,611,228	481,610	72,926,986	1,937,705	76,355,567	1,665,896
ADJUSTMENTS TO NET ASSETS - Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,675,374)</u>	<u>-</u>
ADJUSTED NET ASSETS, July 1st	<u>28,834,148</u>	<u>43,611,228</u>	<u>481,610</u>	<u>72,926,986</u>	<u>1,937,705</u>	<u>74,680,193</u>	<u>1,665,896</u>
NET ASSETS, June 30th	<u>\$ 31,736,457</u>	<u>\$ 48,618,277</u>	<u>\$ 933,443</u>	<u>\$ 81,288,177</u>	<u>\$ 2,936,531</u>	<u>\$ 72,926,986</u>	<u>\$ 1,937,705</u>

See accompanying independent auditors' report and notes.

CITY OF MARYVILLE, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities –Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>	<u>Business-type Activities - Enterprise Funds 2010</u>	<u>Governmental Activities - Internal Service Funds 2010</u>
	<u>Major Funds</u>		<u>Non-Major Fund</u>				
	<u>Electric Department</u>	<u>Water Quality Control Department</u>	<u>Stormwater Utility Department</u>	<u>Total</u>			
CASH FLOWS FROM							
OPERATING ACTIVITIES:							
Collections from customers	\$ 64,566,059	\$ 13,082,506	\$ 1,387,299	\$ 79,035,864	\$ 1,572,900	\$ 67,949,644	\$ 1,560,369
Receipts from other funds	278,095	314,303	-	592,398	11,615,240	73,318	11,970,678
Payments to other funds	-	-	-	-	-	(95,340)	-
Payments to employees	(2,548,267)	(2,084,864)	(481,856)	(5,114,987)	(699,919)	(6,176,152)	(778,367)
Payments to other suppliers of goods and services	(57,119,764)	(5,584,926)	(431,447)	(63,136,137)	(1,904,761)	(51,977,647)	(1,541,739)
Taxes	(418,876)	-	-	(418,876)	-	(415,811)	-
Payment for settlement of claims and administrative expenses	-	-	-	-	(9,808,629)	-	(10,971,615)
Net Cash Flows Provided By (Used in) Operating Activities	<u>4,757,247</u>	<u>5,727,019</u>	<u>473,996</u>	<u>10,958,262</u>	<u>774,831</u>	<u>9,358,012</u>	<u>239,326</u>
CASH FLOWS FROM - NONCAPITAL FINANCING ACTIVITIES:							
Receipts from other funds	-	-	-	-	-	-	70,949
Payments to other funds	-	-	(288,507)	(288,507)	(731,619)	(436,498)	(286,998)
Acquisition of intangible asset	-	(313,775)	-	(313,775)	-	-	-
Transfers Out	(865,622)	(517,258)	-	(1,382,880)	-	(1,258,383)	-
Net Cash Provided By (Used In NonCapital Financing Activities	<u>(865,622)</u>	<u>(831,033)</u>	<u>(288,507)</u>	<u>(1,985,162)</u>	<u>(731,619)</u>	<u>(1,694,881)</u>	<u>(216,049)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition of Capital Assets	(2,989,033)	(8,966,307)	(185,489)	(12,140,829)	-	(18,550,705)	(23,277)
Utility Plant removal costs, net of salvage	(33,036)	(134,245)	-	(167,281)	-	(271,046)	-
Proceeds from sale of capital assets	-	142,062	-	142,062	25,000	164,780	-
Bond proceeds	-	-	-	-	-	8,030,000	-
Bond Premium	-	-	-	-	-	228,220	-
Bonds redeemed	(805,000)	(1,250,000)	-	(2,055,000)	-	(6,495,000)	-
Loan Proceeds	-	2,043,858	-	2,043,858	-	260,142	-
Interest paid	(402,473)	(2,317,142)	-	(2,719,615)	-	(2,671,525)	-
Loan/bond costs paid	-	-	-	-	-	(759,400)	-
Refundable deposits	(94,600)	-	-	(94,600)	-	-	-
Energy Service advances repaid to TVA	(103,991)	-	-	(103,991)	-	(107,629)	-
Energy Service advances from TVA	401,738	-	-	401,738	-	204,812	-
Energy Service loans to customers	(401,738)	-	-	(401,738)	-	(204,812)	-
Energy Service loans collected from customers	103,991	-	-	103,991	-	107,629	-
Capital Contributions	-	1,362,572	-	1,362,572	-	173,428	-
Net Cash Flows Provided By (Used In) Capital and Related Financing Activities	<u>(4,324,142)</u>	<u>(9,119,202)</u>	<u>(185,489)</u>	<u>(13,628,833)</u>	<u>25,000</u>	<u>(19,891,106)</u>	<u>(23,277)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	19,030	39,180	-	58,210	-	223,887	-
Rent from investment property	8,400	-	-	8,400	-	8,400	-
Net Cash Flows Provided By (Used In) Investing Activities	<u>27,430</u>	<u>39,180</u>	<u>-</u>	<u>66,610</u>	<u>-</u>	<u>232,287</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(405,087)	(4,184,036)	-	(4,589,123)	68,212	(11,995,688)	-
CASH & CASH EQUIVALENTS– July 1st	<u>7,192,593</u>	<u>10,283,066</u>	<u>-</u>	<u>17,475,659</u>	<u>-</u>	<u>29,471,347</u>	<u>-</u>
CASH AND CASH EQUIVALENTS – June 30th	\$ <u>6,787,506</u>	\$ <u>6,099,030</u>	\$ <u>-</u>	\$ <u>12,886,536</u>	\$ <u>68,212</u>	\$ <u>17,475,659</u>	\$ <u>-</u>

See accompanying independent auditors' report and notes.

(Continued)

CITY OF MARYVILLE, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities –Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>	<u>Business-type Activities - Enterprise Funds 2010</u>	<u>Governmental Activities - Internal Service Funds 2010</u>
	<u>Major Funds</u>		<u>Non-Major Fund</u>				
	<u>Electric Department</u>	<u>Water Quality Control Department</u>	<u>Stormwater Utility Department</u>	<u>Total</u>			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ 4,159,253	\$ 3,855,611	\$ 451,833	\$ 8,466,697	\$ 988,326	\$ 4,659,953	\$ 271,809
Adjustments to reconcile operating income to net cash provided by (used) in operating activities:							
Add (deduct) non-cash items:							
Depreciation	1,958,610	2,555,009	19,925	4,533,544	36,552	3,933,380	46,200
Amortization	-	-	-	-	22,730	-	22,730
Changes in assets and liabilities:							
Accounts receivable	(578,264)	138,433	18,330	(421,501)	(117,506)	(167,469)	(33,801)
Pole rentals receivable	(9,296)	-	-	(9,296)	-	(5,093)	-
Other receivables	-	(36,734)	-	(36,734)	-	(120,421)	-
Inventories	21,380	62,956	-	84,336	(42,371)	24,355	(1,469)
Other current assets	(23,523)	(54,371)	-	(77,894)	(15,778)	(16,095)	-
Accounts payable	491,781	(1,239,644)	(17,433)	(765,296)	(90,522)	781,245	17,492
Cash overdrafts	-	-	-	-	(19,995)	-	(98,163)
Accrued compensated absences	33,861	35,956	(10,503)	59,314	-	(105,977)	-
Accrued post employment benefit obligation	71,422	74,413	11,844	157,679	-	255,912	-
Other accrued liabilities	(995,177)	-	-	(995,177)	-	87,353	-
Customer deposits	41,562	21,087	-	62,649	-	10,155	-
Due from other funds	98,232	349,967	-	448,199	13,395	(66,090)	14,528
Due to other funds	(512,594)	(35,664)	-	(548,258)	-	86,804	-
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 4,757,247</u>	<u>\$ 5,727,019</u>	<u>\$ 473,996</u>	<u>\$ 10,958,262</u>	<u>\$ 774,831</u>	<u>\$ 9,358,012</u>	<u>\$ 239,326</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET:							
Current Assets:							
Cash	\$ 1,938,568	\$ 750,008	\$ -	\$ 2,688,576	\$ 68,212	\$ 3,753,399	\$ -
Investments	4,848,938	5,349,022	-	10,197,960	-	3,355,601	-
Restricted Assets:							
Cash	-	-	-	-	-	116,930	-
Investments	-	-	-	-	-	10,249,729	-
Cash and Cash Equivalents – June 30 th	<u>\$ 6,787,506</u>	<u>\$ 6,099,030</u>	<u>\$ -</u>	<u>\$ 12,886,536</u>	<u>\$ 68,212</u>	<u>\$ 17,475,659</u>	<u>\$ -</u>

Accounting Policy Note: The City considers all highly liquid investments with original maturities of three (3) months or less as cash equivalents. At June 30, 2011 and 2010, the Electric Department had investments of \$4,848,938 and \$4,715,225, respectively, considered to be cash equivalents. At June 30, 2011 and 2010, the Water Quality Control Department had investments of \$5,349,022 and \$8,890,105 respectively, considered to be cash equivalents.

Non Cash Transactions: Assets in the amount of \$2,563,768 were contributed to the Water Quality Control Department.

See accompanying independent auditors report and notes.

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Maryville, Tennessee, has existed under various charters in its over 200 year history. The most recent incorporation was authorized by *H.B. No 132 Private Chapter No 27* adopted by the State legislature on March 14, 1967. The act took effect September 1, 1967 and effectively recreated the City of Maryville as a Council-Manager City with five councilmen elected at large who in turn hire a City Manager for day-to-day administration. The charter authorizes the following services: public safety (police and fire), highways and streets, public utilities, health and social services, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Maryville, Tennessee, are in conformity with all applicable statements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

(A) FINANCIAL REPORTING ENTITY:

Governmental Accounting Standards Board (GASB) *Statement No. 14 - "The Financial Reporting Entity"* as amended by *GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units"* defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of a component unit's Board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

In evaluating how to define the government for financial reporting purposes, management has considered the primary government and all potential component units by applying the definitions and the criteria set forth by *GASB Statement No. 14*, as amended by *GASB Statement No. 39*.

The financial statements of the City (primary government) provide an overview of the entity based on financial accountability. The primary government consists of all the organizations that make up its legal entity—all funds, departments, and offices that are not legally separate. The City meets all the criteria defined for a primary government in *GASB No. 14*, as amended by *GASB Statement No. 39*, as follows:

- a. Separately elected governing body,
- b. Separate legal standing through legislation authorizing its creation,
- c. Fiscally independent of other state and local governments,

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria applicable to *GASB No. 14*, as amended by *GASB Statement No. 39*, for component units, the City has no financial accountability for any component units. Therefore, the financial reporting entity is limited to those funds, departments, and offices which comprise the City's legally adopted jurisdictions.

(B) BASIC FUND STATEMENTS – GASB NO. 34:

The basic financial statements include both government-wide (based on the City as a whole and its component units, if any) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent, on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) BASIC FUND STATEMENTS – GASB NO. 34 (Continued):

resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses, including depreciation, of the various departments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department. Interest on general long-term debt and depreciation expense on assets shared by multiple departments are not allocated to the various departments. Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, certain intergovernmental grants, other entities participation and charges for services. Taxes and other items not properly included among program revenues are reported as general revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The City does not currently utilize an indirect cost allocation system. The General Fund charges certain administrative fees to departments within other operating funds to support general services used by those funds. The expenditures/expenses are recorded as a reduction of expense in the allocating fund. Therefore, no elimination is required from either the government-wide or fund level financial statements.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column.

Unless an internal service fund is combined with the business-type activities (deemed to be an infrequent event), totals on the proprietary fund statement should directly reconcile to the business-type activity column presented in the government-wide statements.

Internal service funds of a government (which provide services primarily to other funds of the City) are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate department.

(C) BASIS OF PRESENTATION:

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid in the City's financial management by segregating transactions related to certain functions or activities.

The following categories are used by the City:

Governmental Fund Types

Governmental Funds are those through which most of the governmental functions of the City are financed. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF PRESENTATION (Continued):

Governmental Funds include the following fund types:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted or committed to expenditures for specified purposes as defined by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. There is one (1) special revenue fund presented as a major fund in the basic financial statements as follows:

General Purpose School Fund: The General Purpose School Fund is used to account for the general operations of the Maryville City Schools. Major funding for the General Purpose School Fund is provided by State education funds, shared revenues provided by Blount County, and transfer of property tax revenue from the General Fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt (principal, interest, and related costs) not being accounted for in the Enterprise Funds. The Debt Service Fund is presented as a major fund in the basic financial statements.

Capital Projects Funds: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). There is one (1) capital projects fund presented as a major fund in the basic financial statements as follows:

Qualified School Construction Fund: The Qualified School Construction Fund is used to account for the construction of Coulter Grove Intermediate School. Major funding for the fund is from Intergovernmental revenue from a loan from the Tennessee State School Bond Authority.

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing operations and activities, which are similar to those often found in the private sector. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows.

Proprietary funds include the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following enterprise funds are used by the City:

Electric Department Fund: The Electric Department Fund is used to account for the operation of the City's electric system. This fund is presented as a major fund in the basic financial statements.

Water Quality Control Department Fund: The Water Quality Control Department Fund is used to account for the operation of the City's water and sewer system. This fund is presented as a major fund in the basic financial statements.

Stormwater Utility Fund: The Stormwater Utility Fund is used to account for the operation of the City's Stormwater Utility System.

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF PRESENTATION (Continued):

Internal Service Funds: Internal Service Funds are used to account for the providing of goods or services to other governmental operating units such as departments, bureaus, and agencies. The services provided may include duplicating services, data processing, legal services, motor pools, and centralized maintenance. Also, an Internal Service Fund may produce goods as does a manufacturer. For example, products may be provided by government printing shops, repair facilities, and processing facilities. The purpose of centralizing certain activities in an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple units within the governmental organization. Costs associated with the centralized activity are usually recovered from those governmental units that benefit from the goods or services provided through the Internal Service Funds. Thus, the objective of an Internal Service Fund is not to make a profit but rather to recover, over a period of time, the total cost of providing the goods or services.

The following internal service funds are used by the City:

Employee Medical Self-Insurance Fund: The Employee Medical Self-Insurance Fund is used to account for the City of Maryville's self-insured health insurance program. Premiums charged to various operating funds and employee payroll deductions are placed in this fund for the payment of medical claims and administrative expenses.

School Employee Dental Insurance Fund: The School Employee Dental Insurance Fund is used to account for the City of Maryville school employees' dental insurance program. Premiums collected from employees and premiums charged to various operating funds are placed in this fund for the payment of dental claims and administrative expenses.

Retiree Medical Self-Insurance Funds: The Retiree Medical Self-Insurance Funds are used to account for the City of Maryville's self-insured health insurance program for retirees. Premiums charged to various operating funds and retiree contributions are placed in this fund for the payment of medical claims and administrative expenses.

Self-Insured Workmen's Compensation Fund: The Self-Insured Workmen's Compensation Fund is used to account for the City's self-insured worker's compensation program. Premiums charged to various operating funds are placed in this fund for the payment of claims and administrative expenses.

Computer Information Systems Fund: The Computer Information Systems Fund is used to account for the operation of the City's computer information system. Data processing charges collected from various City funds are placed in this fund for the payment of operating expenses.

Fleet Maintenance Fund: The Fleet Maintenance Fund is used to account for the operation of the City's vehicle maintenance program. Vehicle maintenance charges collected from various City funds are placed in this fund for the payment of operating expenses.

Facilities Management Fund: The Facilities Management Fund is used to account for the operation of the City's physical facilities.

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the source and use of liquid resources, and 3) demonstrate how the City's actual experience conforms to the biennial budget. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include property tax, local sales tax, state-shared sales tax, highway user tax, franchise fees, and interest earned on pooled investments. Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are not measurable until actually received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports deferred revenues in the governmental funds if the potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Since the governmental fund financial statements are presented on a basis different than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is charges between the government's electric and water/sewer functions and various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the applicable functions.

Amounts reported as program revenue include 1) charges to customers or users who purchase, use or directly benefit from goods or services provided by a particular department, 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular department, and 3) capital grants and contributions that are restricted. Taxes, investment income and other revenues not identifiable with a particular department are included as general revenues. The general revenues support the net costs of the departments not covered by program revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services of the fund's principal ongoing operations. Operating expenses include the cost of providing the goods and services, administrative expenses, and depreciation on capital assets. Non-operating revenues and expenses are items such as investment income and interest expense, which are not a result of the direct operations of the activity.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Application of Financial Accounting Standards Board Statements

GASB No. 20 requires that governments with proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accounting Principles Board Opinion No. 22, Disclosure of Accounting Policies, require the same treatment for the government-wide financial statements. The City has elected to implement FASB Statements and Interpretations issued after November 30, 1989 for the government-wide or proprietary fund financial statements.

(E) IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES:

During the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types.

(F) BUDGETS AND BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least forty-five (45) days before the beginning of the budgetary fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them. The legal level of budgetary control is at the department level.
2. Public hearing is conducted by the City to obtain taxpayer comments.
3. Prior to July 1st, the budget is legally enacted through passage of an ordinance on two separate readings.
4. The City Manager is authorized to transfer appropriations between any program or line item within a department without the approval of the City Council. However, any revisions that alter the total expenditures of any department, and all other budget amendments, must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Fund. Formal budgetary integration is employed for the Debt Service Fund even though effective budgetary control is additionally achieved through general obligation bond indenture provisions. Because Capital Projects Funds are project-oriented and may extend over two (2) or more fiscal years, the recording of an annual budget is not necessary. Budgeted appropriations lapse at year-end.
6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts are as originally adopted (or as subsequently amended) by the City Council on June 17, 2010.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) BUDGETS AND BUDGETARY ACCOUNTING (Continued):

Budget amendments were adopted for the following funds:

1. General Fund – \$1,753,996 increase in revenues and \$1,728,996 increase in expenditures.
2. General Purpose School Fund - \$23,727 increase in revenues and \$982,574 increase in expenditures.
3. Federal Projects Fund – \$1,028,065 increase in both revenues and expenditures.
4. Debt Service Fund - \$15,384,414 increase in revenues and \$14,759,414 increase in expenditures.
5. Industrial Development Fund - \$10,000 increase in expenditures.
6. Cafeteria Fund - \$94,450 increase in both revenues and expenditures.
7. After School Care Fund - \$53,780 increase in both revenues and expenditures.
8. Local Grant Fund - \$750,000 increase in both revenues and expenditures.

(G) UNBILLED ACCOUNTS RECEIVABLE:

The City of Maryville Utilities delay the recording of some accrued revenues due to the staggering of meter reading dates during the month. Consequently, there is a lag in meter reading time and billing dates as the Utilities do not bill at a cut-off date of June 30th, the year-end. Unbilled revenues are estimated by calculation of average daily revenue for the number of days unrecorded based on the following month's billing.

For the Electric Department at June 30, 2011, unrecorded unbilled revenue was estimated to be \$3,625,432.

For the Water Quality Control Department at June 30, 2011, unrecorded unbilled revenue was estimated to be \$688,058.

Expenses and the related purchased power for the unrecorded unbilled revenue have been reflected in the Statements of Revenues, Expenses and Changes in Retained Earnings of each respective Utility.

(H) CASH AND INVESTMENTS:

Cash and cash equivalents consist of petty cash, demand deposits, and all highly liquid investments with original maturities of three (3) months or less.

In order to provide a safe temporary medium for investment of idle funds, the City adopted an investment policy that allows investment in the following:

1. Bonds, notes and treasury bills of the United States;
2. Non-convertible debt securities of certain government sponsored enterprises that are chartered by the Congress of the United States;
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. The Local Government Investment Pool created by TCA, Title 9, Chapter 4, Part 2;
6. Bonds or notes issued by or on behalf of the City of Maryville in accordance with TCA, Title 9, Chapter 21;
7. Bonds or notes backed by the direct obligation of a State of the United States, or a political subdivision or instrumentality thereof, having general taxing powers; and are rated in either of the two (2) highest rated categories by a nationally-recognized rating agency.

(I) RECEIVABLES:

All receivables are shown net of an allowance for uncollectibles.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) INVENTORIES AND PREPAID ITEMS:

Materials and supplies inventories of the Proprietary Funds are maintained by a perpetual inventory accounting system and are valued on a basis of average cost. Inventory of the Maryville City Schools' Cafeteria Fund is accounted for by the purchase method and is valued on a basis of average cost.

Prepaid items consist of payments to vendors for costs applicable to future accounting periods. These items are recorded as prepaid items in both the government-wide and fund financial statements.

(K) CAPITAL ASSETS:

Capital assets, including public domain infrastructure (e.g. roads, bridges, sidewalks, and culverts) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. 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 cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend its life, are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, if material.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives (land, rights-of-way/easements, and construction-in-progress are not depreciated):

<u>Assets</u>	<u>Useful life (years)</u>
Buildings	50
Improvements	20 – 50
Equipment and vehicles	5 – 25
Infrastructure	25 - 50

(L) RESTRICTED ASSETS:

Certain proceeds of the City's debt, as well as certain resources set aside for its repayment, are classified as restricted on the balance sheet, or statement of net assets, because they are maintained in trust accounts and their use is limited by applicable debt covenants.

(M) COMPENSATED ABSENCES:

Accumulated unpaid vacation and vested sick pay are accrued in the Government-wide and all Proprietary Fund statements. Long-term liabilities of the governmental funds are not shown on the fund financial statements, as these benefits are not expected to be liquidated with expendable available financial resources.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) COMPENSATED ABSENCES (Continued):

The City of Maryville, Tennessee's employees, with the exception of the Board of Education employees, are granted sick leave and vacation leave in varying amounts. Full-time employees accrue sick leave at the rate of one (1) day for each completed month of service. An employee can accrue a maximum of ninety (90) days of sick leave. Although eligible employees accrue sick leave from the date of employment, an employee is ineligible to use it until after having completed the first six (6) months of employment. Upon resignation or dismissal, an employee will not be paid for accrued sick leave. However, upon retirement, one-half (1/2) of accumulated sick leave will be credited toward additional service for payroll purposes.

Employees of the City of Maryville, Tennessee's Board of Education accumulate sick leave at the rate of one (1) day per month, or a maximum of ten (10) days per year based upon a ten (10) month period. Non-professional employees of the Board receive no compensation for accumulated sick leave upon retirement. However, upon retirement, professional employees of the Board receive an additional month of employment credit for the purpose of computing retirement benefits for every twenty (20) days of accumulated sick leave.

The City's vacation leave policy is as follows:

Full-time employees hired before April 2, 1985, will accrue vacation leave according to schedule one located below:

Schedule 1: Full-time Employees Hired Prior to April 2, 1985

Completed Service	Vacation Leave Credit Per Month (Fire Department Shifts)	Vacation Buy-Back Schedule (Fire Department Shifts)
0 through 6 years	7 hours/month (8.333 hours/month)	-
7 through 14 years	10 hours/month (12.667 hours/month)	40 hrs (57 hrs)
15 through 19 years	14 hours/month (16.667 hours/month)	40-80 hrs (57-95 hrs)
20 or more years	17 hours/month (20.583 hours/month)	40-120 hrs (57-190 hrs)

Full-time employees hired after April 1, 1985, will accrue vacation leave as follows:

Schedule 2: Full-time Employees Hired After April 1, 1985

Completed Service	Vacation Leave Credit Per Month (Fire Department Shifts)	Vacation Buy-Back Schedule (Fire Department Shifts)
0 through 6 years	7 hours/month (8.333 hours/month)	-
7 through 14 years	10 hours/month (12.667 hours/month)	40 hrs (57 hrs)
15 or more years	14 hours/month (16.667 hours/month)	40-80 hrs (57-95 hrs)

Employees having a minimum of seven (7) years' service have the option, subject to department head approval and to the availability of budgeted funds, of selling a portion of vacation leave to the City (as scheduled), provided that at least eighty (80) hours of vacation leave is taken during the calendar year. "Vacation Buy-Back" was suspended beginning July 1, 2010. No further funds have been appropriated for this program in subsequent years.

New employees accrue vacation leave from the date of employment, but are not eligible to take vacation leave until completing six (6) months of employment.

Upon resignation, any accrued vacation will be paid in lump sum. Upon retirement, accrued vacation may be paid in lump sum or taken as time off before the retirement date.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(M) COMPENSATED ABSENCES (Continued):

Employees may accrue vacation leave in excess of the maximum allowable annual vacation hours during any calendar year. However, employees must use the excess vacation hours accrued prior to January 1st as shown below:

Schedule 3: Vacation Accrual Limits (Fire Department Shifts)

Completed Service	Employees Hired Before April 2, 1985	Employees Hired After April 2, 1985
0 through 6 years	168 hours (200 hours)	168 hours (200 hrs)
7 through 14 years	240 hours (304 hours)	240 hours (304 hrs)
15 through 19 years	336 hours (400 hours)	-
15 or more years	-	336 hours (400 hrs)
20 or more years	408 hours (494 hours)	-

If an employee fails to use his vacation hours in excess of the maximum allowable hours by January 1st of each calendar year, he will lose the use of those excess hours.

The City of Maryville, Tennessee, accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. Such accruals include related costs such as payroll taxes and retirement contributions as required by *GASB Statement Number 16*.

(N) LONG-TERM OBLIGATIONS:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type. Debt premiums, discounts, and issuance costs are deferred and amortized over the life of the debt. Debt payable is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, in the period in which the debt is issued. 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.

(O) INTERFUND TRANSACTIONS:

Interfund transactions consist of identified services performed for other funds or costs billed to other funds and are recorded as expenditures in the fund receiving the services and as a reimbursement, reducing expenditures, in the fund performing the services except for sales of electric and water/sewer services to other City departments and the Internal Service risk management or health charges which are recorded as revenue and expenditures in the appropriate funds. All other interfund transactions are reported as transfers.

(P) FUND BALANCE:

Governmental fund equity is classified as fund balance. During the year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance and Governmental Fund Type Definitions*. Under this statement fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that cannot be spent due to their form (e.g. inventory and prepaids) or funds that legally or contractually are required to be maintained intact.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(P) FUND BALANCE (Continued):

- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.
- c. Committed fund balances comprise those amounts that are set aside for a specific purpose by the City's highest level of decision making authority (City Council) through its highest level of formal action (ordinance). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- d. Assigned fund balances consist of amounts that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making body. Assigned fund balances may not cause a deficit in unassigned fund balance.
- e. Unassigned fund balances consist of excess funds that have not been classified in the previous four categories.

Significant aspects of the City's fund balance policy are as follows:

The City Council has retained the authority to assign funds for specific purposes.

When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are spent first, assigned funds next, and unassigned funds last.

Fund balances at June 30, 2010 have been restated to conform to GASB Statement 54.

(Q) STATEMENTS OF CASH FLOWS:

The City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. For the purposes of the statement of cash flows, all pooled cash is also considered to be cash equivalents. This is due to the fact that the Proprietary funds may deposit or withdraw cash at any time without prior notice or penalty, having the characteristics of demand deposits. In a statement of cash flows, cash receipts and payments are classified according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities.

(R) USE OF ESTIMATES:

The preparation of basic 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 amount of assets, liabilities, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

(S) COMPARATIVE TOTAL DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

(T) COMPARATIVE TOTAL DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

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

Total fund balances of the City’s governmental funds differ from net assets of governmental activities reported in the statement of net assets. The difference primarily results from the long-term economic focus in the statement of net assets versus the current financial resources focus in the governmental fund balance sheets.

Balance Sheet/Statement of Net Assets

	Total Governmental <u>Funds</u>	Long-term Assets, <u>Liabilities</u> (1)	Internal Service <u>Funds</u> (2)	Reclassifications and <u>Eliminations</u>	Statement of <u>Net Assets</u>
<u>Assets</u>					
Cash	\$ 3,416,773	\$ -	\$ 68,212	\$ -	\$ 3,484,985
Investments	12,016,146	-	-	-	12,016,146
Pooled cash	921,519	-	-	-	921,519
Pooled investments	16,727,816	-	-	-	16,727,816
Funds held by fiscal agent	4,184,131	-	-	-	4,184,131
Receivables:					
Taxes, net	19,054,489	-	-	-	19,054,489
Accounts, net	88,064	-	170,702	-	258,766
Accrued interest	18,564	-	-	-	18,564
Internal balances	1,583,313	-	2,590,379	(4,173,692)	-
Due from other governments	3,225,448	-	-	-	3,225,448
Inventories	97,903	-	332,571	-	430,474
Prepaid items	13,170	-	15,778	-	28,948
Deferred issuance costs	-	742,090	-	-	742,090
Deferred refunding losses	-	2,958,871	-	-	2,958,871
Contractor’s escrow accounts	-	-	-	-	-
Capital Assets, Net	-	132,390,645	462,843	-	132,853,488
Total Assets	<u>\$ 61,347,336</u>	<u>\$ 136,091,606</u>	<u>\$ 3,640,485</u>	<u>\$ (4,173,692)</u>	<u>\$196,905,735</u>
<u>Liabilities and Net Assets</u>					
Accounts payable	\$ 886,918	\$ -	\$ 33,699	\$ -	\$ 920,617
Accrued payroll	2,633,206	-	-	-	2,633,206
Accrued interest payable	-	158,842	-	-	158,842
Other liabilities	1,515,269	-	-	-	1,515,269
Cash overdraft	-	-	-	-	-
Internal balances	3,590,554	-	670,255	(4,173,692)	87,117
Unearned revenue	17,903,935	(270,846)	-	-	17,633,089
Accrued post-employment benefit obligations	-	1,711,599	-	-	1,711,599
Long-term debt	-	98,340,421	-	-	98,340,421
Compensated absences	-	1,362,339	-	-	1,362,339
Total Liabilities	26,529,882	101,302,355	703,954	(4,173,692)	124,362,499
Total Fund Balance/Net Assets	<u>34,817,454</u>	<u>34,789,251</u>	<u>2,936,531</u>	<u>-</u>	<u>72,543,236</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 61,347,336</u>	<u>\$ 136,091,606</u>	<u>\$ 3,640,485</u>	<u>\$ (4,173,692)</u>	<u>\$ 196,905,735</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued):

(A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (Continued)

- (1) When capital assets (land, rights-of-way/easements, infrastructure, buildings, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 174,425,197
Accumulated depreciation	<u>42,034,552</u>
	<u>\$ 132,390,645</u>

Bond issuance costs are expended in government funds when paid, but are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of net assets.

Bond issuance costs	\$ 865,978
Accumulated amortization of bond issuance costs	<u>(123,888)</u>
	<u>\$ 742,090</u>

Bond refunding losses are expended in government funds when incurred, but are capitalized and amortized for purposes of the statement of net assets.

Bond refunding losses	\$ 3,384,649
Accumulated amortization of bond refunding losses	<u>(425,778)</u>
	<u>\$ 2,958,871</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Accrued post-employment benefit obligations	\$ (1,711,599)
Compensated absences	(1,362,339)
Accrued interest payable	(158,842)
Bonds, capital improvement notes, loans and capital lease obligations (net of \$175,621 accumulated amortization of bond premium)	<u>(98,340,421)</u>
	<u>\$ (101,573,201)</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance. Deferred revenue for the non-current property tax receivables shown on the governmental fund statements is not deferred on the statement of net assets.

Deferred tax revenue (non-current)	<u>\$ 270,846</u>
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- (2) Internal service funds are used by management to charge the costs of self-insurance, fleet maintenance, and data processing services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

\$ 2,936,531

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued):

(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

The net change in fund balances for governmental funds differ from the change in net assets for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

	Total Governmental <u>Funds</u>	Long-term Revenues, <u>Expenditures</u> (3)	Capital- Related <u>Items</u> (4)	Long-term Debt <u>Transactions</u> (5)	Internal Service <u>Funds</u> (6)	Reclass- ifications	Statement of <u>Activities</u>
<u>Revenues</u>							
Taxes:							
Property taxes	\$ 26,161,421	\$ 16,941	\$ -	\$ -	\$ -	\$ -	\$ 26,178,362
Sales taxes	10,913,074	-	-	-	-	-	10,913,074
Other taxes	3,911,557	-	-	-	-	-	3,911,557
Licenses, permits and fees	227,477	-	-	-	-	-	227,477
Intergovernmental:							
State taxes	2,783,906	-	-	-	-	-	2,783,906
Federal grants	5,965,739	-	-	-	-	-	5,965,739
State grants	185,456	-	-	-	-	-	185,456
U.S.D.A. reimbursements	819,357	-	-	-	-	-	819,357
Other state revenues	16,446,207	-	-	-	-	-	16,446,207
Other federal revenues	88,100	-	-	-	-	-	88,100
Other local revenues	224,848	-	-	-	-	-	224,848
Charges for services	3,351,150	-	-	-	-	-	3,351,150
Fines, forfeitures, and costs	70,200	-	-	-	-	-	70,200
Investment income	217,446	-	-	-	-	-	217,446
Miscellaneous revenue	1,850,856	-	(617)	-	-	-	1,850,239
Gain (loss) on deletion of capital assets	-	-	617	-	10,500	-	11,117
Total Revenues	73,216,794	16,941	-	-	10,500	-	73,244,235
<u>Expenditures/Expenses</u>							
Current:							
General government	2,344,875	(61,838)	437,796	-	(988,326)	-	1,732,507
Public safety	9,095,291	107,074	552,603	-	-	-	9,754,968
Public works	6,471,955	47,121	1,211,749	-	-	(1,718,628)	6,012,197
Culture & Recreation	2,028,355	-	922,388	-	-	-	2,950,743
Economic development	331,338	11,630	-	-	-	-	342,968
Nondepartmental costs	994,254	-	-	-	-	-	994,254
Education	44,411,976	252,694	1,123,748	-	-	-	45,788,418
Debt Service:							
Principal retirement	3,257,255	-	-	(3,257,255)	-	-	-
Interest & fiscal fees	2,448,736	17,303	-	10,990	-	-	2,477,029
Payments under capital lease	548,169	-	-	(548,169)	-	-	-
Capital Outlay	12,112,193	-	(13,830,821)	-	-	1,718,628	-
Total Expenditures	84,044,397	373,984	(9,582,537)	(3,794,434)	(988,326)	-	70,053,084

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued):

(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 (Continued)

	Total Governmental Funds	Long-term Revenues, Expenditures (3)	Capital- Related Items (4)	Long-term Debt Transactions (5)	Internal Service Funds (6)	Reclass- ifications	Statement of Activities
Other Financing Sources (Uses)/Changes in Net Assets							
Transfers In (Out) -							
In-lieu-of-tax payments	1,382,880	-	-	-	-	-	1,382,880
Premium on refunding debt	589,414	-	-	(589,414)	-	-	-
Capitalized lease under sublease agreement	918,996	-	-	(918,996)	-	-	-
Proceeds from refunding debt	14,170,000	-	-	(14,170,000)	-	-	-
Payments to refunding agent	(14,505,000)	-	-	14,505,000	-	-	-
Change in reserve for inventory	<u>(6,756)</u>	<u>6,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)/Changes in Net Assets	<u>2,549,534</u>	<u>6,756</u>	<u>-</u>	<u>(1,173,410)</u>	<u>-</u>	<u>-</u>	<u>1,382,880</u>
Net Change for the Year	<u>\$ (8,278,069)</u>	<u>\$ (350,287)</u>	<u>\$ 9,582,537</u>	<u>\$ 2,621,024</u>	<u>\$ 998,826</u>	<u>\$ -</u>	<u>\$ 4,574,031</u>

(3) Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered as available revenues in the governmental funds. The revenue is, however, recognized in the government-wide statements. At the time that the revenue is received, it is recorded in the governmental funds and reversed from the government-wide statements.

Property tax \$ 16,941

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 governmental funds.

Decrease in inventory – Cafeteria Fund \$ 6,756
Change in accrual for compensated
absences (96,527)
Change in accrued interest payable 17,303
Change in accrual for post-employment
benefit obligations 446,452
\$ 373,984

(4) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas, net assets decrease by the amount of depreciation expense charged for the year, and the loss on disposal of capital assets.

Capital expenditures (net of capital
expenditures recorded in Internal
Service Funds) \$ 13,880,795
Depreciation expense (net of depreciation
expense recorded in the Internal
Service Funds) 4,298,258
Difference \$ 9,582,537

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued):

(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 (Continued)

(4) Governmental Funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains or losses are recorded for disposals.

Deleted capital assets (net)	\$ -
Proceeds	<u>617</u>
Difference	<u><u>\$ (617)</u></u>

(5) Debt issuance costs are expended in governmental funds when paid, but are capitalized and amortized over the life of the corresponding debt for purposes of the statement of activities.

Debt issuance costs	\$ 254,414
Amortization of debt issuance costs	<u>42,870</u>
Difference	<u><u>\$ 297,284</u></u>

Amounts paid to debt refunding agents representing losses on debt refundings are reported as other financing uses in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. However, in the statement of activities those refunding losses are capitalized and amortized.

Amortization of debt refunding losses	<u><u>\$ 250,105</u></u>
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Repayment of debt principal is reported as a expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The City's long-term debt was reduced because principle payments were made to holders of long-term debt.

Principal payments made	<u><u>\$ 18,252,255</u></u>
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Issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Long-term debt increased as follows:

General obligation loans/bonds	\$ 14,759,414
Capital lease obligations	<u>918,996</u>
	<u><u>\$ 15,678,410</u></u>

(6) Internal service funds are used by management to charge the costs of self-insurance, fleet maintenance, and data processing services to individual funds. The adjustments for internal service funds close those funds by crediting amounts to participating governmental activities to reduce internal service funds' net income for the year.

	<u><u>\$ 998,826</u></u>
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NOTE 3 – PROPERTY TAX:

The City's property tax is levied each September 1st on the assessed value as listed by the County Assessor and is payable by each November 30th. Beginning December 1st, interest and penalty accrued on unpaid property taxes. The lien date is January 1st of the year of levy. The assessed values are established by the County Assessment Board. The City's tax rate for the year ended June 30, 2011, was \$2.17 per \$100 of assessed value.

Property taxes levied for 2010 and prior years, but uncollected as of June 30, 2011, are recorded as receivables, net of estimated uncollectibles based upon collections in prior years. The Allowance for Uncollectible Property Taxes as of June 30, 2011 is \$135,361. The taxes collected during the fiscal year ended June 30, 2011, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2011. All other taxes are recorded as deferred revenue.

Property taxes levied for 2011 are recorded as receivables and deferred revenue.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - CASH AND INVESTMENTS:

The City's investment policy allows investments in obligations of the U.S. Treasury and other authorized investments as more fully explained in Note 1.

Cash and investments include bank balances and investments that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Investments are shown at fair value; except that investments that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices.

Investments in the Local Government Investment Pool are reported at amortized cost. The State Pooled Investment Fund, of which the Local Government Investment Pool is a part, is managed like a SEC 2a-7 fund. The same investment guidelines are followed, but the State Pooled Investment Fund does not report to the SEC. Additional information regarding the Local Government Investment Pool is available from the Local Government Investment Pool, P. O. Box 198785, Nashville, Tennessee 37219-8785 or by calling (615) 532-1163.

The shares in the Local Government Investment Pool are constant dollar. Therefore, the fair value of the position in the Pool is the same as the value of the Pool shares.

The State Pooled Investment Fund is governed by the State Funding Board in accordance with Tennessee Code Annotated. The Funding Board is comprised of the State Treasurer, the Comptroller, the Commissioner of Finance and Administration, the Secretary of State, and the Governor. Reporting is done monthly, quarterly, and annually and there are regularly scheduled meetings. The Funding Board has developed an Investment Policy which meets SEC 2a-7 requirements and state laws. The collateral pool has received no credit quality rating from a credit rating agency.

During the year ended June 30, 2011, the City had no realized gains or losses from the maturity and sale of investments. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year. The net decrease in the fair value of investments during the year ended June 30, 2011, was \$18,380. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized losses on investments held at June 30, 2011 were \$57,620.

The City's total Cash and Investments of \$46,037,003 at June 30, 2011 is classified below:

Table 1: Total Cash and Investments at June 30, 2011

<u>Type</u>	<u>Amount</u>
Petty and working cash	\$ 2,500
Local financial institutions – checking and savings accounts	7,092,580
Cash held by investment firms	1
Certificates of Deposit	2,950,000
State of Tennessee Local Government Investment Pool	32,947,381
Investment in federal, state, and local government securities	<u>3,044,541</u>
 Total Cash and Investments	 <u>\$ 46,037,003</u>

As of June 30, 2011 the City had the following investments and maturities:

Table 2: Investments and Maturities at June 30, 2011

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>More Than 10 Years</u>
State of Tennessee Local Government Investment Pool	\$ 32,947,381	\$ 32,947,381	\$ -	\$ -	\$ -
Certificates of Deposit	2,950,000	750,000	2,200,000	-	-
State municipal securities	<u>3,044,541</u>	<u>2,044,220</u>	<u>1,000,321</u>	-	-
 Total Investment and Maturities	 <u>\$ 38,941,922</u>	 <u>\$ 35,741,601</u>	 <u>\$ 3,200,321</u>	 <u>\$ -</u>	 <u>\$ -</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - CASH AND INVESTMENTS (Continued):

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. While the City has no formal policy to limit its interest rate risk, it manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the governing code, the City’s investment policy, or debt agreements, and the actual rating as of the end of year end for each investment type.

Table 3: Investments and Ratings at June 30, 2011

	<u>Par Value</u>	<u>AA</u>	<u>AA-</u>
State municipal securities	\$ 3,000,000	\$ 1,000,000	\$ 2,000,000

Concentrations of Credit Risk - The City places no limit on the amount the City may invest in any one issuer. More than 84% of investments are in the State of Tennessee Local Government Investment Pool, while 8% of investments are in State Municipal Securities. The remaining 8% was invested in certificates of deposits. No certificate at any one financial institution exceeded the federal deposit insurance corporation coverage.

Pooled Cash and Investment Accounts - Among the City of Maryville, Tennessee’s various accounts are four (4) checking accounts and two (2) investment accounts which are shared by various funds in order to reduce the number of accounts used by the City. A summary of this equity in pooled accounts is shown in Table 4.

Table 4: Summary of Equity in Pooled Cash and Investments

<u>Fund</u>	<u>Equity in Pooled Cash</u>	<u>Equity in Pooled Investments</u>
Major Funds:		
General Fund	\$ 112,362	\$ 161,098
Debt Service Fund	-	9,087,727
Qualified School Construction Fund	1,160	-
Non Major Funds	<u>807,997</u>	<u>7,478,991</u>
	<u>\$ 921,519</u>	<u>\$ 16,727,816</u>

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES:

As of June 30, 2011, interfund receivables and payables were as shown in Table 5 below.

Table 5: Interfund Receivables/Payables at June 30, 2011

<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
INTERFUND RECEIVABLES:		INTERFUND PAYABLES:	
General Fund	\$ 3,340	General Fund	\$ 1,898,460
General Purpose School Fund	1,569,018	General Purpose School Fund	255,693
Nonmajor Governmental Funds	10,955	Nonmajor Governmental Funds	1,436,401
Electric Department	55,528	Electric Department	222,567
Water Quality Control Department	78,839	Water Quality Control Department	32,662
Nonmajor Enterprise Fund	207,979	Internal Service Funds	<u>670,255</u>
Internal Service Funds	<u>2,590,379</u>	Total Interfund Payables	<u>\$ 4,516,038</u>
Total Interfund Receivables	<u>\$ 4,516,038</u>		

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES (Continued):

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

Transfers during the year are as follows:

Table 6: Interfund Transfers

<u>Transfer From</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Purpose School Fund</u>	<u>School Employee Dental Insurance Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
General Fund	\$ -	\$ 3,625,000	\$ 9,307,500	\$ -	\$ 477,075	\$ 13,409,575
Electric Department	865,622	-	-	-	-	865,622
Water Quality Control Department	517,258	-	-	-	-	517,258
General Purpose School Fund	-	-	-	-	66,188	66,188
Employee Medical Self-Insurance Fund	-	-	-	39,335	-	39,335
	<u>\$ 1,382,880</u>	<u>\$ 3,625,000</u>	<u>\$ 9,307,500</u>	<u>\$ 39,335</u>	<u>\$ 543,263</u>	<u>\$ 14,897,978</u>

NOTE 6 – CAPITAL ASSETS:

A summary of Capital Asset Activity, for the government-wide financial statements, for the fiscal year ended June 30, 2011 is as follows:

Table 7: Summary of Changes In Capital Asset Activity

	<u>Balance July 1, 2010</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental Activities:					
Non-depreciable Assets:					
Land	\$ 6,015,882	\$ -	\$ -	\$ -	\$ 6,015,882
Rights-of-way/Easements	69,375	-	-	-	69,375
Construction-in-progress	8,373,179	-	12,197,567	788,227	19,782,519
Total Non-depreciable Assets	<u>14,458,436</u>	<u>-</u>	<u>12,197,567</u>	<u>788,227</u>	<u>25,867,776</u>
Depreciable Assets:					
Buildings	77,809,957	-	-	-	77,809,957
Improvements	15,826,957	-	897,469	-	16,724,426
Infrastructure	17,300,594	-	-	-	17,300,594
Capital lease property	23,075,000	-	1,391,663	-	24,466,663
Equipment and vehicles	13,455,344	-	182,323	58,886	13,578,781
Total Depreciable Assets	<u>147,467,852</u>	<u>-</u>	<u>2,471,455</u>	<u>58,886</u>	<u>149,880,421</u>
Accumulated Depreciation:					
Buildings	18,679,236	-	1,547,533	-	20,226,769
Improvements	3,545,231	-	431,983	-	3,977,214
Infrastructure	7,382,249	-	555,437	-	7,937,686
Capital lease property	437,027	-	943,636	-	1,380,663
Equipment and vehicles	8,537,812	-	878,951	44,386	9,372,377
Total Accumulated Depreciation	<u>38,581,555</u>	<u>-</u>	<u>4,357,540</u>	<u>44,386</u>	<u>42,894,709</u>
Net Depreciable Assets	<u>108,886,297</u>	<u>-</u>	<u>(1,886,085)</u>	<u>14,500</u>	<u>106,985,712</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,344,733</u>	<u>\$ -</u>	<u>\$ 10,311,482</u>	<u>\$ 802,727</u>	<u>\$ 132,853,488</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6 – CAPITAL ASSETS (Continued):

Table 7: Summary of Changes In Capital Asset Activity (Continued)

	<u>Balance July 1, 2010</u>	<u>Reclass- ifications</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Business-type Activities:					
Non-depreciable Assets:					
Land and Land Rights	\$ 1,933,164	\$ -	\$ 4,830	\$ -	\$ 1,937,994
Construction-in-progress	<u>11,764,879</u>	<u>-</u>	<u>12,309,457</u>	<u>22,836,035</u>	<u>1,238,301</u>
Total Non-depreciable Assets	<u>13,698,043</u>	<u>-</u>	<u>12,314,287</u>	<u>22,836,035</u>	<u>3,176,295</u>
Depreciable Assets:					
Utility plant acquisition costs	162,770	-	-	-	162,770
Electric plant in service:					
Transmission	13,648,783	(8,203,007)	7,594	2,274	5,451,096
Distribution	38,206,369	8,203,007	2,714,595	515,959	48,608,012
General	6,257,753	-	182,212	177,089	6,262,876
Water plant in service	34,053,800	-	4,282,109	103,924	38,231,985
Sewer plant in service	62,133,838	-	18,208,463	114,634	80,227,667
Stormwater plant in service	<u>678,498</u>	<u>-</u>	<u>185,489</u>	<u>-</u>	<u>863,987</u>
Total Depreciable Assets	<u>155,141,811</u>	<u>-</u>	<u>25,580,462</u>	<u>913,880</u>	<u>179,808,393</u>
Accumulated Depreciation:					
Utility plant acquisition costs	162,770	-	-	-	162,770
Electric plant in service:					
Transmission	3,962,471	(2,014,491)	234,226	2,274	2,179,932
Distribution	14,238,143	2,014,491	1,579,500	585,645	17,246,489
General	3,766,228	-	355,926	140,437	3,981,717
Water plant in service	11,539,826	-	1,093,122	148,198	12,484,750
Sewer plant in service	12,696,068	-	1,604,960	204,606	14,096,422
Stormwater plant in service	<u>45,052</u>	<u>-</u>	<u>19,925</u>	<u>-</u>	<u>64,977</u>
Total Accumulated Depreciation	<u>46,410,558</u>	<u>-</u>	<u>4,887,659</u>	<u>1,081,160</u>	<u>50,217,057</u>
Net Depreciable Assets	<u>108,731,253</u>	<u>-</u>	<u>20,692,803</u>	<u>(167,280)</u>	<u>129,591,336</u>
Business-Type Activities Capital Assets, Net	<u>\$ 122,429,296</u>	<u>\$ -</u>	<u>\$ 33,007,090</u>	<u>\$ 22,668,755</u>	<u>\$ 132,767,631</u>

Depreciation expense was charged to the governmental functions in the government-wide financial statement as follows:

General Government	\$ 497,078
Public Safety	552,603
Public Works	1,211,749
Culture and Recreation	922,388
Education	<u>1,173,722</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 4,357,540</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – LONG-TERM DEBT:

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as serial bonds with varying amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2011 were as follows:

<p>\$3,865,000 – 2004 General Obligation Public Improvement, due in annual installments of \$185,000 to \$285,000 through June 1, 2021; interest at 2.25 to 4.00%. The proceeds were used to finance capital acquisitions of both general government and business-type activities. At June 30, 2011 the balance for general government and business-type activities was \$145,000 and \$2,140,000 respectively.</p>	<p>\$ 2,285,000</p>
<p>\$14,750,000 – 2008 General Obligation Refunding, due in annual installments of \$400,000 to \$1,470,000 through June 1, 2021; interest at 4.0% to 5.0%. The proceeds were used to currently refund existing debt in both general government and business-type activities. At June 30, 2011 the balance for general government and business-type activities was \$1,520,000 and \$9,330,000 respectively.</p>	<p>10,850,000</p>
<p>\$44,625,000 – 2009 Local Government Public Improvement, due in annual installments of \$235,000 to \$3,545,000 through June 1, 2037; interest at a variable rate. The proceeds were used to currently refund existing debt in both general government and business-type activities. At June 30, 2011 the balance of \$13,205,000 was for general government activities.</p>	<p>13,205,000</p>
<p>\$11,540,000 – 2009A General Obligation Refunding, due in annual installments of \$180,000 to \$1,680,000 through June 1, 2019; interest at 3.0% to 4.0%. The proceeds were used to currently refund existing debt in general government activities.</p>	<p>9,340,000</p>
<p>\$16,365,000 – 2009B General Obligation Refunding, due in annual installments of \$375,000 to \$3,810,000 through June 1, 2024; interest at 4.0% to 5.0%. The proceeds were used to currently refund existing debt in both general government and business-type activities. At June 30, 2011 the balance for general government and business-type activities was \$11,555,000 and \$4,810,000 respectively.</p>	<p>16,365,000</p>
<p>\$2,785,000 – 2009C General Obligation Refunding, due in annual installments of \$75,000 to \$1,640,000 through June 1, 2019; interest at 1.25% to 4.50%. The proceeds were used to currently refund existing debt in both general government and business-type activities. At June 30, 2011 the balance for general government and business-type activities was \$2,015,000 and \$695,000 respectively.</p>	<p>2,710,000</p>
<p>\$2,500,000 – 2010 General Obligation Public Improvement, due in annual installments of \$140,000 to \$205,000 through June 1, 2025; interest at 2.0% to 3.50%. The proceeds were used to finance capital acquisitions of business-type activities.</p>	<p>2,355,000</p>
<p>\$14,170,000 – 2010B General Obligation Refunding Bonds, due in annual installments of \$1,010,000 to \$2,280,000 through June 1, 2030; interest at 3.5% to 4.0%. The proceeds were used to currently refund existing debt in the general government.</p>	<p><u>14,170,000</u></p>
	<p><u>71,280,000</u></p>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued):

Revenue Bonds. The City issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds for proprietary activities are reported in the Proprietary Funds as they are to be repaid from proprietary revenues. In addition, revenue bonds have been issued to refund revenue bonds. These bonds are generally issued as serial bonds with varying amounts of principal maturing each year. Revenue bonds outstanding at June 30, 2011 were as follows:

\$3,100,000 – 2007 Electric Revenue Bonds, due in installments of \$185,000 to \$300,000 through June 1, 2021; interest at 4.0 to 5.0%	2,520,000
\$34,500,000 – 2008 Water and Sewer Revenue and Tax Bonds – Series A, due in installments of \$250,000 to \$2,750,000 through June 1, 2038; interest at 4.0% to 5.0%	34,250,000
\$4,100,000 – 2008 Water and Sewer Revenue and Tax Bonds – Series B, due in installments of \$155,000 to \$325,000 through June 1, 2028; interest at 4.0% to 5.0%	<u>3,945,000</u> <u>40,715,000</u>

Tennessee Local Government Public Improvement Bond Financing Program Loans. The City participates in the Tennessee Local Government Public Improvement Bond Financing Program under which monies are borrowed from various Public Building Authorities to finance costs of capital projects as stipulated under loan agreements. Such loans outstanding at June 30, 2011 were as follows:

\$2,000,000 – 2006 Tennessee Local Government Public Improvement Bond Financing Program Loan Series B-10-A, due in annual installments of \$140,000 to \$240,000 through June 1, 2017; interest at 5.55% to 5.85%	1,245,000
\$3,000,000 – 2009 Tennessee Local Government Public Improvement Bond Financing Program Loan Series B-17-A, due in annual installments of \$150,000 to \$275,000 through June 1, 2033; interest at 3% to 4.25%.	<u>2,550,000</u> <u>3,795,000</u>

Tennessee State School Bond Authority. During the fiscal year ended June 30, 2010, the City obtained a loan from the Tennessee State School Bond Authority in the amount of \$18,720,000. The proceeds are being used to fund the construction of a new school. The note outstanding at June 30, 2011 was as follows:

\$18,720,000 – Tennessee State School Bond Authority Note, due in monthly installments of \$97,342 to \$110,118 through July 1, 2026; non-interest bearing except for any supplemental coupon and any conversion coupon required to be paid.	<u>17,649,243</u>
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Tennessee Revolving Fund. During the fiscal year ended June 30, 2010, the City was approved for a loan from the Tennessee Revolving Fund in the amount of \$3,840,000. Of the total loan, \$1,920,000 is funded from American Recovery and Reinvestment Act of 2009 funds. Of this amount, \$1,536,000 is subject to principal forgiveness. At June 30, 2011, \$3,840,000 was drawn against the award of which \$2,304,000 is reported as a note payable.

\$2,304,000 – Tennessee Revolving Fund loan, due in monthly payments to begin ninety (90) days after the completion of the project and continuing for twenty (20) years; interest at 2.09%.	<u>2,304,000</u>
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Total Debt Payable	<u>\$ 135,743,243</u>
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(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued):

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various debt service funds and revenue bonds reserve funds. The City is in compliance with all significant limitations and restrictions.

Expenses and premium related to the issuance of the Revenue Bonds are being amortized over the life of the bonds, whereas loan costs pursuant to the Tennessee Local Government Public Improvement Bond Financing Program Loans were recorded in the governmental funds as expenditures when paid.

Variable interest rates are based primarily on the weighted-average bond rate in effect during the quarter.

Current Refunding

During the year, the City issued \$14,170,000 of fixed rate bonds to provide resources for the current refunding of a portion of a general obligation variable rate bond. The purpose of this transaction was to reduce the City's exposure to interest rate volatility in the insured bond market. As a result, the refunded bond was redeemed, and the liability has been removed from the governmental activities with which the debt was associated.

The net proceeds plus the unamortized debt expense exceeded the carrying value of the old debt by \$137,368. This amount is being amortized over the shorter of the remaining life of the refunded debt or the life of the new debt. The cumulative savings or economic gain from the refunding transaction is not readily determinable due to the variable rate debt instruments involved.

The following is a summary of debt transactions of the City for the fiscal year ended June 30, 2011:

Table 8: Summary of Debt Transactions

	Debt Payable <u>July 1, 2010</u>	Debt <u>Acquired</u>	Debt <u>Retired</u>	Debt Payable <u>June 30, 2011</u>
Tennessee Local Government Public				
Improvement Bond Financing Program	\$ 4,115,000	\$ -	\$ 320,000	\$ 3,795,000
Tennessee Revolving Fund	260,142	2,043,858	-	2,304,000
Tennessee State School Bond Authority	18,720,000	-	1,070,757	17,649,243
General Obligation Bonds	74,550,000	14,100,000	17,370,000	71,280,000
Revenue Bonds	41,320,000	-	605,000	40,715,000
General Obligation Notes	57,000	-	57,000	-
General Obligation Capital Outlay Notes	<u>324,498</u>	<u>-</u>	<u>324,498</u>	<u>-</u>
Totals	<u>\$ 139,346,640</u>	<u>\$ 16,143,858</u>	<u>\$ 19,747,255</u>	<u>\$ 135,743,243</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued):

The following discloses the City's debt service requirements as of June 30, 2011, for the next five (5) years and in five (5)-year increments thereafter:

Table 9: Debt Service Requirements

Fiscal Years Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2012	\$ 3,033,099	\$ 2,626,797	\$ 2,219,080	\$ 2,701,360	\$ 10,580,336
2013	3,083,099	2,563,530	2,176,036	2,614,631	10,437,296
2014	3,073,099	2,497,702	2,243,028	2,527,464	10,341,293
2015	3,138,099	2,431,103	2,320,068	2,436,812	10,326,082
2016	<u>3,203,099</u>	<u>2,361,206</u>	<u>2,417,144</u>	<u>2,342,985</u>	<u>10,324,434</u>
Subtotal	<u>15,530,495</u>	<u>12,480,338</u>	<u>11,375,356</u>	<u>12,623,252</u>	<u>52,009,441</u>
2017	3,278,099	2,286,011	2,529,268	2,235,599	10,328,977
2018	3,118,099	2,194,238	2,616,440	2,123,968	10,052,745
2019	3,213,099	2,116,046	2,758,648	2,010,560	10,098,353
2020	3,503,099	2,027,058	2,865,916	1,892,263	10,288,336
2021	<u>3,643,099</u>	<u>1,933,071</u>	<u>3,003,220</u>	<u>1,775,945</u>	<u>10,355,335</u>
Subtotal	<u>16,755,495</u>	<u>10,556,424</u>	<u>13,773,492</u>	<u>10,038,335</u>	<u>51,123,746</u>
2022	3,828,099	1,811,192	2,205,572	1,642,492	9,487,355
2023	3,968,099	1,704,146	1,867,972	1,557,880	9,098,097
2024	4,483,099	1,591,458	1,990,432	1,482,470	9,547,459
2025	3,723,099	1,458,858	2,057,940	1,404,074	8,643,971
2026	<u>3,245,857</u>	<u>1,356,658</u>	<u>1,920,496</u>	<u>1,320,819</u>	<u>7,843,830</u>
Subtotal	<u>19,248,253</u>	<u>7,922,312</u>	<u>10,042,412</u>	<u>7,407,735</u>	<u>44,620,712</u>
2027	2,030,000	995,050	2,043,100	1,241,927	6,310,077
2028	2,135,000	913,850	2,155,764	1,155,482	6,360,096
2029	2,210,000	828,450	1,933,488	1,064,164	6,036,102
2030	2,280,000	740,050	2,036,260	980,392	6,036,702
2031	<u>1,575,000</u>	<u>660,250</u>	<u>2,139,128</u>	<u>892,062</u>	<u>5,266,440</u>
Subtotal	<u>10,230,000</u>	<u>4,137,650</u>	<u>10,307,740</u>	<u>5,334,027</u>	<u>30,009,417</u>
2032	1,650,000	581,500	2,100,000	800,500	5,132,000
2033	1,800,000	499,000	2,200,000	706,000	5,205,000
2034	1,895,000	409,000	2,300,000	607,000	5,211,000
2035	1,995,000	314,250	2,400,000	503,500	5,212,750
3036	<u>2,095,000</u>	<u>214,500</u>	<u>2,500,000</u>	<u>392,500</u>	<u>5,202,000</u>
Subtotal	<u>9,435,000</u>	<u>2,018,250</u>	<u>11,500,000</u>	<u>3,009,500</u>	<u>25,962,750</u>
2037	2,195,000	109,750	2,600,000	267,500	5,172,250
2038	-	-	2,750,000	137,500	2,887,500
Subtotal	<u>2,195,000</u>	<u>109,750</u>	<u>5,350,000</u>	<u>405,000</u>	<u>8,059,750</u>
Totals	<u>\$ 73,394,243</u>	<u>\$ 37,224,724</u>	<u>\$ 62,349,000</u>	<u>\$ 38,817,849</u>	<u>\$ 211,785,816</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued):

The follow is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2011:

Table 10: Summary of Changes in Long-term Liabilities

	<u>Beginning Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Debt Payable:					
Loans payable – Tennessee Local Government Public Improvement Bond Financing Program	\$ 4,115,000	\$ -	\$ 320,000	\$ 3,795,000	\$ 340,000
Loan Payable – Tennessee State School Bond Authority	18,720,000	-	1,070,757	17,649,243	1,168,099
General obligation bonds payable	53,770,000	14,170,000	15,990,000	51,950,000	1,525,000
General obligation notes payable	57,000	-	57,000	-	-
General obligation capital outlay notes payable	<u>324,498</u>	<u>-</u>	<u>324,498</u>	<u>-</u>	<u>-</u>
Total Debt Payable	<u>76,986,498</u>	<u>14,170,000</u>	<u>17,762,255</u>	<u>73,394,243</u>	<u>3,033,099</u>
Other Liabilities:					
Capital lease obligations	22,965,000	918,996	490,000	23,393,996	606,651
Compensated absences	1,458,866	505,771	602,298	1,362,339	503,193
Premium on bonds	<u>1,063,006</u>	<u>589,414</u>	<u>100,238</u>	<u>1,552,182</u>	<u>-</u>
Total Other Liabilities	<u>25,486,872</u>	<u>2,014,181</u>	<u>1,192,536</u>	<u>26,308,517</u>	<u>1,109,844</u>
Total Long-term Liabilities – Governmental Activities	<u>\$ 102,473,370</u>	<u>\$ 16,184,181</u>	<u>\$ 18,954,791</u>	<u>\$ 99,702,760</u>	<u>\$ 4,142,943</u>
Business-type Activities:					
Debt Payable:					
Loans payable – Tennessee Revolving Fund	\$ 260,142	\$ 2,043,858	\$ -	\$ 2,304,000	\$ 94,080
Revenue bonds payable	41,320,000	-	605,000	40,715,000	620,000
General Obligation bonds payable	<u>20,780,000</u>	<u>-</u>	<u>1,450,000</u>	<u>19,330,000</u>	<u>1,505,000</u>
Total Debt Payable	<u>62,360,142</u>	<u>2,043,858</u>	<u>2,055,000</u>	<u>62,349,000</u>	<u>2,219,080</u>
Other Liabilities:					
Compensated absences	1,436,741	568,469	509,155	1,496,055	530,976
Premium on bonds	<u>798,630</u>	<u>-</u>	<u>58,536</u>	<u>740,094</u>	<u>-</u>
Total Other Liabilities	<u>2,235,371</u>	<u>568,469</u>	<u>567,691</u>	<u>2,236,149</u>	<u>530,976</u>
Total Long-term Liabilities - Business-type Activities	<u>\$ 64,595,513</u>	<u>\$ 2,612,327</u>	<u>\$ 2,622,691</u>	<u>\$ 64,585,149</u>	<u>\$ 2,750,056</u>

For the governmental activities, compensated absences, net pension obligations, and net other postemployment benefit obligations were generally liquidated by the General Fund in prior years.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued):

During the fiscal year ended June 30, 2004 Blount County, Tennessee issued \$1,325,000 in bonds on behalf of the Recreation and Parks Commission for the construction of a new Senior Citizen Center. The City agreed to fund thirty percent (30%) of the debt service payments. For the fiscal year ended June 30, 2011, the City's share of debt service was \$36,784 (\$25,500 principal and \$11,284 interest). Future annual principal payments of \$25,500 to \$36,000 are due through June 30, 2018, and total \$220,500. The bonds bear interest at a variable rate.

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM:

(A) CITY OF MARYVILLE:

Plan Description:

Employees of the City of Maryville 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 member's high five (5)-year average salary and years of service. Members become eligible to retire at the age of sixty (60) with ten (10) years of service or at any age with thirty (30) years of service. Reduced retirement benefits are available to vested members at the age of fifty-five (55). Disability benefits are available to active members with five (5) 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 (10) years of service and members joining prior to July 1, 1979 were vested after four (4) years of service. Benefit provisions are established in state statute found in *Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA)*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Maryville 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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Policy:

The City of Maryville requires employees to contribute 5.00% of earnable compensation.

The City of Maryville is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011 was 11.67% of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for the City of Maryville are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost:

For the year ending June 30, 2011, the City of Maryville's annual pension cost of \$2,192,913 to TCRS was equal to the City of Maryville's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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% a year compounded annually; (b) projected 3.0% annual rate of inflation; (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries); (d) projected 3.5% annual increase in the Social Security wage base; and (e) projected post retirement increases of 2.5% 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 (10)-year period. The City of Maryville's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was sixteen (16) years. An actuarial valuation was performed as of July 1, 2009 which established contribution rates effective July 1, 2010.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM (Continued):

(A) CITY OF MARYVILLE (Continued):

Annual Pension Cost (Continued):

Table 11: Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 2,192,913	100.00%	\$ -
6/30/10	2,157,741	100.00%	-
6/30/09	2,213,616	100.00%	-
6/30/08	2,187,285	100.00%	-

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 74.83% funded. The actuarial accrued liability for benefits was \$65.3 million, and the actuarial value of assets was \$48.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$16.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19.9 million, and the ratio of the UAAL to the covered payroll was 82.62%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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

**Table 12: Schedule of Funding Progress for
The City of Maryville
(Dollar amounts in thousands)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> a	<u>Accrued Liability (AAL)</u> b	<u>Unfunded AAL (UAAL)</u> b-a	<u>Funded Ratio</u> a/b	<u>Actuarial Covered Payroll</u> c	<u>UAAL as a Percentage of Covered Payroll</u> (b-a)/c
7/01/09	\$ 48,875	\$ 65,314	\$ 16,439	74.83%	\$ 19,897	82.62%
7/01/07	44,759	57,855	13,096	77.36%	18,270	71.68%

(B) CITY OF MARYVILLE, TENNESSEE SCHOOL SYSTEM:

Plan Description:

The Maryville City Schools contribute 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 (5)-year average salary and years of service. Members become eligible to retire at the age of sixty (60) with five (5) years of service or at any age

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9 - EMPLOYEES' RETIREMENT SYSTEM (Continued):

(B) CITY OF MARYVILLE, TENNESSEE SCHOOL SYSTEM (Continued):

Plan Description (Continued):

with thirty (30) years of service. Reduced retirement benefits are available to vested members who are at least fifty-five (55) years of age or have twenty-five (25) years of service. Disability benefits are available to active members with five (5) 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 (5) years of service. Members joining prior to July 1, 1979 are vested after four (4) years of service. Benefit provisions are established in state statute found in *Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA)*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 (0.5%). The maximum annual COLA is capped at three percent (3.0%).

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.treasury.state.tn.us.

Funding Policy:

Most teachers are required by state statute to contribute 5.00% of salary to the plan. The employer contribution rate for the Maryville City Schools is established at an actuarially determined rate. The rate for the fiscal year ending June 30, 2011 was 9.05% of annual covered payroll. The contribution requirements for the City of Maryville School System are established and may be amended by the TCRS Board of Trustees. The City of Maryville School System's contributions to TCRS for the years ending June 30, 2011, 2010, and 2009 were \$1,849,024, \$1,347,977, and \$1,354,766 respectively, which were equal to the required contributions for each year.

(C) CITY OF MARYVILLE UTILITIES RETIREMENT PROGRAM:

The City of Maryville Utilities Retirement Program is a defined contribution plan established under the authority of the Maryville City Council using a money purchase feature. Thus, each employee's accumulated benefits at any point in time are equal to the sum of (1) the "rollover" amount from a plan in effect prior to July 1, 1986, (2) employee and employer contributions, and (3) investment earnings. Because the plan is a defined contribution plan, no unfunded liabilities will exist. The plan is administered by Principal Financial Group. The Plan's provisions and contribution requirements may be amended by the Maryville City Council.

Persons are eligible to participate in the plan upon employment, as there are no age or service requirements. Employees contribute a minimum of three percent (3%) of gross pay, while the Utility contributes eight percent (8%) of gross pay. In addition, employees may elect to contribute an additional four percent (4%) of gross pay, thereby having a total of fifteen percent (15%) of gross pay being invested in the plan.

Employees hired subsequent to June 30, 1988, 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), as fully described in (A) above.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9 - EMPLOYEES' RETIREMENT SYSTEM (Continued):

(C) CITY OF MARYVILLE UTILITIES RETIREMENT PROGRAM (Continued):

In addition to the retirement plan effective July 1, 1986, for Principal Financial Group members, the Electric Department provides term life insurance in the amount of \$50,000 for each employee through Allianz Life Insurance Company. For all members of the TCRS, life insurance coverage is provided to covered employees. Each policy amount is based upon a member's annual salary, rounded to the nearest \$1,000, with a minimum coverage of \$30,000 and a maximum coverage of \$50,000.

Total pension expense in 2011 was \$195,053 for employees hired after June 30, 1988. Pension expense for those hired before that date is more fully disclosed in (A) above.

(D) DEFERRED COMPENSATION PLAN:

Employees of the City of Maryville may participate in a deferred compensation plan adopted under the provisions of *Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments)*.

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the International City/County Management Association (ICMA) and established by Section 391:1 of Title 35 of the New Hampshire Revised Statutes Annotated. Prior to July 1, 1997, under the terms of an *IRC Section 457* deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the ICMA, until paid or made available to the employees or beneficiaries, were the property of the City subject only to the claims of the City's general creditors. During the fiscal year ended June 30, 1998, as required by the *Internal Revenue Code Section 457(g)*, the assets of the plan were placed in a trust. Therefore, the assets are not available to the general creditors of the City. As a result, the City does not account for these assets in an agency fund.

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

(A) CITY RETIREES:

Plan Description:

The City maintains a single-employer plan whereby certain health benefits are provided to the retiree and their spouse. The plan is a self-insured plan that provides health and prescription drug coverage to those employees who retire with twenty (20) or more years of service. The Plan provides coverage for up to ten (10) years and terminates when the employee reaches age sixty-five (65). The Plan is established under the authority of the City of Maryville City Council and may be amended at anytime. The Plan does not issue a stand-alone financial report.

Funding Policy:

The Plan is funded both by the retiree and the City. The retiree has a required annual contribution rate of \$1,872. The rate for eligible dependent coverage is the same. The remaining costs are incurred by the City and are funded by the various funds on a pay-as-you-go basis.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

(A) CITY RETIREES (Continued):

Annual OPEB Cost and Net OPEB Obligation:

Annual Required Contribution	\$	653,114
Interest on Net OPEB Obligation		50,523
Adjustments on Annual Required Contributions		<u>(37,602)</u>
Annual OPEB Costs		666,035
Annual Employer Contribution		<u>(307,842)</u>
Increase in Net OPEB Obligations		358,193
Net OPEM Obligation, July 1, 2010		<u>1,122,737</u>
Net OPEB Obligation, June 30, 2011	\$	<u>1,480,930</u>

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Costs</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u> <u>At End of Year</u>
June 30, 2011	\$ 666,035	46.2%	\$ 1,480,930
June 30, 2010	726,225	21.2%	1,172,737
June 30, 2009	689,969	20.3%	550,228

Funding Status and Funding Progress:

The funded status of the plan as of June 30, 2011 was as follows:

Actuarial valuation date	January 1, 2011
Actuarial accrued liability (AAL)	\$ 8,816,396
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,816,396
Actuarial value of assets as a % of the AAL	0%
Covered payroll	14,618,545
UAAL as a % of Covered payroll	60.3%

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.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

(A) CITY RETIREES (Continued):

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 January 1, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 1.5% investment rate of return, projected salary increase of 9% and an annual healthcare cost trend rate of 4.75% initially, reduced by decrements to an ultimate rate of 5% after eight years. Both rates include a 3% 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.

SCHOOL RETIREES:

The City maintains a single-employer plan whereby certain health benefits are provided to the retiree and their spouse. The plan is a self-insured plan that provides health and prescription drug coverage to those employees who retire after 1999 at age sixty (60) with ten (10) years of service or retire before age sixty (60) with thirty (30) years of Tennessee Consolidated Retirement System service. The plan provides health coverage up to age sixty-five (65). There are some employees who retired prior to 1990 who were eligible to retire with TCRS who are provided coverage through death. The plan was created under the authority of the Maryville Board of Education and may be modified by the Board at any time with 180 days notice.

Funding Policy:

The plan is funded by both the retiree and school system. The retiree has a required contribution rate based on the following table:

	Participants Age	
	Under Age 65	Over Age 65
Retiree	\$ 7,673	\$ 4,724
Spouse	3,959	4,724
Surviving Spouse	1,039	1,039

The remaining costs are funded by the school system on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation:

Annual Required Contribution	\$ 1,042,939
Interest on Net OPEB Obligation	27,712
Adjustments on Annual Required Contributions	(21,425)
Annual OPEB Costs	1,049,226
Annual Employer Contribution	(803,288)
Increase in Net OPEB Obligations	245,938
Net OPEB Obligation, July 1, 2010	615,830
Net OPEB Obligation, June 30, 2011	\$ 861,768

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

(B) SCHOOL RETIREES (Continued):

Funding Policy (Continued):

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

Fiscal Year <u>Ending</u>	Annual <u>OPEB Costs</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB Obligation <u>At End of Year</u>
June 30, 2011	\$ 1,049,226	76.6%	\$ 861,768
June 30, 2010	1,334,161	81.6%	615,830
June 30, 2009	1,359,592	72.8%	370,105

Funding Status and Funding Progress:

The funded status of the plan as of June 30, 2011 was as follows:

Actuarial valuation date	February 1, 2011
Actuarial accrued liability (AAL)	\$ 11,379,672
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	11,379,672
Actuarial value of assets as a % of the AAL	0%
Covered payroll	23,432,099
UAAL as a % of Covered payroll	48.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the possibility 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.

Methods and Assumptions:

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

In the February 1, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 1.5% investment rate of return, projected salary increase of 4.75%, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after eight years. Both rates include a 3% 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.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11 - CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA):

The City of Maryville Utilities Electric Department (Utility) has a power contract with TVA whereby the Utility purchases all its electric power from TVA and is subject to restrictions and conditions. The restrictions include prohibitions against diverting Utility assets to other operations of the municipality, securing indebtedness of other operations, or paying more than the Utility's equitable share of tax equivalents.

The Utility participated in TVA's Home Energy Conservation Program prior to July 1, 1989. Under this program, TVA advanced the funds from which the Utility made disbursements for approved customer home insulation and heat pumps. Since October, 1989, the Utility has participated in the Residential Energy Services Program through which TVA advances funds from which the Utility makes interest-bearing loans for approved customer heat pumps. In the event of customer default, the Utility does not have loss exposure.

NOTE 12 - SELF-INSURANCE:

(A) WORKMEN'S COMPENSATION:

Effective September 1, 1979, the City of Maryville, Tennessee, was issued a Certificate of Compliance with the Tennessee Workmen's Compensation Law to operate under the Act as a self-insured employer. The Certificate was issued by the State of Tennessee Department of Labor - Division of Workmen's Compensation.

The amounts transferred to the Self-Insured Workmen's Compensation Internal Service Fund are determined by reference to standard Workmen's Compensation rate structures used by insurance companies.

The self-insurance plan is augmented by coverage with the Tennessee Municipal League (TML) Risk Management Pool, whereby coverage is extended for claims over \$300,000 per occurrence and \$300,000 aggregate. Thus, the City was subject to a maximum liability of \$300,000 for workmen's compensation claims during the fiscal year ended June 30, 2011.

(B) EMPLOYEE'S BENEFITS - MEDICAL PLAN:

The City of Maryville, Tennessee, previously entered into a self-insured program for employee medical benefits. The City of Maryville Utilities (Enterprise Funds) and the City of Maryville Board of Education share with the City of Maryville, Tennessee, jointly in the claims filed by their employees, and the rate of the premiums paid into the fund is based on prior experience and insurance company recommendations.

The self-insurance plan is augmented by coverage with Sun Life of Canada, whereby coverage is extended for claims exceeding \$115,000 per employee. Thus, the City was subject to a maximum liability of \$100,625,000 (875 employees at \$115,000 each) for health insurance claims during the fiscal year ended June 30, 2011.

(C) CLAIMS LIABILITIES:

Liabilities of the self-insurance funds are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The self-insurance funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled. 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 (2) fiscal years for each fund are shown in Table 13 at top of next page:

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 12 - SELF-INSURANCE (Continued):

(C) CLAIMS LIABILITIES (Continued):

The City continues to carry commercial insurance for all other risks of loss, including coverage for buildings and personal property, general and personal injury liability, and automobile liability and physical damage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the prior three (3) fiscal years.

Table 13: Changes In Balance Of Claims Liabilities

<u>Fiscal Year/</u>	<u>Liability - Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Fiscal Year Claim Payments</u>	<u>Liability - Ending</u>
Employee Medical Self-Insurance/ Dental Insurance				
2009-2010	\$ 10,798	\$ 8,635,773	\$ 8,646,571	\$ -
2010-2011	-	7,508,197	7,508,197	-
Retiree Medical Self-Insurance*				
2009-2010	-	107,928	107,928	-
2010-2011	-	961,238	961,238	-
Workmen's Compensation Self-Insurance				
2009-2010	-	149,241	149,241	-
2010-2011	-	124,038	124,038	-

* Prior to the fiscal year ended June 30, 2011, retiree medical costs for schools were recorded in the Employee Medical Self-Insurance Fund, thus accounting for the significant increase in retiree medical self-insurance claims for the fiscal year ended June 30, 2011 and the decrease in employee medical self-insurance claims for the same period.

NOTE 13 – CONSTRUCTION CONTRACTS:

As of June 30, 2011, the City of Maryville, Tennessee had the following commitments with respect to unfinished construction-in-progress:

Table 14: Summary of Construction Contracts

<u>Project Name</u>	<u>Total Contract or Estimated Amount</u>	<u>Costs Incurred Through June 30, 2011</u>	<u>Estimated Cost to Complete</u>
Intermediate School – Construction Phase	\$ 18,256,873	\$ 14,105,989	\$ 4,150,884
Intermediate School – Food Services Equipment	422,459	46,189	376,270
Broadway – Wildwood Road Interchange	<u>1,146,134</u>	<u>908,502</u>	<u>237,632</u>
Totals	<u>\$ 19,825,466</u>	<u>\$ 15,060,680</u>	<u>\$ 4,764,786</u>

The intermediate school is funded through a loan from the Tennessee State School Bond Authority. Other commitments are funded using city resources.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 14 - JOINT VENTURES:

In order to pool resources and share the costs, risks and rewards of providing services for the benefit of the general public, the City of Maryville, Tennessee participates (has an on-going financial interest and financial responsibility) in the following joint ventures.

(A) BLOUNT COUNTY PUBLIC LIBRARY

The Blount County Public Library is funded jointly by the City of Maryville, Blount County, and City of Alcoa, Tennessee, pursuant to an agreement entered into on the effective date January 1, 1969, and continuing until any party shall furnish a six (6) month written notice to terminate its participation. Effective July 1, 1989, Blount County, Tennessee, became the fiscal agent for the Library.

For the fiscal year ended June 30, 2011, the City of Maryville contributed \$719,616 to the Library.

Summary financial information, as required by generally accepted accounting principles, for the fiscal year ended June 30, 2011, is presented as follows:

Table 15: Blount County Public Library (Summary)

Revenues	\$ 1,174,504
Other Sources – Operating transfers	899,520
Expenditures	<u>1,967,149</u>
Excess of Revenues and Other Sources Over	
Expenditures	106,875
Fund Balance – July 1, 2010	<u>920,869</u>
Fund Balance – June 30, 2011	<u>\$ 1,027,744</u>
Total Assets	<u>\$ 1,094,031</u>
Total Liabilities	<u>\$ 66,287</u>
Fund Balance	<u>\$ 1,027,744</u>

The Blount County Public Library is reported as a component unit of Blount County, Tennessee. That report may be obtained by writing to Blount County, Tennessee, 341 Court Street, Maryville, TN 37801.

(B) BLOUNT COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Pursuant to an agreement dated August 28, 1984, between the City of Maryville, Blount County, and the City of Alcoa, Tennessee, a Communications Center was established for the purpose of handling emergency calls for the three (3) governmental entities. Effective July 1, 1999, the Blount County Communications Center was combined with the Blount County Emergency Communications District, a component unit of Blount County, Tennessee. The three (3) governmental entities participate in the funding of the District while exercising no direct control over the District.

The Blount County Emergency Communications District is governed by nine (9) 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.

For the fiscal year ended June 30, 2011, the City of Maryville, Tennessee contributed \$151,064 to the Blount County Emergency Communications District.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 14 - JOINT VENTURES (Continued):

(B) BLOUNT COUNTY EMERGENCY COMMUNICATIONS DISTRICT (Continued)

Summary financial information, as required by generally accepted accounting principles, for the fiscal year ended June 30, 2011, is presented below:

Table 16: Emergency Communications District (Summary)

Operating Revenues	\$ 1,355,074
Operating Expenses	<u>1,989,254</u>
Operating Income (Loss)	(634,180)
Non-Operating Revenues	<u>602,806</u>
Income (Loss) before Transfers	(31,374)
Transfer to Primary Government	<u>(100,000)</u>
Net Income (Loss)	(131,374)
Net Assets – July 1, 2010	<u>3,208,969</u>
Net Assets – June 30, 2011	<u>\$ 3,077,595</u>
Total Assets	<u>\$ 4,351,976</u>
Total Liabilities	<u>\$ 1,274,381</u>
Net Assets	<u>\$ 3,077,595</u>

The Blount County Emergency Communications District issues a publicly available financial report. A report may be obtained by writing to the Blount County Communications District, P. O. Box 4609, Maryville, TN 37802.

(C) RECREATION AND PARKS COMMISSION

The City of Maryville, Blount County, and the City of Alcoa, Tennessee, jointly participate in the Recreation and Parks Commission (County-Wide) by funding percentages of the operational budget of the Commission. Each governmental entity appoints several persons to serve as commissioners on the Recreation and Parks Commission. The following factors suggest that the Recreation and Parks Commission should not be included in the reporting entity:

- (1) The governing board is solely responsible for operational activities of the Commission.
- (2) The City is neither entitled to operating surpluses nor responsible for operating deficits of the Commission.
- (3) The City's participation is limited to allocated funding as derived by the Commission's operating budget.
- (4) The facilities operated by the Recreation and Parks Commission are open to the public-at-large and not exclusively for enjoyment of residents of the City of Maryville, Tennessee.

For the fiscal year ended June 30, 2011, the City of Maryville, Tennessee contributed \$658,210 to the Recreation and Parks Commission to fund operations and an additional \$3,447 for other programs.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 14 - JOINT VENTURES (Continued):

(C) RECREATION AND PARKS COMMISSION (Continued)

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2011, is presented below.

Table 17: Recreation And Parks (Summary)

Revenues	\$ 2,698,206
Expenditures	<u>2,617,148</u>
Excess of Revenues Over Expenditures	\$ 81,058
Net Assets – July 1, 2010	<u>1,080,057</u>
Net Assets – June 30, 2011	<u>\$ 1,161,115</u>
Total Assets	<u>\$ 1,453,459</u>
Total Liabilities	<u>\$ 292,344</u>
Net Assets	<u>\$ 1,161,115</u>

No joint venture debt was reported on the financial statements of the Recreation and Parks Commission as of June 30, 2011. However, Blount County, Tennessee has issued \$1,325,000, in variable-rate bonds on behalf of the Commission's new Senior Citizen Center. The City of Maryville is responsible for thirty percent (30%) of the debt service on those bonds, as described in Note 7.

Capital Assets of the Recreation and Parks Commission (\$196,923 (net) at June 30, 2011) are included in the Total Assets shown above.

The Recreation and Parks Commission issues a publicly available financial report. A copy may be obtained by writing to Recreation and Parks Commission, 316 Everett High Road, Maryville, TN 37804.

(D) BLOUNT COUNTY CABLE TELEVISION AUTHORITY

The City of Maryville, Blount County, and the City of Alcoa, Tennessee jointly regulate the operation of cable television through the Blount County Cable Television Authority. The Authority is composed of nine (9) appointed members. 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.

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2011, is presented in Table 18 on the following page.

No joint venture debt was reported on the financial statements of the Authority as of June 30, 2011.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 14 - JOINT VENTURES (Continued):

(D) BLOUNT COUNTY CABLE TELEVISION AUTHORITY (Continued)

Table 18: Cable Television Authority (Summary)

Revenues	\$ 928,054
Expenditures	<u>26,900</u>
Excess of Revenues Over Expenditures Before Franchise Fee Distributions	901,154
Franchise Fee Distributions to County and Cities	<u>904,427</u>
Excess (Deficiency) of Revenues Over Expenditures and Franchise Fee Distributions	(3,273)
Fund Balance - July 1, 2010	<u>23,823</u>
 Fund Balance - June 30, 2011	 <u>\$ 20,550</u>
 Total Assets	 <u>\$ 238,671</u>
Total Liabilities	<u>\$ 218,121</u>
Fund Balance	<u>\$ 20,550</u>

The Blount County Cable Television Authority issues a publicly available financial report. A copy may be obtained by writing to Blount County Cable Television Authority, P. O. Box 4338, Maryville, TN 37802.

(E) INDUSTRIAL DEVELOPMENT BOARD OF BLOUNT COUNTY AND THE CITIES OF ALCOA AND MARYVILLE, TENNESSEE

The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee was organized pursuant to a resolution of the Blount County Quarterly Court in a special called session on September 30, 1969. A certificate of incorporation was received from the Secretary of State of the State of Tennessee dated October 1, 1969. The Industrial Development Board is governed by seven (7) directors. The purpose of the Industrial Development Board is to promote industrial development, provide additional job opportunities in Blount County, Tennessee and surrounding areas, and to exercise the authority and pursue the objectives of an industrial development corporation as provided for in Title 7, Chapter 53, of the Tennessee Code Annotated.

For the fiscal year ended June 30, 2011, the City of Maryville contributed \$209,810 to the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee (exclusive of payments in the amount of \$86,350 for the development and operation of three (3) industrial parks as more fully described in Note 15).

Summary financial information, as required by accounting principles generally accepted in the United States of America, for the fiscal year ended June 30, 2011 is presented below:

**Table 19: Industrial Development Board of Blount County
and the Cities of Alcoa and Maryville, Tennessee (Summary)**

Revenues	\$ 3,208,558
Expenditures	<u>3,528,708</u>
Excess of Expenditures Over Revenues	(320,150)
 Net Assets – July 1, 2010	 <u>49,600,047</u>
 Net Assets – June 30, 2011	 <u>\$ 49,279,897</u>
 Total Assets	 <u>\$ 76,202,913</u>
Total Liabilities	<u>\$ 26,923,016</u>
Net Assets	<u>\$ 49,279,897</u>

The Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee issues a publicly available report. A copy may be obtained by writing to Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, 201 S. Washington Street, Maryville, Tennessee 37804.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 15 – JOINT DEVELOPMENT OF INDUSTRIAL PARKS:

(A) PARTNERSHIP PARK NORTH – PARTNERSHIP PARK SOUTH

Pursuant to an Intergovernmental Cooperation Agreement dated December 16, 1997, by and among the City of Maryville, Tennessee, the City of Alcoa, Tennessee, Blount County, Tennessee, and the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, the two (2) cities and Blount County agreed to provide financial assistance to the Industrial Development Board in connection with the purchase of certain property and the development and operation of such property as two (2) industrial parks. Such financial assistance is to be provided as follows: Blount County – forty percent (40%); City of Maryville – thirty percent (30%); and City of Alcoa – thirty percent (30%).

Under the terms of the agreement, a joint operating committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the two (2) industrial parks – the Partnership Park South (Herron property) and the Partnership Park North (Burkhart property). Such overall control shall include the right to approve all sales of property in the Industrial Parks; approve all budgets related to the operation of the Industrial Parks; approve all capital improvements to the Industrial Parks; and approve all design guidelines, restrictive covenants, and management policies regarding the Industrial Parks.

In addition to financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, and Blount County, the Industrial Development Board is to receive the proceeds from the sale of land in the Industrial Parks together with other receipts in connection with the operation, development, and maintenance of the Industrial Parks. Also, amounts equivalent to the property taxes received with respect to any property within either of the Industrial Parks is to be contributed to the Industrial Board.

(B) THE PELLISSIPPI RESEARCH CENTRE ON THE OAK RIDGE CORRIDOR

Pursuant to an Intergovernmental Cooperation Agreement dated May 2006 by and among the City of Maryville, Tennessee; the City of Alcoa, Tennessee; Blount County, Tennessee; Knox County, Tennessee; and the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee, the two (2) cities and two (2) counties agreed to provide financial assistance to the Industrial Development Board in connection with the purchase of certain property and the development and operation of such property as a research and development industrial park. Such financial assistance is to be provided as follows: Blount County – twenty-five percent (25%); Knox County – twenty-five percent (25%); City of Maryville – twenty-five percent (25%); and City of Alcoa – twenty-five percent (25%).

Under the terms of the agreement, a joint operating committee, composed of one (1) representative from each of the parties to the agreement, shall have overall control of the industrial park. Such overall control shall include the right to approve all sales of property in the Industrial Park; approve all budgets related to the operation of the Industrial Park; approve all capital improvements to the Industrial Park; and approve all design guidelines, restrictive covenants, and management policies regarding the Industrial Park.

In addition to financial assistance provided to the Industrial Development Board by the City of Maryville, the City of Alcoa, Blount County and Knox County, the Industrial Development Board is to receive the proceeds from the sale of land in the Industrial Park together with other receipts in connection with the operation, development, and maintenance of the Industrial Park. Also, amounts equivalent to the property taxes received with respect to any property within the Industrial Park is to be contributed to the Industrial Board if needed for operation. Otherwise, the property taxes are remitted to the two (2) cities and two (2) counties based upon the above percentages.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 16 - FUND BALANCE:

At June 30, 2011, fund balance is classified as follows:

Table 20: Fund Balance Summary
Major Governmental Funds

	<u>General</u> <u>Fund</u>	<u>General</u> <u>Purpose</u> <u>School</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Qualified</u> <u>School</u> <u>Construction</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 97,903	\$ 97,903
Prepays	4,156	-	-	-	9,014	13,170
Restricted To:						
School construction	-	-	-	3,707,482	5,852,429	9,559,911
Streets and roads	-	-	-	-	497,623	497,623
Special projects	-	-	-	-	74,818	74,818
Drug enforcement	-	-	-	-	326,625	326,625
Grant projects	-	-	-	-	104,032	104,032
Geographic information	-	-	-	-	35,716	35,716
Economic development	-	-	-	-	129,088	129,088
Capital projects	-	-	-	-	84,173	84,173
Committed To:						
Education	-	-	-	-	250,579	250,579
Drug enforcement	-	-	-	-	73,231	73,231
Economic development	-	-	-	-	41,028	41,028
Culture and recreation	-	-	-	-	338,211	338,211
Assigned To:						
Balance 2012 Budget	118,256	-	-	-	-	118,256
Education	-	7,272,785	-	-	193,181	7,465,966
Debt	-	-	9,087,727	-	-	9,087,727
School construction	-	-	-	22,532	-	22,532
Drug enforcement	-	-	-	-	5,282	5,282
Geographic information	-	-	-	-	15,768	15,768
Grant projects	-	-	-	-	150,001	150,001
Equipment replacement	-	-	-	-	379,103	379,103
Unassigned	<u>5,946,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,946,711</u>
Totals	<u>\$ 6,069,123</u>	<u>\$ 7,272,785</u>	<u>\$ 9,087,727</u>	<u>\$ 3,730,014</u>	<u>\$ 8,657,805</u>	<u>\$ 34,817,454</u>

NOTE 17 – RISK FINANCING ACTIVITIES:

It is the policy of the City of Maryville to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker's compensation, and employee health and accident claims. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

The City maintains its funds with financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must be equal to at least one hundred five percent (105%) of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public funds accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Under this assessment agreement, public funds accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 18 - PENDING LITIGATION:

The City of Maryville, Tennessee is involved in various litigations arising in the ordinary course of its operations, including an alleged wrongful death suit. The City is vigorously defending each of the suits. The outcome of these suits is not presently determinable. However, management believes that if any suit results an unfavorable outcome that its insurance coverage is sufficient to cover any judgment.

NOTE 19- CAPITAL LEASE OGLIGATIONS

(A) CIVIC ARTS CENTER

On May 2, 2006 the City Council adopted a resolution authorizing the execution of a lease agreement with respect to a Civic Arts Center to be constructed on the campus of Maryville College; approving the issuance of bonds by the Industrial Development Board of Blount County to finance such Civic Arts Center; consenting to the assignment of the City's obligation under the lease agreement; and such other matters with respect to the Civic Arts Center.

The City approved the Industrial Board's issuance of bonds, not to exceed \$33,685,000, for the construction of the Civic Arts Center. The lease obligates the City to pay annually an amount not to exceed 71.43% of the rental payments due, which rental payments shall be an amount equal to a percentage of the principal of and premium, if any, and interest on the Bonds approved under the resolution. The resolution also authorizes the City to levy and collect a direct annual tax sufficient, with any other funds available and pledged, to pay the rental payments due under the lease.

The Industrial Board entered into a fifty (50) year lease with Maryville College to lease the land on which the Civic Arts Center is to be constructed. At the end of the fifty year lease, the Civic Arts Center becomes the property of Maryville College.

Maryville College has committed a total of \$18,000,000 toward the debt service of the bonds. Any amounts paid will reduce the City of Maryville's obligation under the lease. If Maryville College fulfills its commitment, the City's Lease Obligation would be reduced by \$12,857,400.

Interest Rate Risk – As the bonds bear interest at a variable rate, and the lease payments are an amount equal to the total debt service, including interest, the City has risk associated with changes in interest rates. A rate of 4.5% has been used to determine the above obligations under the lease. The City has purchased insurance to protect the bond holders in the event the City defaults on its lease obligations, including defaults as a result in changes in the interest rate.

Bonds in the amount of \$32,000,000 were issued by the Industrial Board on December 14, 2006.

(B) COMMUNICATIONS EQUIPMENT

On August 3, 2010, and subsequently modified on October 21, 2010, the City entered into an inter-governmental agreement with Blount County, *Tennessee*, and the City of Alcoa, Tennessee to acquire certain emergency communications equipment. Under the agreement, Blount County, Tennessee is the Lessee of the equipment. In turn the County subleased to the cities of Maryville and Alcoa their prorata share of the equipment. The terms of the agreement require the City to make lease payments of \$918,996 plus interest at 3.97%. Title to the equipment will transfer to each governmental entity based upon its share of the actual equipment acquired.

The following presents a summary of the Capital Lease Commitments as of June 30, 2011:

<u>Present Value Of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
\$ 23,393,996	\$ 15,628,438	\$ 39,022,434

(Continued)

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 19- CAPITAL LEASE OBLIGATIONS (Continued)

These total minimum lease payments are payable as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$ 1,634,508
2013	1,626,558
2014	1,637,937
2015	1,627,733
2016	<u>1,621,858</u>
Subtotal	<u>8,148,594</u>
2017 – 2021	8,145,215
2022 – 2026	7,560,350
2027 – 2031	7,595,325
2032 – 2036	<u>7,572,950</u>
Subtotal	<u>30,873,840</u>
	<u>\$ 39,022,434</u>

NOTE 20- SUBSEQUENT EVENTS:

Greenbelt Lake Sediment Removal Project

On September 27, 2010, the City of Maryville and the U.S. Army Corps of Engineers executed a Project Partnership Agreement for Ecosystem Restoration of Pistol Creek (Greenbelt Lake Sediment Removal). By terms of this Agreement, the City will pay 35% of all costs with the U.S. Army Corps of Engineers responsible for the remaining 65% of expenses. The City's match may also include in-kind credits for use of City property.

On September 30, 2011, the U.S. Army Corps of Engineers entered into a construction contract with Environmental Safety & Health, Inc., located in Knoxville, Tennessee, in the amount of \$1,956,888 for sediment removal of the Greenbelt Lake. The project has a completion date no later than October 12, 2012. During the fiscal year ended June 30, 2010, the City appropriated \$385,000 in the General Fund as a transfer to the Grant Fund for part of the match requirements for the project. Another \$400,000 has been budgeted in the fiscal year ending June 30, 2012.

Rate Conversion of a Portion of the 2009A IDB Bonds for Civic Arts Center Project

On October 5, 2010, City Council adopted a resolution authorizing the rate conversion of no more than \$15,000,000 of bonds issued through the Industrial Development Board of Blount County and the Cities of Alcoa and Maryville, Tennessee (the "Industrial Board") for the purposes of construction of a civic arts center. The Industrial Board adopted a similar resolution at its meeting held on December 15, 2010. The purpose of the conversion was to refinance annual maturities of the bonds due 2012-2030 from a variable interest rate to a fixed rate.

Due to bond market uncertainties, the conversion was delayed until the fiscal year ending June 30, 2012. On November 2, 2011, the bonds were awarded to the lowest bidder, Protective Securities, at a true-interest-cost of 3.64%. All of the outstanding bonds due 2012-2030 were converted from variable to fixed rate, with the par amount reduced by \$305,000 from \$14,660,000 to \$14,355,000 by applying the net original issue premium toward principal reduction. The converted bonds, known as the 2009C Bonds, closed November 15, 2011.

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 9, 2011, which is the date on which the financial statements were issued.

CITY OF MARYVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 21-CHANGE IN ACCOUNTING PRINCIPAL

For the year ended June 30, 2011, the City implemented Statement No. 54 of the Governmental Accounting Standards Board, which resulted in two of the City's special revenue funds no longer meeting the definition of a special revenue fund. As a result, the Solid Waste Management Fund and the Animal Control Fund are now reported as part of the General Fund. The beginning fund balances of the affected funds have been restated as follows:

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>	<u>Animal Control Fund</u>
Fund Balance, July 1 st - As previously reported	\$ 5,110,799	\$ 76,732	\$ 77,407
Adjustment	<u>154,139</u>	<u>(76,732)</u>	<u>(77,407)</u>
Fund Balance, July 1 st - As restated	<u>\$ 5,264,938</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 22 – NEW FUNDS

The **School Employee Dental Insurance Fund** has been established as an Internal Service Fund to account for premiums collected from school employees and premiums charged to various operating funds which are used for the payment of dental claims and administrative expenses.

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CITY OF MARYVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

**CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FUNDING PROGRESS FOR
THE CITY RETIREMENT PLAN
(Dollar amounts in Thousands)
For the Fiscal Year Ended June 30, 2011**

Actuarial Valuation Date	Actuarial Value of Plan Assets a	Actuarial Accrued Liability (AAL) Entry Age b	Unfunded AAL (UAAL) b-a	Funded Ratio a/b	Actuarial Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a)/c
7/01/09	\$ 48,875	\$ 65,314	\$ 16,439	74.83%	\$ 19,897	82.62%
7/01/07	44,759	57,855	13,096	77.36%	18,270	71.68%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year of the 2007 actuarial valuation. Therefore, only the two most recent valuations are presented.

See accompanying independent auditors' report and notes.

**CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
(Dollar amounts in Thousands)
For the Fiscal Year Ended June 30, 2011**

Actuarial Valuation Date	Actuarial Value of Plan Assets a	Actuarial Accrued Liability (AAL) Entry Age b	Unfunded AAL (UAAL) b-a	Funded Ratio a/b	Actuarial Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a)/c
City Retirees:						
1/1/11	\$ -	\$ 8,816	\$ 8,816	0%	\$ 14,618	60.3%
7/1/08	-	7,880	7,880	0%	16,053	49.1%
School Retirees:						
2/1/11	\$ -	\$ 11,380	\$ 11,380	0%	\$ 23,432	48.6%
7/1/08	-	16,220	16,220	0%	24,226	67.0%

See accompanying independent auditors' reports and notes.

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CITY OF MARYVILLE, TENNESSEE
OTHER SUPPLEMENTARY INFORMATION
June 30, 2011

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CITY OF MARYVILLE, TENNESSEE
COMBINING FUND FINANCIAL STATEMENTS
June 30, 2011

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

State Street Aid Fund – The State Street Aid Fund is used to account for the State gasoline tax. Proceeds of this tax must be expended for the improvement and maintenance of City streets.

Maryville City Schools Cafeteria Fund – The Maryville City Schools Cafeteria Fund is used to account for the operations of all cafeterias in the Maryville City School System. Revenues are provided primarily by the sale of meals (breakfasts, lunches, and a la carte items) and reimbursements from the United States Department of Agriculture (USDA).

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

Special Projects Fund – The Special Projects Fund is used to account for the proceeds from the sale of traffic signals to the Electric Department. These traffic signals have generally been donated to the City by the State as a result of highway or intersection construction projects. The proceeds are expended on special projects that are not routine in nature. Over the past several years, the City Council has directed that these funds be used or accumulated for Downtown revitalization projects.

Solid Waste Management Fund – Under GASB Statement No. 54, the Solid Waste Management Fund is no longer reported as a special revenue fund. These activities are now reported as part of the General Fund.

Animal Control Fund – Under GASB Statement No. 54, the Animal Control Fund is no longer reported as a special revenue fund. These activities are now reported as part of the General Fund.

Maryville City Schools Continuing Care Program Fund – The Maryville City Schools Continuing Care Program Fund is used to account for the revenues (primarily fees) and expenditures of the before- and after-school programs at the four (4) City of Maryville elementary schools.

Local Grant Fund – The Local Grant Fund is used to account for the proceeds of federal and state grants and the related expenditures therefrom.

Drug Fund – The Drug Fund is used to account for revenues (primarily drug related fines) which must be expended on drug-enforcement operations of the City.

Foothills Fall Festival Fund – The Foothills Fall Festival Fund is used to account for the revenues (primarily sponsorships and ticket sales) and expenditures of the City of Maryville Foothills Fall Festival.

Industrial Development Fund – The Industrial Development Fund is used to account for economic development activities of the City.

Geographic Information System (GIS) Fund – The Geographic Information System Fund is used to account for the revenues (primarily intergovernmental funding) and expenditures associated with the development and maintenance of a geographic information system.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

School Construction Fund – The School Construction Fund is used to account for the acquisition of real property used for school facilities, design of improvements to existing facilities and new facilities, and construction of these projects.

Capital Projects Fund – The Capital Projects Fund was established during the fiscal year ended June 30, 2006 and is used to account for all of the city's major capital projects. Funding is provided by debt issues and the City's share of proceeds from Blount County's bonds issued for school construction.

Equipment Replacement Fund – The Equipment Replacement Fund is used to account for expenditures incurred in the acquisition of general fixed assets. The primary source of funding is transfers from the General Fund. Prior to July 1, 1997, the Equipment Replacement Fund was classified as a Special Revenue Fund.

CITY OF MARYVILLE, TENNESSEE
COMBINING BALANCE SHEET
Non-major Governmental Funds
June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Special Revenue Funds</u>						
<u>ASSETS</u>	<u>State Street Aid</u>	<u>Maryville City Schools Cafeteria</u>	<u>Federal Projects</u>	<u>Special Projects</u>	<u>Solid Waste Management</u>	<u>Animal Control</u>	<u>Maryville City Schools Continuing Care Program</u>
Cash	\$ -	\$ 527,326	\$ -	\$ -	\$ -	\$ -	\$ 487,324
Investments	-	-	-	-	-	-	-
Pooled Cash	-	-	-	74,818	-	-	-
Pooled Investments	580,068	-	-	-	-	-	-
Accounts receivable	-	1,917	-	-	-	-	2,513
Due from other governments	57,007	24,382	864,295	-	-	-	-
Inventories	-	97,903	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total Assets	<u>\$ 637,075</u>	<u>\$ 651,528</u>	<u>\$ 864,295</u>	<u>\$ 74,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,837</u>
 <u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 139,452	\$ 1,184	\$ 1,329	\$ -	\$ -	\$ -	\$ 14,517
Due to other funds	-	359,260	848,203	-	-	-	224,741
Deferred revenue	-	-	14,763	-	-	-	-
Total Liabilities	<u>139,452</u>	<u>360,444</u>	<u>864,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,258</u>
Fund Balances (Deficits):							
Nonspendable	-	97,903	-	-	-	-	-
Restricted	497,623	-	-	74,818	-	-	-
Committed	-	-	-	-	-	-	250,579
Assigned	-	193,181	-	-	-	-	-
Total Fund Balances	<u>497,623</u>	<u>291,084</u>	<u>-</u>	<u>74,818</u>	<u>-</u>	<u>-</u>	<u>250,579</u>
Total Liabilities and Fund Balances	<u>\$ 637,075</u>	<u>\$ 651,528</u>	<u>\$ 864,295</u>	<u>\$ 74,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,837</u>

See accompanying independent auditors' report.

(Continued)

CITY OF MARYVILLE, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-major Governmental Funds
June 30, 2011

With Comparative Totals for the Fiscal Year Ended June 30, 2010

<u>ASSETS</u>	<u>Special Revenue Funds</u>					Total Special Revenue Funds 2011
	<u>Local Grant</u>	<u>Drug</u>	<u>Foothills Fall Festival</u>	<u>Industrial Development</u>	<u>GIS</u>	
Cash	\$ -	\$ -	\$ 53	\$ -	\$ -	\$ 1,014,703
Investments	1	-	-	-	-	1
Pooled Cash	242,032	406,974	-	-	-	723,824
Pooled Investments	-	-	381,944	276,084	-	1,238,096
Accounts receivable	-	-	-	-	225	4,655
Due from other governments	12,000	-	-	19,032	49,024	1,025,740
Inventories	-	-	-	-	-	97,903
Due from other funds	-	-	-	-	10,955	10,955
Prepaid items	-	-	8,987	-	27	9,014
Total Assets	<u>\$ 254,033</u>	<u>\$ 406,974</u>	<u>\$ 390,984</u>	<u>\$ 295,116</u>	<u>\$ 60,231</u>	<u>\$ 4,124,891</u>
 <u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts payable	\$ -	\$ 1,836	\$ 540	\$ 125,000	\$ 4,523	\$ 288,381
Due to other funds	-	-	-	-	4,197	1,436,401
Deferred revenue	-	-	43,246	-	-	58,009
Total Liabilities	-	1,836	43,786	125,000	8,720	1,782,791
Fund Balances:						
Nonspendable	-	-	8,987	-	27	106,917
Restricted	104,032	326,625	-	129,088	35,716	1,167,902
Committed	-	73,231	338,211	41,028	-	703,049
Assigned	150,001	5,282	-	-	15,768	364,232
Total Fund Balances	254,033	405,138	347,198	170,116	51,511	2,342,100
Total Liabilities and Fund Balances	<u>\$ 254,033</u>	<u>\$ 406,974</u>	<u>\$ 390,984</u>	<u>\$ 295,116</u>	<u>\$ 60,231</u>	<u>\$ 4,124,891</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
COMBINING BALANCE SHEET (Continued)
Non-major Governmental Funds
June 30, 2011

With Comparative Totals for the Fiscal Year Ended June 30, 2010

<u>ASSETS</u>	<u>Capital Projects Funds</u>			<u>Total Capital Project Funds 2011</u>	<u>Total Non-major Governmental Funds 2011</u>	<u>Total Non-major Governmental Funds 2010</u>
	<u>School Construction</u>	<u>Capital Projects</u>	<u>Equipment Replacement</u>			
Cash	\$ -	\$ -	\$ -	\$ -	\$ 1,014,703	\$ 659,036
Investments	-	-	-	-	1	561
Pooled Cash	-	84,173	-	84,173	807,997	2,087,180
Pooled Investments	5,861,792	-	379,103	6,240,895	7,478,991	6,791,522
Accounts receivable	-	-	-	-	4,655	123,223
Due from other governments	-	-	-	-	1,025,740	1,095,310
Inventories	-	-	-	-	97,903	104,659
Due from other funds	-	-	-	-	10,955	92,287
Prepaid items	-	-	-	-	9,014	4,874
	<u>\$ 5,861,792</u>	<u>\$ 84,173</u>	<u>\$ 379,103</u>	<u>\$ 6,325,068</u>	<u>\$ 10,449,959</u>	<u>\$ 10,958,652</u>
 <u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts payable	\$ 9,363	\$ -	\$ -	\$ 9,363	\$ 297,744	\$ 205,461
Due to other funds	-	-	-	-	1,436,401	1,669,948
Deferred revenue	-	-	-	-	58,009	168,245
	9,363	-	-	9,363	1,792,154	2,043,654
Fund Balances:						
Reserved for:						
Nonspendable	-	-	-	-	106,917	109,533
Restricted	5,852,429	84,173	-	5,936,602	7,104,504	8,805,465
Committed	-	-	-	-	703,049	-
Assigned	-	-	379,103	379,103	743,335	-
	5,852,429	84,173	379,103	6,315,705	8,657,805	8,914,998
Total Fund Balances	<u>5,852,429</u>	<u>84,173</u>	<u>379,103</u>	<u>6,315,705</u>	<u>8,657,805</u>	<u>8,914,998</u>
Total Liabilities and Fund Balances	<u>\$ 5,861,792</u>	<u>\$ 84,173</u>	<u>\$ 379,103</u>	<u>\$ 6,325,068</u>	<u>\$ 10,449,959</u>	<u>\$ 10,958,652</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Special Revenue Funds</u>						<u>Maryville City Schools Continuing Care Program</u>
	<u>State Street Aid</u>	<u>Maryville City Schools Cafeteria</u>	<u>Federal Projects</u>	<u>Special Projects</u>	<u>Solid Waste Management</u>	<u>Animal Control</u>	
Revenues:							
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:							
State gasoline tax	630,615	-	-	-	-	-	-
Federal grants	-	-	3,223,440	-	-	-	-
State grants	-	-	-	-	-	-	-
U.S.D.A. reimbursements	-	819,357	-	-	-	-	-
Other	-	111,851	-	-	-	-	-
Charges for Services	-	1,333,387	-	-	-	-	899,830
Fines, forfeitures and court costs	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Foothills Fall Festival revenue	-	-	-	-	-	-	-
Miscellaneous	-	22,067	-	2,750	-	-	-
Total Revenues	<u>630,615</u>	<u>2,286,662</u>	<u>3,233,440</u>	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>899,830</u>
Expenditures:							
Current:							
General Government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	975,064	-	-	-	-	-	-
Culture and recreation	-	-	-	3,574	-	-	-
Economic Development	-	-	-	-	-	-	-
Education	-	2,163,604	3,223,440	-	-	-	893,997
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>975,064</u>	<u>2,163,604</u>	<u>3,223,440</u>	<u>3,574</u>	<u>-</u>	<u>-</u>	<u>893,997</u>

See accompanying independent auditors' report.

(Continued)

CITY OF MARYVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Special Revenue Funds					Total Special Revenue Funds 2011
	Local Grant	Drug	Foothills Fall Festival	Industrial Development	GIS	
Revenues:						
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
State gasoline tax	-	-	-	-	-	630,615
Federal grants	791,634	-	-	-	-	4,015,074
State grants	12,000	-	-	-	-	12,000
U.S.D.A. reimbursements	-	-	-	-	-	819,357
Other	-	-	-	-	134,804	246,655
Charges for Services	-	-	-	-	-	2,233,217
Fines, forfeitures and court costs	-	14,716	-	-	-	14,716
Investment income	1	-	-	-	-	1
Foothills Fall Festival revenue	-	-	775,595	-	-	775,595
Miscellaneous	-	106,503	-	167,300	15,768	314,388
	-	106,503	-	167,300	15,768	314,388
Total Revenues	803,635	121,219	775,595	167,300	150,572	9,061,618
Expenditures:						
Current:						
General Government	-	-	-	-	161,846	161,846
Public safety	1,169,028	36,578	-	-	-	1,205,606
Public works	-	-	-	-	-	975,064
Culture and recreation	2,657	-	644,298	-	-	650,529
Economic Development	-	-	-	331,338	-	331,338
Education	-	-	-	-	-	6,281,041
Capital Outlay	-	-	-	-	-	-
	-	-	-	-	-	-
Total Expenditures	1,171,685	36,578	644,298	331,338	161,846	9,605,424

See accompanying independent auditors' report

(Continued)

CITY OF MARYVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Special Revenue Funds						Maryville City Schools Continuing Care Program
	State Street Aid	Maryville City Schools Cafeteria	Federal Projects	Special Projects	Solid Waste Management	Animal Control	
Net Change in Fund Balance Before							
Other Financing Sources (Uses)	<u>(344,449)</u>	<u>123,058</u>	<u>-</u>	<u>(824)</u>	<u>-</u>	<u>-</u>	<u>5,833</u>
Other Financing Sources (Uses);							
Transfers In:							
General Fund	-	-	-	-	-	-	-
Special Revenue Funds	-	66,188	-	-	-	-	-
Enterprise Funds	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>66,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(344,449)</u>	<u>189,246</u>	<u>-</u>	<u>(824)</u>	<u>-</u>	<u>-</u>	<u>5,833</u>
Fund Balance, July 1 st – As previously reported	842,072	108,594	-	75,642	76,732	77,407	244,746
Adjustment	-	-	-	-	(76,732)	(77,407)	-
Change in Reserve for Inventory	<u>-</u>	<u>(6,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1 st – As restated	<u>842,072</u>	<u>101,838</u>	<u>-</u>	<u>75,642</u>	<u>-</u>	<u>-</u>	<u>244,746</u>
Fund Balance, June 30th	<u>\$ 497,623</u>	<u>\$ 291,084</u>	<u>\$ -</u>	<u>\$ 74,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,579</u>

See accompanying independent auditors' report

CITY OF MARYVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Special Revenue Funds</u>					Total Special Revenue Funds 2011
	<u>Local Grant</u>	<u>Drug</u>	<u>Foothills Fall Festival</u>	<u>Industrial Development</u>	<u>GIS</u>	
Net Change in Fund Balances Before Other Financing Sources (Uses)	<u>(368,050)</u>	<u>84,641</u>	<u>131,297</u>	<u>(164,038)</u>	<u>(11,274)</u>	<u>(543,806)</u>
Other Financing Sources (Uses); Transfers In:						
General Fund	150,000	-	-	-	27,075	177,075
Special Revenue Funds	-	-	-	-	-	66,188
Enterprise Funds	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,075</u>	<u>243,263</u>
Net Change in Fund Balance	<u>(218,050)</u>	<u>84,641</u>	<u>131,297</u>	<u>(164,038)</u>	<u>15,801</u>	<u>(300,543)</u>
Fund Balance, July 1 st – As previously reported	472,083	320,497	215,901	334,154	35,710	2,803,538
Adjustment	-	-	-	-	-	(154,139)
Change in Reserve for Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,756)</u>
Fund Balance, July 1 st – As restated	<u>472,083</u>	<u>320,497</u>	<u>215,901</u>	<u>334,154</u>	<u>35,710</u>	<u>2,642,643</u>
Fund Balance, June 30th	<u>\$ 254,033</u>	<u>\$ 405,138</u>	<u>\$ 347,198</u>	<u>\$ 170,116</u>	<u>\$ 51,511</u>	<u>\$ 2,342,100</u>

See accompanying independent auditors' report

CITY OF MARYVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Capital Project Funds</u>			Total Capital Projects Funds 2011	Total Non-major Governmental Funds 2011	Total Non-major Governmental Funds 2010
	<u>School Construction</u>	<u>Capital Projects</u>	<u>Equipment Replacement</u>			
Revenues:						
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,203
Intergovernmental:						
State gasoline tax	-	-	-	-	630,615	614,982
Federal grants	-	-	-	-	4,015,074	3,521,216
State grants	-	-	-	-	12,000	15,238
U.S.D.A. reimbursements	-	-	-	-	819,357	774,036
Other	-	-	-	-	246,655	124,619
Charges for Services	-	-	-	-	2,233,217	2,631,745
Fines, forfeitures and court costs	-	-	-	-	14,716	20,846
Investment income	-	-	-	-	1	385
Foothills Fall Festival revenue	-	-	-	-	775,595	749,983
Miscellaneous	<u>-</u>	<u>25,000</u>	<u>47,086</u>	<u>72,086</u>	<u>386,474</u>	<u>264,353</u>
Total Revenues	<u>-</u>	<u>25,000</u>	<u>47,086</u>	<u>72,086</u>	<u>9,133,704</u>	<u>8,729,606</u>
Expenditures:						
Current:						
General Government	-	-	-	-	161,846	213,015
Public safety	-	-	-	-	1,205,606	349,060
Public works	-	-	-	-	975,064	2,965,137
Culture and recreation	-	-	-	-	650,529	1,432,621
Economic Development	-	-	-	-	331,338	1,319,880
Education	-	-	-	-	6,281,041	6,004,879
Capital Outlay	<u>60,183</u>	<u>-</u>	<u>107,658</u>	<u>167,841</u>	<u>167,841</u>	<u>1,257,788</u>
Total Expenditures	<u>60,183</u>	<u>-</u>	<u>107,658</u>	<u>167,841</u>	<u>9,773,265</u>	<u>13,542,380</u>

See accompanying independent auditors' report.

(Continued)

CITY OF MARYVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Capital Project Funds</u>			<u>Total Capital Project Funds 2011</u>	<u>Total Non-major Governmental Funds 2011</u>	<u>Total Non-major Governmental Funds 2010</u>
	<u>School Construction</u>	<u>Capital Projects</u>	<u>Equipment Replacement</u>			
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(60,183)</u>	<u>25,000</u>	<u>(60,572)</u>	<u>(95,755)</u>	<u>(639,561)</u>	<u>(4,812,774)</u>
Other Financing Sources (Uses); Transfers In:						
General Fund	-	-	300,000	300,000	477,075	3,009,782
Special Revenue Funds	-	-	-	-	66,188	154,078
Enterprise Fund	-	-	-	-	-	25,720
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,664)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>543,263</u>	<u>3,134,916</u>
Net Change in Fund Balance	<u>(60,183)</u>	<u>25,000</u>	<u>239,428</u>	<u>204,245</u>	<u>(96,298)</u>	<u>(1,677,858)</u>
Fund Balance, July 1 st – As previously reported	5,912,612	59,173	139,675	6,111,460	8,914,998	10,613,493
Adjustment	-	-	-	-	(154,139)	-
Change in Reserve for Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,756)</u>	<u>(20,637)</u>
Fund Balance, July 1 st – As restated	<u>5,912,612</u>	<u>59,173</u>	<u>139,675</u>	<u>6,111,460</u>	<u>8,754,103</u>	<u>10,592,856</u>
Fund Balance, June 30th	<u>\$ 5,852,429</u>	<u>\$ 84,173</u>	<u>\$ 379,103</u>	<u>\$ 6,315,705</u>	<u>\$ 8,657,805</u>	<u>\$ 8,914,998</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other governmental operating units on a cost-reimbursed basis.

Employee Medical Self-Insurance Fund – The Employee Medical Self-Insurance Fund is used to account for the City of Maryville’s self-insured health insurance program. Premiums charged to various operating funds and employee payroll deductions are placed in this fund for the payment of medical claims and administrative expenses.

School Employee Dental Insurance Fund: The School Employee Dental Insurance Fund is used to account for the City of Maryville school employees’ dental insurance program. Premiums collected from employees and premiums charged to various operating funds are placed in this fund for the payment of dental claims and administrative expenses.

Retiree Medical Self-Insurance Funds – The Retiree Medical Self-Insurance Funds are used to account for the City of Maryville’s retiree self-insured health insurance program. Premiums charged to various operating funds and retiree payments are placed in this fund for the payment of medical claims and administrative expenses for city retirees.

Self-Insured Workmen’s Compensation Fund – The Self-Insured Workmen’s Compensation Fund is used to account for the City’s self-insured worker’s compensation program. Premiums charged to various operating funds are placed in this fund for the payment of claims and administrative expenses.

Information Technology Systems Fund – The Information Technology Systems Fund is used to account for the operation of the City’s information technology system. Data processing charges collected from various City funds are placed in this fund for the payment of operating expenses.

Fleet Maintenance Fund – The Fleet Maintenance Fund is used to account for the operation of the City’s vehicle maintenance program. Vehicle maintenance charges collected from various City funds are placed in this fund for the payment of operating expenses.

Facilities Management Fund – The Facilities Management Fund is used to account for the operation of the City’s physical facilities. Charges collected from various City funds are placed in this fund for the payment of operating expenses associated with the City’s physical facilities.

**CITY OF MARYVILLE, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2011
With Comparative Totals for June 30, 2010**

	Employee Medical Self- Insurance <u>Fund</u>	School Employee Dental Insurance <u>Fund</u>	City Retiree Medical Self- Insurance <u>Fund</u>	School Retiree Medical Self- Insurance <u>Fund</u>	Self-Insured Workmen's Compensation <u>Fund</u>	Information Technology Systems <u>Fund</u>	Fleet Maintenance <u>Fund</u>	Facilities Management <u>Fund</u>	Total Internal Service Funds	
									<u>2011</u>	<u>2010</u>
<u>ASSETS</u>										
CURRENT ASSETS:										
Cash	\$ 68,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,212	\$ -
Accounts receivable	148,152	-	-	-	-	22,550	-	-	170,702	53,196
Parts, supplies, and fuel inventories	-	-	-	-	-	5,353	327,218	-	332,571	290,200
Prepaid expense	-	-	-	-	-	-	-	15,778	15,778	-
Due from other funds	<u>1,433,654</u>	<u>82,035</u>	<u>62,126</u>	<u>95,857</u>	<u>318,716</u>	<u>401,357</u>	<u>6,436</u>	<u>190,198</u>	<u>2,590,379</u>	<u>1,883,910</u>
Total Current Assets	<u>1,650,018</u>	<u>82,035</u>	<u>62,126</u>	<u>95,857</u>	<u>318,716</u>	<u>429,260</u>	<u>333,654</u>	<u>205,976</u>	<u>3,177,642</u>	<u>2,227,306</u>
CAPITAL ASSETS:										
Building and improvements	-	-	-	-	-	-	873,125	-	873,125	873,125
Data processing equipment	-	-	-	-	-	49,484	-	-	49,484	85,734
Software	-	-	-	-	-	218,557	-	-	218,557	218,557
Fleet maintenance equipment and vehicles	-	-	-	-	-	-	<u>181,834</u>	-	<u>181,834</u>	<u>181,834</u>
	-	-	-	-	-	268,041	1,054,959	-	1,323,000	1,359,250
Less: Accumulated depreciation and amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,740</u>	<u>654,417</u>	<u>-</u>	<u>860,157</u>	<u>822,625</u>
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,301</u>	<u>400,542</u>	<u>-</u>	<u>462,843</u>	<u>536,625</u>
Total Assets	<u>\$ 1,650,018</u>	<u>\$ 82,035</u>	<u>\$ 62,126</u>	<u>\$ 95,857</u>	<u>\$ 318,716</u>	<u>\$ 491,561</u>	<u>\$ 734,196</u>	<u>\$ 205,976</u>	<u>\$ 3,640,485</u>	<u>\$ 2,763,931</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS (Continued)
June 30, 2011
With Comparative Totals for June 30, 2010

	Employee Medical Self- Insurance Fund	School Employee Dental Insurance Fund	City Retiree Medical Self- Insurance Fund	School Retiree Medical Self- Insurance Fund	Self-Insured Workmen's Compensation Fund	Information Technology Systems Fund	Fleet Maintenance Fund	Facilities Management Fund	<u>Total Internal Service Funds</u>	
									<u>2011</u>	<u>2010</u>
<u>LIABILITIES AND NET ASSETS</u>										
CURRENT LIABILITIES:										
Accounts payable	\$ 6,240	\$ -	\$ -	\$ -	\$ 13,653	\$ 2,812	\$ 4,018	\$ 6,976	\$ 33,699	\$ 124,221
Cash Overdraft	-	-	-	-	-	-	-	-	-	19,995
Due to other funds	-	-	-	-	-	-	670,225	-	670,255	682,010
Total Current Liabilities	<u>6,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,653</u>	<u>2,812</u>	<u>674,273</u>	<u>6,976</u>	<u>703,954</u>	<u>826,226</u>
NET ASSETS:										
Invested in capital assets	-	-	-	-	-	62,301	400,542	-	462,843	536,625
Unrestricted (Deficit)	<u>1,643,778</u>	<u>82,035</u>	<u>62,126</u>	<u>95,857</u>	<u>305,063</u>	<u>426,448</u>	<u>(340,619)</u>	<u>199,000</u>	<u>2,473,688</u>	<u>1,401,080</u>
Total Net Assets	<u>1,643,778</u>	<u>82,035</u>	<u>62,126</u>	<u>95,857</u>	<u>305,063</u>	<u>488,749</u>	<u>59,923</u>	<u>199,000</u>	<u>2,936,531</u>	<u>1,937,705</u>
Total Liabilities and Net Assets	<u>\$ 1,650,018</u>	<u>\$ 82,035</u>	<u>\$ 62,126</u>	<u>\$ 95,857</u>	<u>\$ 318,716</u>	<u>\$ 491,561</u>	<u>\$ 734,196</u>	<u>\$ 205,976</u>	<u>\$3,640,485</u>	<u>\$ 2,763,931</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Employee Medical Self- Insurance Fund	School Employee Dental Insurance Fund	City Retiree Medical Self- Insurance Fund	School Retiree Medical Self- Insurance Fund	Self-Insured Workmen's Compensation Fund	Information Technology Systems Fund	Fleet Maintenance Fund	Facilities Management Fund	Total Internal Service Funds	
									2011	2010
OPERATING REVENUES:										
Insurance charges	\$ 9,390,294	\$ 139,057	\$ 337,839	\$ 843,917	\$ 208,142	\$ -	\$ -	\$ -	\$ 10,919,249	\$ 11,104,976
Facilities charges	-	-	-	-	-	-	-	1,096,655	1,096,655	1,109,179
Data processing charges	-	-	-	-	-	680,961	-	-	680,961	709,001
Equipment repair charges	-	-	-	-	-	-	588,258	-	588,258	555,761
Miscellaneous	-	-	-	-	-	-	7,128	-	7,128	3,956
Total Operating Revenues	9,390,294	139,057	337,839	843,917	208,142	680,961	595,386	1,096,655	13,292,251	13,482,873
OPERATING EXPENSES:										
Salaries and related costs	-	-	-	-	-	489,116	434,478	84,774	1,008,368	1,069,713
Other services	-	-	-	-	-	1,748	3,490	383,512	388,750	398,807
Supplies and parts	-	-	-	-	-	12,255	24,429	20,632	57,316	92,473
Building and office rental	-	-	-	-	-	-	49,799	-	49,799	63,192
Insurance	-	-	-	-	-	553	5,504	15,424	21,481	15,126
Software licenses and maintenance minor equipment	-	-	-	-	-	133,709	9,697	-	143,406	144,002
Depreciation of capital assets	-	-	-	-	-	7,499	29,053	-	36,552	46,200
Utilities	-	-	-	-	-	-	-	424,341	424,341	417,005
Communications	-	-	-	-	-	2,821	646	27,205	30,672	30,641
Repair and maintenance	-	-	-	-	-	1,358	10,785	46,031	58,174	73,888
Amortization of intangible assets	-	-	-	-	-	22,730	-	-	22,730	22,730
Insurance claims premiums and administrative expenses	8,715,756	96,357	310,510	748,060	186,538	-	-	-	10,057,221	10,802,882
Facility Improvements	-	-	-	-	-	-	-	-	-	24,897
Other	-	-	-	-	-	678	2,569	1,868	5,115	9,508
Total Operating Expenses	8,715,756	96,357	310,510	748,060	186,538	672,467	570,450	1,003,787	12,303,925	13,211,064

(Continued)

CITY OF MARYVILLE, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Employee Medical Self- Insurance Fund	School Employee Dental Insurance Fund	City Retiree Medical Self- Insurance Fund	School Retiree Medical Self- Insurance Fund	Self-Insured Workmen's Compensation Fund	Information Technology Systems Fund	Fleet Maintenance Fund	Facilities Management Fund	Total Internal Service Funds	
									<u>2011</u>	<u>2010</u>
Operating Income	674,538	42,700	27,329	95,857	21,604	8,494	24,936	92,868	988,326	271,809
Other Income:										
Gain on sale of equipment	-	-	-	-	-	10,500	-	-	10,500	-
NET INCOME BEFORE TRANSFERS	674,538	42,700	27,329	95,857	21,604	18,994	24,936	92,868	998,826	271,809
TRANSFERS:										
Transfers in	-	39,335	-	-	-	-	-	-	39,335	-
Transfers out	(39,335)	-	-	-	-	-	-	-	(39,335)	-
CHANGE IN NET ASSETS	635,203	82,035	27,329	95,857	21,604	18,994	24,936	92,868	998,826	271,809
NET ASSETS – July 1 st	1,008,575	-	34,797	-	283,459	469,755	34,987	106,132	1,937,705	1,665,896
NET ASSETS – June 30th	<u>\$ 1,643,778</u>	<u>\$ 82,035</u>	<u>\$ 62,126</u>	<u>\$ 95,857</u>	<u>\$ 305,063</u>	<u>\$ 488,749</u>	<u>\$ 59,923</u>	<u>\$ 199,000</u>	<u>\$ 2,936,531</u>	<u>\$ 1,937,705</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Employee Medical Self- Insurance Fund	School Employee Dental Insurance Fund	City Retiree Medical Self- Insurance Fund	School Retiree Medical Self- Insurance Fund	Self-Insured Workmen's Compensation Fund	Information Technology Systems Fund	Fleet Maintenance Fund	Facilities Management Fund	Total Internal Service Funds	
									2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:										
Insurance premiums/reimbursements collected	\$1,300,336	\$ 50,235	\$ 50,081	\$ 172,248	\$ -	\$ -	\$ -	\$ -	\$ 1,572,900	\$ 1,560,369
Collections from various City departments	7,992,297	88,822	287,913	671,669	208,142	660,961	608,781	1,096,655	11,615,240	11,970,678
Payments to other suppliers of goods and services	(8,759,817)	(96,357)	(310,510)	(748,060)	(172,885)	(312,628)	(285,720)	(1,027,413)	(11,713,390)	(12,513,354)
Payments to employees for services	-	-	-	-	-	(328,787)	(311,306)	(59,826)	(699,919)	(778,367)
Net Cash Provided By (Used In) Operating Activities	<u>532,816</u>	<u>42,700</u>	<u>27,484</u>	<u>95,857</u>	<u>35,257</u>	<u>19,546</u>	<u>11,755</u>	<u>9,416</u>	<u>774,831</u>	<u>239,326</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:										
Receipts from other funds	-	-	-	-	-	-	-	-	-	70,949
Payments to other funds	(464,604)	(42,700)	(27,484)	(95,857)	(35,257)	(44,546)	(11,755)	(9,416)	(731,619)	(286,998)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(464,604)</u>	<u>(42,700)</u>	<u>(27,484)</u>	<u>(95,857)</u>	<u>(35,257)</u>	<u>(44,546)</u>	<u>(11,755)</u>	<u>(9,416)</u>	<u>(731,619)</u>	<u>(216,049)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition of capital assets	-	-	-	-	-	-	-	-	-	(23,277)
Sale of Capital Assets	-	-	-	-	-	25,000	-	-	25,000	-
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>(23,277)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,212	-	-	-	-	-	-	-	68,212	-

See accompanying independent auditors' report.

(Continued)

CITY OF MARYVILLE, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Employee Medical Self- Insurance Fund	School Employee Dental Insurance Fund	City Retiree Medical Self- Insurance Fund	School Retiree Medical Self- Insurance Fund	Self-Insured Workmen's Compensation Fund	Information Technology Systems Fund	Fleet Maintenance Fund	Facilities Management Fund	Total Internal Service Funds	
									2011	2010
CASH AND CASH EQUIVALENTS – July 1 st	-	-	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS, June 30 th	<u>\$ 68,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,212</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:										
Operating income (loss)	\$ 674,538	42,700	\$ 27,329	\$ 95,857	\$ 21,604	\$ 8,494	\$ 24,936	\$ 92,868	\$ 988,326	\$ 271,809
Adjustments to reconcile operating Income (loss) to net cash provided by (used in) operating activities:										
Add non-cash expenses:										
Depreciation	-	-	-	-	-	7,499	29,053	-	36,552	46,200
Amortization	-	-	-	-	-	22,730	-	-	22,730	22,730
Changes in assets and liabilities:										
Due from other funds	-	-	-	-	-	-	13,395	-	13,395	14,528
Accounts receivable	(97,661)	-	155	-	-	(20,000)	-	-	(117,506)	(33,801)
Inventories	-	-	-	-	-	-	(42,371)	-	(42,371)	(1,469)
Prepaid expense	-	-	-	-	-	-	-	(15,778)	(15,778)	-
Accounts payable	(24,066)	-	-	-	13,653	823	(13,258)	(67,674)	(90,522)	17,492
Cash overdrafts	(19,995)	-	-	-	-	-	-	-	(19,995)	(98,163)
NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES	<u>\$ 532,816</u>	<u>\$ 42,700</u>	<u>\$ 27,484</u>	<u>\$ 95,857</u>	<u>\$ 35,257</u>	<u>\$ 19,546</u>	<u>\$ 11,755</u>	<u>\$ 9,416</u>	<u>\$ 774,831</u>	<u>\$ 239,326</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES
COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL

Budget Basis

For the Fiscal Year Ended June 30, 2011

With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Totals 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes	\$ 38,087,167	\$ 38,922,167	\$ 40,986,052	\$ 2,063,885	\$ 38,408,400
Licenses, permits and fees	33,300	33,300	227,477	194,177	227,348
Intergovernmental	26,007,094	27,933,702	26,513,613	(1,420,089)	25,968,083
Charges for services	3,237,100	3,290,880	3,351,150	60,270	3,303,248
Fines, forfeitures and costs	95,600	95,600	70,200	(25,400)	129,553
Investment income	98,050	98,050	194,914	96,864	255,196
Miscellaneous revenues	<u>2,478,635</u>	<u>2,548,085</u>	<u>1,778,770</u>	<u>(769,315)</u>	<u>1,601,574</u>
Total Revenues	<u>70,036,946</u>	<u>72,921,784</u>	<u>73,122,176</u>	<u>200,392</u>	<u>69,893,382</u>
Expenditures:					
Current:					
General government	2,369,088	2,399,088	2,344,875	54,213	2,346,579
Public safety	8,654,242	9,094,242	8,696,757	397,485	8,101,653
Public works	8,617,771	8,662,771	6,870,489	1,792,282	5,556,931
Culture and recreation	2,166,326	2,156,326	2,028,355	127,971	2,094,324
Economic Development	322,221	332,221	331,338	883	1,319,880
Nondepartmental costs	1,026,938	1,006,938	994,254	12,684	1,068,209
Education	45,147,657	46,936,477	44,411,976	2,524,501	45,365,948
Debt Service:					
Principal retirement	3,591,580	3,591,580	3,257,255	334,325	1,931,954
Interest and fiscal fees	2,407,390	2,661,804	2,448,736	213,068	2,439,084
Payments under Capital lease	1,523,245	1,523,245	548,169	975,076	600,706
Capital Outlay	<u>152,657</u>	<u>1,371,652</u>	<u>1,049,118</u>	<u>322,534</u>	<u>907,364</u>
Total Expenditures	<u>75,979,115</u>	<u>79,736,344</u>	<u>72,981,322</u>	<u>6,755,022</u>	<u>71,732,632</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(5,942,169)</u>	<u>(6,814,560)</u>	<u>140,854</u>	<u>6,955,414</u>	<u>(1,839,250)</u>
Other Financing Sources (Uses):					
Transfers In	13,782,190	14,515,784	14,558,643	42,859	16,794,743
Transfers Out	(12,338,190)	(13,483,242)	(13,475,763)	7,479	(15,636,360)
Proceeds from Refunding Debt	-	14,759,414	14,759,414	-	26,233,673
Payments to Refunding Agent	-	(14,505,000)	(14,505,000)	-	(25,897,365)
Capitalized lease	-	918,996	918,996	-	-
Total Other Financing Sources (Uses)	<u>1,444,000</u>	<u>2,205,952</u>	<u>2,256,290</u>	<u>50,338</u>	<u>1,494,691</u>
Net Change in Fund Balance	<u>(4,498,169)</u>	<u>(4,608,608)</u>	<u>2,397,144</u>	<u>7,005,752</u>	<u>(344,559)</u>
Fund Balance, July 1 st – As previously reported	22,381,347	22,381,347	22,381,347	-	22,746,543
Adjustment	-	-	-	-	-
Change in Reserve for Inventory	-	-	(6,756)	(6,756)	(20,637)
Fund Balance, July 1 st – As restated	<u>22,381,347</u>	<u>22,381,347</u>	<u>22,374,591</u>	<u>(6,756)</u>	<u>22,725,906</u>
Fund Balance, June 30th	<u>\$ 17,883,178</u>	<u>\$ 17,772,739</u>	<u>\$ 24,771,735</u>	<u>\$ 6,998,996</u>	<u>\$ 22,381,347</u>

See accompanying independent auditors' report.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt not being accounted for in the Enterprise Funds.

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CITY OF MARYVILLE, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Totals 2010
	<u>Original</u>	<u>Final</u>			
Revenues:					
Maryville College	\$ 1,523,245	\$ 1,523,245	\$ 548,169	\$ (975,076)	\$ 603,725
Interest earned	-	-	15,101	15,101	-
Miscellaneous	-	-	<u>57,000</u>	<u>57,000</u>	-
Total Revenues	<u>1,523,245</u>	<u>1,523,245</u>	<u>620,270</u>	<u>(902,975)</u>	<u>603,725</u>
Expenditures:					
Debt service:					
Principal retirement	3,591,580	3,591,580	3,257,255	334,325	1,931,954
Interest and fiscal fees	2,407,390	2,661,804	2,448,736	213,068	2,439,084
Payments Under Capital Lease	<u>1,523,245</u>	<u>1,523,245</u>	<u>548,169</u>	<u>975,076</u>	<u>600,706</u>
Total Expenditures	<u>7,522,215</u>	<u>7,776,629</u>	<u>6,254,160</u>	<u>1,522,469</u>	<u>4,971,744</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	<u>(5,998,970)</u>	<u>(6,253,384)</u>	<u>(5,633,890)</u>	<u>619,494</u>	<u>(4,368,019)</u>
Other Financing Sources (Uses):					
Transfers In	3,000,000	3,625,000	3,625,000	-	3,165,000
Proceeds from Refunding Debt	-	14,759,414	14,759,414	-	26,233,673
Payments to Refunding Agent	-	<u>(14,505,000)</u>	<u>(14,505,000)</u>	-	<u>(25,897,365)</u>
Total Other Financing Sources (Uses)	<u>3,000,000</u>	<u>3,879,414</u>	<u>3,879,414</u>	<u>-</u>	<u>3,501,308</u>
Net Change in Fund Balance	(2,998,970)	(2,373,970)	(1,754,476)	619,494	(866,711)
Fund Balance, July 1 st	<u>10,842,203</u>	<u>10,842,203</u>	<u>10,842,203</u>	<u>-</u>	<u>11,708,914</u>
Fund Balance, June 30th	<u>\$ 7,843,233</u>	<u>\$ 8,468,233</u>	<u>\$ 9,087,727</u>	<u>\$ 619,494</u>	<u>\$ 10,842,203</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
STATE STREET AID – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Original And Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Totals 2010</u>
Revenues:				
Intergovernmental - State gasoline tax	\$ 600,000	\$ 630,615	\$ 30,615	\$ 614,982
Expenditures:				
Streets:				
Street, drainage, and bridge improvement	1,049,612	775,064	274,548	43,488
Electricity	<u>250,000</u>	<u>200,000</u>	<u>50,000</u>	<u>300,000</u>
Total Expenditures	<u>1,299,612</u>	<u>975,064</u>	<u>324,548</u>	<u>343,488</u>
Net Change in Fund Balance	(699,612)	(344,449)	355,163	271,494
Fund Balance, July 1 st	<u>842,072</u>	<u>842,072</u>	-	<u>570,578</u>
Fund Balance, June 30th	<u>\$ 142,460</u>	<u>\$ 497,623</u>	<u>\$ 355,163</u>	<u>\$ 842,072</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
MARYVILLE CITY SCHOOLS CAFETERIA FUND – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Totals 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Student meals	\$ 1,205,100	\$ 1,205,100	\$ 1,187,425	\$ (17,675)	\$ 1,111,835
Adult meals	100,000	100,000	70,612	(29,388)	83,008
U.S.D.A. reimbursements	780,000	815,000	819,357	4,357	774,036
State matching funds	-	-	21,807	21,807	21,740
ETHRA – Summer Feeding Program	-	-	90,044	90,044	-
A la carte items	117,700	117,700	75,350	(42,350)	112,876
Interest earned	250	250	-	(250)	138
Miscellaneous	<u>15,550</u>	<u>75,000</u>	<u>22,067</u>	<u>(52,933)</u>	<u>19,378</u>
Total Revenues	<u>2,218,600</u>	<u>2,313,050</u>	<u>2,286,662</u>	<u>(26,388)</u>	<u>2,123,011</u>
Expenditures:					
Food	880,000	880,000	872,465	7,535	859,402
Supplies (non-food)	80,000	85,587	85,587	-	85,690
Equipment	-	54,576	15,694	38,882	29,172
Supervisor	-	-	-	-	74,338
Cafeteria personnel	723,100	738,155	697,711	40,444	717,521
Payroll taxes	55,317	57,191	49,220	7,971	55,577
Retirement	59,850	59,850	54,294	5,556	59,845
Medical and life insurance	376,380	376,380	343,882	32,498	352,066
Other fringe benefits	10,200	10,200	9,350	850	7,500
Office supplies	1,253	1,281	1,280	1	-
Audit services	10,000	10,000	-	10,000	4,800
Travel	-	3,629	3,628	1	382
Staff development	5,000	5,701	5,701	-	2,958
Other charges	<u>17,500</u>	<u>30,500</u>	<u>24,792</u>	<u>5,708</u>	<u>27,838</u>
Total Expenditures	<u>2,218,600</u>	<u>2,313,050</u>	<u>2,163,604</u>	<u>149,446</u>	<u>2,277,089</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	-	-	123,058	123,058	(154,078)
Other Financing Sources (Uses):					
Transfers In	<u>-</u>	<u>-</u>	<u>66,188</u>	<u>66,188</u>	<u>154,078</u>
Net Change in Fund Balance	-	-	189,246	189,246	-
Change in Reserve for Inventory	-	-	(6,756)	(6,756)	(20,637)
Fund Balance, July 1 st	<u>108,594</u>	<u>108,594</u>	<u>108,594</u>	<u>-</u>	<u>129,231</u>
Fund Balance (Deficit), June 30th	<u>\$ 108,594</u>	<u>\$ 108,594</u>	<u>\$ 291,084</u>	<u>\$ 182,490</u>	<u>\$ 108,594</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)	Totals <u>2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Intergovernmental	\$ 2,326,198	\$ 3,354,265	\$ 3,223,440	\$ (130,825)	\$ 2,771,380
Expenditures:					
Regular instruction	950,965	1,922,482	1,881,497	40,985	795,916
Regular instruction support	59,634	116,181	53,661	62,520	94,096
Regular instruction student support	-	-	-	-	7,765
Special education instruction	1,249,150	1,240,110	1,212,793	27,317	1,571,422
Special education support	12,000	21,040	21,040	-	10,678
Vocational education instruction	47,915	48,208	48,207	1	54,254
Vocational education support	6,534	6,244	6,242	2	2,061
Vocational education student support	-	-	-	-	405
Special education transportation	-	-	-	-	<u>234,783</u>
Total Expenditures	<u>2,326,198</u>	<u>3,354,265</u>	<u>3,223,440</u>	<u>130,825</u>	<u>2,771,380</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1st	-	-	-	-	-
Fund Balance, June 30th	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
CARL PERKINS PROJECT #11-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary (Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 54,449</u>	<u>\$ 54,452</u>	<u>\$ 54,449</u>	<u>\$ (3)</u>
Expenditures:				
Vocational Education Instruction:				
Vocational instructional equipment	\$ 44,415	\$ 47,803	\$ 47,803	\$ -
Instructional supplies and materials	<u>3,500</u>	<u>405</u>	<u>404</u>	<u>1</u>
Total Vocational Education Instruction	<u>47,915</u>	<u>48,208</u>	<u>48,207</u>	<u>1</u>
Vocational Education Support:				
Travel	3,267	4,573	4,572	1
In-service/staff development	<u>3,267</u>	<u>1,671</u>	<u>1,670</u>	<u>1</u>
Total Vocational Education Support	<u>6,534</u>	<u>6,244</u>	<u>6,242</u>	<u>2</u>
Total Expenditures	<u>\$ 54,449</u>	<u>\$ 54,452</u>	<u>\$ 54,449</u>	<u>\$ 3</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
TITLE I PROJECT #11-01
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary (Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	\$ 614,363	\$ 599,386	\$ 599,383	\$ (3)
Expenditures:				
Regular Instruction:				
Salaries and related costs	\$ 574,728	\$ 584,422	\$ 584,419	\$ 3
Instructional supplies and materials	<u>8,917</u>	<u>7,477</u>	<u>7,477</u>	<u>-</u>
Total Regular Instruction	583,645	591,899	591,896	3
Regular Instruction Support:				
In-service/staff development	<u>30,718</u>	<u>7,487</u>	<u>7,487</u>	<u>-</u>
Total Expenditures	<u>\$ 614,363</u>	<u>\$ 599,386</u>	<u>\$ 599,383</u>	<u>\$ 3</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
TITLE II (PART A) PROJECT #11-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 174,163</u>	<u>\$ 170,153</u>	<u>\$ 150,285</u>	<u>\$ (19,868)</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs	\$ 147,331	\$ 134,864	\$ 131,334	\$ 3,530
Regular Instruction Support:				
In-service/staff development	<u>26,832</u>	<u>35,289</u>	<u>18,951</u>	<u>16,338</u>
 Total Expenditures	 <u>\$ 174,163</u>	 <u>\$ 170,153</u>	 <u>\$ 150,285</u>	 <u>\$ 19,868</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
TITLE II (PART D) PROJECT #11-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary (Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 2,084</u>	<u>\$ 2,050</u>	<u>\$ 2,050</u>	<u>\$ -</u>
Expenditures:				
Regular Instruction Support: In-service/staff development	<u>\$ 2,084</u>	<u>\$ 2,050</u>	<u>\$ 2,050</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE III (PART A) (ESL) PROJECT #11-01
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 13,772</u>	<u>\$ 13,902</u>	<u>\$ 13,901</u>	<u>\$ (1)</u>
Expenditures:				
Regular Instruction:				
Other contracted services	\$ 13,772	\$ -	\$ -	\$ -
Educational assistance	<u>-</u>	<u>13,165</u>	<u>13,165</u>	<u>-</u>
Total Regular Instruction	13,772	13,165	13,165	-
Regular Instruction Support:				
In-service/staff development	<u>-</u>	<u>737</u>	<u>736</u>	<u>1</u>
Total Expenditures	<u>\$ 13,772</u>	<u>\$ 13,902</u>	<u>\$ 13,901</u>	<u>\$ 1</u>

See accompanying independent auditor's report.

**CITY OF MARYVILLE, TENNESSEE
 FEDERAL PROJECTS – SPECIAL REVENUE FUND
 IDEA (PART B) PROJECT #11-01
 SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 977,129</u>	<u>\$ 977,129</u>	<u>\$ 958,125</u>	<u>\$ (19,004)</u>
Expenditures:				
Special Education Instruction:				
Salaries and related costs	\$ 928,012	\$ 939,663	\$ 928,006	\$ 11,657
Instructional supplies and materials	<u>37,117</u>	<u>16,426</u>	<u>9,079</u>	<u>7,347</u>
Total Special Education Instruction	965,129	956,089	937,085	19,004
Special Education Support:				
In-service/staff development	<u>12,000</u>	<u>21,040</u>	<u>21,040</u>	<u>-</u>
Total Expenditures	<u>\$ 977,129</u>	<u>\$ 977,129</u>	<u>\$ 958,125</u>	<u>\$ 19,004</u>

See accompanying independent auditor's report.

**CITY OF MARYVILLE, TENNESSEE
 FEDERAL PROJECTS - SPECIAL REVENUE FUND
 IDEA PRESCHOOL PROJECT #11-01
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 31,369</u>	<u>\$ 31,369</u>	<u>\$ 30,463</u>	<u>\$ (906)</u>
Expenditures:				
Special Education Instruction:				
Salaries and related costs	\$ 27,723	\$ 27,565	\$ 27,458	\$ 107
Instructional supplies and materials	<u>3,646</u>	<u>3,804</u>	<u>3,005</u>	<u>799</u>
Total Expenditures	<u>\$ 31,369</u>	<u>\$ 31,369</u>	<u>\$ 30,463</u>	<u>\$ 906</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
TITLE I PROJECT #10-21
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ -</u>	<u>\$ 16,794</u>	<u>\$ 16,794</u>	<u>\$ -</u>
Regular Education Support:				
In-service/staff development	<u>\$ -</u>	<u>\$ 16,794</u>	<u>\$ 16,794</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
IDEA (PART B) - ARRA FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 252,652</u>	<u>\$ 252,652</u>	<u>\$ 245,245</u>	<u>\$ (7,407)</u>
Expenditures:				
Special Education Instruction:				
Salaries and related costs	\$ 252,337	\$ 248,717	\$ 241,910	\$ 6,807
Instructional supplies and materials	<u>315</u>	<u>3,935</u>	<u>3,335</u>	<u>600</u>
Total Expenditures	<u>\$ 252,652</u>	<u>\$ 252,652</u>	<u>\$ 245,245</u>	<u>\$ 7,407</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
TITLE I – ARRA FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ 206,217</u>	<u>\$ 203,188</u>	<u>\$ 144,228</u>	<u>\$ (58,960)</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs	\$ 176,217	\$ 39,000	\$ 38,446	\$ 554
Instructional supplies and materials	-	56,364	47,965	8,399
Instructional equipment	<u>30,000</u>	<u>54,000</u>	<u>50,174</u>	<u>3,826</u>
Total Regular Instruction	<u>206,217</u>	<u>149,364</u>	<u>136,585</u>	<u>12,779</u>
Regular Instruction Support:				
In-service/staff development	-	35,824	2,700	33,124
Other charges	<u>-</u>	<u>18,000</u>	<u>4,943</u>	<u>13,057</u>
Total Regular Instruction Support	<u>-</u>	<u>53,824</u>	<u>7,643</u>	<u>46,181</u>
Total Expenditures	<u>\$ 206,217</u>	<u>\$ 203,188</u>	<u>\$ 144,228</u>	<u>\$ 58,960</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS - SPECIAL REVENUE FUND
EDUCATION JOBS FUND – ARRA FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary (Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ -</u>	<u>\$ 946,425</u>	<u>\$ 946,421</u>	<u>\$ (4)</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs	<u>\$ -</u>	<u>\$ 946,425</u>	<u>\$ 946,421</u>	<u>\$ 4</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FEDERAL PROJECTS – SPECIAL REVENUE FUND
RACE TO THE TOP FUND – ARRA FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Monies received through the State of Tennessee	<u>\$ -</u>	<u>\$ 86,765</u>	<u>\$ 62,096</u>	<u>\$ (24,669)</u>
Expenditures:				
Regular Instruction:				
Salaries and related costs	\$ -	\$ 42,904	\$ 18,235	\$ 24,669
Instructional supplies and materials	<u>-</u>	<u>43,861</u>	<u>43,861</u>	<u>-</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 86,765</u>	<u>\$ 62,096</u>	<u>\$ 24,669</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
SPECIAL PROJECTS – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Original and Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance with Final Budget - Positive (<u>Negative</u>)	Totals <u>2010</u>
Revenues	\$ 3,500	\$ 2,750	\$ (750)	\$ 3,976
Expenditures:				
Special projects	<u>9,000</u>	<u>3,574</u>	<u>5,426</u>	<u>4,109</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(5,500)	(824)	4,676	(133)
Other Financing Sources (Uses):				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,681</u>
Net Change in Fund Balance	(5,500)	(824)	4,676	7,548
Fund Balance, July 1st	<u>75,642</u>	<u>75,642</u>	<u>-</u>	<u>68,094</u>
Fund Balance, June 30th	<u><u>\$ 70,142</u></u>	<u><u>\$ 74,818</u></u>	<u><u>\$ 4,676</u></u>	<u><u>\$ 75,642</u></u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
MARYVILLE CITY SCHOOLS CONTINUING CARE PROGRAM -
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>	<u>Totals</u> <u>2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Community service fees	\$ 846,050	\$ 899,830	\$ 899,830	\$ -	\$ 880,713
Interest earned	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>	<u>245</u>
Total Revenues	<u>846,350</u>	<u>900,130</u>	<u>899,830</u>	<u>(300)</u>	<u>880,958</u>
Expenditures:					
Salaries and related costs	621,351	599,770	593,560	6,210	590,012
Materials and supplies	125,000	122,250	122,453	(203)	94,037
Travel	-	1,425	1,301	124	-
Other expenditures	<u>99,999</u>	<u>176,685</u>	<u>176,683</u>	<u>2</u>	<u>191,299</u>
Total Expenditures	<u>846,350</u>	<u>900,130</u>	<u>893,997</u>	<u>6,133</u>	<u>875,348</u>
Net Change in Fund Balance	-	-	5,833	5,833	5,610
Fund Balance, July 1st	<u>244,746</u>	<u>244,746</u>	<u>244,746</u>	<u>-</u>	<u>239,136</u>
Fund Balance, June 30th	<u>\$ 244,746</u>	<u>\$ 244,746</u>	<u>\$ 250,579</u>	<u>\$ 5,833</u>	<u>\$ 244,746</u>

See accompanying independent auditor's report.

**CITY OF MARYVILLE, TENNESSEE
LOCAL GRANT – SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Totals <u>2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Intergovernmental - Other federal and state grants	\$ 1,543,527	\$ 2,293,527	\$ 803,634	\$ (1,489,893)	\$ 765,074
Interest earned	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total Revenues	<u>1,543,527</u>	<u>2,293,527</u>	<u>803,635</u>	<u>(1,489,892)</u>	<u>765,076</u>
Expenditures:					
Public safety	203,266	953,266	770,494	182,772	58,333
Pistol Creek Environmental Education Project	2,657	2,657	2,657	-	718,908
Greenbelt Lake Project	1,797,012	1,797,012	398,534	1,398,478	-
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,890</u>
Total Expenditures	<u>2,002,935</u>	<u>2,752,935</u>	<u>1,171,685</u>	<u>1,581,250</u>	<u>803,131</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(459,408)	(459,408)	(368,050)	91,358	(38,055)
Other Financing Sources (Uses):					
Transfers in	<u>162,500</u>	<u>162,500</u>	<u>150,000</u>	<u>(12,500)</u>	<u>389,300</u>
Net Change in Fund Balance	(296,908)	(296,908)	(218,050)	78,858	351,245
Fund Balance (Deficit), July 1st	<u>472,083</u>	<u>472,083</u>	<u>472,083</u>	<u>-</u>	<u>120,838</u>
Fund Balance (Deficit), June 30th	<u>\$ 175,175</u>	<u>\$ 175,175</u>	<u>\$ 254,033</u>	<u>\$ 78,858</u>	<u>\$ 472,083</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
DRUG FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Original And Final Budgeted <u>Amounts</u>	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Totals 2010
Revenues:				
Drug-related fines	\$ 16,500	\$ 14,716	\$ (1,784)	\$ 20,846
Impound and wrecker fees	33,000	28,975	(4,025)	34,125
Sale of equipment	35,000	72,206	37,206	66,667
Contributions	-	40	40	10
Miscellaneous	<u>-</u>	<u>5,282</u>	<u>5,282</u>	<u>-</u>
 Total Revenues	 <u>84,500</u>	 <u>121,219</u>	 <u>36,719</u>	 <u>121,648</u>
Expenditures:				
Wrecker fees	20,000	27,950	(7,950)	27,920
Informant services	5,000	-	5,000	-
Motor vehicle parts	10,000	-	10,000	5,475
Utilities	2,144	2,530	(386)	3,515
Firearms and supplies	10,000	-	10,000	-
Training	5,000	-	5,000	-
Professional services	8,500	4,806	3,694	4,959
Crime prevention program	10,000	-	10,000	483
Safety supplies	10,000	122	9,878	-
Public relations	18,000	-	18,000	-
Other supplies	12,000	793	11,207	-
SWAT Team equipment	5,000	-	5,000	-
Building improvements	30,000	227	29,773	2,034
Equipment	16,000	-	16,000	-
Other expenditures	<u>5,000</u>	<u>150</u>	<u>4,850</u>	<u>689</u>
 Total Expenditures	 <u>166,644</u>	 <u>36,578</u>	 <u>130,066</u>	 <u>45,075</u>
 Net Change in Fund Balance	 (82,144)	 84,641	 166,785	 76,573
Fund Balance, July 1st	<u>320,497</u>	<u>320,497</u>	<u>-</u>	<u>243,924</u>
 Fund Balance, June 30th	 <u>\$ 238,353</u>	 <u>\$ 405,138</u>	 <u>\$ 166,785</u>	 <u>\$ 320,497</u>

See accompanying independent auditor's report.

CITY OF MARYVILLE, TENNESSEE
FOOTHILLS FALL FESTIVAL – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended Jun 30, 2010

	Original And Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)	Totals 2010
Revenues:				
Sponsorships	\$ 202,000	\$ 218,205	\$ 16,205	\$ 200,652
Ticket sales	490,900	475,563	(15,337)	471,867
Festival fees	61,450	58,413	(3,037)	59,127
Merchandise sales	12,500	17,878	5,378	15,739
Miscellaneous	<u>2,650</u>	<u>5,536</u>	<u>2,886</u>	<u>2,598</u>
Total Revenues	<u>769,500</u>	<u>775,595</u>	<u>6,095</u>	<u>749,983</u>
Expenditures:				
Production costs	58,500	63,020	(4,520)	58,497
Merchandise	5,325	16,092	(10,767)	10,295
Food concessions	3,000	3,000	-	2,150
Transportation and event set-up	18,400	16,850	1,550	21,798
Publicity	29,000	20,934	8,066	30,495
Supplies	3,475	4,380	(905)	3,051
Entertainment	521,000	393,020	127,980	442,062
Event contract services	12,100	36,310	(24,210)	34,966
Downtown events	12,550	8,960	3,590	13,830
Sponsor/promotional expenses	12,500	22,181	(9,681)	13,981
Children's activities	48,350	35,901	12,449	40,916
Volunteers	9,450	3,449	6,001	7,869
Graphics/website	23,950	13,717	10,233	28,372
Other	<u>11,900</u>	<u>6,484</u>	<u>5,416</u>	<u>1,322</u>
Total Expenditures	<u>769,500</u>	<u>644,298</u>	<u>125,202</u>	<u>709,604</u>
Net Change in Fund Balance	-	131,297	131,297	40,379
Fund Balance, July 1st	<u>215,901</u>	<u>215,901</u>	<u>-</u>	<u>175,522</u>
Fund Balance, June 30th	<u>\$ 215,901</u>	<u>\$ 347,198</u>	<u>\$ 131,297</u>	<u>\$ 215,901</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
INDUSTRIAL DEVELOPMENT FUND – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Totals 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Rent income	\$ 42,000	\$ 42,000	\$ 42,300	\$ 300	\$ 42,300
Developer funding	-	10,000	125,000	115,000	-
Miscellaneous	-	-	-	-	62
Total Revenues	<u>42,000</u>	<u>52,000</u>	<u>167,300</u>	<u>115,300</u>	<u>42,362</u>
Expenditures:					
Operations and maintenance	30,400	30,400	29,400	1,000	29,581
Travel	-	-	-	-	9,961
Utilities	1,971	1,971	1,272	699	3,568
Industrial recruitment	200,000	200,000	195,213	4,787	128,323
Development funding	86,350	96,350	86,350	10,000	82,590
Industrial Park expense	3,500	3,500	16,398	(12,898)	1,053,395
Other expenditures	-	-	2,705	(2,705)	12,462
Total Expenditures	<u>322,221</u>	<u>332,221</u>	<u>331,338</u>	<u>883</u>	<u>1,319,880</u>
Net Change in Fund Balance	(280,221)	(280,221)	(164,038)	116,183	(1,277,518)
Fund Balance, July 1st	<u>334,154</u>	<u>334,154</u>	<u>334,154</u>	-	<u>1,611,672</u>
Fund Balance, June 30	<u>\$ 53,933</u>	<u>\$ 53,933</u>	<u>\$ 170,116</u>	<u>\$ 116,183</u>	<u>\$ 334,154</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
GEOGRAPHIC INFORMATION SYSTEMS FUND – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Totals 2010</u>
Revenues:				
Intergovernmental Funding	\$ 145,517	\$ 134,804	\$ (10,713)	\$ 102,879
Data Sales	-	10,728	10,728	12,124
Miscellaneous	<u>-</u>	<u>5,040</u>	<u>5,040</u>	<u>31,602</u>
Total Revenues	<u>145,517</u>	<u>150,572</u>	<u>5,055</u>	<u>146,605</u>
Expenditures:				
Salaries and related costs	119,395	112,688	6,707	111,839
Equipment repairs	37,550	37,760	(210)	37,550
Training	200	-	200	510
Contracted services	-	5,245	(5,245)	56,185
Supplies	1,700	1,343	357	1,206
Insurance	421	359	62	311
IT services	1,728	1,728	-	1,324
Other expenditures	<u>2,713</u>	<u>2,723</u>	<u>(10)</u>	<u>4,090</u>
Total Expenditures	<u>163,707</u>	<u>161,846</u>	<u>1,861</u>	<u>213,015</u>
Net Change in Fund Balance Before Other Financing Sources (Uses)	(18,190)	(11,274)	6,916	(66,410)
Other Financing Sources (Uses): Transfers In	<u>18,190</u>	<u>27,075</u>	<u>8,885</u>	<u>51,440</u>
Net Change in Fund Balance	-	15,801	15,801	(14,970)
Fund Balance, July 1st	<u>35,710</u>	<u>35,710</u>	<u>-</u>	<u>50,680</u>
Fund Balance (Deficit), June 30th	<u>\$ 35,710</u>	<u>\$ 51,511</u>	<u>\$ 15,801</u>	<u>\$ 35,710</u>

CITY OF MARYVILLE, TENNESSEE
ENTERPRISE FUND
Electric Department
SCHEDULE OF OPERATING AND MAINTENANCE EXPENSE BY DEPARTMENT
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING EXPENSE</u>		
TRANSMISSION:		
Station expense	\$ 4,318	\$ 7,674
DISTRIBUTION:		
Supervision and engineering	120,939	126,623
Station expense	11,906	26,779
Overhead line expense	365,178	391,847
Underground line expense	276,751	232,321
Street lighting and signal expense	6,631	13,819
Meter expense	70,890	97,247
Rents	87,764	47,700
Miscellaneous distribution expense	<u>36</u>	<u>-</u>
Total Distribution Operating Expense	<u>940,095</u>	<u>936,336</u>
CUSTOMER ACCOUNTS EXPENSE:		
Supervision	32,847	34,020
Meter reading expense	30,784	61,704
Customer record and collection expense	448,497	469,887
Uncollectible accounts	<u>119,864</u>	<u>126,693</u>
Total Customer Accounts Expense	<u>631,992</u>	<u>692,304</u>
SALES EXPENSE:		
Customer service	1,050	795
General sales expense	<u>15,991</u>	<u>15,351</u>
Total Sales Expense	<u>17,041</u>	<u>16,146</u>
ADMINISTRATIVE AND GENERAL EXPENSE:		
Administrative and general salaries	454,874	467,205
Office supplies and expense	45,211	35,711
Outside services employed	73,994	40,295
Property insurance	33,580	12,929
Injuries and damages	28,626	52,260
Employee pensions and benefits	770,849	768,623
Miscellaneous	119,940	108,443
Rent	<u>341,162</u>	<u>340,585</u>
Total Administrative and General Operating Expense	<u>1,868,236</u>	<u>1,826,051</u>
Total Operating Expense	<u>3,461,682</u>	<u>3,478,511</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
ENTERPRISE FUND
Electric Department
SCHEDULE OF OPERATING AND MAINTENANCE EXPENSE BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
<u>MAINTENANCE EXPENSE</u>		
TRANSMISSION:		
Maintenance of station equipment	54,240	52,959
DISTRIBUTION:		
Supervision and engineering.....	77,332	72,257
Maintenance of station equipment	12,259	15,179
Maintenance of overhead lines	857,259	798,729
Maintenance of underground lines.....	107,140	143,549
Maintenance of line transformers.....	49,166	18,351
Street lighting and signal systems	134,332	131,019
Maintenance of meters	49,827	49,922
Maintenance of miscellaneous plant.....	31,885	25,450
Total Distribution Maintenance Expense.....	1,319,200	1,254,456
ADMINISTRATIVE AND GENERAL EXPENSE:		
Maintenance of general plant.....	3,568	4,916
Total Maintenance Expense.....	1,377,008	1,312,331
<u>OTHER OPERATING EXPENSE</u>		
Depreciation expense	1,958,610	2,217,380
Taxes and tax equivalents.....	418,876	415,811
Total Other Operating Expense	2,377,486	2,633,191
Total Operating and Maintenance Expense (Exclusive of Purchased Power)	\$ 7,216,176	\$ 7,424,033

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Electric Department
SCHEDULE OF ELECTRIC CAPITAL ASSETS
June 30, 2011

<u>Description</u>	<u>Account Number</u>	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements and Other Decreases</u>	<u>Balance 6/30/11</u>
ELECTRIC PLANT IN SERVICE:					
TRANSMISSION:					
Land and land rights	350	\$ 105,584	\$ -	\$ -	\$ 105,584
Structures and improvements	352	547,686	-	-	547,686
Station equipment	353	3,209,805	2,204	-	3,212,009
Towers and fixtures	354	47,172	-	1,640	45,532
Poles and fixtures	355	1,005,415	-	-	1,005,415
Overhead conductors and devices	356	<u>635,698</u>	<u>5,390</u>	<u>634</u>	<u>640,454</u>
Total Transmission		<u>5,551,360</u>	<u>7,594</u>	<u>2,274</u>	<u>5,556,680</u>
DISTRIBUTION PLANT:					
Land and land rights	360	189,493	-	-	189,493
Structures and improvements	361	1,483,124	-	-	1,483,124
Substation equipment	362	6,949,880	1,173,366	18,941	8,104,305
Poles, towers, and fixtures	364	5,246,119	295,182	54,698	5,486,603
Overhead conductors and devices	365	5,388,905	357,498	51,481	5,694,922
Underground conduit	366	2,272,639	49,128	20	2,321,747
Underground conductor	367	5,201,145	8,923	5,268	5,204,800
Transformers	368	9,452,442	563,600	205,685	9,810,357
Services	369	4,333,394	94,421	15,691	4,412,124
Meters	370	1,327,807	73,967	11,017	1,390,757
Private outdoor lighting	371	666,953	18,466	11,295	674,124
Street lighting and signal systems	373	<u>4,086,968</u>	<u>80,044</u>	<u>141,863</u>	<u>4,025,149</u>
Total Distribution Plant		<u>46,598,869</u>	<u>2,714,595</u>	<u>515,959</u>	<u>48,797,505</u>
GENERAL PLANT:					
Land and land rights	389	110,000	-	-	110,000
Structures and improvements	390	2,848,713	-	-	2,848,713
Office furniture	391	78,127	-	-	78,127
Transportation equipment	392	2,349,166	179,634	177,089	2,351,711
Stores equipment	393	96,485	-	-	96,485
Tools and work equipment	394	22,813	-	-	22,813
Laboratory equipment	395	94,493	-	-	94,493
Communication equipment	397	503,945	2,578	-	506,523
Miscellaneous equipment	398	<u>264,011</u>	<u>-</u>	<u>-</u>	<u>264,011</u>
Total General Plant		<u>6,367,753</u>	<u>182,212</u>	<u>177,089</u>	<u>6,372,876</u>
Total Electric Plant in Service		58,517,982	2,904,401	695,322	60,727,061
UTILITY PLANT ACQUISITION COSTS:					
Excess of cost over engineer's valuation - Amortized		39,201	-	-	39,201
CONSTRUCTION WORK IN PROGRESS		<u>144,169</u>	<u>3,200,077</u>	<u>2,904,401</u>	<u>439,845</u>
Total Electric Plant		<u>\$58,701,352</u>	<u>\$ 6,104,478</u>	<u>\$ 3,599,723</u>	<u>\$61,206,107</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Electric Department
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2011

<u>Description</u>	<u>Account Number</u>	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements and Other Decreases</u>	<u>Balance 6/30/11</u>	<u>Depreciation Rate</u>
TRANSMISSION:						
Structures and improvements	352	\$ 122,045	\$ 30,973	\$ -	\$ 153,018	3.00%
Station equipment	353	1,376,189	163,218	-	1,539,407	3.00%
Towers and fixtures	354	4,040	1,345	1,639	3,746	3.00%
Poles and fixtures	355	234,237	28,917	-	263,154	3.00%
Overhead conductors and devices	356	<u>211,469</u>	<u>9,773</u>	<u>635</u>	<u>220,607</u>	3.00%
Total Transmission		<u>1,947,980</u>	<u>234,226</u>	<u>2,274</u>	<u>2,179,932</u>	
DISTRIBUTION PLANT:						
Structures and improvements	361	447,808	22,254	-	470,062	3.00%
Substation equipment	362	1,675,605	130,450	18,941	1,787,114	2.00%
Poles, towers, and fixtures	364	1,392,749	218,513	87,077	1,524,185	4.25%
Overhead conductors and devices	365	720,901	162,700	61,237	822,364	3.00%
Underground conduit	366	1,067,867	61,927	(9)	1,129,803	3.00%
Underground conductor	367	2,706,723	190,386	8,258	2,888,851	4.50%
Transformers	368	2,623,874	237,740	219,435	2,642,179	2.50%
Services	369	2,819,527	239,111	20,182	3,038,456	5.50%
Meters	370	121,565	65,556	11,017	176,104	5.00%
Private outdoor lighting	371	318,408	44,084	16,765	345,727	7.00%
Street lighting and signal systems	373	<u>2,357,607</u>	<u>206,779</u>	<u>142,742</u>	<u>2,421,644</u>	4-8.00%
Total Distribution Plant		<u>16,252,634</u>	<u>1,579,500</u>	<u>585,645</u>	<u>17,246,489</u>	
GENERAL PLANT:						
Structures and improvements	390	1,546,476	87,269	-	1,633,565	3.25%
Office furniture	391	37,189	7,013	-	44,382	8.00%
Transportation equipment	392	1,701,244	211,042	140,437	1,771,849	10-12.50%
Stores equipment	393	48,884	3,592	-	52,476	5.00%
Tools and work equipment	394	16,387	1,125	-	17,512	5.00%
Laboratory equipment	395	47,997	1,122	-	49,119	2.00%
Communication equipment	397	201,292	24,984	-	226,276	2.50%
Miscellaneous equipment	398	<u>166,759</u>	<u>19,779</u>	<u>-</u>	<u>186,538</u>	8.00%
Total General Plant		<u>3,766,228</u>	<u>355,926</u>	<u>140,437</u>	<u>3,981,717</u>	
UTILITY PLANT ACQUISITION COSTS:						
Excess of cost over engineer's valuation -						
Amortized						
		<u>39,201</u>	<u>-</u>	<u>-</u>	<u>39,201</u>	
Totals		<u>\$ 22,006,043</u>	<u>\$ 2,169,652</u>	<u>\$ 728,356</u>	<u>\$ 23,447,339</u>	
			(1)	(2)		
(1) Charged to depreciation expense			\$ 1,958,610			
Charged to clearing accounts			<u>211,042</u>			
Total Accruals			<u>\$ 2,169,652</u>			
(2) Original cost of units retired				\$ 695,320		
Add:						
Removal cost (Net of salvage in the amount of \$47,829)				<u>33,036</u>		
Total Retirements				<u>\$ 728,356</u>		
See accompanying independent auditors' report.						

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
DIRECT OPERATING EXPENSES		
Water Expenses:		
Salaries and related costs	\$ 545,630	\$ 604,257
Communications	2,386	2,300
Repairs and maintenance	17,411	17,585
Utilities	250,823	238,264
Operating supplies	9,016	14,616
Fuels and lubricants	1,024	701
Consumable tools	81	74
Uniforms	447	1,362
Insurance	18,119	6,565
IT services	12,145	-
Computer operations	324	974
State inspection services	18,509	18,509
Professional services	8,878	6,900
Analytical and meter lab testing	5,411	11,440
Chemicals	95,878	93,381
Purchase of water	12	295
Other expenses	<u>3,205</u>	<u>3,157</u>
Total Water Expenses	<u>989,299</u>	<u>1,020,380</u>
Waste Water Treatment Expenses:		
Salaries and related costs	1,210,916	1,323,321
Communications	9,738	8,916
Repairs and maintenance	92,410	82,084
Utilities	1,038,918	687,412
Operating supplies	19,833	19,802
Materials – Asphalt, stone, pipe, etc.	1,970	735
Fuels and lubricants	20,212	18,337
Diesel fuel	13,305	-
Consumable tools	2,270	160
Uniforms	1,035	1,587
Insurance	46,955	39,469
IT services	19,404	20,398
Computer operations	35	777
State inspection services	12,700	14,687
Analytical and meter lab testing	13,178	12,987
Equipment rental	-	900
Landfill services	7,165	7,830
Professional services	230	527
Fire protection fee	-	12,987
Treatment chemicals	154,759	378,139
Other expenses	<u>2,677</u>	<u>5,314</u>
Total Waste Water Treatment Expenses	<u>2,667,710</u>	<u>2,636,369</u>

See accompanying independent auditors' report.

(Continued)

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (Continued)
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
DIRECT OPERATING EXPENSES (Continued)		
Water and Waste Water System:		
Salaries and related costs	\$ 631,044	\$ 798,581
Communications	4,149	5,422
Repairs and maintenance	87,726	89,581
Utilities	80,696	66,696
Operating supplies	1,549	1,715
Consumable tools	1,216	1,329
Uniforms	3,235	4,047
Insurance	7,417	10,073
Professional services	1,500	-
Other expenses	<u>2,172</u>	<u>3,836</u>
Total Water and Waste Water System	<u>820,704</u>	<u>981,280</u>
Total Direct Operating Expenses	<u>4,477,713</u>	<u>4,638,029</u>
CUSTOMER ACCOUNTING AND COLLECTION:		
Customer records and expenses/meter reading expense	832,523	893,835
Uncollectible accounts	<u>19,701</u>	<u>22,000</u>
Total Customer Accounting and Collection	<u>852,224</u>	<u>915,835</u>
ADMINISTRATIVE AND GENERAL EXPENSES:		
Administrative and general salaries and related costs	656,393	952,854
IT Services	66,490	75,244
Insurance	36,901	53,101
Occupancy expense	134,508	136,564
Operating supplies	2,648	4,425
Training	1,123	887
Professional services	233,353	56,242
Grants and donations	62,080	76,247
Other expenses	<u>25,667</u>	<u>42,345</u>
Total Administrative and General Expenses	<u>1,219,163</u>	<u>1,397,909</u>
OTHER OPERATING EXPENSES:		
Depreciation of utility plant	<u>2,555,009</u>	<u>1,700,391</u>
Total Operating Expenses	<u>\$ 9,104,109</u>	<u>\$ 8,652,164</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF WATER AND SEWER CAPITAL ASSETS
June 30, 2011

<u>Description</u>	<u>Account Number</u>	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements and Other Decreases</u>	<u>Balance 6/30/11</u>
WATER PLANT IN SERVICE:					
Land and land rights	311	\$ 1,499,753	\$ 4,830	\$ -	\$ 1,504,583
Structures and improvements	312	7,988,607	955,766	-	8,944,373
Electric pumping equipment	316	1,546,545	192,154	-	1,738,699
Purification system	320	801,240	7,679	2,240	806,679
Transmission mains and accessories	321	2,160,903	-	-	2,160,903
Distribution mains and accessories	322	11,991,359	1,000,555	16,525	12,975,389
Services	323	3,155,360	332,538	24	3,487,874
Meters, meter boxes and signs	324	1,679,154	969,222	24,305	2,624,071
Hydrants	325	1,374,650	107,395	864	1,481,181
Office furniture and fixtures	329	76,276	-	-	76,276
Transportation equipment	330	1,845,671	680,329	59,966	2,466,034
Stores equipment	331	15,002	-	-	15,002
Laboratory equipment	333	20,157	-	-	20,157
Tools and work equipment	334	11,310	10,425	-	21,735
Communication equipment	335	44,506	14,406	-	58,912
Miscellaneous equipment	336	<u>1,343,060</u>	<u>11,640</u>	<u>-</u>	<u>1,354,700</u>
Total Water Plant in Service		<u>35,553,553</u>	<u>4,286,939</u>	<u>103,924</u>	<u>39,736,568</u>
SEWER PLANT IN SERVICE:					
Structures and improvements	312	32,581,596	16,170,111	4,363	48,747,344
Transmission mains and accessories	321	6,773,897	-	711	6,773,186
Distribution mains and accessories	322	19,528,913	2,024,911	108,875	21,444,949
Services	323	<u>3,249,432</u>	<u>13,441</u>	<u>685</u>	<u>3,262,188</u>
Total Sewer Plant in Service		<u>62,133,838</u>	<u>18,208,463</u>	<u>114,634</u>	<u>80,227,667</u>
Total Water and Sewer Plant in Service		97,687,391	22,495,402	218,558	119,964,235
UTILITY PLANT ACQUISITION COSTS:					
Excess of cost over engineer's valuation - amortized		123,569	-	-	123,569
CONSTRUCTION WORK IN PROGRESS		<u>11,620,710</u>	<u>9,109,380</u>	<u>19,931,634</u>	<u>798,456</u>
Total Water and Sewer Plant		<u>\$ 109,431,670</u>	<u>\$ 31,604,782</u>	<u>\$ 20,150,192</u>	<u>\$ 120,886,260</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES – ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2011

Description	Account Number	Balance 7/1/10	Additions	Retirements and Other Decreases	Balance 6/30/11	Depreciation Rate
WATER PLANT IN SERVICE:						
Structures and improvements	312	\$ 2,550,090	\$ 247,327	\$ -	\$ 2,797,417	2.00%
Electric pumping equipment	316	905,772	41,015	-	946,787	2.00%
Purification system	320	482,928	24,207	3,093	504,042	2.00%
Transmission mains and accessories	321	535,747	38,992	-	574,739	2.00%
Distribution mains and accessories	322	3,873,794	239,044	82,069	4,030,769	2.00%
Services	323	650,064	64,426	(16,325)	730,815	2.00%
Meters, meter boxes and signs	324	40,525	80,266	27,036	93,755	3.00%
Hydrants	325	337,536	95,329	(3,197)	436,062	2.00%
Office furniture and fixtures	329	52,811	5,044	-	57,855	5.00%
Transportation equipment	330	1,356,057	143,073	55,522	1,443,608	10.00%
Stores equipment	331	10,731	187	-	10,918	5.00%
Laboratory equipment	333	7,456	995	-	8,451	10.00%
Tools and work equipment	334	7,353	1,189	-	8,542	8.00%
Communication equipment	335	35,829	1,723	-	37,552	10.00%
Miscellaneous equipment	336	<u>693,133</u>	<u>110,305</u>	<u>-</u>	<u>803,438</u>	20.00%
Total Water Plant in Service		<u>11,539,826</u>	<u>1,093,122</u>	<u>148,198</u>	<u>12,484,750</u>	
SEWER PLANT IN SERVICE:						
Structures and improvements	312	3,837,459	1,059,135	4,363	4,892,231	2.00%
Transmission mains and accessories	321	3,350,813	92,088	1,204	3,441,697	2.00%
Distribution mains and accessories	322	4,989,710	388,514	196,378	5,181,846	2.00%
Services	323	<u>518,086</u>	<u>65,223</u>	<u>2,661</u>	<u>580,648</u>	2.00%
Total Sewer Plant in Service		<u>12,696,068</u>	<u>1,604,960</u>	<u>204,606</u>	<u>14,096,422</u>	
UTILITY PLANT ACQUISITION COSTS:						
Excess of cost over engineer's valuation - Amortized		<u>123,569</u>	-	-	<u>123,569</u>	
TOTALS		<u>\$ 24,359,463</u>	<u>\$ 2,698,082</u>	<u>\$ 352,804</u>	<u>\$ 26,704,741</u>	
(1) Charged to depreciation expense			\$ 2,555,009			
Charged to clearing accounts			<u>143,073</u>			
Total Accruals			<u>\$ 2,698,082</u>			
(2) Accumulated depreciation of units retired				\$ 218,559		
Add:						
Removal cost (net of salvage in the amount of \$25,553)				<u>134,245</u>		
Total Retirements				<u>\$ 352,804</u>		

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES – ENTERPRISE FUND
Stormwater Utility Department
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
STORMWATER SYSTEM:		
Salaries and related costs	\$ 418,964	\$ 458,405
Communications	498	468
Repairs and maintenance	17,668	8,455
Operating supplies	1,241	1,750
Materials – Asphalt, stone, pipe, etc.	2,009	2,586
Consumable tools	3,110	3,027
Fuels and lubricants	3,917	3,304
Uniforms	984	341
Insurance	6,693	7,498
Other expenses	<u>868</u>	<u>1,013</u>
Total Stormwater System	<u>455,952</u>	<u>486,847</u>
CUSTOMER ACCOUNTS EXPENSES:		
Uncollectible accounts	5,378	-
Customer records	<u>54,528</u>	<u>-</u>
Total Customer Accounts Expenses	<u>59,906</u>	<u>-</u>
ADMINISTRATION AND GENERAL EXPENSES:		
Salaries and related costs	303,597	316,568
Outside services	49,200	45,812
Repairs and maintenance	1,721	1,626
Operating supplies	5,336	6,234
Training	302	824
State inspection	3,460	3,460
Other professional services	8,659	1,690
Insurance	2,863	1,405
Other expenses	<u>6,215</u>	<u>3,967</u>
Total Administration and General Expenses	<u>381,353</u>	<u>381,586</u>
OTHER OPERATING EXPENSES:		
Depreciation of Utility Plant	<u>19,925</u>	<u>15,609</u>
Total Operating Expenses	<u>\$ 917,136</u>	<u>\$ 884,042</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Stormwater Utility Department
SCHEDULE OF STORMWATER UTILITY CAPITAL ASSETS
June 30, 2011

<u>Description</u>	<u>Account Number</u>	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements and Other Decreases</u>	<u>Balance 6/30/11</u>
STORMWATER PLANT IN SERVICE:					
Land and Land Rights	311	\$ 28,334	\$ -	\$ -	\$ 28,334
Drainage System	320	622,243	185,489	-	807,732
Transportation Equipment	320	35,230	-	-	35,230
Tools and Work Equipment	334	<u>21,025</u>	<u>-</u>	<u>-</u>	<u>21,025</u>
Total Stormwater Plant		<u>\$ 706,832</u>	<u>\$ 185,489</u>	<u>\$ -</u>	<u>\$ 892,321</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES – ENTERPRISE FUND
Stormwater Utility Department
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION
June 30, 2011

<u>Description</u>	<u>Account Number</u>	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Retirements and Other Decreases</u>	<u>Balance 6/30/11</u>	<u>Depreciation Rate</u>
STORMWATER PLANT IN SERVICE:						
Drainage System	320	\$ 23,084	\$ 14,300	\$ -	\$ 37,384	2.00%
Transportation Equipment	330	15,691	4,023	-	19,714	10.00%
Tools and Work Equipment	334	<u>6,277</u>	<u>1,602</u>	<u>-</u>	<u>7,879</u>	10.00%
Totals		<u>\$ 45,052</u>	<u>\$ 19,925</u>	<u>\$ -</u>	<u>\$ 64,977</u>	
Charged to Depreciation Expense			<u>\$ 19,925</u>			

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
SOLID WASTE MANAGEMENT
SCHEDULE OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
Revenues	\$ 394,696	\$ 384,799
Expenditures:		
Residential Collection:		
Salaries and related costs	651,922	613,935
Publication of notices	295	-
Communication	395	449
Repair and maintenance – vehicles	81,213	74,122
Supplies	602	1,664
Motor fuels and lubricants	40,319	31,052
Repair parts – containers	2,513	504
Residential containers	22,899	13,640
Insurance	9,393	8,963
Vehicle licenses and titles	106	99
Training	5	5
Uniforms	2,332	1,836
Other expenditures	<u>1,524</u>	<u>1,113</u>
Total Residential Collection	<u>813,518</u>	<u>747,382</u>
Commercial Collection:		
Salaries and related costs	301,570	289,253
Repair and maintenance – vehicles	57,813	53,495
Supplies	1,454	1,570
Motor fuels and lubricants	32,892	25,252
Vehicle licenses and titles	1,214	59
Uniforms	110	1,392
Insurance	3,747	4,108
Other expenditures	<u>1,048</u>	<u>931</u>
Total Commercial Collection	<u>399,848</u>	<u>376,060</u>
Brush Collection:		
Salaries and related costs	485,469	457,535
Communication	15	176
Printing and duplication	181	118
Repairs and maintenance – machinery	96,003	95,888
Supplies	925	1,662
Motor fuels and lubricants	58,524	45,010
Vehicle licenses and titles	48	-
Consumable tools	54	262
Training	5	-
Uniforms	1,574	1,757
Insurance	7,217	7,299
Other expenditures	<u>601</u>	<u>384</u>
Total Brush Collection	<u>650,616</u>	<u>610,091</u>
Landfill Services:		
Landfill fees	<u>953,192</u>	<u>888,116</u>
Total Expenditures	<u>2,817,174</u>	<u>2,621,649</u>
Expenditures in Excess of Revenues	<u>\$ (2,422,478)</u>	<u>\$ (2,236,850)</u>

Excess expenditures are funded through property taxes levied by the City.

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2011

<u>Program</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Balance June 30, 2011</u>
Police	\$ 7,442,224	\$ 1,391,663	\$ 22,636	\$ -	\$ 8,811,251
Fire	7,446,428	-	-	-	7,446,428
Animal Control	194,261	18,315	-	-	212,576
Code Enforcement	35,187	-	-	-	35,187
Public Works	35,819,768	107,457	-	-	35,927,225
Education	61,160,335	954,020	-	-	62,114,355
Engineering	160,623	-	-	-	160,623
Recreation and Parks	2,461,042	-	-	-	2,461,042
Administrative	228,284	-	-	-	228,284
Fleet Maintenance	1,054,959	-	-	-	1,054,959
Computer Information Systems	304,291	-	36,250	-	268,041
General Government	13,137,960	-	-	-	13,137,960
Non-departmental	<u>32,480,926</u>	<u>12,197,567</u>	<u>788,227</u>	<u>-</u>	<u>43,890,266</u>
Total	<u>\$161,926,288</u>	<u>\$ 14,669,022</u>	<u>\$ 847,113</u>	<u>\$ -</u>	<u>\$175,748,197</u>

See accompanying independent auditors' report.

CITY OF MARYVILLE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule by Function and Activity
June 30, 2011
With Comparative Totals for the Year Ended June 30, 2010

<u>Program</u>	<u>Land</u>	<u>Rights-of-Way/ Easements</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Improvements</u>	<u>Equipment and Vehicles</u>	<u>Capital Lease Property</u>	<u>Construction in Progress</u>	<u>Total 2011</u>	<u>Totals 2010</u>
Police	\$ -	\$ -	\$ 5,351,615	\$ -	\$ -	\$ 2,067,973	\$ 1,391,663	\$ -	\$ 8,811,251	\$ 7,442,224
Fire	-	-	5,790,008	-	19,763	1,636,657	-	-	7,446,428	7,446,428
Animal Control	-	-	92,464	-	32,763	87,349	-	-	212,576	194,261
Code Enforcement	-	-	-	-	-	35,187	-	-	35,187	35,187
Public Works	753,563	69,375	140,440	17,300,594	11,983,106	5,680,147	-	-	35,927,225	35,819,768
Education	3,891,304	-	54,772,426	-	2,055,409	1,395,216	-	-	62,114,355	61,160,335
Engineering	-	-	-	-	-	160,623	-	-	160,623	160,623
Recreation and Parks	183,927	-	156,704	-	2,022,065	98,346	-	-	2,461,042	2,461,042
Fleet Maintenance	-	-	873,125	-	-	181,834	-	-	1,054,959	1,054,959
Computer Information Systems	-	-	-	-	-	268,041	-	-	268,041	304,291
Administrative	-	-	-	-	-	228,284	-	-	228,284	228,284
General Government	209,440	-	10,633,175	-	556,221	1,739,124	-	-	13,137,960	13,137,960
Non-departmental	<u>977,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,099</u>	<u>-</u>	<u>23,075,000</u>	<u>19,782,519</u>	<u>43,890,266</u>	<u>32,480,926</u>
Subtotal	6,015,882	69,375	77,809,957	17,300,594	16,724,426	13,578,781	24,466,663	19,782,519	175,748,197	161,926,288
Less: Accumulated depreciation	<u>-</u>	<u>-</u>	<u>20,226,769</u>	<u>7,937,686</u>	<u>3,977,214</u>	<u>9,372,377</u>	<u>1,380,663</u>	<u>-</u>	<u>42,894,709</u>	<u>38,581,555</u>
Total Governmental Funds – Capital Assets	<u>\$ 6,015,882</u>	<u>\$ 69,375</u>	<u>\$ 57,583,188</u>	<u>\$ 9,362,908</u>	<u>\$ 12,747,212</u>	<u>\$ 4,206,404</u>	<u>\$23,086,000</u>	<u>\$ 19,782,519</u>	<u>\$ 132,853,488</u>	<u>\$ 123,344,733</u>

See accompanying independent auditors' report.

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CITY OF MARYVILLE, TENNESSEE

MISCELLANEOUS SCHEDULES

June 30, 2011

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CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF INVESTMENTS – ALL FUNDS
June 30, 2011

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Recorded Value*</u> <u>June 30, 2011</u>
Tennessee Local Government Investment Pool	Variable	N/A	\$ 32,947,381
Certificates of Deposit (12 issues)	0.95% – 1.95%	10/28/2011- 06/28/2013	2,950,000
Michigan State Refunding Bonds	3.95%	05/01/2012	2,044,220
New York General Obligation Bond	1.16%	10/01/2012	<u>1,000,321</u>
Total Investments			<u>\$ 38,941,922</u>
 SUMMARY OF INVESTMENTS BY FUND TYPE:			
General Fund			\$ 6,155,639
Debt Service Fund			9,087,727
Special Revenue Funds			7,259,629
Capital Projects Funds			6,240,967
Enterprise Funds			<u>10,197,960</u>
Total Investments			<u>\$ 38,941,922</u>

*Investments having a remaining maturity at time of purchase of one (1) year or less are recorded at amortized cost. All others are recorded at fair value.

CITY OF MARYVILLE, TENNESSEE
COMBINED SCHEDULE OF CHANGES IN NOTES PAYABLE
For the Fiscal Year Ended June 30, 2011

	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance 7-1-2010</u>	<u>Notes Issued Y/E 6-30-11</u>	<u>Notes Paid Y/E 6-30-11</u>	<u>Balance 6-30-2011</u>	<u>Source of Revenue</u>
Enterprise Funds								
Water Quality Control Department:								
Tennessee Revolving Fund	10/26/2009	06/01/2031	2.09%	\$ 260,412	\$ 2,043,588	\$ -	\$ 2,304,000	Water and Sewer revenue
Governmental Funds								
General Fund:								
Blount County, Tennessee	07/01/1998	05/31/2010	Variable	57,000	-	57,000	-	General Fund
Capital Projects Funds:								
Blount County, Tennessee Local Government Public Improvement Bond Financing Program (2006 Series)	06/29/2006	06/01/2017	Variable	1,410,000	-	165,000	1,245,000	General Fund
Blount County, Tennessee Local Government Public Improvement Bond Financing Program (2010 Series)	06/20/2010	06/01/2023	3% - 4.25%	2,705,000	-	155,000	2,550,000	Industrial Development Fund
General Obligation Capital Outlay								
Note, Series 2004	06/11/2004	09/08/2010	3.29%	324,497	-	324,497	-	General Fund
Tennessee State School Bond Authority Note	12/01/2009	09/01/2026	1.515%	<u>18,720,000</u>	-	<u>1,070,757</u>	<u>17,649,243</u>	Qualified School Construction Fund
Total Governmental Funds				<u>23,216,497</u>	-	<u>1,772,254</u>	<u>21,444,243</u>	
Total				<u>\$23,476,909</u>	<u>\$ 2,043,588</u>	<u>\$ 1,772,254</u>	<u>\$ 23,748,243</u>	

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR
June 30, 2011

Fiscal Year Ending June 30	Total Requirements	2004		2007		2008		2008			
		General Obligation Public Improvement Bonds		Electric System Revenue Bonds		Water and Sewer Revenue and Tax Bonds - Series A		Water and Sewer Revenue and Tax Bonds - Series B			
		Bond	Interest	Bond	Interest	Bond	Interest	Bond	Interest		
2012	\$ 8,474,377	\$ 3,650,000	\$ 4,824,377	\$ 205,000	\$ 83,104	\$ 210,000	\$ 103,000	\$ 250,000	\$ 1,569,750	\$ 160,000	\$ 177,575
2013	8,327,017	3,635,000	4,692,017	285,000	76,442	220,000	94,600	250,000	1,557,250	165,000	169,575
2014	8,232,794	3,675,000	4,557,794	220,000	66,467	225,000	83,600	250,000	1,544,750	175,000	161,325
2015	8,215,108	3,795,000	4,420,108	230,000	58,767	235,000	74,600	250,000	1,532,250	180,000	152,575
2016	<u>8,207,472</u>	<u>3,930,000</u>	<u>4,277,472</u>	<u>250,000</u>	<u>50,717</u>	<u>245,000</u>	<u>65,200</u>	<u>250,000</u>	<u>1,519,750</u>	<u>190,000</u>	<u>143,575</u>
Subtotal	<u>41,456,768</u>	<u>18,685,000</u>	<u>22,771,768</u>	<u>1,190,000</u>	<u>335,497</u>	<u>1,135,000</u>	<u>421,000</u>	<u>1,250,000</u>	<u>7,723,750</u>	<u>870,000</u>	<u>804,625</u>
2017	8,207,865	4,090,000	4,117,865	250,000	41,717	255,000	55,400	250,000	1,507,250	200,000	134,075
2018	8,183,873	4,245,000	3,938,873	220,000	32,717	265,000	45,200	250,000	1,494,750	210,000	124,075
2019	8,228,081	4,470,000	3,758,081	215,000	24,467	275,000	34,600	250,000	1,482,750	215,000	113,575
2020	8,417,627	4,855,000	3,562,627	210,000	16,190	290,000	23,600	250,000	1,469,750	225,000	102,825
2021	<u>8,479,613</u>	<u>5,115,000</u>	<u>3,364,613</u>	<u>200,000</u>	<u>8,000</u>	<u>300,000</u>	<u>12,000</u>	<u>250,000</u>	<u>1,459,750</u>	<u>235,000</u>	<u>93,825</u>
Subtotal	<u>41,517,059</u>	<u>22,775,000</u>	<u>18,742,059</u>	<u>1,095,000</u>	<u>123,091</u>	<u>1,385,000</u>	<u>170,800</u>	<u>1,250,000</u>	<u>7,414,250</u>	<u>1,085,000</u>	<u>568,375</u>
2022	7,612,262	4,490,000	3,122,262	-	-	-	-	250,000	1,449,750	245,000	84,425
2023	7,219,050	4,275,000	2,944,050	-	-	-	-	1,300,000	1,439,750	260,000	74,625
2024	7,955,100	5,185,000	2,770,100	-	-	-	-	1,400,000	1,384,500	270,000	63,575
2025	7,051,612	4,490,000	2,561,612	-	-	-	-	1,450,000	1,326,750	280,000	52,437
2026	<u>6,123,713</u>	<u>3,745,000</u>	<u>2,378,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>1,265,125</u>	<u>295,000</u>	<u>40,538</u>
Subtotal	<u>35,961,737</u>	<u>22,185,000</u>	<u>13,776,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,900,000</u>	<u>6,865,875</u>	<u>1,350,000</u>	<u>315,600</u>
2027	6,169,425	3,945,000	2,224,425	-	-	-	-	1,600,000	1,201,375	315,000	28,000
2028	6,219,444	4,160,000	2,059,444	-	-	-	-	1,700,000	1,131,375	325,000	14,219
2029	5,895,450	4,010,000	1,885,450	-	-	-	-	1,800,000	1,057,000	-	-
2030	5,896,050	4,180,000	1,716,050	-	-	-	-	1,900,000	976,000	-	-
2031	<u>5,125,750</u>	<u>3,575,000</u>	<u>1,550,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>890,000</u>	<u>-</u>	<u>-</u>
Subtotal	<u>29,306,119</u>	<u>19,870,000</u>	<u>9,436,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>	<u>5,255,750</u>	<u>640,000</u>	<u>42,219</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30	Total Requirements	2004 General Obligation Public Improvement Bonds		2007 Electric System Revenue Bonds		2008 Water and Sewer Revenue and Tax Bonds - Series A		2008 Water and Sewer Revenue and Tax Bonds - Series B			
		Bond	Interest	Bond	Interest	Bond	Interest	Bond	Interest		
2032	5,132,000	3,750,000	1,382,000	-	-	-	-	2,100,000	800,500	-	-
2033	5,205,000	4,000,000	1,205,000	-	-	-	-	2,200,000	706,000	-	-
2034	5,211,000	4,195,000	1,016,000	-	-	-	-	2,300,000	607,000	-	-
2035	5,212,750	4,395,000	817,750	-	-	-	-	2,400,000	503,500	-	-
2036	<u>5,202,000</u>	<u>4,595,000</u>	<u>607,000</u>	-	-	-	-	<u>2,500,000</u>	<u>392,500</u>	-	-
Subtotal	<u>25,962,750</u>	<u>20,935,000</u>	<u>5,027,750</u>	-	-	-	-	<u>11,500,000</u>	<u>3,009,500</u>	-	-
2037	5,172,250	4,795,000	377,250	-	-	-	-	2,600,000	267,500	-	-
2038	<u>2,887,500</u>	<u>2,750,000</u>	<u>137,500</u>	-	-	-	-	<u>2,750,000</u>	<u>137,500</u>	-	-
Subtotal	<u>8,059,750</u>	<u>7,545,000</u>	<u>514,750</u>	-	-	-	-	<u>5,350,000</u>	<u>405,000</u>	-	-
Totals	<u>\$ 182,264,183</u>	<u>\$ 111,995,000</u>	<u>\$ 70,269,183</u>	<u>\$ 2,285,000</u>	<u>\$ 458,588</u>	<u>\$ 2,520,000</u>	<u>\$ 591,800</u>	<u>\$34,250,000</u>	<u>\$ 30,674,125</u>	<u>\$ 3,945,000</u>	<u>\$ 1,730,819</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending <u>June 30</u>	2008		2009		2009		2009		2009	
	General Obligation Refunding Bonds		Local Government Public Improvement Bonds		General Obligations Refunding Bonds Series A		General Obligation Refunding Bonds Series B		General Obligation Refunding Bonds Series C	
	<u>Bond</u>	<u>Bond</u>	<u>Interest</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2012	\$ 1,435,000	\$ 490,500	\$ -	\$ 660,250	\$ 1,175,000	\$ 310,475	\$ -	\$ 693,100	\$ 75,000	\$ 114,650
2013	1,295,000	433,100	-	660,250	1,200,000	275,225	-	693,100	75,000	113,300
2014	1,350,000	381,300	-	660,250	1,230,000	239,225	-	693,100	80,000	111,500
2015	1,410,000	323,926	-	660,250	1,260,000	202,325	-	693,100	80,000	108,940
2016	<u>1,470,000</u>	<u>264,000</u>	-	<u>660,250</u>	<u>1,290,000</u>	<u>164,525</u>	-	<u>693,100</u>	<u>80,000</u>	<u>105,980</u>
Subtotal	<u>6,960,000</u>	<u>1,892,826</u>	-	<u>3,301,250</u>	<u>6,155,000</u>	<u>1,191,775</u>	-	<u>3,465,500</u>	<u>390,000</u>	<u>554,370</u>
2017	1,390,000	190,500	-	660,250	1,325,000	125,825	-	693,100	260,000	102,860
2018	660,000	121,000	-	660,250	1,680,000	72,825	375,000	693,100	420,000	92,069
2019	705,000	88,002	-	660,250	180,000	5,625	825,000	677,162	1,640,000	73,800
2020	735,000	54,512	-	660,250	-	-	2,975,000	642,100	-	-
2021	<u>400,000</u>	<u>19,600</u>	-	<u>660,250</u>	-	-	<u>3,550,000</u>	<u>523,100</u>	-	-
Subtotal	<u>3,890,000</u>	<u>473,614</u>	-	<u>3,301,250</u>	<u>3,185,000</u>	<u>204,275</u>	<u>7,725,000</u>	<u>3,228,562</u>	<u>2,320,000</u>	<u>268,729</u>
2022	-	-	-	660,250	-	-	3,810,000	345,600	-	-
2023	-	-	-	660,250	-	-	2,525,000	193,200	-	-
2024	-	-	-	660,250	-	-	2,305,000	92,200	-	-
2025	-	-	-	660,250	-	-	-	-	-	-
2026	-	-	-	<u>660,250</u>	-	-	-	-	-	-
Subtotal	-	-	-	<u>3,301,250</u>	-	-	<u>8,640,000</u>	<u>631,000</u>	-	-
2027	-	-	-	660,250	-	-	-	-	-	-
2028	-	-	-	660,250	-	-	-	-	-	-
2029	-	-	-	660,250	-	-	-	-	-	-
2030	-	-	-	660,250	-	-	-	-	-	-
2031	-	-	<u>1,575,000</u>	<u>660,250</u>	-	-	-	-	-	-
Subtotal	-	-	<u>1,575,000</u>	<u>3,301,250</u>	-	-	-	-	-	-

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30	2008		2009		2009		2009		2009	
	General Obligation Refunding Bonds		Local Government Public Improvement Bonds		General Obligation Refunding Bonds Series A		General Obligation Refunding Bonds Series B		General Obligation Refunding Bonds Series C	
	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2032	-	-	1,650,000	581,500	-	-	-	-	-	-
2033	-	-	1,800,000	499,000	-	-	-	-	-	-
2034	-	-	1,895,000	409,000	-	-	-	-	-	-
2035	-	-	1,995,000	314,250	-	-	-	-	-	-
2036	-	-	<u>2,095,000</u>	<u>214,500</u>	-	-	-	-	-	-
Subtotal	-	-	<u>9,435,000</u>	<u>2,018,250</u>	-	-	-	-	-	-
2037	-	-	2,195,000	109,750	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	<u>2,195,000</u>	<u>109,750</u>	-	-	-	-	-	-
Totals	<u>\$ 10,850,000</u>	<u>\$ 2,366,440</u>	<u>\$ 13,205,000</u>	<u>\$ 15,333,000</u>	<u>\$ 9,340,000</u>	<u>\$ 1,396,050</u>	<u>\$ 16,365,000</u>	<u>\$ 7,325,062</u>	<u>\$ 2,710,000</u>	<u>\$ 823,099</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30	2010 General Obligation Bonds Series A		2010 General Obligation Refunding Bonds Series B	
	<u>Bond</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>
	2012	\$ 140,000	\$ 66,575	\$ -
2013	145,000	63,775	-	555,400
2014	145,000	60,875	-	555,400
2015	150,000	57,975	-	555,400
2016	<u>155,000</u>	<u>54,975</u>	-	<u>555,400</u>
Subtotal	<u>735,000</u>	<u>304,175</u>	-	<u>2,777,000</u>
2017	160,000	51,488	-	555,400
2018	165,000	47,487	-	555,400
2019	165,000	42,950	-	555,400
2020	170,000	38,000	-	555,400
2021	<u>180,000</u>	<u>32,688</u>	-	<u>555,400</u>
Subtotal	<u>840,000</u>	<u>212,613</u>	-	<u>2,777,000</u>
2022	185,000	26,837	-	555,400
2023	190,000	20,825	-	555,400
2024	200,000	14,175	1,010,000	555,400
2025	205,000	7,175	2,555,000	515,000
2026	<u>-</u>	<u>-</u>	<u>1,950,000</u>	<u>412,800</u>
Subtotal	<u>780,000</u>	<u>69,012</u>	<u>5,515,000</u>	<u>2,594,000</u>
2027	-	-	2,030,000	334,800
2028	-	-	2,135,000	253,600
2029	-	-	2,210,000	168,200
2030	-	-	2,280,000	79,800
2031	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>8,655,000</u>	<u>836,400</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)
June 30, 2011

Fiscal Year Ending June 30	2010 General Obligation Bonds Series A		2010 General Obligation Refunding Bonds Series B	
	<u>Bond</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
	2032	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
Subtotal	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
Subtotal	-	-	-	-
Totals	<u>\$ 2,355,000</u>	<u>\$ 585,800</u>	<u>\$ 14,170,000</u>	<u>\$ 8,984,400</u>

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS – ALL FUNDS
For the Fiscal Year Ended June 30, 2011

Transfers To:	General Fund	Debt Service Fund	Special Revenue Funds				Capital Projects Funds Equipment Replacement Fund	Internal Service Fund School Employee Dental Insurance Fund	Total InterFund Transfers
			Maryville City Schools Cafeteria Fund	General Purpose School Fund	Local Grant Fund	Geographic Information System Fund			
Transfers From:									
General Fund	\$ -	\$ 3,625,000	\$ -	\$ 9,307,500	\$ 150,000	\$ 27,075	\$ 300,000	\$ -	\$ 13,409,575
Special Revenue Funds:									
General Purpose School Fund	-	-	66,188	-	-	-	-	-	66,188
Enterprise Funds:									
Electric Department	865,622	-	-	-	-	-	-	-	865,622
Water Quality Control Department	517,258	-	-	-	-	-	-	-	517,258
Internal Service Funds:									
Employee Medical Self-Insurance Fund	-	-	-	-	-	-	-	39,335	39,335
Total Interfund Transfers	<u>\$ 1,382,880</u>	<u>\$ 3,625,000</u>	<u>\$ 66,188</u>	<u>\$ 9,307,500</u>	<u>\$ 150,000</u>	<u>\$ 27,075</u>	<u>\$ 300,000</u>	<u>\$ 39,335</u>	<u>\$ 14,897,978</u>

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICERS
June 30, 2011

Title	<u>Name</u>	Annual Salary	Amount of Bond
Mayor	Tom Taylor	\$ 600	*
Councilmen	Tommy Hunt	300	
	Fred Metz	300	
	Joe Swann	300	
	Andy White	300	
City Judge	William D. Yarborough	10,800	*
City Juvenile Judge	Tammy Harrington	10,000	
Assistant City Judge	Michael Fox	2,400	
City Attorney	David Black	110,400(1)	*
City Manager	Greg McClain	112,211	*
Assistant City Manager	Roger D. Campbell	110,602	*
Management & Budget	Kristine Tallent	95,542	
Director of Financial Services	Deborah Caughron	90,993	\$ 650,000
Director of Engineering and Public Works	Angela Luckie	90,993	*
Public Utility Director	Baron Swafford	110,602	*
Director of Human Resources	Teresa Best	95,542	*
Public Safety Director	Tony Crisp	110,602	*
Director of Information Technology	Terry McCoy	95,542	*
Director of Development Services	John Jagger	82,533	

* Covered by blanket fidelity bond in the amount of \$50,000

(1) Per contractual agreement

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE
June 30, 2011

<u>Coverage</u>	<u>Coverage Period</u>	<u>Hazard Insured Against</u>	<u>Amount of Coverage</u>	
Buildings and Personal Property	07/01/2009 to 07/01/2012	Property Damage	\$18,715,475	– Municipal Building
			624,225	– Fire Station (Sequoyah Avenue)
			715,450	– Fire Station (Sandy Springs Road)
			210,125	– Animal Shelter
			19,372,500	– Seven (7) Distribution Stations
			50,337,500	– Wastewater Treatment Plant (Wheeler Road)
			18,450,000	– Water Plant (Highway 411 North)
			6,748,600	– Eight (8) Water Tanks
			7,168,029	– Operations Center, Fleet Maintenance Center, Storage Sheds, Pump Station Buildings, and Wash Bay
			132,225	– Wastewater Treatment Plant Maintenance Building
			9,502,300	– Sewer Lift Stations
			1,845,000	– Raw Water Intake Pumping Station
			551,450	– Sharp Lane Building
			472,524	– Pool Building and Concession Stands
			2,750,000	– Personal Property at Above Locations
			1,058,751	– Data Processing Equipment
			678,500	– Mobile Equipment
			1,891,125	– Water Booster Stations (7)
			113,775	– Fuel System
			661,125	– Swimming Pool
317,750	– Amphitheatre			
160,000	– Park Pavilions and Restroom Facilities			
322,130	– Wetland Facility			
Crime	07/01/2009 to 07/01/2012	Employee Dishonesty	100,000	per occurrence
		Forgery or Alteration	100,000	per occurrence
		Theft, Destruction or Disappearance	100,000	per occurrence
		Computer Fraud	100,000	per occurrence
Finance Director's Bond	12/01/2009 to 12/01/2011	Crime	650,000	
Liability	12/31/2009 to 12/31/2012	Errors or Omissions	1,000,000	per occurrence (\$10,000 deductible)
General and Personal Injury Liability	12/31/2009 to 12/31/2012	Bodily Injury or Personal Injury	300,000	per person
		Personal Injury	700,000	per occurrence
		Property Damage	100,000	per occurrence
		Other Losses	1,000,000	per occurrence
		Catastrophic Medical Expenses	1,000,000	per occurrence
		Medical Payments	1,000	per person
			10,000	per accident
		Fire Damage	100,000	per occurrence
		Impounded Property	100,000	per occurrence
		Non-Monetary Defense	100,000	per occurrence

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE (Continued)
June 30, 2011

<u>Coverage</u>	<u>Coverage Period</u>	<u>Hazard Insured Against</u>	<u>Amount of Coverage</u>	
Automobile Liability and Physical Damage	12/31/2009 to 12/31/2012	Bodily Injury	300,000	per person
			700,000	per occurrence
		Property Damage	100,000	per occurrence
		Other Losses	1,000,000	per occurrence
		Catastrophic Medical Expenses	1,000,000	per occurrence
		Medical Payments	1,000	per person
			10,000	per accident
		Uninsured Motorists	300,000	per occurrence for bodily injury
			100,000	per occurrence for property damage
				Collision/ Comprehensive Damages
Employer's Liability and Workmen's Compensation	11/01/2010 to 11/01/2013	Employee Bodily Injury by Accident	300,000	per occurrence
		Employee Bodily Injury by Disease	300,000	per employee
			700,000	policy limit

**CITY OF MARYVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND – SPECIAL REVENUE FUND
SCHEDULE OF INSURANCE IN FORCE
June 30, 2011**

<u>Coverage</u>	<u>Coverage Period</u>	<u>Hazard Insured Against</u>	<u>Amount of Coverage</u>	
General and Personal Injury Liability	12/31/2010 to 12/31/2011	Bodily Injury or Personal Injury	\$ 300,000	per person
		Property Damage	700,000	per occurrence
		Other Losses	100,000	per occurrence
		Medical Payments	1,000,000	per occurrence
			1,000	per person
			10,000	per accident
		Fire Damage	100,000	per occurrence
		Impounded Property	100,000	per occurrence
		Non-Monetary Defense	100,000	per occurrence
		Automobile Liability and Physical Damage	12/31/2009 to 12/31/2012	Bodily Injury
Property Damage	700,000			per occurrence
Other Losses	100,000			per occurrence
Medical Payments	1,000,000			per occurrence
	1,000			per person
	10,000			per accident
Uninsured Motorists	300,000			per occurrence for bodily injury
Collision/ Comprehensive Damages	100,000			per occurrence for property damage
Buildings and Personal Property	12/31/2010 to 12/31/2011	Property Damage	Building & Contents	
			Foothills Elementary	\$ 9,703,619
			John Sevier Elementary	8,903,547
			Fort Craig Elementary	4,776,513
			Sam Houston Elementary	6,814,536
			Maryville Intermediate	14,961,641
			Maryville Middle	15,563,107
			Maryville High, including Stadium and Central Office	31,702,761
			Other Buildings and Property	<u>1,420,325</u>
			Totals	<u>\$ 93,846,049</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND – SPECIAL REVENUE FUND
SCHEDULE OF INSURANCE IN FORCE (Continued)
June 30, 2011

<u>Coverage</u>	<u>Coverage Period</u>	<u>Hazard Insured Against</u>	<u>Amount of Coverage</u>
Student Athletic and Intramural Injuries	08/01/2010 to 08/01/2011	Athlete Bodily Injury	\$250,000 per person
Employer's Liability and Workmen's Compensation	09/01/2010 to 09/01/2013	Employee Bodily Injury	\$300,000 per employee
Crime	12/31/2010 to 12/31/2011	Employee Dishonesty	\$100,000 per occurrence
		Forgery or Alteration	100,000 per occurrence
		Theft, destruction or Disappearance	100,000 per occurrence
		Computer Fraud	100,000 per occurrence

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES – ENTERPRISE FUND
Electric Department
SCHEDULE OF UTILITY STATISTICS
For the Fiscal Year Ended June 30, 2011

The basic utility rates in force as of June 30, 2011, are as follows:

I. Residential Rates:

Customer Charge: \$8.62 per month less \$1.71 hydro allocation credit
Energy Charge: 8.770 cents per kWh

II General Power Rates:

Usage Under 50 KW and/or KWH Usage Under 15,000:

Customer Charge: \$16.06 per month
Energy Charge: 9.614 cents per KWH

Usage Over 50 KW But Not More Than 1,000 KW and/or KWH Usage Equal to or Greater Than 15,000:

Customer Charge: \$53.50 per delivery point per month
Demand Charge: First 50 KW - No Charge
Over 50 KW - \$11.68 per KW
Energy Charge: First 15,000 KWH - 9.795 cents per KWH
Over 15,000 KWH - 6.253 cents per KWH

Usage Over 1,000 KW:

Customer Charge: \$160.57 per delivery point per month
Demand Charge: First 1,000 kW - \$11.84 per KW
Additional KW - \$13.00 per KW
Energy Charge: 6.253 cents per KWH

Usage Over 5,000 KW But Not More Than 15,000 KW:

Various demand and energy charges in effect depending upon several factors including on peak and off peak usage.

III. Customers served as of June 30, 2011, are as follows:

Residential	17,261
General Power	2,770
Street and athletic	106
Outdoor lighting	<u>1,244</u>
Total Customers	<u><u>21,381</u></u>

IV. Units of Power Purchased and Sold:

Kilowatt-hours purchased	744,916,161
Kilowatt-hours sold	743,377,198
Line losses	1,538,963

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF UTILITY STATISTICS
For the Fiscal Year Ended June 30, 2011

I. The basic utility rates in force as of June 30, 2011, are as follows:

Water Service

<u>Rates per gallons for all water used:</u>	<u>Inside City</u>	<u>Outside City</u>
First 1,500 gallons or less	\$ 6.24 min. bill	\$ 9.37 min. bill
Next 3,500 gallons @	3.09 per M	4.64 per M
Next 5,000 gallons @	2.78 per M	4.19 per M
Next 20,000 gallons @	2.67 per M	3.99 per M
Next 20,000 gallons @	2.55 per M	3.82 per M
Next 50,000 gallons @	2.42 per M	3.63 per M
Additional gallons @	2.30 per M	3.44 per M

Private Fire Sprinkler Line Service

<u>Line Size</u>	<u>Monthly Charge</u>
5/8"	\$ 4.33
1"	6.18
2"	10.57
4"	16.87
6"	25.28
8"	37.96
10"	56.91
12"	85.42

Water System Development Charge

<u>Meter Size</u>	<u>Inside City</u>	<u>Outside City</u>
5/8"	\$ 246.00	\$ 371.00
1"	545.00	817.00
2"	1,531.00	2,300.00
4"	6,180.00	9,270.00
6"	12,360.00	18,539.00
10"	18,539.00	27,810.00

Water Tap Fees

<u>Line Size</u>	<u>Inside City</u>	<u>Outside City</u>
5/8"	\$ 470.00	\$ 706.00
1"	842.00	1,260.00

Above 1" – \$2,500.00 advance payment adjusted to actual cost upon completion.

(Continued)

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF UTILITY STATISTICS (Continued)
For the Fiscal Year Ended June 30, 2011

Sewage Service

<u>Location</u>	Charge per 1,000 Gallons Of Metered <u>Water</u>	Customer <u>Charge</u>
Inside City (Residential)	\$ 3.77	\$ 5.07
Outside City (Residential)	5.65	7.65
Inside City (Non-residential)	4.32	5.07
Outside City (Non-residential)	6.51	7.65

Flat Rate Sewer Service Charges

Inside City

\$22.94 per month for single family dwellings; for multi-family dwellings, monthly charge is \$5.07 plus \$17.86 for each dwelling unit.

Outside City

\$34.43 per month for single family dwellings; for multi-family dwellings, monthly charge is \$7.63 plus \$26.80 for each dwelling unit.

Sewer System Development Charge

<u>Meter Size</u>	<u>Inside City</u>	<u>Outside City</u>
5/8"	\$ 836.00	\$ 1,253.00
1"	1,838.00	2,757.00
2"	5,179.00	7,768.00
4"	20,879.00	31,318.00
6"	41,757.00	62,635.00
10"	62,635.00	93,954.00

Sewer Tap Fees

	<u>Inside City</u>	<u>Outside City</u>
City Installs Sewer Tap	\$ 759.00	\$ 1,137.00
City Exposes Existing Tap	385.00	579.00
Customer Exposes Existing Tap	128.00	194.00
Sewer Line Extension Charge	At Cost	At Cost

II. Customers Served as of June 30, 2011

Water service	15,108
Sewer service	13,068

(Continued)

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Water Quality Control Department
SCHEDULE OF UTILITY STATISTICS (Continued)
For the Fiscal Year Ended June 30, 2011

III. Schedule of Unaccounted for Water

(All amounts in gallons)

A Water Treated and Purchased		
B	Water Pumped (potable)	<u>1,443,127,000</u>
C	Water Purchased	<u>0</u>
D	Total Water Treated and Purchased (Sum Lines B and C)	<u>1,443,127,000</u>
E Accounted for Water:		
F	Water Sold	<u>1,202,602,500</u>
G	Metered for Consumption (in house usage)	<u>4,868,243</u>
H	Fire Department (s) Usage	<u>1,424,068</u>
I	Flushing	<u>2,819,502</u>
J	Tank Cleaning/Filling	<u>0</u>
K	Street Cleaning	<u>191,269</u>
L	Bulk Sales	<u>0</u>
M	Water Bill Adjustments (+/-)	<u>0</u>
N	Total Accounted for Water (Sum Lines F thru M)	<u>1,211,905,582</u>
O	Unaccounted for Water (Line D minus Line N)	<u>231,221,418</u>
P	Percent Unaccounted for Water (Line O divided by Line D times 100)	<u>16.022%</u>

Q Other (explain) See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if line item is not applicable, a "0" is shown.

CITY OF MARYVILLE, TENNESSEE
CITY OF MARYVILLE UTILITIES - ENTERPRISE FUND
Stormwater Utilities Department
SCHEDULE OF UTILITY STATISTICS
For the Fiscal Year Ended June 30, 2011

I. Residential Rate:

\$3.97 per Equivalent Residential Unit (ERU) per month.

ERU is established as the average amount of impervious area found on a typical single-family residence. Based on a sampling of residential units, the City has determined that the average impervious area is 2,400 square feet. Thus, all residential customers are assigned one ERU.

II. Non-Residential Rate:

\$3.97 per Equivalent Residential Unit (ERU) per month.

For non-residential properties, the impervious area on the property is measured and translated into a whole Number of ERUs based upon the average residential area of 2,400. The number of ERUs is multiplied by the ERU rate to yield the monthly stormwater fee for that customer.

III. Customers serviced as of June 30, 2011 are as follows:

Residential	8,766
Non-residential	<u>1,045</u>
Total Customers	<u><u>9,811</u></u>

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CITY OF MARYVILLE, TENNESSEE

SECTION THREE

STATISTICAL INFORMATION

June 30, 2011

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CITY OF MARYVILLE, TENNESSEE

Statistical Section

June 30, 2011

This part of the City of Maryville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

SCHEDULES

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 through 4

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source.

5 through 8

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

9 through 13

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

14 through 15

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

16 through 18

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 1
NET ASSETS BY COMPONENT
(Prepared Using the Accrual Basis of Accounting)
Last Nine Fiscal Years*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GOVERNMENTAL ACTIVITIES:									
Invested in capital assets, net of related debt	\$ 41,656,069	\$ 38,205,393	\$ 39,199,223	\$ 33,546,542	\$ 36,128,184	\$ 29,549,528	\$ 26,919,534	\$ 21,634,443	\$ 11,397,216
Restricted	14,363,014	14,381,014	17,653,607	25,618,063	18,452,031	20,821,787	21,489,809	25,234,240	32,641,602
Unrestricted	<u>16,524,153</u>	<u>15,382,798</u>	<u>12,322,544</u>	<u>11,406,293</u>	<u>6,298,287</u>	<u>7,051,009</u>	<u>6,080,758</u>	<u>7,220,324</u>	<u>8,219,261</u>
Total Governmental Activities Net Assets	<u>\$ 72,543,236</u>	<u>\$ 67,969,205</u>	<u>\$ 69,175,374</u>	<u>\$ 70,570,898</u>	<u>\$ 60,878,502</u>	<u>\$ 57,422,324</u>	<u>\$ 54,490,101</u>	<u>\$ 54,089,007</u>	<u>\$ 52,258,079</u>
BUSINESS-TYPE ACTIVITIES:									
Invested in capital assets, net of related debt	\$ 71,888,457	\$ 69,637,184	\$ 73,847,313	\$ 74,483,082	\$ 68,969,853	\$ 67,710,974	\$ 67,132,741	\$ 66,187,863	\$ 63,233,197
Restricted	-	-	-	-	2,964,612	1,811,425	1,799,797	1,792,160	1,781,988
Unrestricted	<u>9,399,720</u>	<u>3,289,802</u>	<u>2,508,254</u>	<u>(480,447)</u>	<u>252,322</u>	<u>3,183,899</u>	<u>2,934,044</u>	<u>3,263,517</u>	<u>3,517,898</u>
Total Business-Type Activities Net Assets	<u>\$ 81,288,177</u>	<u>\$ 72,926,986</u>	<u>\$ 76,355,567</u>	<u>\$ 74,002,635</u>	<u>\$ 72,186,787</u>	<u>\$ 72,706,298</u>	<u>\$ 71,866,582</u>	<u>\$ 71,243,540</u>	<u>\$ 68,533,083</u>
PRIMARY GOVERNMENT:									
Invested in capital assets, net of related debt	\$ 113,544,526	\$ 107,842,577	\$ 113,046,536	\$ 108,029,624	\$ 105,098,037	\$ 97,260,502	\$ 94,052,275	\$ 87,822,306	\$ 74,630,413
Restricted	14,363,014	14,381,014	17,653,607	25,618,063	21,416,643	22,633,212	23,289,606	27,026,400	34,423,590
Unrestricted	<u>25,923,873</u>	<u>18,672,600</u>	<u>14,830,798</u>	<u>10,925,846</u>	<u>6,550,609</u>	<u>10,234,908</u>	<u>9,014,802</u>	<u>10,483,841</u>	<u>11,737,159</u>
Total Primary Government Net Assets	<u>\$ 153,831,413</u>	<u>\$ 140,896,191</u>	<u>\$ 145,530,941</u>	<u>\$ 144,573,533</u>	<u>\$ 133,065,289</u>	<u>\$ 130,128,622</u>	<u>\$ 126,356,683</u>	<u>\$ 125,332,547</u>	<u>\$ 120,791,162</u>

* The requirements for this schedule are effective prospectively. Thus, the schedule will be expanded each year to accumulate ten years of data.

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 2
CHANGES IN NET ASSETS
(Prepared Using the Accrual Basis of Accounting)
Last Nine Fiscal Years*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
EXPENSES:									
Governmental Activities:									
General Government	\$ 1,732,507	\$ 2,612,508	\$ 2,619,416	\$ 2,927,208	\$ 2,894,682	\$ 2,944,541	\$ 1,951,816	\$ 2,251,207	\$ 1,933,416
Public Safety	9,754,968	8,800,812	9,063,312	9,453,107	9,235,049	8,231,186	7,642,235	6,690,412	6,483,438
Public Works	6,012,197	5,837,835	7,318,748	7,268,723	7,557,575	9,551,931	7,836,246	5,582,299	3,222,952
Culture and Recreation	2,950,743	3,297,321	11,591,791	2,064,163	1,991,543	1,852,197	1,880,136	2,142,247	1,652,986
Economic Development	342,968	1,340,465	2,078,586	377,833	193,023	-	-	-	-
Nondepartmental	994,254	1,068,209	1,253,913	958,986	-	-	-	-	-
Education	45,788,418	46,459,245	45,907,264	45,101,764	43,103,196	40,246,809	38,309,915	36,527,587	33,269,424
Debt Service:									
Interest on Long-Term Debt	2,187,347	2,918,472	2,818,284	2,719,769	2,565,682	2,457,100	2,004,476	1,661,979	1,885,908
Other Debt Service	<u>289,682</u>	<u>191,141</u>	<u>45,987</u>	<u>40,175</u>	<u>40,175</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>25,600</u>
Total Governmental Activities Expenses	<u>70,053,084</u>	<u>72,526,008</u>	<u>82,697,301</u>	<u>70,911,728</u>	<u>67,580,925</u>	<u>65,283,764</u>	<u>59,624,824</u>	<u>54,873,731</u>	<u>48,473,724</u>
Business-Type Activities:									
Electric	61,371,556	54,402,893	59,687,838	53,887,722	51,339,557	47,531,428	41,668,069	40,748,228	37,493,133
Water and Sewer	11,562,664	13,711,949	11,794,143	10,498,742	9,852,265	9,196,544	9,130,322	8,280,144	7,816,603
Stormwater Utility	<u>917,136</u>	<u>1,018,169</u>	<u>839,484</u>	<u>862,424</u>	<u>1,139,470</u>	<u>976,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Expenses	<u>\$ 73,851,356</u>	<u>\$ 69,133,011</u>	<u>\$ 72,321,465</u>	<u>65,248,888</u>	<u>62,331,292</u>	<u>57,704,106</u>	<u>50,798,391</u>	<u>49,028,372</u>	<u>45,309,736</u>
Total Primary Government Expenses	<u>\$ 143,904,440</u>	<u>\$ 141,659,019</u>	<u>\$155,018,766</u>	<u>\$136,160,616</u>	<u>\$121,912,217</u>	<u>\$122,987,870</u>	<u>\$110,423,215</u>	<u>\$103,902,103</u>	<u>\$ 93,783,460</u>
PROGRAM REVENUES:									
Governmental Activities:									
Charges for Services:									
General Government	\$ 253,572	\$ 205,119	\$ 189,178	\$ 349,451	\$ 294,948	\$ 192,851	\$ 281,702	\$ 268,109	\$ 223,266
Public Safety	224,966	231,534	281,915	516,868	679,635	686,332	598,029	678,022	617,331
Public Works	455,006	460,943	301,972	148,136	131,719	127,784	99,905	118,770	132,055
Culture and Recreation	775,595	749,983	690,561	691,735	460,153	462,403	420,212	926,156	772,613
Economic Development	167,300	42,362	334,397	244,375	-	-	-	-	-
Education	2,655,600	2,630,855	2,735,392	2,798,850	2,710,963	2,708,806	2,618,308	2,538,835	2,400,712
Operating Grants and Contributions	22,862,220	22,288,846	32,789,337	33,370,902	23,367,432	21,550,802	19,436,983	19,366,674	17,177,742
Capital Grants and Contributions	<u>791,634</u>	<u>749,836</u>	<u>93,675</u>	<u>196,505</u>	<u>3,012,114</u>	<u>3,321,825</u>	<u>698,787</u>	<u>526,112</u>	<u>13,429</u>
Total Governmental Activities Program Revenues	<u>28,185,893</u>	<u>27,359,478</u>	<u>37,416,427</u>	<u>38,316,822</u>	<u>30,656,964</u>	<u>29,050,803</u>	<u>24,153,926</u>	<u>24,422,678</u>	<u>21,337,148</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 2
CHANGES IN NET ASSETS (Continued)
(Prepared Using the Accrual Basis of Accounting)
Last Nine Fiscal Years*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
PROGRAM REVENUES (Continued):									
Business-Type Activities:									
Charges for Services:									
Electric	65,112,057	55,543,033	61,839,944	55,403,587	51,734,502	49,527,590	42,493,194	42,716,806	39,640,802
Water and Quality Control	12,959,720	11,336,312	11,372,336	10,873,811	10,087,319	10,365,017	9,517,412	9,435,231	8,971,013
Stormwater Utility	1,368,969	1,353,127	1,318,520	1,269,617	1,233,160	1,192,538	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	<u>3,926,340</u>	<u>173,428</u>	<u>-</u>	<u>-</u>	<u>100,664</u>	<u>386,505</u>	<u>502,172</u>	<u>627,809</u>	<u>717,668</u>
Total Business-Type Activities Program Revenues	<u>83,367,086</u>	<u>68,405,900</u>	<u>74,530,800</u>	<u>67,547,015</u>	<u>63,155,645</u>	<u>61,471,650</u>	<u>52,512,778</u>	<u>52,779,846</u>	<u>49,329,483</u>
Total Primary Government Program Revenues	<u>\$111,552,979</u>	<u>\$ 95,765,378</u>	<u>\$ 111,947,227</u>	<u>\$105,863,837</u>	<u>\$ 93,812,609</u>	<u>\$ 90,522,453</u>	<u>\$ 76,666,704</u>	<u>\$ 77,202,524</u>	<u>\$ 70,666,631</u>
NET (EXPENSE) REVENUE									
Governmental Activities	\$(41,867,191)	\$(45,166,530)	\$(45,280,874)	\$(32,594,906)	\$(36,923,961)	\$(36,232,961)	\$(35,470,898)	\$(30,451,053)	\$(27,136,576)
Business-Type Activities	<u>9,515,730</u>	<u>(727,111)</u>	<u>2,209,335</u>	<u>2,298,127</u>	<u>824,353</u>	<u>3,767,544</u>	<u>1,714,387</u>	<u>3,751,474</u>	<u>4,019,747</u>
Total Primary Government Net Expenses	<u>\$(32,351,461)</u>	<u>\$(45,893,641)</u>	<u>\$(43,071,539)</u>	<u>\$(30,296,779)</u>	<u>\$(36,099,608)</u>	<u>\$(32,465,417)</u>	<u>\$(33,756,511)</u>	<u>\$(26,699,579)</u>	<u>\$(23,116,829)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:									
Governmental Activities:									
General Revenues:									
Sales Taxes	\$ 10,913,074	\$ 10,580,764	\$ 12,109,619	\$ 11,674,305	\$ 10,930,894	\$ 10,376,834	\$ 9,580,803	\$ 9,208,876	\$ 8,565,087
State income and Excise taxes	299,275	570,146	528,149	645,516	449,219	364,645	261,594	456,488	394,794
Property Taxes	26,178,362	24,087,480	23,556,533	21,803,590	20,726,049	19,138,521	18,805,796	16,846,626	16,513,828
Business Taxes	723,497	680,872	638,490	716,624	582,649	639,675	580,800	379,076	353,852
Miscellaneous Taxes	5,100,621	5,152,442	4,775,703	4,822,796	4,092,266	4,197,930	3,870,558	3,422,052	3,346,023
In-lieu-of Taxes	620,312	449,801	517,909	502,067	441,304	388,218	324,511	371,485	399,459
Investment Earnings	217,446	278,708	577,600	1,126,371	1,223,035	572,102	917,656	303,214	577,857
Miscellaneous	994,638	887,083	172,266	127,516	514,878	223,038	203,484	171,517	303,016
Gain (Loss) on Deletion of Capital Assets	11,117	14,682	160,693	120,712	2,870	69,910	33,161	-	(12,019,585)
Transfers	<u>1,382,880</u>	<u>1,258,383</u>	<u>848,388</u>	<u>747,805</u>	<u>1,416,975</u>	<u>3,194,311</u>	<u>1,293,629</u>	<u>1,122,647</u>	<u>1,124,791</u>
Total Governmental Activities	<u>46,441,222</u>	<u>43,960,361</u>	<u>43,885,350</u>	<u>42,287,302</u>	<u>40,380,139</u>	<u>39,165,184</u>	<u>35,871,992</u>	<u>32,281,981</u>	<u>19,559,122</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 2
CHANGES IN NET ASSETS (Continued)
(Prepared Using the Accrual Basis of Accounting)
Last Nine Fiscal Years*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS (Continued):									
Business-Type Activities:									
General Revenues:									
Investment Earnings	77,879	223,887	1,155,009	352,908	387,730	233,365	149,309	81,012	130,211
Miscellaneous	8,400	8,400	8,400	15,600	8,910	618	618	618	618
Gain (Loss) on Deletion of Capital Assets	142,062	-	(171,424)	-	-	32,500	52,357	-	10,656
Extraordinary loss	-	-	-	(102,982)	(323,529)	-	-	-	-
Transfers	<u>(1,382,880)</u>	<u>(1,258,383)</u>	<u>(848,388)</u>	<u>(747,805)</u>	<u>(1,416,975)</u>	<u>(3,194,311)</u>	<u>(1,293,629)</u>	<u>(1,122,647)</u>	<u>(1,301,791)</u>
Total Business-Type Activities	<u>(1,154,539)</u>	<u>(1,026,096)</u>	<u>143,597</u>	<u>(482,279)</u>	<u>(1,343,864)</u>	<u>(2,927,828)</u>	<u>(1,091,345)</u>	<u>(1,041,017)</u>	<u>(1,160,306)</u>
Total Primary Government	<u>\$ 45,286,683</u>	<u>\$ 42,934,265</u>	<u>\$ 44,028,947</u>	<u>\$ 41,805,023</u>	<u>\$ 39,036,275</u>	<u>\$ 36,237,356</u>	<u>\$ 34,780,647</u>	<u>\$ 31,240,964</u>	<u>\$ 18,398,816</u>
CHANGE IN NET ASSETS:									
Governmental Activities	\$ 4,574,031	\$ (1,206,169)	\$ (1,395,524)	\$ 9,692,396	\$ 3,456,178	\$ 2,932,223	\$ 401,094	\$ 1,830,928	\$ (7,577,454)
Business-Type Activities	<u>8,361,191</u>	<u>(1,753,207)</u>	<u>2,352,932</u>	<u>1,815,848</u>	<u>(519,511)</u>	<u>839,716</u>	<u>623,042</u>	<u>2,710,457</u>	<u>2,859,441</u>
Total Primary Government	<u>\$ 12,935,222</u>	<u>\$ (2,959,376)</u>	<u>\$ 957,408</u>	<u>\$ 11,508,244</u>	<u>\$ 2,936,667</u>	<u>\$ 3,771,939</u>	<u>\$ 1,024,136</u>	<u>\$ 4,541,385</u>	<u>\$ (4,718,013)</u>

* The requirements for this schedule are effective prospectively. Thus, the schedule will be expanded each year to accumulate ten year's of data.

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
FUND BALANCE UNDER										
GASB 54										
GENERAL FUND										
Nonspendable	\$ 4,156									
Assigned	118,256									
Unassigned	<u>5,946,711</u>									
Total General Fund	<u>\$ 6,069,123</u>									
ALL OTHER										
GOVERNMENTAL FUNDS										
Nonspendable	\$ 106,917									
Restricted	10,811,986									
Committed	703,049									
Assigned	<u>17,126,379</u>									
Total All Other Governmental Funds	<u>\$ 28,748,331</u>									
FUND BALANCE PRIOR										
TO IMPLEMENTATION										
OF GASB 54										
GENERAL FUND										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 9,400	\$ -	\$ -	\$ -	\$ -	\$ 5,328
Unreserved	<u>5,110,799</u>	<u>4,740,931</u>	<u>4,297,006</u>	<u>3,858,383</u>	<u>3,987,807</u>	<u>4,612,870</u>	<u>5,710,287</u>	<u>6,647,477</u>	<u>7,381,543</u>	<u>7,381,543</u>
Total General Fund	<u>\$ 5,110,799</u>	<u>\$ 4,740,931</u>	<u>\$ 4,297,006</u>	<u>\$ 3,867,783</u>	<u>\$ 3,987,807</u>	<u>\$ 4,612,870</u>	<u>\$ 5,710,287</u>	<u>\$ 6,647,477</u>	<u>\$ 7,386,871</u>	<u>\$ 7,386,871</u>
ALL OTHER										
GOVERNMENTAL FUNDS										
Reserved	\$ 10,951,736	\$ 11,835,747	\$ 14,739,752	\$ 15,540,090	\$ 18,087,396	\$ 16,518,684	\$ 14,836,922	\$ 13,171,410	\$ 15,055,497	\$ 15,055,497
Unreserved, reported in:										
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Special Revenue Fund	6,318,812	5,910,888	5,471,565	1,386,817	1,952,694	(69,505)	726,652	18,489,824	1,727,645	1,727,645
Capital Projects Funds	<u>20,714,176</u>	<u>7,474,116</u>	<u>12,421,577</u>	<u>4,305,591</u>	<u>4,079,733</u>	<u>6,180,239</u>	<u>10,829,422</u>	<u>1,896,205</u>	<u>(30,000)</u>	<u>(30,000)</u>
Total All Other Governmental Funds	<u>\$ 37,984,724</u>	<u>\$ 25,220,751</u>	<u>\$ 32,632,894</u>	<u>\$ 21,232,498</u>	<u>\$ 24,119,823</u>	<u>\$ 22,629,418</u>	<u>\$ 26,392,996</u>	<u>\$ 33,557,439</u>	<u>\$ 16,753,142</u>	<u>\$ 16,753,142</u>

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(Prepared Using the Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES:										
Taxes	\$ 40,986,052	\$ 38,408,400	\$ 39,101,581	\$ 36,851,183	\$ 34,167,930	\$ 32,323,828	\$ 30,929,863	\$ 28,171,093	\$ 28,115,597	\$ 26,373,171
Licenses, permits and fees	227,477	233,752	187,839	219,892	372,676	521,349	586,657	612,294	547,547	559,031
Intergovernmental	26,513,613	25,968,083	33,507,905	36,959,515	29,439,050	27,565,857	22,577,626	22,427,596	19,717,021	25,803,319
Charges for services	3,351,150	3,284,720	3,207,699	3,418,635	3,533,204	3,153,917	2,835,810	2,808,930	2,639,533	2,510,103
Fines, forfeitures and costs	70,200	95,408	130,752	149,049	147,198	140,709	175,476	182,511	186,284	224,347
Investment income	217,446	278,708	577,600	1,126,371	1,223,035	572,102	917,656	303,214	547,765	517,215
Miscellaneous	<u>1,850,856</u>	<u>1,701,932</u>	<u>3,728,040</u>	<u>1,129,424</u>	<u>760,334</u>	<u>741,816</u>	<u>733,446</u>	<u>1,327,675</u>	<u>1,092,821</u>	<u>1,487,810</u>
Total Revenues	<u>73,216,794</u>	<u>69,971,003</u>	<u>80,441,416</u>	<u>79,854,069</u>	<u>69,643,427</u>	<u>65,019,578</u>	<u>58,756,534</u>	<u>55,833,313</u>	<u>52,846,568</u>	<u>57,474,996</u>
EXPENDITURES:										
General government	2,344,875	2,346,579	2,486,039	2,250,485	2,557,054	2,369,455	1,960,498	1,790,740	1,975,179	1,566,013
Public safety	9,095,291	8,127,543	8,380,192	8,946,646	8,760,170	7,878,145	7,377,985	6,439,833	6,258,045	5,636,105
Public works	6,471,955	5,556,931	5,809,557	5,987,383	5,828,785	5,172,424	5,627,232	6,305,293	5,209,971	4,738,479
Culture and recreation	2,028,355	2,813,232	11,546,009	2,019,939	1,946,787	1,810,291	1,837,101	2,096,013	1,608,765	1,499,176
Economic Development	331,338	1,319,880	2,057,450	377,833	193,023	-	-	-	-	-
Nondepartmental	994,254	1,068,209	1,253,913	958,986	-	-	-	-	-	-
Education	44,411,976	45,365,948	44,437,779	44,058,757	41,996,357	39,218,925	37,187,435	35,465,543	32,174,223	30,744,649
Debt service:										
Principal retirement	3,257,255	1,931,954	1,780,821	1,571,182	1,631,963	1,347,081	1,598,000	1,353,000	1,215,000	3,139,000
Interest and fiscal fees	2,448,736	2,646,425	3,115,500	2,783,365	2,735,377	2,434,708	2,023,647	1,674,767	2,169,345	1,616,848
Payments under										
Capital lease	548,169	600,706	-	-	-	-	-	-	-	-
Capital outlay	<u>12,112,193</u>	<u>5,353,809</u>	<u>7,832,348</u>	<u>2,953,803</u>	<u>8,671,765</u>	<u>9,436,953</u>	<u>12,488,605</u>	<u>11,161,414</u>	<u>6,156,777</u>	<u>2,917,508</u>
Total Expenditures	<u>84,044,397</u>	<u>77,131,216</u>	<u>88,699,608</u>	<u>71,908,379</u>	<u>74,321,281</u>	<u>69,667,982</u>	<u>70,100,503</u>	<u>66,286,603</u>	<u>56,767,305</u>	<u>51,857,778</u>
Excess (Deficiency) of Revenue Over Expenditures Before Financing Sources (Uses)	<u>(10,827,603)</u>	<u>(7,160,213)</u>	<u>(8,258,192)</u>	<u>7,945,690</u>	<u>(4,677,854)</u>	<u>(4,648,404)</u>	<u>(11,343,969)</u>	<u>(10,453,290)</u>	<u>(3,920,737)</u>	<u>5,617,218</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued)
 (Prepared Using the Modified Accrual Basis of Accounting)
 Last Ten Fiscal Years

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	14,858,643	16,894,743	16,251,682	17,308,614	16,091,599	18,159,232	24,134,102	14,528,250	12,116,043	11,421,062
Transfers out	(13,475,763)	(15,636,360)	(15,403,294)	(16,444,797)	(14,387,629)	(14,703,638)	(22,840,474)	(13,405,603)	(12,116,043)	(11,421,062)
Issuance of debt	-	18,720,000	-	3,000,000	-	2,000,000	5,225,000	1,200,000	20,000,000	-
Proceeds from refunding debt	14,170,000	26,233,673	41,769,716	-	-	-	-	-	-	-
Premiums on Refunding Debt	589,414	-	-	-	-	-	-	-	-	-
Payments to refunding agent	(14,505,000)	(25,897,365)	(41,340,000)	-	-	-	-	-	-	-
Capitalized Leases	<u>918,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other Financing Sources (Uses)	<u>2,556,290</u>	<u>20,314,691</u>	<u>1,278,104</u>	<u>3,863,817</u>	<u>1,708,970</u>	<u>5,455,594</u>	<u>6,518,628</u>	<u>2,322,647</u>	<u>20,000,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(8,271,313)	13,154,478	(6,980,088)	11,809,507	(2,973,884)	807,190	(4,825,341)	(8,130,643)	16,079,263	5,617,218
Change in Reserve for Inventory	<u>(6,756)</u>	<u>(20,637)</u>	<u>11,870</u>	<u>20,112</u>	<u>(33,465)</u>	<u>58,152</u>	<u>(35,654)</u>	<u>29,010</u>	<u>(14,360)</u>	<u>43,923</u>
Net Change in Fund Balance	<u>\$ (8,278,069)</u>	<u>\$ 13,133,841</u>	<u>\$ (6,968,218)</u>	<u>\$ 11,829,619</u>	<u>\$ (3,007,349)</u>	<u>\$ 865,342</u>	<u>\$ (4,860,995)</u>	<u>\$ (8,101,633)</u>	<u>\$ 16,064,903</u>	<u>\$ 5,661,141</u>
Debt service as a percentage of noncapital expenditures	8.7%	7.2%	6.1%	6.3%	6.6%	5.9%	6.1%	5.6%	6.7%	9.7%

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 5
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ending June 30	Tax Year	Real Property		Tangible Personal Property Assessed	Public Utility Assessment	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential, Farms Property	Commercial, Industrial Property						
2002	2001	\$ 233,603,780	\$ 156,038,102	\$ 105,015,454	\$ 9,141,814	\$ 503,799,150	\$ 2.10	\$ 1,687,235,862	30%
2003	2002	241,683,836	159,577,432	97,355,792	9,389,326	508,006,386	2.15	1,705,383,550	30%
2004	2003	248,765,086	164,679,596	91,107,063	7,453,316	512,005,061	2.15	1,744,054,895	29%
2005	2004	258,257,981	171,658,845	93,441,459	8,454,267	531,812,552	2.27	1,812,516,249	29%
2006	2005	268,016,015	174,152,238	87,625,422	7,508,998	537,302,673	2.27	1,864,361,986	29%
2007	2006	372,335,500	213,948,280	124,572,037	9,012,106	719,867,923	1.95	2,455,838,312	29%
2008	2007	383,855,475	218,491,080	122,240,692	9,937,798	734,525,045	2.05	2,507,187,053	29%
2009	2008	389,176,075	222,126,120	111,504,825	8,364,243	731,171,263	2.30	2,498,910,065	29%
2010	2009	389,601,275	221,918,360	112,177,658	9,772,822	733,470,115	2.30	2,504,895,294	29%
2011	2010	428,509,175	243,905,680	112,439,268	10,063,941	794,918,064	2.17	2,716,896,534	29%

Source: City of Maryville Recorder's Office
Blount County, Tennessee Property Assessor's Office

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 6
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of Assessed Value)
Last Ten Calendar Years

<u>Tax Year</u>	<u>Direct Tax Rate</u>				<u>Overlapping Tax Rate - Blount County</u>
	<u>General Government</u>	<u>Debt Service</u>	<u>Education</u>	<u>Total</u>	
2001	\$ 0.19	\$ 0.51	\$ 1.40	\$ 2.10	\$ 2.15
2002	0.19	0.51	1.40	2.15	2.15
2003	0.18	0.53	1.44	2.15	2.15
2004	0.20	0.57	1.50	2.27	2.43
2005	0.13	0.55	1.59	2.27	2.43
2006	0.42	0.20	1.33	1.95	2.18
2007	0.57	0.17	1.31	2.05	2.23
2008	0.64	0.35	1.31	2.30	2.23
2009	0.69	0.30	1.31	2.30	2.23
2010	0.60	0.38	1.19	2.17	2.04

Source: City of Maryville Recorder's Office
Blount County, Tennessee

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 7
PRINCIPAL TAXPAYERS
June 30, 2011

<u>Taxpayer</u>	<u>Fiscal Year 2011</u>			<u>Fiscal Year 2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Denso Manufacturing Tenn, Inc.	\$ 114,392,027	1	14.64%	\$ 89,336,245	1	17.73%
Standard Aero Alliance, Inc.	9,692,535	2	1.24%	3,488,228	8	0.69%
Presbyterian Homes of Tennessee, Inc.	7,822,340	3	1.00%	-	-	-
CBL & Associates	6,918,440	4	0.88%	7,952,080	2	1.58%
First Tennessee Bank	6,843,955	5	0.88%	3,476,841	9	0.69%
Camellia Trace at Mountain View LLC	6,576,374	6	0.84%	4,173,409	5	0.83%
Ruby Tuesday, Inc.	6,478,417	7	0.83%	-	-	-
Wal-Mart Stores, Inc.	6,364,334	8	0.81%	-	-	-
Atmos Energy Corp. (3)	3,521,612	9	0.45%	2,740,529	10	0.54%
BellSouth	2,832,634	10	0.36%	3,865,677	7	0.77%
Key Safety Systems, Inc. (2)	-	-	-	4,338,208	4	0.86%
Belk Department Stores LP (1)	-	-	-	4,067,899	6	0.81%
Schlegel of Tennessee, Inc.	-	-	-	6,431,093	3	1.28%
Totals	\$ 171,442,668		21.93%	\$ 129,870,209		25.78%
Total Assessed Value All Property	<u>\$781,887,005</u>			<u>\$503,799,150</u>		

- (1) Formerly Proffitts, Inc.
(2) Formerly Breed Technologies, Inc.
(3) Formerly United Cities Gas Company

Source: City Recorder's Tax Collection Records

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 8
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 10,572,655	\$ 10,152,232	96.0%	\$ 395,525	\$ 10,547,757	99.8%
2003	10,914,627	10,483,119	96.1%	415,106	10,898,225	99.9%
2004	10,998,466	10,558,997	96.0%	428,306	10,987,303	99.9%
2005	12,100,491	11,724,907	97.1%	362,761	12,087,668	99.9%
2006	12,200,154	11,819,449	96.9%	368,112	12,187,561	99.9%
2007	13,291,788	12,908,931	97.1%	362,684	13,271,615	99.8%
2008	14,731,591	14,267,903	96.9%	443,703	14,711,606	99.8%
2009	16,490,493	15,790,058	95.8%	645,074	16,435,132	99.7%
2010	16,859,962	16,068,988	95.3%	580,371	16,649,359	98.6%
2011	17,182,295	16,562,997	96.4%	-	16,562,997	96.4%

(1) Adjusted for pickups and releases

Source: City Recorder's office

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 9
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Outlay Notes	Capital Lease Obligations	Total	General Revenue Bonds	Capital Outlay Notes	Total			
2002	\$ 3,385,000	\$ 33,672,500	\$ -	\$ 37,057,500	\$ 5,060,000	\$ 15,250,000	\$ 20,310,000	\$ 57,367,500	9.5%	\$ 2,385
2003	2,310,000	53,532,500	-	55,842,500	4,140,000	21,530,000	25,670,000	81,512,500	12.5%	3,264
2004	1,180,000	54,527,500	-	55,707,500	3,180,000	20,880,000	24,060,000	79,767,500	11.8%	3,137
2005	650,000	58,484,500	-	59,987,419	3,810,000	20,200,000	23,300,000	84,464,500	12.0%	3,272
2006	850,000	59,337,419	-	59,334,500	4,930,000	19,490,000	25,130,000	83,287,419	11.2%	3,151
2007	450,000	57,905,445	22,857,600	81,213,045	5,740,000	18,750,000	24,490,000	105,703,045	13.4%	3,911
2008	370,000	59,414,273	22,857,600	82,641,873	44,235,000	17,735,000	61,970,000	144,611,873	17.5%	5,198
2009	41,815,000	16,553,452	22,857,600	81,226,052	60,565,000	-	60,565,000	141,791,052	16.4%	5,127
2010	53,770,000	23,216,498	22,965,000	99,951,498	62,100,000	260,142	62,360,142	162,311,640	18.7%	5,932
2011	51,950,000	21,444,243	23,393,996	96,788,239	60,045,000	2,304,000	62,349,000	159,137,239	19.0%	5,779

NOTES:

Personal Income data can be found on Schedule 14.

Population data can be found on Schedule 14.

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 10
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Calendar Years

<u>Tax Year</u>	<u>General Obligation Debt</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Net General Obligation Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2002	\$ 37,057,500	\$ 10,978,414	\$ 26,079,086	\$ 5.2%	\$ 1,084
2003	55,842,500	12,813,976	43,028,524	8.5%	1,723
2004	55,707,500	14,732,642	40,974,858	8.0%	1,611
2005	62,094,500	16,393,700	45,700,800	8.6%	1,771
2006	62,687,419	17,877,197	44,810,222	8.3%	1,695
2007	81,213,045	15,442,069	65,770,976	9.1%	2,434
2008	82,262,000	14,135,169	68,126,831	9.3%	2,497
2009	81,226,052	11,708,914	69,517,138	9.5%	2,514
2010	99,951,498	10,842,203	89,109,295	12.2%	3,257
2011	96,788,239	9,087,727	87,700,512	11.2%	3,185

NOTES:

Gross Debt includes all long-term general obligation debt, loan agreements, and capital leases. Business-Type Activities Debt is not included.

Actual Taxable Value of Property data can be found on Schedule 5.

Population data can be found on Schedule 14.

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 11
DIRECT AND OVERLAPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Direct Debt:			
General Obligation Bonds	\$ 51,950,000		
Capital Outlay Notes	21,444,243		
Capital Lease	23,393,996		
Less: Debt Service Funds	<u>(9,087,727)</u>		
Total Direct Debt	87,700,512	100.00%	\$ 87,700,512
Overlapping Debt:			
Blount County General Government	215,085,999	25.21%	<u>54,223,180</u>
Total Direct and Overlapping Debt			<u>\$ 141,923,692</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding indebtedness of those overlapping governments that is borne by the residents and businesses of the City of Maryville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of Blount County, Tennessee's taxable assessed value within the City's boundaries and dividing it by Blount County, Tennessee's total taxable assessed value.

Source: Blount County, Tennessee government

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 12
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for 2011	
Assessed Value	<u>\$ 791,857,233</u>
Debt Limit (15% of assessed value)	<u>\$ 118,778,585</u>
Net Debt applicable to limit:	
General obligation Debt	92,743,239 (1)
Less: Amount set aside for repayment of general obligation debt	<u>(9,087,727)</u>
Net Debt Applicable to Limit	<u>83,655,512</u>
Legal Debt Margin	<u>\$ 35,123,073</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$50,274,989	\$50,730,595	\$51,133,673	\$53,194,975	\$53,730,267	\$ 71,986,792	\$ 110,178,757	\$ 109,675,689	\$ 109,953,951	\$ 118,778,585
Total Net Debt Applicable to Limit	<u>26,079,086</u>	<u>43,028,524</u>	<u>40,974,858</u>	<u>42,940,800</u>	<u>44,810,222</u>	<u>62,710,492</u>	<u>65,043,588</u>	<u>66,409,488</u>	<u>85,224,295</u>	<u>83,655,512</u>
Legal Debt Margin	<u>\$24,195,903</u>	<u>\$ 7,702,071</u>	<u>\$10,158,815</u>	<u>\$10,254,175</u>	<u>\$ 8,920,045</u>	<u>\$ 9,276,300</u>	<u>\$ 45,135,169</u>	<u>\$ 43,266,201</u>	<u>\$ 24,729,656</u>	<u>\$ 35,123,073</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	51.9%	84.8%	80.1%	80.7%	83.4%	87.1%	59.0%	60.6%	77.5%	70.4%

Note: By private act of the State of Tennessee General Assembly enacted June 2004, the Charter of the City of Maryville was amended to authorize the issuance of debt up to an amount that will not exceed ten percent (10%) of the total assessed value of property of the incorporated area. Years prior to 2004 are shown in the table above for purposes of disclosure.

By private act of the State of Tennessee General Assembly effective April 2008, the charter of the City of Maryville was amended to authorize the issuance of debt up to an amount that will not exceed fifteen percent (15%) of the total assessed value of the incorporated area. Fiscal years subsequent to 2007 are calculated using a debt limit of fifteen percent (15%) of total assessed value of property while prior years are disclosed using ten percent (10%).

(1) This amount is net of amount expected to be funded by Maryville College on Capital lease obligation.

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 13
PLEDGED – REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year Ending June 30	Electric Revenue Debt						Water and Sewer Revenue Debt					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	\$ 37,044,765	\$ 34,461,999	\$2,582,766	\$440,000	\$ 93,349	4.84	\$ 7,833,447	\$ 6,241,864	\$1,591,583	\$1,040,000	\$ 448,377	1.07
2003	39,640,802	36,222,749	3,418,053	455,000	114,328	6.00	8,971,013	6,248,094	2,722,919	1,085,000	534,877	1.68
2004	42,716,806	39,362,261	3,354,545	475,000	107,447	5.76	9,435,231	6,527,848	2,907,383	1,135,000	639,809	1.64
2005	42,493,194	39,963,036	2,530,158	515,000	174,770	3.67	9,517,412	7,196,448	2,320,964	1,230,000	552,626	1.30
2006	49,527,590	45,763,045	3,764,545	540,000	243,229	4.81	10,365,017	7,097,985	3,267,032	1,290,000	658,540	1.68
2007	51,734,502	49,367,944	2,366,558	565,000	288,181	2.77	10,087,319	7,747,571	2,339,748	1,345,000	680,938	1.15
2008	55,403,587	51,633,922	3,769,665	425,000	413,595	4.50	10,873,811	8,118,994	2,754,817	695,000	838,703	1.79
2009	61,839,944	57,248,592	4,591,352	610,000 (1)	345,261	4.81	11,372,336	7,736,229	3,636,107	730,000 (1)	2,378,155	1.17
2010	55,543,033	51,818,933	3,724,100	660,000	339,990	3.72	11,336,312	6,951,773	4,384,539	785,000 (1)	2,282,149	1.43
2011	65,112,057	60,952,804	4,159,253	805,000	402,473	3.44	12,959,720	6,549,100	6,410,620	1,250,000	2,331,823	1.79

NOTES:

Operating expenses do not include interest, depreciation, amortization expenses or in-lieu-of taxes paid to other City funds.

(1) Does not include debt retired from bond refunding issues.

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 14
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) <u>Population</u>	(2) <u>Personal Income</u>	(3) <u>Per Capita Income</u>	(4) <u>Median Age</u>	(5) <u>School Enrollment</u>	(6) <u>Unemployment Rate</u>
2002	\$ 24,053	\$ 623,742,396	\$ 25,932	38.3	4,378	4.4%
2003	24,977	677,975,688	27,144	38.3	4,636	5.0%
2004	25,428	701,685,660	27,595	38.3	4,571	4.1%
2005	25,815	733,868,820	28,428	38.3	4,733	4.7%
2006	26,433	782,813,295	29,615	38.3	4,903	4.6%
2007	26,766	825,864,930	30,855	38.3	5,007	3.8%
2008	27,156	839,147,556	30,901	38.3	5,072	6.1%
2009	27,258	827,607,396	30,362	38.3	4,937	10.6%
2010	27,465	834,726,222	30,392	38.3	4,999	8.2%
2011	27,536	837,720,964	30,423	38.3	4,997	8.2%

- Sources:
- (1) 2002- 2010 Bureau of the Census; Estimated, City of Maryville
2011 – Special Census Certification from Department of Economic & Community Development
 - (2) Calculation based upon Population and Per Capita Income
 - (3) 2002-2009 Bureau of Economic Analysis; – Blount County (updated)
2010-2011 Estimated based on average change over prior years
 - (4) 2000 US Census Bureau City of Maryville
 - (5) City of Maryville Schools
 - (6) Bureau of Labor Statistics –all figures reflect Blount County (not seasonally adjusted)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 15
PRINCIPAL EMPLOYERS
June 30, 2011

<u>Employer</u>	<u>2011</u>			<u>(3) 2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City/County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City/County Employment</u>
Denso Manufacturing Tennessee, Inc. (1)	2,700	1	4.50%	2,930	1	5.29%
Clayton Homes (1)	2,542	2	4.24%	2,508	2	4.52%
Blount Memorial Hospital, Inc. (1)	2,256	3	3.76%	1,950	4	3.52%
Blount County School System (1)	1,500	4	2.50%	1,090	5	1.97%
Ruby Tuesday (1)	1,242	5	2.07%	-	-	-
Alcoa, Inc. (1)	1,218	6	2.03%	2,000	-	3.61%
Maryville City Schools (3)	660	8	1.10%	-	-	-
Blount County Government (1)	630	7	1.05%	613	6	1.11%
Marriott Business Services (2)	600	9	1.00%	-	-	-
WalMart Super Center (2)	559	10	0.93%	-	-	-
IJ Company (2)	483	11	0.81%	-	-	-
Newell Rubbermaid (1) Formerly Sanford Brands	350	12	0.58%	-	-	-
City of Maryville (2)	308	13	0.51%	-	-	-
Rockford Manufacturing (1)	300	14	0.50%	325	7	0.59%
Standard Aero, Inc. (1)	270	15	0.45%	-	-	-
City of Alcoa (2)	257	16	0.43%	-	-	-
Maryville College (2)	253	17	0.42%	-	-	-
U.S. Food Service (1)	253	18	0.41%	-	-	-
Alcoa City Schools (3)	208	19	0.35%	-	-	-
	<u>16,580</u>		<u>27.64%</u>	<u>11,416</u>		<u>20.61%</u>
		(4)				
Total Blount County Employment 2011 (as of 04/11)	59,959	*				
Total Blount County Employment 2002 (as of 6/02)	55,429	*				

*Total employment for Blount County

Source: (1) The Knoxville News Sentinel "Book of Lists"
(2) 2011 Responses from Employer
(3) The Knoxville News Sentinel "Book of Lists" 2000-2005
(4) Tennessee Department of Labor

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 16
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT
Last Ten Fiscal Years

	<u>Actual 2011</u>	<u>Actual 2010</u>	<u>Actual 2009</u>	<u>Actual 2008</u>	<u>Actual 2007</u>	<u>Actual 2006</u>	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
General Government										
Administration	4.05	3.47	3.47	3.47	4.05	4.05	3.47	3.47	3.32	3.32
Economic Development (1)	0.00	0.00	0.00	0.88	0.00	0.00	0.00	0.00	0.00	0.00
Development Services (1)	7.38	9.38	9.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GIS Management	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Judicial/Legal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources	2.44	2.25	2.25	2.25	2.25	2.25	2.83	2.25	2.75	2.75
Planning (1)	0.00	0.00	0.00	4.25	4.20	3.95	4.00	3.75	3.75	3.75
Engineering	4.20	4.25	4.25	4.25	3.35	3.90	3.95	4.20	4.20	4.65
Finance	3.58	4.08	4.08	3.56	5.19	4.71	4.71	5.03	5.03	5.23
Purchasing	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Police	51.50	54.50	54.50	53.00	50.00	48.00	48.00	47.00	47.00	47.00
Fire	36.50	41.50	41.50	41.00	38.00	38.00	39.00	39.00	39.00	39.00
Code Enforcement (1)	0.00	0.00	0.00	4.25	4.40	4.40	4.50	3.50	3.50	3.50
Public Works – Administration	0.00	0.00	0.00	0.00	2.25	1.95	2.95	2.95	2.60	2.80
Public Works – Street Maintenance	11.05	12.35	12.35	12.85	11.10	10.10	10.45	11.10	11.10	16.90
Public Works – Grounds Maintenance	12.50	14.75	14.75	14.80	13.22	13.22	13.22	13.22	13.22	13.22
SWM – Residential Collection	11.46	11.89	11.89	11.99	11.58	11.78	11.48	9.48	9.48	9.48
SWM – Commercial Collection	4.44	4.87	4.87	5.17	5.57	4.57	4.07	4.07	4.07	4.07
SWM – Brush Collection	8.00	8.44	8.44	7.39	7.53	7.33	8.13	7.13	6.13	6.13
Animal Control	3.00	3.00	3.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00
Local Grant Funds – Police Grant	0.00	0.00	0.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00
Special Drug Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stormwater Utility – Engineering	3.70	3.65	3.65	3.65	3.75	2.75	1.55	1.55	1.55	0.10
Stormwater Utility – Construction	6.85	7.75	7.75	6.85	7.80	7.80	7.65	7.00	7.00	0.00
Computer Information Systems	6.00	7.00	7.00	7.00	7.00	7.00	7.10	5.10	5.10	5.05
Fleet Maintenance	6.05	7.15	7.15	7.15	7.15	7.15	6.90	6.90	6.90	6.90
Municipal Building	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00
Operations Center	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total General Government	<u>186.05</u>	<u>203.63</u>	<u>203.63</u>	<u>202.11</u>	<u>197.74</u>	<u>193.26</u>	<u>192.31</u>	<u>184.05</u>	<u>183.05</u>	<u>181.20</u>
Electric Division										
Administration	4.05	4.08	4.08	4.08	4.08	4.08	4.13	3.95	3.95	3.95
Finance & Accounting (2)	24.62	27.92	27.92	28.59	27.81	26.29	26.19	25.87	25.87	26.72
Transmission and Distribution	33.00	32.60	32.60	33.45	32.60	32.60	32.40	32.40	31.40	30.40
Total Electric Division	<u>61.67</u>	<u>64.60</u>	<u>64.60</u>	<u>66.12</u>	<u>64.49</u>	<u>62.97</u>	<u>62.72</u>	<u>62.22</u>	<u>61.22</u>	<u>61.07</u>

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 16
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT (Continued)
Last Ten Fiscal Years*

	<u>Actual</u> <u>2011</u>	<u>Actual</u> <u>2010</u>	<u>Actual</u> <u>2009</u>	<u>Actual</u> <u>2008</u>	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2005</u>	<u>Actual</u> <u>2004</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2002</u>
Water Quality Control										
Administration	3.43	4.52	4.52	6.97	5.37	5.37	5.37	5.13	5.13	5.13
Engineering	8.05	11.40	11.40	9.65	9.80	9.80	9.00	9.00	8.00	8.00
Water Plant Operations	7.35	7.30	7.30	7.20	7.00	7.00	7.00	7.00	7.00	6.00
Wastewater Treatment Plant	15.60	18.55	18.55	18.45	18.00	18.00	19.00	19.00	19.00	19.00
Water Construction	<u>21.85</u>	<u>26.00</u>	<u>26.00</u>	<u>25.50</u>	<u>24.60</u>	<u>24.60</u>	<u>24.60</u>	<u>24.60</u>	<u>24.60</u>	<u>24.60</u>
Total Water Quality Control	<u>56.28</u>	<u>67.77</u>	<u>67.77</u>	<u>67.77</u>	<u>64.77</u>	<u>64.77</u>	<u>64.97</u>	<u>64.73</u>	<u>63.73</u>	<u>62.73</u>
Total General Government and Utilities	<u>304.00</u>	<u>336.00</u>	<u>336.00</u>	<u>336.00</u>	<u>327.00</u>	<u>321.00</u>	<u>320.00</u>	<u>311.00</u>	<u>308.00</u>	<u>305.00</u>

- (1) Economic Development, Planning and Codes combined into Development Services as of 2009
(2) Finance & Accounting – Electric, Water and Stormwater combined since 2001

Source: City of Maryville Budget Office

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 17
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
City Tax Clerk:										
Tax Parcels	13,569	13,535	13,433	13,172	12,840	12,426	12,264	12,039	11,740	11,577
Real Property Values	\$ 2,298,129,400	\$ 2,112,019,600	\$ 2,085,058,700	\$ 2,023,292,700	\$ 1,951,269,900	\$ 1,864,361,986	\$ 1,812,516,249	\$ 1,744,054,895	\$ 1,705,383,550	\$ 1,687,235,862
Assessed Values	\$ 781,887,005	\$ 738,191,690	\$ 708,920,413	\$ 710,123,701	\$ 564,688,785	\$ 537,302,673	\$ 531,812,552	\$ 512,005,061	\$ 508,006,386	\$ 503,799,150
Delinquent Taxes	\$ 402,128	\$ 382,934	\$ 275,765	\$ 216,029	\$ 168,888	\$ 156,789	\$ 340,748	\$ 434,995	\$ 118,150	\$ 28,570
Business Licenses	1,300	1,167	1,243	1,364	1,202	1,248	1,224	1,197	1,282	1,254
Electric:										
# of Miles of Line & Distribution Circuits	385.90	385.90	383.9	380.60	379.20	374.80	368.50	359.90	359.10	361.50
Peak System Demand (kW)	153,455	147,069	150,485	163,081	159,631	156,711	142,351	141,249	140,807	136,136
# of Meters in Service (Total)	20,093	20,438	20,042	20,187	20,007	19,761	19,809	19,375	18,899	18,745
Total Annual Power Usage	654,569	718,678	704,476	774,932	785,354	772,015	729,772	746,721	703,993	666,012
Wastewater:										
# of Customers	13,071	12,812	12,570	12,557	12,291	11,927	11,671	11,341	11,069	10,702
Average Daily Treatment (1,000 of gallons)	8,801.0	9,992.0	9,276.0	8,510.0	8,660.0	8,926.0	10,380.0	9,774.0	9,730.0	8,164.0
Permitted Capacity (1,000 of gallons)	17,000.0	12,000.0	12,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Maximum Day Treatment (1,000 of gallons)	42,451.0	31,883.0	36,009.0	15,173.0	19,260.0	24,356.0	31,997.0	27,507.0	40,820.0	42,336.0
Water:										
# of Customers	15,132	14,460	14,425	14,250	14,032	13,791	13,550	13,331	13,101	12,712
Average Daily Consumption (1,000 of gallons sold)	3,295.0	2,972.3	3,236.1	3,379.7	3,411.2	3,469.9	3,306.0	3,385.5	3,454.3	3,138.1
Permitted Capacity (1,000 of gallons)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Maximum Day Treatment (1,000 of gallons)	6,188.0	5,881.0	5,653.0	5,782.0	6,275.0	6,143.0	5,612.0	5,843.0	5,062.0	4,833.0
Codes Department:										
Building Permits	965	1,093	1,182	1,670	2,006	2,034	2,385	2,170	2,132	2,225
Total Construction Value	\$ 32,369,296	\$ 25,316,738	\$ 47,600,483	\$ 83,506,550	\$ 66,720,831	\$ 74,211,833	\$ 52,749,177	\$ 57,481,846	\$ 53,903,688	\$ 87,095,810
Police Department:										
Citations	2,054	2,067	3,353	3,856	3,751	2,682	2,780	3,315	4,509	6,635
Burglaries	140	145	187	133	128	143	100	119	123	156
Total Arrests	1,407	1,638	1,682	1,641	1,758	1,402	1,072	862	684	550
DUI Arrests	81	156	208	201	164	150	185	109	90	113
Domestic Violence Victims	172	138	128	130	111	102	85	75	105	86
Incident Reports	2,572	2,471	2,817	2,823	2,724	2,598	2,678	2,466	2,299	2,149
Calls for Service	29,177	31,189	32,801	34,938	33,022	33,173	33,821	30,108	27,435	24,925
Fire Department:										
Calls for Service	3,607	3,489	3,182	2,578	1,885	2,137	2,055	1,995	1,909	1,836
Fire Educational Programs	89	129	196	200	112	406	391	379	363	349
Company Inspections	980	1,468	358	1,145	1,579	1,610	1,548	1,503	1,438	1,383
Fire Hydrants	1,822	1,809	2,699	1,784	1,737	1,646	1,608	1,571	1,553	1,500

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 17
OPERATING INDICATORS BY FUNCTION/PROGRAM (Continued)
Last Ten Fiscal Years

Function/Program	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government										
Animal Control:										
Animal Control Complaints	1,975	1,700	1,368	1,618	2,950	5,371	5,190	4,990	4,845	4,614
Animal Impoundments	645	626	775	874	1,717	4,095	3,957	3,805	3,694	3,518
Animal Board Days	2,684	2,629	3,281	3,701	5,860	11,639	11,245	10,813	10,498	9,998
Animals Returned to Owners	85	107	110	109	177	165	160	154	149	142
Animals Adopted	100	89	194	157	340	631	557	572	568	472
Animals Euthanized	352	364	440	554	1,115	3,299	3,240	3,079	2,977	2,904
Parks and Recreation:										
Maryville City Park Acreage	76	76	76	75	75	75	75	63	56	56
Youth Basketball Participants	725	710	653	600	560	575	545	508	450	475
Youth Soccer Participants	1,245	1,215	1,290	1,300	1,300	1,200	1,150	1,132	1,100	1,045
Adult Softball Teams	95	130	147	150	160	180	183	185	182	181
Adult Basketball Teams	20	16	22	34	36	33	33	33	36	35
Adult Volleyball Teams	34	32	42	33	35	38	36	36	36	N/A
Senior Center Membership	590	547	517	500	450	575	500	450	450	N/A
Public Works Street & Grounds Department:										
Miles of City Streets	169	169	169	169	168	168	164	163	163	163
Greenbelt & Extensions Acreage	87	87	87	87	87	87	87	87	87	85
Solid Waste Management Department:										
Residential – Avg Tons Collected per Res	0.71	0.72	0.79	0.82	0.82	0.84	0.81	0.80	0.80	0.79
Commercial – Avg Tons Collected Daily	37.59	41.69	41.92	42.04	42.25	41.75	41.25	40.00	38.75	37.00
Brush – Avg Tons Collected Daily	21.10	25.22	23.02	21.10	21.91	19.20	18.60	18.00	18.00	16.00
Landfill – Total Tonage From Landfills	22,146	24,288	24,337	24,001	24,172	23,674	23,219	22,654	22,230	21,936
Fleet Maintenance Dept:										
Number of Fleet Vehicle and Attachments	387	391	391	404	380	382	363	334	295	275
Schools:										
Enrollment	4,997	4,999	4,937	5,072	5,007	4,903	4,733	4,571	4,636	4,378
Number of Regular Instruction Teachers	323	318	322	318	311	305	304	302	302	286

Source: City of Maryville Department Records

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 18
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government & Utilities										
City Municipal Building	1	2	1	1	1	1	1	1	1	1
Pickup Trucks	2	2	2	2	2	2	2	2	1	1
Cars	8	8	8	8	9	10	10	11	9	8
Sport Utility Vehicles	0	0	1	1	2	2	2	2	2	2
Utilities										
Operation Center (Public Works & Utilities)	1	1	1	1	1	1	1	1	1	1
Water Plants	1	1	1	1	1	1	1	1	1	1
Water Tanks/Storage Tanks	10	10	8	8	8	8	8	8	7	7
Water Booster Stations	5	5	5	5	5	7	7	7	5	5
Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Sewage Pump/Lift Stations	17	17	19	20	19	20	20	20	20	21
Electric Substations	5	5	5	7	7	7	7	7	7	7
Cars	3	3	3	3	3	3	4	4	3	2
Sport Utility Vehicles	5	5	7	8	8	8	7	8	8	7
Trucks	23	27	31	37	38	36	37	35	35	33
Heavy Equipment	11	11	16	18	19	19	21	22	22	24
Other Equipment	38	39	40	42	46	47	50	47	48	48
Storage Sheds	3	3	3	3	3	3	3	3	3	3
Fuel System	1	1	1	1	1	1	1	1	1	1
Wash Bay	0	0	1	1	1	1	1	1	1	1
Warehouses	0	0	0	0	0	2	2	2	2	2
Public Safety										
Police Department/Police Substations	2	2	2	2	1	1	1	1	1	1
Firing Range Buildings	1	1	1	1	1	1	1	0	0	0
Patrol Cars/Cars	46	46	47	48	50	53	60	54	56	56
Sport Utility Vehicles	2	4	4	4	4	7	9	9	10	10
Trucks	0	0	0	0	0	0	0	4	1	1
Vans	2	2	2	2	2	1	3	1	1	1
Mobile Command Unit	1	1	1	1	1	1	2	1	1	1
ATV	0	0	1	1	1	1	0	0	1	1
Motorcycles (leased)	0	0	0	4	4	4	4	5	5	5
Animal Control										
Building-Shelter	1	1	1	1	1	1	1	1	1	1
Pickup Trucks	5	5	5	5	5	5	5	4	5	5

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 18
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM (Continued)
Last Ten Fiscal Years

	Fiscal Year Ending									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety (Continued)										
Fire Department										
Fire Halls	3	3	3	3	3	3	3	3	3	3
Cars	5	5	5	5	3	1	1	2	2	2
Sport Utility Vehicles	0	0	0	0	2	2	2	2	2	2
Trucks	3	3	3	3	3	3	3	2	2	2
ATV	0	0	0	0	0	0	0	1	1	1
Emergency One Vehicles	2	3	3	3	3	2	2	2	2	2
Fire Engines/Ladder Trucks/Pumpers	3	3	3	3	3	4	4	4	4	4
Life Safety Bus	1	1	1	1	1	1	1	1	1	1
Antique Fire Truck	1	1	1	1	1	1	1	1	1	1
Other Equipment	1	1	1	2	2	2	3	2	3	3
Codes Enforcement										
Sport Utility Vehicles	2	2	2	3	3	3	3	3	2	2
Cars	0	0	0	1	1	1	2	2	2	2
Public Health & Welfare										
Stormwater										
Pickup Trucks	0	0	1	1	2	2	3	3	3	3
Heavy Equipment	0	0	0	0	0	0	1	1	1	1
Solid Waste Management (Residential, Commercial & Brush)										
Cars	1	1	2	2	2	0	0	0	0	0
Sport Utility Vehicle	1	1	1	1	1	0	1	1	1	1
Trucks	3	4	4	4	5	5	5	4	4	4
Heavy Equipment	11	12	19	21	21	21	22	20	20	20
Other Equipment	15	16	21	21	21	21	21	21	21	21
Social, Cultural & Recreational Services										
Parks & Recreation Office Building	1	1	1	1	1	1	1	1	1	1
Senior Center Building	1	1	1	1	1	1	1	1	1	1
Everett Gym Building	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1
Concession Stands	2	2	2	2	2	2	3	3	3	3
Greenbelt & Park Pavilions/Gazebos	6	6	6	6	6	6	6	6	8	8
Public Library (New)	1	1	1	1	1	1	1	1	1	1
Other General Government										
Industrial Development Parks	3	3	3	4	4	4	4	4	4	4
Parking Garages	1	1	1	1	1	2	2	2	2	2
Commercial Buildings	1	1	1	1	1	1	1	1	1	1

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE 18
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM (Continued)
Last Ten Fiscal Years

	Fiscal Year Ending									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Works Street & Grounds Departments										
Salt Storage Building	1	1	1	1	1	1	1	1	1	1
Bridges	30	30	30	30	30	30	30	30	30	31
City Streets	709	712	712	714	714	720	765	766	766	766
Sports Utility Vehicles	1	1	1	1	1	1	1	1	1	1
Trucks	11	12	13	13	14	13	12	12	12	12
Heavy Equipment	7	7	9	9	13	13	12	13	13	13
Other Equipment	39	46	51	58	59	57	57	53	51	50
Fleet Maintenance										
Fleet Maintenance Building	1	1	1	1	1	1	1	1	1	1
Trucks	1	1	2	2	2	2	2	2	2	2
Other Equipment	1	1	1	1	1	1	1	1	1	1
Maryville City Schools										
Central Office	1	1	1	1	1	1	1	1	1	1
Elementary Schools	4	4	4	4	4	4	4	4	4	4
Middle Schools	1	1	1	1	1	1	1	1	1	1
Intermediate Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
Bus	2	2	2	3	3	3	4	4	6	6
Cars-Drivers Ed	2	2	2	2	2	2	2	2	2	2
Vans	6	7	7	7	8	9	10	10	10	10
Trucks	5	5	6	6	6	6	6	6	7	7
Other Equipment	4	4	4	4	4	5	5	6	6	6

Source: City of Maryville Department Records

CITY OF MARYVILLE, TENNESSEE

SECTION FOUR

SINGLE AUDIT SECTION

June 30, 2011

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CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2011

<u>Program Name</u>	<u>Fund</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>		<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Returned to Grantor and Other</u>	<u>Balance June 30, 2011</u>	
FEDERAL ASSISTANCE											
Title I #10.01	Federal Projects	84.010A	N/A	Tennessee Department of Education	\$ 253,003	*	\$ 253,003	\$ -	\$ -	\$ -	
Title I #11.01	Federal Projects	84.010A	N/A	Tennessee Department of Education	-		343,054	599,383	-	256,329	*
Title I #10.21	Federal Projects	84.010A	N/A	Tennessee Department of Education	-		8,418	16,794	-	8,376	*
Title I ARRA (2010)	Federal Projects	84.389A	N/A	Tennessee Department of Education	7,077	**	7,077	-	-	-	
Title I ARRA (2010)	Federal Projects	84.389A	N/A	Tennessee Department of Education	(7)	**	-	-	7	-	
Title I ARRA (2011)	Federal Projects	84.389A	N/A	Tennessee Department of Education	-		<u>114,366</u>	<u>144,228</u>	-	<u>29,862</u>	*
				Program Total	<u>260,073</u>	*	<u>725,918</u>	<u>760,405</u>	<u>7</u>	<u>294,567</u>	*
IDEA (Part B) #10.01	Federal Projects	84.027A	N/A	Tennessee Department of Education	397,273	*	397,273	-	-	-	
IDEA (Part B) #11.01	Federal Projects	84.027A	N/A	Tennessee Department of Education	-		596,458	958,125	-	361,667	*
IDEA (Part B) ARRA (2010)	Federal Projects	84.391A	N/A	Tennessee Department of Education	181,803	*	181,803	-	-	-	
IDEA (Part B) AARA (2011)	Federal Projects	84.391A	N/A	Tennessee Department of Education	-		<u>150,902</u>	<u>245,245</u>	-	<u>94,343</u>	*
				Program Total	<u>579,076</u>	*	<u>1,326,436</u>	<u>1,203,370</u>	-	<u>456,010</u>	*
IDEA Preschool #08.01	Federal Projects	84.173A	N/A	Tennessee Department of Education	(4,704)	**	-	-	-	(4,704)	**
IDEA Preschool #10.01	Federal Projects	84.173A	N/A	Tennessee Department of Education	15,831	*	15,831	-	-	-	
IDEA Preschool #11.01	Federal Projects	84.173A	N/A	Tennessee Department of Education	-		20,723	30,463	-	9,740	*
IDEA Preschool ARRA (2010)	Federal Projects	84.392A	N/A	Tennessee Department of Education	<u>9,214</u>	*	<u>9,214</u>	-	-	-	
				Program Total	<u>20,341</u>	*	<u>45,768</u>	<u>30,463</u>	-	<u>5,036</u>	*
Title II (Part A) #10.01	Federal Projects	84.367A	N/A	Tennessee Department of Education	78,257	*	78,257	-	-	-	
Title II (Part A) #11.01	Federal Projects	84.367A	N/A	Tennessee Department of Education	-		<u>93,688</u>	<u>150,285</u>	-	<u>56,597</u>	*
				Program Total	<u>78,257</u>	*	<u>171,945</u>	<u>150,285</u>	-	<u>56,597</u>	*
Title III (Part A) #11.01	Federal Projects	84.365A	N/A		-		<u>13,901</u>	<u>13,901</u>	-	-	
Title IV (Part A) (SDFS) #10.01	Federal Projects	84.186A	N/A	Tennessee Department of Education	<u>7,012</u>	*	<u>7,012</u>	-	-	-	
Title IV (Hurricane Education)	Federal Projects	84.938	N/A	Tennessee Department of Education	<u>(10,058)</u>	**	-	-	-	<u>(10,058)</u>	**

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE (Continued)
For the Fiscal Year Ended June 30, 2011

<u>Program Name</u>	<u>Fund</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>		<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Returned to Grantor and Other</u>	<u>Balance June 30, 2011</u>	
Title II (Part D) #10.01	Federal Projects	84.318X	N/A	Tennessee Department of Education	3,264	*	3,264	-	-	-	
Title II (Part D) #11.01	Federal Projects	84.318X	N/A	Tennessee Department of Education	-		1,350	2,050	-	700	*
Title II (Part D) ARRA (2010)	Federal Projects	84.386X	N/A	Tennessee Department of Education	<u>631</u>	*	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>	
				Program Total	<u>3,895</u>	*	<u>5,245</u>	<u>2,050</u>	<u>-</u>	<u>700</u>	*
Carl Perkins #10.01	Federal Projects	84.048A	N/A	Tennessee Department of Education	25,392	*	25,392	-	-	-	
Carl Perkins #11.01	Federal Projects	84.048A	N/A	Tennessee Department of Education	<u>-</u>		<u>17,274</u>	<u>54,449</u>	<u>-</u>	<u>37,175</u>	*
				Program Total	<u>25,392</u>	*	<u>42,666</u>	<u>54,449</u>	<u>-</u>	<u>37,175</u>	*
Race to the Top (ARRA)	Federal Projects	84.412	N/A	Tennessee Department of Education	<u>-</u>		<u>52,589</u>	<u>62,096</u>	<u>-</u>	<u>9,507</u>	*
Education Jobs Fund (ARRA)	Federal Projects	84.410	N/A	Tennessee Department of Education	<u>-</u>		<u>946,421</u>	<u>946,421</u>	<u>-</u>	<u>-</u>	
SNAP (ARRA)	General Purpose School	93.558	N/A	Tennessee Department of Education	<u>-</u>		<u>18,877</u>	<u>18,877</u>	<u>-</u>	<u>-</u>	
State Fiscal Stabilization Funds (Education Portion): Basic Education (ARRA)	General Purpose School	84.394	N/A	Tennessee Department of Education	-		1,663,268	1,663,268	-	-	
State Fiscal Stabilization Funds (Government Services): Family Resource Center (ARRA)	General Purpose School	84.394	N/A	Tennessee Department of Education	10,759	*	44,059	33,300	-	-	
Career Ladder Extended Contract (ARRA)	General Purpose School	84.394	N/A	Tennessee Department of Education	25,095	*	119,972	94,877	-	-	
Internet Connection (ARRA)	General Purpose School	84.394	N/A	Tennessee Department of Education	-		18,143	18,143	-	-	
Coordinated Health School Project (ARRA)	General Purpose School	84.394	N/A	Tennessee Department of Education	11,701	*	111,701	100,000	-	-	

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE (Continued)
For the Fiscal Year Ended June 30, 2011

<u>Program Name</u>	<u>Fund</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Returned to Grantor and Other</u>	<u>Balance June 30, 2011</u>
State Fiscal Stabilization Funds (Government Services) (Cont.): Safe Schools Act of 1998 (ARRA)	General Purpose School	84.397	N/A	Tennessee Department of Education	<u>9,601</u> *	<u>31,801</u>	<u>22,200</u>	-	-
				Program Total	<u>57,156</u> *	<u>1,988,944</u>	<u>1,931,788</u>	-	-
Congressionally-Mandated Projects	Local Grant Special Revenue Fund	66.202	N/A	Environmental Protection Agency	<u>25,798</u> *	<u>28,455</u>	<u>2,657</u>	-	-
Bullet Proof Vest Program	Local Grant Special Revenue Fund	16.607	N/A	United States Department of Justice	-	<u>4,057</u>	<u>4,057</u>	-	-
Public Safety Partnership and Community Policing Grant	Local Grant Special Revenue Fund	16.710	N/A	United States Department of Justice	-	<u>750,000</u>	<u>750,000</u>	-	-
Assistance to Firefighters	Local Grant Special Revenue Fund	97.044	N/A	Federal Emergency Management Agency	-	<u>34,920</u>	<u>34,920</u>	-	-
Capitalization Grant For Clean Water-State Revolving Funds:									
Non-ARRA Funding	Water Quality Control	66.458	N/A	Tennessee Department of Environment and Conservation	738,009 ***	1,419,289	681,280	-	-
Loan (ARRA)	Water Quality Control	66.458	N/A	Tennessee Department of Environment and Conservation	177,129 ***	340,643	163,514	-	-
Principal Forgiveness (ARRA)	Water Quality Control	66.458	N/A	Tennessee Department of Environment and Conservation	<u>708,517</u> ***	<u>1,362,572</u>	<u>654,055</u>	-	-
				Program Total	<u>1,623,655</u> ***	<u>3,122,504</u>	<u>1,498,849</u>	-	-
(See State Assistance for State portion of this program)				TOTAL FEDERAL ASSISTANCE	<u>2,670,597</u> *	<u>9,285,658</u>	<u>7,464,588</u>	<u>7</u>	<u>849,534</u> *

(Continued)

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE (Continued)
For the Fiscal Year Ended June 30, 2011

<u>Program Name</u>	<u>Fund</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Returned to Grantor and Other</u>	<u>Balance June 30, 2011</u>	
STATE ASSISTANCE										
Early Childhood Education (Pilot & Voluntary State Funded Classrooms)	General Purpose School	N/A	MX0AAX	Tennessee Department of Education	67,609	*	67,609	-	-	-
Early Childhood Education (Pilot & Voluntary State Funded Classrooms)	General Purpose School	N/A	MX11AAX	Tennessee Department of Education	-		101,345	168,949	-	67,604
				Program Total	67,609	*	168,954	168,949	-	67,604
Teacher and Principal Evaluation Grant	General Purpose School	N/A	N/A	Tennessee Department of Education	-		4,507	4,507	-	-
Highway Safety Grant	Local Grant Special Revenue Fund	N/A	PT-11-37	Tennessee Department of Transportation	-		12,000	12,000	-	-
Capitalization Grant for Clean Water - State Revolving Loan Fund (State Funding)	Water Quality Control	N/A	N/A	Tennessee Department of Environment and Conservation	147,638	***	283,926	136,288	-	-
				TOTAL STATE ASSISTANCE	<u>215,247</u>	*	<u>469,387</u>	<u>321,744</u>	-	<u>67,604</u>
				TOTAL	<u>\$ 2,885,844</u>	*	<u>\$ 9,755,045</u>	<u>\$ 7,786,332</u>	<u>\$ 7</u>	<u>\$ 917,138</u>
										(1)

The Schedule of Federal and State Financial Assistance is presented in conformity with accounting principles generally accepted in the United States of America.

*** Program expenditures funded through future loan proceeds

(1) June 30, 2011	
Accrued Grants Receivable	\$ 931,900 *
Deferred Revenue	(14,762) **
	<u>\$ 917,138</u>

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF PERFORMANCE-BASED ASSISTANCE, LOANS AND ENTITLEMENTS
For the Fiscal Year Ended June 30, 2011

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>	<u>Amount Earned</u>	<u>Receipts</u>	<u>Balance June 30, 2011</u>
10.555	N/A	National School Lunch Program	U. S. Department of Agriculture	\$ -	\$ 640,764	\$ 640,764	\$ -
10.553	N/A	School Breakfast Program	U. S. Department of Agriculture	-	178,592	178,592	-
	Total			<u>\$ -</u>	<u>\$ 819,356</u>	<u>\$ 819,356</u>	<u>\$ -</u>

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF NON-CASH ASSISTANCE
For the Fiscal Year Ended June 30, 2011

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010 (Receivable)</u>	<u>Receipts</u>	<u>Expenditures (Issues)</u>	<u>Balance June 30, 2011 (Receivable)</u>
<u>FEDERAL ASSISTANCE</u>							
N/A	N/A	USDA: Commodity Supplemental Feeding – Commodities Distributed	Tennessee Department of Agriculture	\$ _____ -	\$ <u>133,417</u>	\$ <u>133,417</u>	\$ _____ -

Ingram Overholt & Bean, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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December 9, 2011

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*

Honorable Mayor, Members of
the City Council,
and City Manager
City of Maryville
Maryville, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maryville, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Maryville, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Maryville, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Maryville, Tennessee's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Maryville, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body, management, and the State of Tennessee, and is not intended to be and should not be used by anyone other than these specific parties.

Ingram, Overholt & Bean, PC



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December 9, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor, Members of
the City Council,
and City Manager
City of Maryville
Maryville, Tennessee

Compliance

We have audited the compliance of the City of Maryville, Tennessee, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The City of Maryville, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Maryville, Tennessee's management. Our responsibility is to express an opinion on the City of Maryville, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Maryville, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Maryville, Tennessee's compliance with those requirements.

In our opinion, the City of Maryville, Tennessee, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. The results of our audit disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the City of Maryville, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Maryville, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the City of Maryville, Tennessee'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

This report is intended for the information and use of management, the City Council, the State of Tennessee, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ingram, Overholt & Bean, PC

CITY OF MARYVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Maryville, Tennessee.
2. No instances of noncompliance are reported in the audit of the financial statements of the City of Maryville, Tennessee based on the 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*.
3. No significant deficiencies disclosed during the audit of the financial statements are reported in the 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*.
4. No significant deficiencies in internal control over major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Maryville, Tennessee, expresses an unqualified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this Schedule.
7. The following were determined to be major programs:

<u>Program</u>	<u>CFDA No.</u>
Environmental Protection Agency: Capitalization Grant for Clean Water (ARRA)	66.458
U. S. Department of Education: State Fiscal Stabilization Fund (ARRA)	84.394
Education Jobs Fund (ARRA)	84.410
U.S. Department of Justice: Public Safety Partnership and Community Policing Grant	16.710

8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. The City of Maryville, Tennessee, did not qualify as a low-risk auditee.

B. Finding – Financial Statements Audit

None.

C. Finding and Questioned Costs – Major Federal Award Programs Audit

None

D. Disposition of Prior Year Findings

The City has taken corrective action on the following prior year finding:

- 10-1 Expenditures Exceeded Approved Budget