

**ANNUAL FINANCIAL REPORT  
LOUDON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT**  
**LOUDON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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

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

*JAMES R. ARNETTE*  
*Director*

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

*LESTER TACKETT, CPA, CGFM*  
*Auditor 4*

*AMY E. MOORE, CGFM*  
*MARK FAWVER*  
*DOUG SANDIDGE, CISA, CFE*  
*State Auditors*

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

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# ***Audit Highlights***

Annual Financial Report  
Loudon County, Tennessee  
For the Year Ended June 30, 2008

## ***Scope***

We have audited the basic financial statements of Loudon County as of and for the year ended June 30, 2008.

## ***Results***

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

Our audit resulted in six findings and recommendations, which we have reviewed with Loudon County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICES OF DIRECTOR OF SCHOOLS, DIRECTOR OF ACCOUNTS AND BUDGETS, AND PURCHASING AGENT**

- ◆ The offices had deficiencies in purchasing procedures.

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### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

- ◆ The county did not have a written agreement to process payroll transactions for a nonprofit agency.
  - ◆ Financial activity of the public libraries was not audited, and the libraries were not subject to budgetary control of the County Commission.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Some purchases were not made through the county purchasing agent.
  - ◆ Expenditures exceeded authorized appropriations in three major categories of the General Purpose School Fund.
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## **OFFICE OF GENERAL SESSIONS COURT CLERK**

- ◆ The docket trial balance was not reconciled with cash control records.

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## INTRODUCTORY SECTION

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Loudon County Officials  
June 30, 2008

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**Officials**

Doyle Arp, County Mayor  
Sean Giles, Highway Superintendent  
Edward Headlee, Director of Schools  
Estelle Herron, Trustee  
Charles Jenkins, Assessor of Property  
Riley Wampler, County Clerk  
Lisa Niles, Circuit and General Sessions Courts Clerk  
Fred Chaney, Clerk and Master  
Tracie Littleton, Register  
Tim Guider, Sheriff  
Tracy Blair, Director of Accounts and Budgets  
Leo Bradshaw, Purchasing Agent

**Board of County Commissioners**

Roy Bledsoe, Chairman  
Harold Duff  
Bob Franke  
Wayne Gardin  
Earlena Maples

Nancy Marcus  
David Meers  
Don Miller  
Chris Park  
Shirley Reno

**Board of Education**

Leroy Tate, Chairman  
Bobby Johnson, Jr.  
Bill Marcus  
Nancy Paule  
Freddie Gene Walker

Steve Harrelson  
June Klinstiver  
Scott Newman  
Larry Proaps  
Larry Bass

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

February 18, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Loudon County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Loudon County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Loudon County Emergency Communications District, which represent 3.3 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Loudon County Emergency Communications District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2009, on our consideration of Loudon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Loudon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (discretely presented School Department only); GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures.

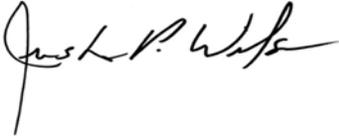
The management of Loudon County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and postemployment benefits information on pages 83 through 89 are not required parts of the basic financial statements but they do provide supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

funds, and General Capital Projects Fund; combining and individual fund financial statements of the Loudon County School Department (a discretely presented component unit); and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Loudon County, Tennessee  
Statement of Net Assets  
June 30, 2008

	Primary Governmental Activities	Component Units	
		Loudon County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 41,016	\$ 0	\$ 547,244
Equity in Pooled Cash and Investments	16,108,166	6,019,785	0
Accounts Receivable	227,912	54,000	42,336
Due from Other Governments	2,478,554	1,384,030	0
Property Taxes Receivable	12,573,069	9,778,414	0
Allowance for Uncollectible Property Taxes	(171,756)	(122,099)	0
Prepaid Items	497,725	385,030	0
Notes Receivable - Long-term	3,994,395	0	0
Unamortized Debt Issuance Cost	378,175	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	6,115,140	3,945,297	0
Construction in Progress	1,692,818	1,098,060	767,805
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	12,110,834	26,055,331	0
Other Capital Assets	1,784,999	209,144	311,857
Infrastructure - Roads, Streets, and Bridges	28,532,787	0	0
Total Assets	<u>\$ 86,363,834</u>	<u>\$ 48,806,992</u>	<u>\$ 1,669,242</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 80,212	\$ 184,431	\$ 90,849
Accrued Payroll	167,137	2,810	0
Accrued Interest Payable	98,545	0	0
Payroll Deductions Payable	14,282	304,964	0
Contracts Payable	27,632	292,019	0
Retainage Payable	0	23,457	0
Due to State of Tennessee	22,646	0	0
Due to Litigants, Heirs, and Others	1,613	0	0
Deferred Revenue - Property Taxes	12,094,336	9,459,855	0
Noncurrent Liabilities:			
Due Within One Year	2,774,922	346,726	494,472
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	28,569,779	3,739,906	0
Total Liabilities	<u>\$ 43,851,104</u>	<u>\$ 14,354,168</u>	<u>\$ 585,321</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Loudon County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 38,524,711	\$ 27,313,437	\$ 585,190
Restricted for:			
Highways	1,201,437	0	0
Debt Service	1,723,731	0	0
Capital Projects	1,858,610	0	0
Sanitation/Solid Waste	525,244	0	0
Drug Control	236,431	0	0
Constitutional Officers' Data Processing Systems	129,500	0	0
Federal Assistance Programs	23,623	320,259	0
Other Purposes	38,791	0	0
Unrestricted	<u>(1,749,348)</u>	<u>6,819,128</u>	<u>498,731</u>
Total Net Assets	<u>\$ 42,512,730</u>	<u>\$ 34,452,824</u>	<u>\$ 1,083,921</u>

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

Exhibit B

Loudon County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government Total	Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Loudon County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 2,837,772	\$ 1,044,430	\$ 331,393	\$ 0	\$ (1,461,949)	\$ 0	\$ 0
Finance	1,427,244	1,070,458	57,469	0	(299,317)	0	0
Administration of Justice	1,512,424	1,364,166	63,851	0	(84,407)	0	0
Public Safety	5,881,208	231,582	128,552	0	(5,521,074)	0	0
Public Health and Welfare	2,416,640	214,220	1,255,607	493,036	(453,777)	0	0
Social, Cultural, and Recreational Services	406,944	0	52,208	0	(354,736)	0	0
Agriculture and Natural Resources	153,968	0	0	0	(153,968)	0	0
Other Operations	1,187,569	0	171,797	0	(1,015,772)	0	0
Highways	2,899,003	0	1,608,458	632,242	(658,303)	0	0
Education	3,778,947	289,830	0	0	(3,489,117)	0	0
Debt Service:							
Interest on Long-term Debt	1,194,288	0	0	0	(1,194,288)	0	0
Other Debt Service	225,437	0	0	0	(225,437)	0	0
<b>Total Primary Government</b>	<b>\$ 23,921,444</b>	<b>\$ 4,214,686</b>	<b>\$ 3,669,335</b>	<b>\$ 1,125,278</b>	<b>\$ (14,912,145)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:							
Loudon County School Department	\$ 39,649,484	\$ 1,244,946	\$ 4,819,628	\$ 3,489,117	\$ 0	\$ (30,095,793)	\$ 167,417
Emergency Communications District	341,356	332,057	0	176,716	0	0	0
<b>Total Component Units</b>	<b>\$ 39,990,840</b>	<b>\$ 1,577,003</b>	<b>\$ 4,819,628</b>	<b>\$ 3,665,833</b>	<b>\$ 0</b>	<b>\$ (30,095,793)</b>	<b>\$ 167,417</b>

(Continued)

Exhibit B

Loudon County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Primary		Component Units		
	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Loudon County School Department	Emergency Communications District
Expenses	Governmental Activities	Total Governmental Activities			
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes	\$ 9,181,179	\$ 7,990,529	\$	\$	0
Property Taxes Levied for Solid Waste/Sanitation	131,749	0			0
Property Taxes Levied for Highway/Public Works	394,289	0			0
Property Taxes Levied for General Debt Service	1,246,930	0			0
Property Taxes Levied for Education Debt Service	1,145,230	0			0
Property Taxes Levied for Capital Projects	328,112	0			0
Sales Taxes	744,047	0		2,983,774	0
Hotel/Motel Tax	386,874	0		0	0
Business Tax	361,593	0		0	0
Litigation Tax	321,137	0		0	0
Adequate Facilities/Development Tax	297,502	0		0	0
Other Local Taxes	89,270	0		53,506	0
Grants and Contributions Not Restricted to Specific Programs	1,578,732	20,395,554	16,156	20,395,554	16,156
Unrestricted Investment Income	641,341	181,354	4,000	181,354	4,000
Miscellaneous	81,380	30,321	0	30,321	0
Revenue from Joint Ventures	198,838	0	0	0	0
Gain on Disposal of Property	35,063	0	0	0	0
Total General Revenues	\$ 17,163,266	\$ 31,635,038	\$ 20,156	\$ 31,635,038	\$ 20,156
Change in Net Assets	\$ 2,251,121	\$ 1,539,245	\$ 187,573	\$ 1,539,245	\$ 187,573
Net Assets, July 1, 2007	40,261,609	32,913,579	896,348	32,913,579	896,348
Net Assets, June 30, 2008	42,512,730	34,452,824	1,083,921	34,452,824	1,083,921

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

Exhibit C-1

Loudon County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Debt Service	Education Debt Service	General Capital Projects	Other Governmental Funds		
Cash	\$ 932	\$ 0	\$ 0	\$ 0	\$ 1,040	\$ 1,972	
Equity in Pooled Cash and Investments	5,738,480	1,686,365	5,318,463	1,779,807	1,585,051	16,108,166	
Accounts Receivable	163,825	55,102	0	120	8,865	227,912	
Due from Other Governments	1,998,406	0	0	98,230	381,918	2,478,554	
Due from Other Funds	604	0	0	0	1,066	1,670	
Property Taxes Receivable	8,488,606	1,337,464	1,831,891	283,645	631,463	12,573,069	
Allowance for Uncollectible Property Taxes	(121,244)	(17,753)	(20,612)	(4,194)	(7,953)	(171,756)	
Prepaid Items	376,990	0	0	0	120,735	497,725	
Notes Receivable - Long-term	0	0	3,994,395	0	0	3,994,395	
Total Assets	\$ 16,646,599	\$ 3,061,178	\$ 11,124,137	\$ 2,157,608	\$ 2,722,185	\$ 35,711,707	

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Governments  
 Due from Other Funds  
 Property Taxes Receivable  
 Allowance for Uncollectible Property Taxes  
 Prepaid Items  
 Notes Receivable - Long-term

LIABILITIES AND FUND BALANCES

	General	Debt Service	Education Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities	\$ 37,817	\$ 0	\$ 0	\$ 0	\$ 26,505	\$ 64,322
Accounts Payable	146,118	0	0	0	21,019	167,137
Accrued Payroll	13,734	0	0	0	548	14,282
Payroll Deductions Payable	0	0	0	27,632	0	27,632
Contracts Payable	1,066	0	0	0	604	1,670
Due to Other Funds	22,646	0	0	0	0	22,646
Due to State of Tennessee	0	0	0	0	1,613	1,613
Due to Litigants, Heirs, and Others	8,140,976	1,288,987	1,782,433	271,366	610,574	12,094,336
Deferred Revenue - Current Property Taxes	204,477	27,751	26,061	7,303	11,684	277,276
Deferred Revenue - Delinquent Property Taxes	673,694	0	0	0	182,974	856,668
Other Deferred Revenues	\$ 9,240,528	\$ 1,316,738	\$ 1,808,494	\$ 306,301	\$ 855,521	\$ 13,527,582
Total Liabilities						

(Continued)

Exhibit C-1

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

	Major Funds						Nonmajor Funds		Total Governmental Funds	
	General			Education		Capital Projects		Other		
	General	Debt Service	0	Education Debt Service	0	0	Capital Projects	Governmental Funds		Governmental Funds
\$	17,830	0	0	0	0	371,918	0	4,839	394,587	
	4,008	0	0	0	0	0	0	0	4,008	
	742	0	0	0	0	0	0	0	742	
	45,007	0	0	0	0	0	0	0	45,007	
	9,042	0	0	0	0	0	0	0	9,042	
	3,200	0	0	0	0	0	0	0	3,200	
	16,959	0	0	0	0	0	0	0	16,959	
	376,990	0	0	0	0	0	0	120,735	497,725	
	0	0	0	3,994,395	0	0	0	0	3,994,395	
	50,542	0	0	1,414,580	0	0	0	0	1,465,122	
	6,881,751	0	0	0	0	0	0	0	6,881,751	
	0	0	0	0	0	0	0	1,741,090	1,741,090	
	0	1,744,440	0	3,906,668	0	0	0	0	5,651,108	
	0	0	0	0	0	1,479,389	0	0	1,479,389	
	\$ 7,406,071	\$ 1,744,440	\$ 9,315,643	\$ 1,851,307	\$ 1,866,664	\$ 22,184,125				
Total Liabilities and Fund Balances	\$ 16,646,599	\$ 3,061,178	\$ 11,124,137	\$ 2,157,608	\$ 2,722,185	\$ 35,711,707				

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances</u>
Reserved for Encumbrances
Reserved for Sexual Offender Registration
Reserved for Courtroom Security
Reserved for Computer System - Register
Reserved for Automation Purposes - General Sessions Court
Reserved for Automation Purposes - Chancery Court
Reserved for Automation Purposes - Sheriff
Reserved for Prepaid Items
Reserved for Long-term Notes Receivable
Reserved for Other General Purposes
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
Capital Projects Funds
Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Loudon County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 22,184,125
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 6,115,140	
Add: construction in progress	1,692,818	
Add: infrastructure net of accumulated depreciation	28,532,787	
Add: buildings and improvements net of accumulated depreciation	12,110,834	
Add: other capital assets net of accumulated depreciation	<u>1,784,999</u>	50,236,578
(2) An internal service fund is used by management to charge the cost of employee dental insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		23,154
(3) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,387,402)	
Less: capital leases payable	(47,250)	
Less: bonds payable	(5,320,000)	
Less: other loans payable	(22,388,322)	
Add: deferred amount on refunding	297,582	
Add: deferred charges - debt issuance costs	378,175	
Less: unamortized portion of debt premiums	(12,257)	
Less: accrued interest on notes, bonds, and other loans	(98,545)	
Less: compensated absences payable	<u>(487,052)</u>	(31,065,071)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,133,944</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 42,512,730</u>

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

Exhibit C-3

Loudon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2008

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Debt Service		Education		General Capital Projects	Other		
		General	Debt Service	Debt Service	Education		Governmental Funds	Other	
<u>Revenues</u>									
Local Taxes	\$ 10,575,830	\$ 1,280,462	\$ 1,446,303	\$ 328,125	\$ 1,117,555	\$ 14,748,275			
Licenses and Permits	587,460	0	0	0	0	587,460			
Fines, Forfeitures, and Penalties	414,058	0	0	0	164,189	578,247			
Charges for Current Services	197,963	0	0	0	653	198,616			
Other Local Revenues	443,521	286,431	229,462	9,955	189,793	1,159,162			
Fees Received from County Officials	2,262,369	0	0	0	0	2,262,369			
State of Tennessee	2,144,356	0	0	665,483	1,655,344	4,465,183			
Federal Government	126,745	0	0	500,297	1,088	628,130			
Other Governments and Citizens Groups	385,356	163,766	0	632,242	0	1,181,364			
Total Revenues	\$ 17,137,658	\$ 1,730,659	\$ 1,675,765	\$ 2,136,102	\$ 3,128,622	\$ 25,808,806			
<u>Expenditures</u>									
Current:									
General Government	\$ 2,634,777	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,634,777			
Finance	1,703,250	0	0	0	0	1,703,250			
Administration of Justice	1,520,210	0	0	0	0	1,520,210			
Public Safety	5,594,150	0	0	0	107,562	5,701,712			
Public Health and Welfare	1,106,847	0	0	0	606,187	1,713,034			
Social, Cultural, and Recreational Services	380,846	0	0	0	4,755	385,601			
Agriculture and Natural Resources	153,968	0	0	0	0	153,968			
Other Operations	1,142,444	0	0	13,024	12,466	1,167,934			
Highways	0	0	0	0	1,993,368	1,993,368			
Debt Service:									
Principal on Debt	386,540	1,888,722	1,078,192	0	27,000	3,380,454			
Interest on Debt	12,851	514,288	602,087	0	0	1,129,226			
Other Debt Service	0	196,228	25,209	4,000	0	225,437			
Capital Projects	0	0	0	5,925,680	0	5,925,680			
Total Expenditures	\$ 14,635,883	\$ 2,599,238	\$ 1,705,488	\$ 5,942,704	\$ 2,751,338	\$ 27,634,651			

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	General Debt Service	Education Debt Service	General Capital Projects	Other	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,501,775	\$ (868,579)	\$ (29,723)	\$ (3,806,602)	\$ 377,284	\$ (1,825,845)	
Other Financing Sources (Uses)							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 3,493,117	\$ 0	\$ 3,493,117	
Insurance Recovery	26,815	0	0	0	0	26,815	
Transfers In	14,995	843,800	0	1,000,000	0	1,858,795	
Transfers Out	(1,680,000)	0	0	0	(178,795)	(1,858,795)	
Total Other Financing Sources (Uses)	\$ (1,638,190)	\$ 843,800	\$ 0	\$ 4,493,117	\$ (178,795)	\$ 3,519,932	
Net Change in Fund Balances	\$ 863,585	\$ (24,779)	\$ (29,723)	\$ 686,515	\$ 198,489	\$ 1,694,087	
Fund Balance, July 1, 2007	6,542,486	1,769,219	9,345,366	1,164,792	1,668,175	20,490,038	
Fund Balance, June 30, 2008	\$ 7,406,071	\$ 1,744,440	\$ 9,315,643	\$ 1,851,307	\$ 1,866,664	\$ 22,184,125	

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

Exhibit C-4

Loudon County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	1,694,087
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$	2,415,472
Less: current year depreciation expense		<u>(1,705,924)</u>
		709,548
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: net book value of assets disposed		(136,024)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$	(925,038)
Add: deferred delinquent property taxes and other deferred June 30, 2008		<u>1,133,944</u>
		208,906
(4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: notes issued	\$	(3,493,117)
Add: principal payments on notes		788,479
Add: principal payments on other loans		2,239,975
Add: principal payments on capital leases		27,000
Add: principal payments on bonds		325,000
Add: amortization of debt issuance premiums		1,047
Less: amortization of debt issuance costs		(28,134)
Less: deferred charge on refunding amortized during year		<u>(37,520)</u>
		(177,270)

(Continued)

Exhibit C-4

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

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	592
Change in compensation absences payable	<u>(46,691)</u>	\$ (46,099)
(6) The internal service fund is used by management to charge the cost of employee dental benefits to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(2,027)</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u>2,251,121</u>

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

Exhibit D-1

Loudon County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	Governmental Activities - Internal Service
	<u>Employee Dental Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 39,044
Total Assets	<u>\$ 39,044</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 15,890
Total Liabilities	<u>\$ 15,890</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 23,154</u>
Total Net Assets	<u><u>\$ 23,154</u></u>

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

Exhibit D-2

Loudon County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service <hr/> Employee Dental Insurance Fund <hr/>
<u>Operating Revenues</u>	
Charges for Services	\$ 412,201
Total Operating Revenues	<u>\$ 412,201</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 414,228
Total Operating Expenses	<u>\$ 414,228</u>
Operating Income (Loss)	<u>\$ (2,027)</u>
Change in Net Assets	\$ (2,027)
Net Assets, July 1, 2007	<u>25,181</u>
Net Assets, June 30, 2008	<u><u>\$ 23,154</u></u>

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

Exhibit D-3

Loudon County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service
	<u>Employee Dental Insurance Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 412,201
Payments for Claims	(406,818)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 5,383</u>
Increase (Decrease) in Cash	\$ 5,383
Cash, July 1, 2007	<u>33,661</u>
Cash, June 30, 2008	<u><u>\$ 39,044</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (2,027)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Other Current Liabilities	<u>7,410</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 5,383</u></u>

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

Exhibit E

Loudon County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,354,287
Equity in Pooled Cash and Investments	2,771,689
Accounts Receivable	6,123
Due from Other Governments	866,055
Due from Joint Ventures	62
Taxes Receivable	4,387,042
Allowance for Uncollectible Taxes	<u>(54,779)</u>
Total Assets	<u><u>\$ 9,330,479</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,379,594
Due to Litigants, Heirs, and Others	1,359,542
Due to Joint Ventures	2,591,281
Other Current Liabilities	<u>62</u>
Total Liabilities	<u><u>\$ 9,330,479</u></u>

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

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**LOUDON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

**Blended Component Units** – There are no legally separate component units of Loudon County that meet the criteria for being reported as part of the primary government by the blending method.

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

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

The Loudon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Loudon County, and the Loudon County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Loudon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. Complete financial statements of the Loudon County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Loudon County Emergency Communications District  
500 John Parris Drive  
Loudon, TN 37774

**B. Government-wide and Fund Financial Statements**

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

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

Loudon County issues all debt for the discretely presented Loudon County School Department. The county issued debt of \$3,493,117 for the benefit of the School Department during the year ended June 30, 2008.

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

government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Loudon County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

The proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Loudon County reports the following major governmental funds:

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

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

**Education Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal, interest, and other related costs on certain long-term education debt of the county.

**General Capital Projects Fund** – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, Loudon County reports the following fund types:

**Special Revenue Funds** – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**Internal Service Fund** – The Employee Dental Insurance Fund is used to account for the county’s self-insured dental health programs. Premiums charged to the various county funds, the School Department, and employee payroll deductions are placed in this fund for the payment of claims of county employees.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Loudon County, the city school system’s share of educational revenues, and

assets held in a custodial capacity for joint ventures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Loudon County School Department reports the following major governmental funds:

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

**Education Capital Projects Fund** – This fund is used to account for the School Department’s building construction and renovations.

Additionally, the Loudon County School Department reports the following fund type:

**Special Revenue Fund** – The School Federal Projects Fund accounts for restricted federal revenues, which must be expended on specific education programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the employees’ dental insurance program. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The principal operating revenues of the county’s internal service fund are charges for services. Operating expenses for the internal service fund consist of dental claims.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

For purposes of the statement of cash flows of the internal service fund (the Employee Dental Insurance Fund), cash includes demand deposits.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Loudon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Income from these pooled investments is allocated to various funds based on their cash balances at the time the income is received. Loudon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

**2. Receivables and Payables**

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .7 percent of total taxes levied.

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

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

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

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

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The majority of these payments consisted of payments for insurance coverage for the 2008-09 fiscal year.

**4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide

financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40 - 65
Other Capital Assets	3 - 15
Infrastructure	30 - 50

**5. Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Loudon County does not have a policy to pay any amounts when employees separate from service with the government. Accumulated vacation benefits of the Loudon County School Department apply to administrative staff only. Other School Department employees must use their vacation benefits within the year earned. The liability for School Department administrative staff accumulated vacation benefits is considered immaterial at June 30, 2008. All vacation pay is accrued when incurred in the government-wide financial statements for the county and its discretely presented component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over

the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

The county has entered into an interest rate swap agreement to modify interest rates on certain outstanding debt. Other than the net interest expenditure resulting from the agreement, no amounts are recorded in the financial statements. See Note IV.I. for details of the swap agreement.

## **7. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2008, Loudon County had \$19,014,181 in outstanding debt for capital purposes for the discretely presented Loudon County School Department. This debt is a liability of Loudon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Loudon County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets. The School Department has committed to fund a portion of this debt from its operating funds. See Note IV.B., Notes Receivable – Long-term, for additional details of that commitment.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. In the Education Debt Service Fund, the Reserved for Other General Purposes account represents funds reserved for a specific debt issue. The Reserved for Other General Purposes in the General Fund represents amounts reserved for a forensic lab.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

#### **Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

#### **Discretely Presented Loudon County School Department**

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide statement of net assets.

### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

#### **Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

### **Discretely Presented Loudon County School Department**

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

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Industrial Economic Development Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund), which are not budgeted, and the discretely presented Education Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

### **B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) for the following funds:

Fund	Major Category	Amount Overspent
Primary Government:		
General	Soil Conservation	\$ 1,039
General	Principal on Debt - General	3,580
Discretely Presented Loudon		
County School Department:		
General Purpose School	Regular Instruction Program	5,786
General Purpose School	Food Service	116,859
General Purpose School	Principal on Debt - Education	3,425

These over expenditures are a violation of state statutes. These over expenditures were funded by available fund balances.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured

amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2008, Loudon County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Loudon County and the discretely presented Loudon County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 7,821,543

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Loudon County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Loudon County has no investment policy that would further limit its investment choices. As of June 30, 2008, Loudon County's investment in the State Treasurer's Investment Pool was unrated.

**B. Notes Receivable – Long-term**

Loudon County entered into an agreement with the discretely presented Loudon County School Department where the primary government has borrowed funds and loaned the proceeds to the School Department. The School Department has agreed to repay the primary government for principal and interest requirements on this debt. Long-term notes receivable are reflected in the primary government's Education Debt Service Fund (\$3,994,395) for future principal amounts due from the School Department. These notes receivable are offset with reserved fund balance to indicate that the amounts are not available for appropriation. The total of notes not expected to be collected within one year is \$3,647,669.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2008, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 6,251,164	\$ 0	\$ (136,024)	\$ 6,115,140
Construction in Progress	9,936	1,956,387	(273,505)	1,692,818
Total Capital Assets Not Depreciated	<u>\$ 6,261,100</u>	<u>\$ 1,956,387</u>	<u>\$ (409,529)</u>	<u>\$ 7,807,958</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,585,091	\$ 273,505	\$ 0	\$ 13,858,596
Infrastructure	45,105,646	0	0	45,105,646
Other Capital Assets	4,689,310	459,085	(48,183)	5,100,212
Total Capital Assets Depreciated	<u>\$ 63,380,047</u>	<u>\$ 732,590</u>	<u>\$ (48,183)</u>	<u>\$ 64,064,454</u>

**Governmental Activities: (Cont.)**

	Balance		Balance	
	7-1-07	Increases	Decreases	6-30-08
Less Accumulated				
Depreciation For:				
Buildings and Improvements	\$ 1,535,097	\$ 212,665	\$ 0	\$ 1,747,762
Infrastructure	15,672,802	900,057	0	16,572,859
Other Capital Assets	2,770,194	593,202	(48,183)	3,315,213
Total Accumulated				
Depreciation	\$ 19,978,093	\$ 1,705,924	\$ (48,183)	\$ 21,635,834
Total Capital Assets				
Depreciated, Net	\$ 43,401,954	\$ (973,334)	\$ 0	\$ 42,428,620
Governmental Activities				
Capital Assets, Net	\$ 49,663,054	\$ 983,053	\$ (409,529)	\$ 50,236,578

The above table does not include capital assets of a hospital facility titled to Loudon County but used in the operations of Fort Loudoun Medical Center. The construction of that facility was funded by Fort Loudoun Medical Center and, pursuant to an agreement with the county; the facility was titled to the county, and then leased to Fort Loudoun Medical Center. Those assets are used pursuant to a lease agreement by Fort Loudoun Medical Center for a nominal rental of \$100 per year. The lease is further discussed in Note IV.G.

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

**Governmental Activities:**

General Government	\$ 192,275
Finance	3,579
Administration of Justice	16,434
Public Safety	362,116
Public Health and Welfare	70,028
Social, Cultural, and Recreational Services	12,522
Other Operations	20,116
Highways/Public Works	1,028,854
Total Depreciation Expense -	
Governmental Activities	\$ 1,705,924

**Discretely Presented Loudon County School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 3,957,127	\$ 0	\$ (11,830)	\$ 3,945,297
Construction in Progress	972,903	125,157	0	1,098,060
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 4,930,030</b>	<b>\$ 125,157</b>	<b>\$ (11,830)</b>	<b>\$ 5,043,357</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,118,231	\$ 603,403	\$ 0	\$ 35,721,634
Other Capital Assets	333,449	27,905	0	361,354
<b>Total Capital Assets Depreciated</b>	<b>\$ 35,451,680</b>	<b>\$ 631,308</b>	<b>\$ 0</b>	<b>\$ 36,082,988</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,789,894	\$ 876,409	\$ 0	\$ 9,666,303
Other Capital Assets	127,339	24,871	0	152,210
<b>Total Accumulated Depreciation</b>	<b>\$ 8,917,233</b>	<b>\$ 901,280</b>	<b>\$ 0</b>	<b>\$ 9,818,513</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 26,534,447</b>	<b>\$ (269,972)</b>	<b>\$ 0</b>	<b>\$ 26,264,475</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 31,464,477</b>	<b>\$ (144,815)</b>	<b>\$ (11,830)</b>	<b>\$ 31,307,832</b>

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

**Governmental Activities:**

Instruction	\$ 363
Support Services	900,233
Operation of Non-Instructional Services	<u>684</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u><u>\$ 901,280</u></u></b>

**D. Construction Commitments**

At June 30, 2008, the General Capital Projects Fund had uncompleted construction contracts totaling \$371,918 for the construction of various capital projects. At June 30, 2008, the discretely presented School Department's Education Capital Projects Fund had uncompleted architectural and construction contracts totaling \$495,004 for various projects including fire system renovations and developing blueprints for school renovations and improvements. Funding has been provided for these future expenditures.

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

The composition of interfund balances as of June 30, 2008, is as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 604
Nonmajor governmental	General	1,066
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	3,670
Nonmajor governmental	General Purpose School	21,935

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Debt Service Fund	General Capital Projects
General	\$ 0	\$ 680,000	\$ 1,000,000
Nonmajor governmental funds	14,995	163,800	0
<b>Total</b>	<b>\$ 14,995</b>	<b>\$ 843,800</b>	<b>\$ 1,000,000</b>

**Discretely Presented Loudon County School Department**

	<u>Transfer In</u>
	Education Capital Project Fund
Transfer Out	
General Purpose School Fund	\$ 514,160

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**F. Payables**

Most payables are disaggregated on the face of the financial statements. Retainage payable totaling \$23,457 in the discretely presented School Department's Education Capital Projects Fund represents amounts withheld from payments made to contractors on construction projects to ensure contract performance.

A total of \$1,613 in the nonmajor governmental funds Due to Litigants, Heirs, and Others account represents deposits from law enforcement seizures pending disposition by the Tennessee Department of Safety.

**G. Hospital Lease Agreements**

During June 2002, Loudon County entered into an agreement with Fort Sanders Medical Center (Covenant Health) to acquire a certificate of need from the Tennessee Health Facility Commission. Covenant Health agreed to build and operate a facility under a future lease agreement with Loudon County. The facility was completed and ownership was transferred to Loudon County. Loudon County has leased the facility to Fort Loudoun Medical Center, of which Covenant Health is the sole member. Fort Loudoun Medical Center has entered into an agreement to lease the property from Loudon County for a period of 20 years, commencing October 4, 2004, for a nominal annual charge of \$100. The agreement provides for two renewal terms for five years each at the option of Fort Loudoun Medical Center. This lease agreement also includes provisions for Fort Loudoun Medical Center to expend additional amounts during the original lease term for capital outlay, recruitment, and/or other community benefits projects.

**H. Capital Leases**

In 2005, Loudon County entered into a five-year lease-purchase agreement for solid waste compactors and containers. The terms of the agreement

require total lease payments of \$135,000 (with no stated interest). Title to the compactors and containers transfers to Loudon County at the end of the lease period. The lease payments are made by the Solid Waste/Sanitation Fund.

Future minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 27,000
2010	<u>20,250</u>
Total Minimum Lease Payments	<u><u>\$ 47,250</u></u>

Management has not imputed an interest rate on this agreement to determine the net present value of these lease payments.

**I. Long-term Debt**

**Primary Government**

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

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 16 years for bonds, up to seven years for notes, and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and capital outlay notes included in long-term debt as of June 30, 2008, will be retired from the debt service funds. Loans outstanding will be retired from the General Fund and the debt service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	5 to 5.7 %	\$ 5,360,000	\$ 180,000
General Obligation Bonds - Refunding	1.8 to 4	7,185,000	5,140,000
Capital Outlay Notes	0 to 4.43	3,829,981	3,387,402
Other Loans - City of Loudon	0	475,000	421,056
Other Loans - PBA Variable Rate	variable	8,000,000	6,150,000
Other Loans - PBA Synthetic	Fixed by Swap	12,500,000	12,180,000
Loan Agreement - State School Bond Authority	0	4,129,500	3,637,266
Capital Leases	0	135,000	47,250

Loudon County has entered into various loan agreements with Public Building Authorities (PBAs) to finance various capital projects for the county and the discretely presented Loudon County School Department. The following table summarizes PBA loan agreements outstanding at June 30, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Variable Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
Montgomery County:					
Public Building Authority:					
Various Purposes	\$ 5,000,000	\$ 3,600,000	Variable	2.5 %	0.60 %
Sevier County:					
Public Building Authority:					
School Projects	12,500,000	12,180,000	Synthetic Fixed by Swap	6.32	0.38
Various Purposes	3,000,000	<u>2,550,000</u>	Variable	5	0.24
Total		<u>\$ 18,330,000</u>			

Loudon County has also entered into the following agreement with the City of Loudon to provide funding for infrastructure improvements for a business development. The agreement is reflected as other loans in this report.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Rates
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City of Loudon

Highlands Business Center	\$ 475,000	\$ 421,056	0	%
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Under the agreement, the county must pay its incremental tax revenues (excess of current taxes over base year amounts), from properties within the development, toward the retirement of this obligation. The maximum amount the county is required to pay is \$475,000 (with no interest accruing and no stated maturity date). During the year, the county paid \$10,580 under the agreement.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2008, including interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 355,000	\$ 192,240	\$ 547,240
2010	285,000	177,450	462,450
2011	320,000	170,325	490,325
2012	345,000	160,725	505,725
2013	395,000	148,650	543,650
2014-2017	2,415,000	515,100	2,930,100
2018-2020	1,205,000	72,415	1,277,415
Total	<u>\$ 5,320,000</u>	<u>\$ 1,436,905</u>	<u>\$ 6,756,905</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	1,114,987	\$ 73,418	\$ 1,188,405
2010	1,145,407	42,998	1,188,405
2011	984,157	11,944	996,101
2012	71,426	0	71,426
2013	71,425	0	71,425
Total	<u>3,387,402</u>	<u>\$ 128,360</u>	<u>\$ 3,515,762</u>

Year Ending June 30	Other Loans - PBA and QZAB			
	Principal	Interest	Other Fees	Total
2009	\$ 915,300	\$ 987,276	\$ 73,855	\$ 1,976,431
2010	955,300	960,650	70,962	1,986,912
2011	1,286,300	932,208	67,931	2,286,439
2012	1,332,300	883,267	63,618	2,279,185
2013	1,398,300	831,839	59,106	2,289,245
2014-2017	7,880,500	3,276,381	219,726	11,376,607
2018-2022	5,969,266	1,642,752	98,266	7,710,284
2023-2025	2,230,000	213,300	12,825	2,456,125
Total	\$ 21,967,266	\$ 9,727,673	\$ 666,289	\$ 32,361,228

Annual requirements for the \$421,056 other loan payable for the Highlands Business Center project are not included in the schedule since the loan is to be repaid with tax increment revenues only, and there is no defined payment schedule.

There is \$5,651,108 unreserved fund balance and \$1,414,580 reserved for specific debt issues available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$136, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$310 for residents inside Lenoir City, and \$900 for residents outside Lenoir City, based on the 2000 federal census.

### **SWAP AGREEMENT**

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

**Objective of the Interest Rate Swap.** To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$12.5 million Series IV-H-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

**Terms.** Under the swap, the authority pays the counterparty a fixed payment of 3.13 percent and receives a variable payment computed as 59 percent of the three-month London Interbank Offered Rate (LIBOR) plus 35 basis points. The swap has a notional amount of \$12.5 million, and the associated variable-rate bond has a \$12.5 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-H-1 Bonds. The bonds'

variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.13 %
Variable payment from counterparty	% of LIBOR	<u>-1.81</u>
Net interest rate swap payments		1.32 %
Variable-rate bond coupon payments		<u>5.00</u>
Synthetic interest rate on bonds		<u><u>6.32 %</u></u>

**Fair Value.** As of June 30, 2008, the swap had a negative fair value of \$36,491. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

**Credit Risk.** As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AA by Standard and Poor’s and Aa3 by Moody’s Investor Service as of June 30, 2008. If Ambac’s credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

**Basis Risk.** As noted above, the swap exposes the county to basis risk if the BMA increases to above 59 percent of LIBOR plus 35 basis points, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 59 percent of LIBOR plus 35 basis points, then the synthetic rate on the bonds will decrease.

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

termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap Payments and Associated Debt.** As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2009	\$ 180,000	\$ 609,000	\$ 161,105	\$ 950,105
2010	185,000	600,000	158,724	943,724
2011	505,000	590,750	156,277	1,252,027
2012	540,000	565,500	149,597	1,255,097
2013	570,000	538,500	142,455	1,250,955
2014-2018	3,410,000	2,229,000	589,660	6,228,660
2019-2023	4,560,000	1,268,000	335,437	6,163,437
2024-2025	2,230,000	168,750	44,641	2,443,391
Total	\$ 12,180,000	\$ 6,569,500	\$ 1,737,896	\$ 20,487,396

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Bonds	Notes	Other Loans - City of Loudon
Balance, July 1, 2007	\$ 5,645,000	\$ 682,764	\$ 807,596
Additions	0	3,493,117	0
Deductions	(325,000)	(788,479)	(386,540)
Balance, June 30, 2008	\$ 5,320,000	\$ 3,387,402	\$ 421,056
Balance Due Within One Year	\$ 355,000	\$ 1,114,987	0

	Other Loans - PBA and QZAB	Capital Leases	Compensated Absences
Balance, July 1, 2007	\$ 23,820,701	\$ 74,250	\$ 440,361
Additions	0	0	409,325
Deductions	(1,853,435)	(27,000)	(362,635)
Balance, June 30, 2008	<u>\$ 21,967,266</u>	<u>\$ 47,250</u>	<u>\$ 487,051</u>
Balance Due Within One Year	<u>\$ 915,300</u>	<u>\$ 27,000</u>	<u>\$ 362,635</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 31,630,026
Less: Balance Due Within One Year	(2,774,922)
Less: Deferred Amount on Refunding	(297,582)
Add: Unamortized Premium on Debt	<u>12,257</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 28,569,779</u>

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

Defeasance of Prior Debt

In a previous year, Loudon County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the defeased bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2008, the following outstanding bond is considered defeased:

	<u>Amount</u>
1999 General Obligation Public Improvement (callable 4-1-09)	\$4,675,000

## Discretely Presented Loudon County School Department

### Capital Outlay Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of up to 15 years for notes.

Capital outlay notes outstanding as of June 30, 2008, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-08</u>
Energy Efficiency Projects	0 %	\$ 4,629,481	\$ 3,994,395

The capital outlay notes are to be retired from the General Purpose School Fund.

The annual requirements to amortize the notes outstanding as of June 30, 2008, are presented in the following table:

<u>Year Ending June 30</u>	<u>Notes - Principal</u>
2009	\$ 346,726
2010	346,726
2011	346,726
2012	346,726
2013	346,725
2014-2018	1,376,500
2019-2021	<u>884,266</u>
Total	<u>\$ 3,994,395</u>

### Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the discretely presented Loudon County School Department for the year ended June 30, 2008:

	Notes	Other Postemployment Benefits
Balance, July 1, 2007	\$ 4,254,256	\$ 0
Additions	0	406,000
Deductions	(259,861)	(313,763)
Balance, June 30, 2008	<u>\$ 3,994,395</u>	<u>\$ 92,237</u>
Balance Due Within One Year	<u>\$ 346,726</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 4,086,632
Less: Balance Due Within One Year	<u>(346,726)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,739,906</u>

**J. Pledges of Future Revenues**

Tax Incremental Revenues Pledged for Retirement of County Debt

As discussed in Note IV. I., Loudon County has pledged incremental real and personal property tax revenues from the Highland Business Center development toward the retirement of a loan agreement entered into between the county and the City of Loudon. The principal amount of this outstanding loan at June 30, 2008, is \$421,056. The details of the county's commitment are discussed in that note.

**K. On-Behalf Payments – Discretely Presented Loudon County School Department**

The State of Tennessee pays health insurance premiums for retired teachers' on-behalf of the Loudon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$122,742 and \$19,250, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**L. Short-term Debt**

Loudon County issued revenue anticipation notes from the General Purpose School Fund to the School Federal Projects Fund in advance of revenue collections. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2008, was as follows:

Fund	Balance 7-1-07	Issued	Redeemed	Balance 6-30-08
School Federal Projects	\$ 0	\$ 80,000	\$ 80,000	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

Loudon County has chosen to establish the Employee Dental Insurance Fund for risks associated with the employees' dental health plan. The Employee Dental Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements.

All full-time employees of the primary government and the Loudon County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Dental Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2006-2007	\$ 8,560	\$ 414,501	\$ (414,581)	\$ 8,480
2007-2008	8,480	414,228	(406,818)	15,890

The primary government provides health insurance coverage for its employees through a commercial insurance company. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented Loudon County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

Loudon County and the discretely presented Loudon County School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008. Provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, were also implemented for the discretely presented Loudon County School Department for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. Loudon County and the discretely presented Loudon County School Department are required to implement the provisions of GASB Statement No. 45 for the year ending June 30, 2009. However, the Loudon County School Department decided to implement GASB Statement No. 45 for the year ended June 30, 2008. In previous years, the Loudon County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This

statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Loudon County.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Loudon County to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Events**

On July 1, 2008, Edward Headlee left the Office of Director of Schools and was succeeded by M. Wayne Honeycutt.

On July 31, 2008, Loudon County issued \$14,835,000 in refunding bonds to refund the two outstanding Sevier County Public Building Authority loan agreements, Series IV H-1 and Series VI C-4.

On August 4, 2008, the County Commission approved capital outlay notes not to exceed \$800,000 for school roof and bleacher repairs. The notes were issued on September 18, 2008.

**D. Contingent Liabilities**

Loudon County is contingently liable for certain revenue and tax bonds of a joint venture, Tellico Area Service System (TASS). Loudon County would become liable for the bonds and interest thereon, in the event of default by TASS. As of June 30, 2008, future principal and interest requirements of these bonds were \$1,106,237 and \$858,586, respectively.

Loudon County is also contingently liable for a public building authority loan agreement of TASS. Loudon County would become liable for this loan agreement in the event of default by TASS. As of June 30, 2008, future principal and interest requirements of this loan were \$512,500 and \$318,300, respectively.

The county is involved in several pending lawsuits. Management estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**E. Joint Ventures**

Loudon County Solid Waste Disposal Commission (LCSWDC) is a joint venture formed by an interlocal governmental agreement between Loudon County, the City of Loudon, and Lenoir City. The joint venture operates the Loudon County regional landfill. The LCSWDC is governed by a seven-member board appointed by the participating governments. The commission generates its revenues from tipping fees charged to users of the landfill. The county and cities do not retain an equity interest in the entity. Financial statements for the LCSWDC can be obtained from its administrative office at the following address:

Administrative Office:

Loudon County Solid Waste Disposal Commission  
101 Mulberry Street, Suite 102  
Loudon, TN 37774

The Center Board is a joint venture formed by an interlocal agreement between Loudon County and Lenoir City. The purpose of the Board is to provide for operation and maintenance of the Career Center Building jointly owned by Loudon County and Lenoir City. The Center Executive Board members are approved by the city and county legislative bodies. The interlocal agreement calls for any excess revenue over the operational and maintenance cost to be remitted back to the county and city based on the percentage of prior construction costs provided by each entity. However, the county and city may be required to compensate the federal government for its fair share based on contributions made by federal grants. The financial transactions of this joint venture are channeled through the county Trustee's Office and the county accounts for these transactions in an agency fund.

The Loudon County Metro Narcotic Unit (LCMNU) was a joint venture formed by an interlocal agreement between Loudon County and certain law enforcement agencies located within the county to promote the investigation and prosecution of drug-related activities. The financial transactions of this joint venture were channeled through the county Trustee's Office and the county accounted for these transactions in an agency fund. During the prior year, the Loudon County Commission passed a motion to cease all activity in the Metro Narcotic Unit. At June 30, 2008, residual funds for this joint venture were still being held by the county. Financial information for the LCMNU may be requested through the Loudon County Sheriff's Department.

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system is jointly owned by Monroe and Loudon counties. TASS comprises the county Boards of Public Utilities of each of the counties. Loudon County has control over budgeting and financing the joint venture only to the extent of representation by its county Board of Public Utility. As discussed in Note V.C., Loudon County is contingently liable for certain debt

issued by the county on behalf of this joint venture; however, the counties do not retain an equity interest in the entity. Complete financial statements for TASS can be obtained through its administrative office at the following address:

Administrative Office:

Tellico Area Services System  
P.O. Box 277  
Vonore, TN 37885-0277

The Loudon County Economic Development Agency, Inc., was designated to function as the Joint Economic and Community Development Board under Public Chapter 1101. Under this role, the agency is responsible for coordinating governmental and private industrial development and economic development activities in Loudon County. The agency is a joint venture between Loudon County and the cities of Loudon and Lenoir City, and Lenoir City Industrial Committee of 100, in which each provide financial support. The agency is governed by an eight-member board comprising one member from the three governments and the remaining members from other various community organizations. Loudon County provided the agency \$135,519 in financial support during the 2007-08 year. Financial statements for the agency can be obtained from its administrative office at the following address:

Administrative Office:

Loudon County Economic Development Agency, Inc.  
274 Blair Bend Drive  
Loudon, Tennessee 37774

**F. Retirement Commitments**

**Employees**

**Plan Description**

Employees of Loudon County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Loudon County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Loudon County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 9.47 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Loudon County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2008, Loudon County's annual pension cost of \$1,061,679 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Loudon County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,061,679	100%	\$0
6-30-07	990,014	100	0
6-30-06	750,102	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 84.45 percent funded. The actuarial accrued liability for benefits was \$26.27 million, and the actuarial value of assets was \$22.18 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.09 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.26 million, and the ratio of the UAAL to the covered payroll was 39.81 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

### School Teachers

#### Plan Description

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

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Loudon County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for Loudon County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$1,086,070, \$994,071, and \$851,898, respectively, equal to the required contributions for each year.

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

### **Primary Government**

The primary government pays for a portion of postretirement health care benefits and life insurance for employees who have retired from Loudon County with full benefits through the Tennessee Consolidated Retirement System. On June 30, 2008, 18 retirees met the eligibility requirement and participated in the healthcare benefits, and 29 retirees met the eligibility requirements and participated in the life insurance benefits. During the year, expenditures of \$20,314 and \$1,402, respectively, were recognized for postemployment health care and life insurance benefits.

## **Discretely Presented Loudon County School Department**

As discussed in Note V.B., the School Department early implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions.

### **Plan Description**

The Loudon County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from 22 to 42 percent based on the years of service and type of coverage. During the year ended June 30, 2008, the discretely presented Loudon County School Department contributed \$313,763 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 406,000
Interest on the NPO	0
Adjustment to the ARC	<u>0</u>
Annual OPEB cost	\$ 406,000
Amount of contribution	<u>(313,763)</u>
Increase/decrease in NPO	\$ 92,237
Net OPEB obligation, 7-1-07	<u>0</u>
Net OPEB obligation, 6-30-08	<u><u>\$ 92,237</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 406,000	77%	\$ 92,237

\* Data not available for two preceeding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 3,885,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,885,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 18,059,681
UAAL as a % of covered payroll	22%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual

results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

### **H. Office of Director of Accounts and Budgets**

Loudon County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor, highway superintendent, and director of schools. The accounting functions were maintained in the Office of the Director of Accounts and Budgets.

### **I. Purchasing Laws**

Purchasing procedures for the Offices of County Mayor, Highway Superintendent, and the Director of Schools are governed by the County Purchasing Act of 1957, Section 5-14-101, et seq., and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. Sealed bids are required to be solicited on purchases exceeding \$10,000.

VI. **OTHER NOTES – DISCRETELY PRESENTED LOUDON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Summary of Significant Accounting Policies**

1. **Nature of Business**

The Loudon County Emergency Communications District was established to provide services under the Emergency Communications District Law, Tennessee Code Annotated, Chapter 86. The district was created by a resolution of the Loudon County Commissioners on September 12, 1989, and subsequently approved by public referendum. Under its enabling legislation, the district is a municipality with powers of perpetual success but without any power to levy or collect taxes. Charges for services authorized shall not be considered as taxes. The powers of the district are vested in and exercised by a majority of the members of the board of directors of the district who are appointed by the district's primary government.

The district is a discretely presented component unit of Loudon County, Tennessee, and the financial statements are presented in both the district's separate financial report and within the Loudon County, Tennessee, report. The district is considered a discretely presented component unit of Loudon County, Tennessee, as defined under the criteria set forth in Governmental Accounting Standards Board Statement No. 14 because the district is unable to issue debt without going through Loudon County, Tennessee.

2. **Basis of Accounting**

The financial statements of the district are reported on the accrual basis. In accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts issued by the Tennessee Office of the Comptroller of the Treasury, the district is required to apply all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989, that do not conflict with those of the Governmental Accounting Standards Board. After November 30, 1989, the district is required to follow only GASB guidance and not to follow any FASB guidance issued after that date.

3. **Cash and Cash Equivalents**

The district considers all unrestricted deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

4. **Receivables**

The accounts receivable balance of \$42,336 primarily represents amounts due from AT&T for the surcharge on Loudon County telephone services for the month of June 2008 and wireless commissions due from the State of Tennessee for March through June 2008.

5. **Capital Assets**

Capital assets consist of property and equipment and are stated at cost, less accumulated depreciation computed on the straight-line method over their estimated useful lives as follows: buildings – 40 years; equipment and furnishings – three to seven years; building improvements – 20 years. When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less any salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred.

6. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

7. **Tax Status**

Because the district was incorporated as a political subdivision under the Tennessee Communications District Law, it is exempt from federal income taxes.

**B. Deposits**

Custodial credit risk for the district's deposits is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2008, the carrying amount of deposits was \$547,244, and the bank balances were \$581,590. As required by state statutes, the district's policy is to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. At June 30, 2008, none of the district's bank balances was exposed to credit risk.

**C. Revenue**

The district's primary sources of revenues are from surcharges imposed on Loudon County telephone services (net of administrative fees paid to the telephone companies) and from surcharges imposed on cell phone services, which are collected and disbursed by the Tennessee Emergency Communications Board.

**D. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To minimize its costs, the district insures itself against potential losses associated with these risks through the purchase of commercial insurance. There were no significant reductions in limits of liability or coverage of insurance policies in effect during 2008 from those in effect in 2007. In addition, there have been no losses in excess of insurance coverage during the past three fiscal years.

**E. Capital Assets**

A summary of capital assets as of June 30, 2008, follows:

<u>Cost</u>	<u>Balance</u> <u>7-1-07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-08</u>
Capital assets, depreciated:				
Vehicles	\$ 33,955	\$ 4,589	\$ 0	\$ 38,544
Furniture and fixtures	27,545	0	0	27,545
Office equipment	99,179	0	(212)	98,967
Communication equipment	304,187	192,351	0	496,538
Construction in progress	140,006	691,784	(63,985)	767,805
Total capital assets	<u>\$ 604,872</u>	<u>\$ 888,724</u>	<u>\$ (64,197)</u>	<u>\$ 1,429,399</u>
Accumulated depreciation:				
Vehicles	\$ 4,508	\$ 7,613	\$ 0	\$ 12,121
Furniture and fixtures	11,753	3,743	0	15,496
Office equipment	61,111	9,964	(212)	70,863
Communication equipment	205,851	45,406	0	251,257
Total accumulated depreciation	<u>\$ 283,223</u>	<u>\$ 66,726</u>	<u>\$ (212)</u>	<u>\$ 349,737</u>

**F. Interim Financing Construction Loan**

The district has received approval from the USDA Rural Development for a \$1,500,000 Rural Development Community Facilities Direct Loan (Rural

Development Loan) to assist in the construction and equipping of a new facility to house their operations. Until that loan is processed and the funds are made available, the district has entered into an agreement with a local bank for interim financing of \$1,500,000. This construction loan bears interest at an annual rate of 7.25 percent and matures on February 12, 2009, (after receiving a 90-day extension on its original due date of November 14, 2008). The loan allows the district to make draws as the construction proceeds. These loan draws will be retired with the proceeds of the Rural Development Loan upon their release. Interest accrued and paid on the construction loan through June 30, 2008, totaled \$6,329 and has been included in the cost of construction of the new facility. The amount outstanding on the construction loan at June 30, 2008, totals \$494,472.

**G. Management Agreement**

Effective March 1, 1997, the district entered into a management agreement with the Loudon County Law Enforcement Agency. Pursuant to the terms of the agreement, the district assumed all management and supervisory authority and control of the county radio communications system including the dispatching center located at the Loudon County Justice Center. All personnel of the communications system are to remain employees of Loudon County, which shall be responsible for continued payment of the employees on a basis consistent with other county employees. The payment amount may be increased during the term of the agreement by mutual consent of the parties.

The original term of this agreement was five years and was extended for an additional five years. Beginning March 1, 2008, the agreement is extended on a year-by-year basis at \$45,000 per year.

The total amount expensed by the district during the year ended June 30, 2008, relating to this agreement was \$45,000.

**H. Agreement for Office Space**

The district entered into an agreement with Loudon County, Tennessee, in which it received a \$140,000 contribution in October 2006 to be used for the construction of an E-911 center. In return, upon completion of that construction, the district will make available to Loudon County offices and emergency operations space for the Emergency Management Agency, a subsidiary of Loudon County, Tennessee, for up to 30 years, with an extension possible upon mutual agreement of both parties.

**I. Operating Lease**

During fiscal year 2005, the district sold its Mobile 911 Center to Loudon County, Tennessee, and then entered into an agreement with Loudon County, Tennessee, to lease the facility for one dollar per year.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,575,830	\$ 0	\$ 0	\$ 10,575,830	\$ 9,868,749	\$ 10,108,749	\$ 467,081
Licenses and Permits	587,460	0	0	587,460	858,500	621,500	(34,040)
Fines, Forfeitures, and Penalties	414,058	0	0	414,058	378,700	381,200	32,858
Charges for Current Services	197,963	0	0	197,963	191,800	183,950	14,013
Other Local Revenues	443,521	0	0	443,521	392,000	491,850	(48,329)
Fees Received from County Officials	2,262,369	0	0	2,262,369	2,045,000	2,422,000	(159,631)
State of Tennessee	2,144,356	0	0	2,144,356	1,284,905	1,474,614	669,742
Federal Government	126,745	0	0	126,745	172,584	156,187	(29,442)
Other Governments and Citizens Groups	385,356	0	0	385,356	275,110	394,998	(9,642)
Total Revenues	\$ 17,137,658	\$ 0	\$ 0	\$ 17,137,658	\$ 15,467,348	\$ 16,235,048	\$ 902,610

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 131,258	\$ 0	\$ 0	\$ 131,258	\$ 133,182	\$ 139,362	\$ 8,104
Board of Equalization	650	0	0	650	1,200	1,200	550
Beer Board	3,462	0	0	3,462	5,000	5,000	1,538
Other Boards and Committees	6,550	0	0	6,550	9,200	9,200	2,650
County Mayor/Executive	205,845	0	0	205,845	203,421	210,454	4,609
Personnel Office	504	0	0	504	0	1,050	546
County Attorney	116,457	0	0	116,457	132,370	132,370	15,913
Election Commission	215,485	0	4,237	219,722	252,124	255,724	36,002
Register of Deeds	280,467	0	0	280,467	297,527	299,419	18,952
Development	18,278	0	0	18,278	0	18,278	0
Planning	188,732	0	4,416	193,148	198,154	208,844	15,696
Codes Compliance	314,633	0	882	315,515	319,612	327,672	12,157

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
Geographical Information Systems	\$ 56,444	\$ (1,289)	\$ 0	\$ 55,155	\$ 69,810	\$ 70,078	\$ 14,923
County Buildings	1,096,012	(450)	0	1,095,562	1,149,890	1,156,933	61,371
<u>Finance</u>							
Accounting and Budgeting	433,075	0	0	433,075	447,803	447,803	14,728
Purchasing	165,310	(415)	0	164,895	180,157	182,587	17,692
Property Assessor's Office	349,004	0	0	349,004	399,695	418,711	69,707
County Trustee's Office	286,650	0	0	286,650	303,188	319,089	32,439
County Clerk's Office	399,313	0	0	399,313	412,675	410,791	11,478
Data Processing	69,898	0	0	69,898	64,879	75,443	5,545
<u>Administration of Justice</u>							
Circuit Court	261,536	0	0	261,536	250,191	269,278	7,742
General Sessions Court	427,068	0	0	427,068	408,521	439,164	12,096
General Sessions Judge	214,083	0	805	214,888	232,467	228,467	13,579
Chancery Court	186,518	0	0	186,518	189,870	190,927	4,409
Juvenile Court	365,032	(1,996)	0	363,036	394,523	390,523	27,487
Other Administration of Justice	65,973	0	0	65,973	25,500	75,055	9,082
<u>Public Safety</u>							
Sheriff's Department	3,351,010	(6,794)	0	3,344,216	3,366,365	3,475,393	131,177
Special Patrols	31,000	0	0	31,000	25,000	31,000	0
Traffic Control	682	0	0	682	1,800	1,800	1,118
Administration of the Sexual Offender Registry	2,033	0	0	2,033	1,800	2,300	267
Jail	1,152,042	0	0	1,152,042	1,232,335	1,266,450	114,408
Juvenile Services	19,625	0	0	19,625	20,828	20,828	1,203
Rural Fire Protection	56,000	0	0	56,000	56,000	56,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Civil Defense	\$ 134,748	\$ 0	\$ 0	\$ 134,748	\$ 108,086	\$ 137,374	\$ 2,626
Rescue Squad	95,000	0	0	95,000	95,000	95,000	0
Other Emergency Management	72,450	(17,851)	0	54,599	108,863	64,788	10,189
County Coroner/Medical Examiner	40,200	0	0	40,200	29,000	41,500	1,300
Public Safety Grant Programs	10,652	0	3,888	14,540	14,560	14,560	20
Other Public Safety	628,708	0	0	628,708	693,434	708,696	79,988
<u>Public Health and Welfare</u>							
Local Health Center	66,839	0	0	66,839	69,866	70,323	3,484
Rabies and Animal Control	343,593	0	3,602	347,195	271,355	374,510	27,315
Other Local Health Services	435,448	0	0	435,448	448,000	462,700	27,252
Other Local Welfare Services	245,178	0	0	245,178	194,767	272,022	26,844
Other Public Health and Welfare	15,789	0	0	15,789	0	15,789	0
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	5,000	0	0	5,000	5,000	5,000	0
Senior Citizens Assistance	169,302	0	0	169,302	173,539	175,565	6,263
Libraries	206,544	0	0	206,544	217,690	218,512	11,968
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	130,733	0	0	130,733	133,859	133,859	3,126
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	17,735	0	0	17,735	15,605	16,696	(1,039)
Flood Control	2,000	0	0	2,000	2,000	2,000	0
Storm Water Management	2,500	0	0	2,500	2,500	2,500	0
<u>Other Operations</u>							
Tourism	135,000	0	0	135,000	135,000	135,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Industrial Development	\$ 322,532	\$ 0	\$ 0	\$ 322,532	\$ 323,039	\$ 323,039	\$ 507
Housing and Urban Development	1,500	0	0	1,500	3,000	3,000	1,500
Veterans' Services	7,231	0	0	7,231	8,337	8,337	1,106
Contributions to Other Agencies	69,690	0	0	69,690	69,690	69,690	0
Employee Benefits	188,092	0	0	188,092	853,626	709,773	521,681
Miscellaneous	418,399	0	0	418,399	500,000	489,370	70,971
<u>Principal on Debt</u>							
General Government	386,540	0	0	386,540	7,000	382,960	(3,580)
<u>Interest on Debt</u>							
General Government	12,851	0	0	12,851	0	12,852	1
Total Expenditures	\$ 14,635,883	\$ (28,795)	\$ 17,830	\$ 14,624,918	\$ 15,268,903	\$ 16,083,608	\$ 1,458,690
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 2,501,775	\$ 28,795	\$ (17,830)	\$ 2,512,740	\$ 198,445	\$ 151,440	\$ 2,361,300
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 26,815	\$ 0	\$ 0	\$ 26,815	\$ 0	\$ 20,925	\$ 5,890
Transfers In	14,995	0	0	14,995	15,000	15,000	(5)
Transfers Out	(1,680,000)	0	0	(1,680,000)	0	(1,680,000)	0
Total Other Financing Sources (Uses)	\$ (1,638,190)	\$ 0	\$ 0	\$ (1,638,190)	\$ 15,000	\$ (1,644,075)	\$ 5,885
Net Change in Fund Balance	\$ 863,585	\$ 28,795	\$ (17,830)	\$ 874,550	\$ 213,445	\$ (1,492,635)	\$ 2,367,185
Fund Balance, July 1, 2007	6,542,486	(28,795)	0	6,513,691	6,254,707	6,254,707	258,984
Fund Balance, June 30, 2008	\$ 7,406,071	\$ 0	\$ (17,830)	\$ 7,388,241	\$ 6,468,152	\$ 4,762,072	\$ 2,626,169

Exhibit F-2

Loudon County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 22,189	\$ 26,276	\$ 4,087	84.45 %	\$ 10,267	39.81 %

The Governmental Accounting Standards Board 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; therefore, only the most current year is presented.

Exhibit F-3

Loudon County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefits Plan  
Discretely Presented Loudon County School Department  
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
Local Education Group Plan	6-30-07	\$ 0	\$ 3,885	\$ 3,885	0 %	\$ 18,060	21.51 %

\*Data not available for two preceding years.

**LOUDON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**A. BUDGETARY INFORMATION**

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

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

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

General Fund expenditures exceeded appropriations approved by the County Commission in the Soil Conservation (\$1,039) and Principal on Debt – General (\$3,580) major appropriation categories (the legal level of control). Such over expenditures are a violation of state statutes. These expenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions related to convenience centers maintained by the county.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for transactions related to the Centre 75 Business Park.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues received from federal drug-related forfeitures and seizures.

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

Highway/Public Works Fund – The Highway/Public Works Fund accounts for transactions of the county's Highway Department.

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Exhibit G-1

Loudon County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Highway/ Public Works	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100	\$ 940	\$ 1,040
Equity in Pooled Cash and Investments	13,831	438,099	25,059	239,583	23,870	0	844,609	1,585,051
Accounts Receivable	0	8,226	0	135	0	504	0	8,865
Due from Other Governments	0	96,084	0	0	0	0	285,834	381,918
Due from Other Funds	0	1,066	0	0	0	0	0	1,066
Property Taxes Receivable	0	72,466	0	0	0	0	558,997	631,463
Allowance for Uncollectible Property Taxes	0	(1,390)	0	0	0	0	(6,563)	(7,953)
Prepaid Items	0	0	0	150	0	0	120,585	120,735
Total Assets	\$ 13,831	\$ 614,551	\$ 25,059	\$ 239,868	\$ 23,870	\$ 604	\$ 1,804,402	\$ 2,722,185
<b>LIABILITIES AND FUND BALANCES</b>								
<u>Liabilities</u>								
Accounts Payable	\$ 99	\$ 15,708	\$ 0	\$ 1,824	\$ 247	\$ 0	\$ 8,627	\$ 26,505
Accrued Payroll	0	5,678	0	0	0	0	15,341	21,019
Payroll Deductions Payable	0	79	0	0	0	0	469	548
Due to Other Funds	0	0	0	0	0	604	0	604
Due to Litigants, Heirs, and Others	0	0	0	1,613	0	0	0	1,613
Deferred Revenue - Current Property Taxes	0	67,842	0	0	0	0	542,732	610,574
Deferred Revenue - Delinquent Property Taxes	0	2,921	0	0	0	0	8,763	11,684
Other Deferred Revenues	0	50,413	0	0	0	0	132,561	182,974
Total Liabilities	\$ 99	\$ 142,641	\$ 0	\$ 3,437	\$ 247	\$ 604	\$ 708,493	\$ 855,521
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 2,755	\$ 0	\$ 2,084	\$ 0	\$ 0	\$ 0	\$ 4,839
Reserved for Prepaid Items	0	0	0	150	0	0	120,585	120,735
Unreserved	13,732	469,155	25,059	234,197	23,623	0	975,324	1,741,090
Total Fund Balances	\$ 13,732	\$ 471,910	\$ 25,059	\$ 236,431	\$ 23,623	\$ 0	\$ 1,095,909	\$ 1,866,664
Total Liabilities and Fund Balances	\$ 13,831	\$ 614,551	\$ 25,059	\$ 239,868	\$ 23,870	\$ 604	\$ 1,804,402	\$ 2,722,185

Exhibit G-2

Loudon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Law Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Other Special Revenue	Highway / Public Works	
<b>Revenues</b>							
Local Taxes	\$ 7,650	\$ 626,331	\$ 0	\$ 0	\$ 0	\$ 483,574	\$ 1,117,555
Fines, Forfeitures, and Penalties	0	0	0	140,064	24,125	0	164,189
Charges for Current Services	0	0	0	0	0	653	653
Other Local Revenues	0	130,823	8,567	38,406	0	11,997	189,793
State of Tennessee	0	31,089	0	0	0	1,624,255	1,655,344
Federal Government	0	0	0	0	1,088	0	1,088
<b>Total Revenues</b>	<b>\$ 7,650</b>	<b>\$ 788,243</b>	<b>\$ 8,567</b>	<b>\$ 178,470</b>	<b>\$ 25,213</b>	<b>\$ 2,120,479</b>	<b>\$ 3,128,622</b>
<b>Expenditures</b>							
Current:							
Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 107,562	\$ 0	\$ 107,562
Public Health and Welfare	0	531,799	0	74,388	0	0	606,187
Social, Cultural, and Recreational Services	4,755	0	0	0	0	0	4,755
Other Operations	70	7,687	4,709	0	0	0	12,466
Highways	0	0	0	0	0	1,993,368	1,993,368
Debt Service:							
Principal on Debt	0	27,000	0	0	0	0	27,000
<b>Total Expenditures</b>	<b>\$ 4,825</b>	<b>\$ 566,486</b>	<b>\$ 4,709</b>	<b>\$ 74,388</b>	<b>\$ 107,562</b>	<b>\$ 1,993,368</b>	<b>\$ 2,751,338</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 2,825</b>	<b>\$ 221,757</b>	<b>\$ 3,858</b>	<b>\$ 104,082</b>	<b>\$ (82,349)</b>	<b>\$ 127,111</b>	<b>\$ 377,284</b>
<b>Other Financing Sources (Uses)</b>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (9,997)	\$ (4,998)	\$ (163,800)	\$ (178,795)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (9,997)</b>	<b>\$ (4,998)</b>	<b>\$ (163,800)</b>	<b>\$ (178,795)</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2007</b>	<b>\$ 2,825</b>	<b>\$ 221,757</b>	<b>\$ 3,858</b>	<b>\$ 94,085</b>	<b>\$ (87,347)</b>	<b>\$ (36,689)</b>	<b>\$ 198,489</b>
	10,907	250,153	21,201	142,346	110,970	1,132,598	1,668,175
<b>Fund Balance, June 30, 2008</b>	<b>\$ 13,732</b>	<b>\$ 471,910</b>	<b>\$ 25,059</b>	<b>\$ 236,431</b>	<b>\$ 23,623</b>	<b>\$ 1,095,909</b>	<b>\$ 1,866,664</b>

Exhibit G-3

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,650	\$ 6,200	\$ 6,200	\$ 1,450
Total Revenues	\$ 7,650	\$ 6,200	\$ 6,200	\$ 1,450
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 4,755	\$ 6,000	\$ 6,000	\$ 1,245
<u>Other Operations</u>				
Miscellaneous	70	150	150	80
Total Expenditures	\$ 4,825	\$ 6,150	\$ 6,150	\$ 1,325
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,825	\$ 50	\$ 50	\$ 2,775
Net Change in Fund Balance	\$ 2,825	\$ 50	\$ 50	\$ 2,775
Fund Balance, July 1, 2007	10,907	10,907	10,907	0
Fund Balance, June 30, 2008	\$ 13,732	\$ 10,957	\$ 10,957	\$ 2,775

Exhibit G-4

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 626,331	\$ 0	\$ 626,331	\$ 621,325	\$ 626,885	\$ (554)
Other Local Revenues	130,823	0	130,823	50,000	115,000	15,823
State of Tennessee	31,089	0	31,089	41,497	41,497	(10,408)
Total Revenues	\$ 788,243	\$ 0	\$ 788,243	\$ 712,822	\$ 783,382	\$ 4,861
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Education/Information	\$ 16,089	\$ 2,755	\$ 18,844	\$ 33,337	\$ 33,337	\$ 14,493
Convenience Centers	509,287	0	509,287	681,467	646,967	137,680
Recycling Center	6,423	0	6,423	10,050	10,050	3,627
<u>Other Operations</u>						
Miscellaneous	7,687	0	7,687	0	10,000	2,313
<u>Principal on Debt</u>						
General Government	27,000	0	27,000	0	27,000	0
Total Expenditures	\$ 566,486	\$ 2,755	\$ 569,241	\$ 724,854	\$ 727,354	\$ 158,113
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,757	\$ (2,755)	\$ 219,002	\$ (12,032)	\$ 56,028	\$ 162,974
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 221,757	\$ (2,755)	\$ 219,002	\$ (12,032)	\$ 56,028	\$ 162,974
	250,153	0	250,153	239,753	239,753	10,400
Fund Balance, June 30, 2008	\$ 471,910	\$ (2,755)	\$ 469,155	\$ 227,721	\$ 295,781	\$ 173,374

Exhibit G-5

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 140,064	0	\$ 140,064	\$ 61,500	\$ 77,500	\$ 62,564
Other Local Revenues	38,406	0	38,406	15,000	34,000	4,406
Total Revenues	\$ 178,470	0	\$ 178,470	\$ 76,500	\$ 111,500	\$ 66,970
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Alcohol and Drug Programs	\$ 74,388	2,084	\$ 76,472	\$ 103,400	\$ 97,400	\$ 20,928
Total Expenditures	\$ 74,388	2,084	\$ 76,472	\$ 103,400	\$ 97,400	\$ 20,928
Excess (Deficiency) of Revenues Over Expenditures	\$ 104,082	(2,084)	\$ 101,998	\$ (26,900)	\$ 14,100	\$ 87,898
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (9,997)	0	\$ (9,997)	0	\$ (10,000)	3
Total Other Financing Sources (Uses)	\$ (9,997)	0	\$ (9,997)	0	\$ (10,000)	3
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 94,085	(2,084)	\$ 92,001	\$ (26,900)	\$ 4,100	\$ 87,901
	142,346	0	142,346	141,865	141,865	481
Fund Balance, June 30, 2008	\$ 236,431	(2,084)	\$ 234,347	\$ 114,965	\$ 145,965	\$ 88,382

Exhibit G-6

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 24,125	\$ 0	\$ 24,125	\$ 100,000	\$ 24,000	\$ 125
Federal Government	1,088	0	1,088	0	0	1,088
Total Revenues	\$ 25,213	\$ 0	\$ 25,213	\$ 100,000	\$ 24,000	\$ 1,213
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 107,562	(14,323)	\$ 93,239	\$ 140,000	\$ 117,000	\$ 23,761
Total Expenditures	\$ 107,562	(14,323)	\$ 93,239	\$ 140,000	\$ 117,000	\$ 23,761
Excess (Deficiency) of Revenues Over Expenditures	\$ (82,349)	\$ 14,323	\$ (68,026)	\$ (40,000)	\$ (93,000)	\$ 24,974
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (4,998)	0	\$ (4,998)	0	0	\$ (4,998)
Total Other Financing Sources (Uses)	\$ (4,998)	0	\$ (4,998)	0	0	\$ (4,998)
Net Change in Fund Balance	\$ (87,347)	\$ 14,323	\$ (73,024)	\$ (40,000)	\$ (93,000)	\$ 19,976
Fund Balance, July 1, 2007	110,970	(14,323)	96,647	96,127	96,127	520
Fund Balance, June 30, 2008	\$ 23,623	\$ 0	\$ 23,623	\$ 56,127	\$ 3,127	\$ 20,496

Exhibit G-7

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 483,574	\$ 475,375	\$ 475,375	\$ 8,199
Charges for Current Services	653	0	0	653
Other Local Revenues	11,997	20,000	20,000	(8,003)
State of Tennessee	1,624,255	1,882,735	1,882,735	(258,480)
Total Revenues	<u>\$ 2,120,479</u>	<u>\$ 2,378,110</u>	<u>\$ 2,378,110</u>	<u>\$ (257,631)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 629,532	\$ 654,319	\$ 670,429	\$ 40,897
Highway and Bridge Maintenance	567,379	645,250	806,250	238,871
Operation and Maintenance of Equipment	190,805	264,700	249,700	58,895
Other Charges	134,867	171,250	174,250	39,383
Employee Benefits	298,582	341,305	341,324	42,742
Capital Outlay	172,203	461,912	621,912	449,709
Total Expenditures	<u>\$ 1,993,368</u>	<u>\$ 2,538,736</u>	<u>\$ 2,863,865</u>	<u>\$ 870,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 127,111</u>	<u>\$ (160,626)</u>	<u>\$ (485,755)</u>	<u>\$ 612,866</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (163,800)	\$ (170,320)	\$ (170,320)	\$ 6,520
Total Other Financing Sources (Uses)	<u>\$ (163,800)</u>	<u>\$ (170,320)</u>	<u>\$ (170,320)</u>	<u>\$ 6,520</u>
Net Change in Fund Balance	\$ (36,689)	\$ (330,946)	\$ (656,075)	\$ 619,386
Fund Balance, July 1, 2007	<u>1,132,598</u>	<u>2,378,110</u>	<u>2,378,110</u>	<u>(1,245,512)</u>
Fund Balance, June 30, 2008	<u>\$ 1,095,909</u>	<u>\$ 2,047,164</u>	<u>\$ 1,722,035</u>	<u>\$ (626,126)</u>

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# Major Governmental Funds

## Debt Service Funds

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related cost.

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General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related cost.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education long-term debt principal, interest, and related cost.

## Capital Projects Fund

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county funded either by the issuance of debt or other revenue including property tax.

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Exhibit H-1

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,280,462	\$ 1,241,087	\$ 1,241,087	\$ 39,375
Other Local Revenues	286,431	248,061	271,086	15,345
Other Governments and Citizens Groups	163,766	0	173,061	(9,295)
Total Revenues	<u>\$ 1,730,659</u>	<u>\$ 1,489,148</u>	<u>\$ 1,685,234</u>	<u>\$ 45,425</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,825,000	\$ 1,145,000	\$ 1,825,000	\$ 0
Highways and Streets	63,722	63,723	63,723	1
<u>Interest on Debt</u>				
General Government	504,310	586,830	586,830	82,520
Highways and Streets	9,978	9,978	9,978	0
<u>Other Debt Service</u>				
General Government	196,228	210,561	210,561	14,333
Total Expenditures	<u>\$ 2,599,238</u>	<u>\$ 2,016,092</u>	<u>\$ 2,696,092</u>	<u>\$ 96,854</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (868,579)</u>	<u>\$ (526,944)</u>	<u>\$ (1,010,858)</u>	<u>\$ 142,279</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 843,800	\$ 172,451	\$ 852,451	\$ (8,651)
Total Other Financing Sources (Uses)	<u>\$ 843,800</u>	<u>\$ 172,451</u>	<u>\$ 852,451</u>	<u>\$ (8,651)</u>
Net Change in Fund Balance	\$ (24,779)	\$ (354,493)	\$ (158,407)	\$ 133,628
Fund Balance, July 1, 2007	<u>1,769,219</u>	<u>1,770,822</u>	<u>1,770,822</u>	<u>(1,603)</u>
Fund Balance, June 30, 2008	<u>\$ 1,744,440</u>	<u>\$ 1,416,329</u>	<u>\$ 1,612,415</u>	<u>\$ 132,025</u>

Exhibit H-2

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,446,303	\$ 1,567,027	\$ 1,384,639	\$ 61,664
Other Local Revenues	229,462	300,000	300,000	(70,538)
Other Governments and Citizens Groups	0	807,426	0	0
Total Revenues	<u>\$ 1,675,765</u>	<u>\$ 2,674,453</u>	<u>\$ 1,684,639</u>	<u>\$ (8,874)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,078,192	\$ 1,005,226	\$ 1,078,968	\$ 776
<u>Interest on Debt</u>				
Education	602,087	0	642,605	40,518
<u>Other Debt Service</u>				
Education	25,209	35,000	33,678	8,469
Total Expenditures	<u>\$ 1,705,488</u>	<u>\$ 1,040,226</u>	<u>\$ 1,755,251</u>	<u>\$ 49,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (29,723)</u>	<u>\$ 1,634,227</u>	<u>\$ (70,612)</u>	<u>\$ 40,889</u>
Net Change in Fund Balance	\$ (29,723)	\$ 1,634,227	\$ (70,612)	\$ 40,889
Fund Balance, July 1, 2007	<u>9,345,366</u>	<u>2,284,868</u>	<u>2,284,868</u>	<u>7,060,498</u>
Fund Balance, June 30, 2008	<u>\$ 9,315,643</u>	<u>\$ 3,919,095</u>	<u>\$ 2,214,256</u>	<u>\$ 7,101,387</u>

Exhibit H-3

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 328,125	\$ 0	\$ 0	\$ 328,125	\$ 314,812	\$ 314,812	\$ 13,313
Other Local Revenues	9,955	0	0	9,955	22,000	22,000	(12,045)
State of Tennessee	665,483	0	0	665,483	1,570,879	1,570,879	(905,396)
Federal Government	500,297	0	0	500,297	35,236	35,236	465,061
Other Governments and Citizens Groups	632,242	0	0	632,242	1,513,000	1,513,000	(880,758)
Total Revenues	\$ 2,136,102	\$ 0	\$ 0	\$ 2,136,102	\$ 3,455,927	\$ 3,455,927	\$ (1,319,825)
<u>Expenditures</u>							
<u>Other Operations</u>							
Miscellaneous	\$ 13,024	\$ 0	\$ 0	\$ 13,024	\$ 6,500	\$ 15,000	\$ 1,976
<u>Other Debt Service</u>							
Education	4,000	0	0	4,000	0	4,000	0
<u>Capital Projects</u>							
General Administration Projects	263,837	0	0	263,837	12,000	265,000	1,163
Administration of Justice Projects	5,922	0	0	5,922	10,400	10,400	4,478
Public Health and Welfare Projects	202,860	0	2,000	204,860	130,000	305,000	100,140
Social, Cultural, and Recreation Projects	6,768	0	0	6,768	35,236	35,236	28,468
Public Utility Projects	458,558	(606,126)	147,568	0	0	0	0
Other General Government Projects	176,316	(16,617)	0	159,699	31,900	177,323	17,624
Highway and Street Capital Projects	1,322,302	0	222,350	1,544,652	3,083,879	3,167,879	1,623,227
Education Capital Projects	3,489,117	0	0	3,489,117	0	3,489,117	0
Total Expenditures	\$ 5,942,704	\$ (622,743)	\$ 371,918	\$ 5,691,879	\$ 3,309,915	\$ 7,468,955	\$ 1,777,076
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,806,602)	\$ 622,743	\$ (371,918)	\$ (3,555,777)	\$ 146,012	\$ (4,013,028)	\$ 457,251

(Continued)

Exhibit H-3

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 3,493,117 \$	0 \$	0 \$	3,493,117 \$	0 \$	3,493,117 \$	0
Transfers In	1,000,000	0	0	1,000,000	0	1,000,000	0
Total Other Financing Sources (Uses)	\$ 4,493,117 \$	0 \$	0 \$	4,493,117 \$	0 \$	4,493,117 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 686,515 \$	622,743 \$	(371,918) \$	937,340 \$	146,012 \$	480,089 \$	457,251
	1,164,792	(622,743)	0	542,049	540,799	540,799	1,250
Fund Balance, June 30, 2008	\$ 1,851,307 \$	0 \$	(371,918) \$	1,479,389 \$	686,811 \$	1,020,888 \$	458,501

# Fiduciary Funds

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

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

City School ADA - Lenoir City Fund – The City School ADA - Lenoir City Fund is used to account for the city school system’s share of education revenues collected by the county, which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

Center Board Fund – The Center Board Fund is used to account for amounts handled in an agency capacity for the Center Board, a joint venture of the county and Lenoir City.

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

Other Agency Fund – The Other Agency Fund is used to account for the transactions of the Loudon County Solid Waste Disposal Commission, a joint venture of the county and cities. Transactions of the Loudon County Solid Waste Disposal Commission are channeled through the Trustee’s Office, and the county accounts for those transactions in an agency capacity.

Loudon County Metro Narcotic Unit Fund – The Loudon County Metro Narcotic Unit Fund is used for transactions of the Loudon County Metro Narcotic Unit, a joint venture of the county and other various law enforcement agencies within the county. Transactions of the Loudon County Metro Narcotic Unit are channeled through the Trustee’s Office, and the county accounts for these transactions in an agency capacity.

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Exhibit I-1

Loudon County, Tennessee  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 June 30, 2008

	Agency Funds							Total
	Cities - Sales Tax	City School ADA - Lenoir City	Center Board	Constitu- tional Officers - Agency	Other Agency	Loudon County Metro Narcotic Unit		
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 1,353,419	\$ 0	\$ 868	\$ 1,354,287	
Equity in Pooled Cash and Investments	0	181,276	0	0	2,519,727	70,686	2,771,689	
Accounts Receivable	0	0	0	6,123	0	0	6,123	
Due from Other Governments	627,470	238,585	0	0	0	0	866,055	
Due from Joint Ventures	0	0	62	0	0	0	62	
Taxes Receivable	0	4,387,042	0	0	0	0	4,387,042	
Allowance for Uncollectible Taxes	0	(54,779)	0	0	0	0	(54,779)	
Total Assets	\$ 627,470	\$ 4,752,124	\$ 62	\$ 1,359,542	\$ 2,519,727	\$ 71,554	\$ 9,330,479	
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 627,470	\$ 4,752,124	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,379,594	
Due to Litigants, Heirs, and Others	0	0	0	1,359,542	0	0	1,359,542	
Due to Joint Ventures	0	0	0	0	2,519,727	71,554	2,591,281	
Other Current Liabilities	0	0	62	0	0	0	62	
Total Liabilities	\$ 627,470	\$ 4,752,124	\$ 62	\$ 1,359,542	\$ 2,519,727	\$ 71,554	\$ 9,330,479	

Exhibit I-2

Loudon County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,566,772	\$ 3,566,772	\$ 0
Due from Other Governments	601,332	627,470	601,332	627,470
Total Assets	\$ 601,332	\$ 4,194,242	\$ 4,168,104	\$ 627,470
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 601,332	\$ 4,194,242	\$ 4,168,104	\$ 627,470
Total Liabilities	\$ 601,332	\$ 4,194,242	\$ 4,168,104	\$ 627,470
<u>City School ADA - Lenoir City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 128,060	\$ 4,972,908	\$ 4,919,692	\$ 181,276
Due from Other Governments	225,218	238,585	225,218	238,585
Taxes Receivable	3,640,381	4,387,042	3,640,381	4,387,042
Allowance for Uncollectible Taxes	(62,604)	(54,779)	(62,604)	(54,779)
Total Assets	\$ 3,931,055	\$ 9,543,756	\$ 8,722,687	\$ 4,752,124
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,931,055	\$ 9,543,756	\$ 8,722,687	\$ 4,752,124
Total Liabilities	\$ 3,931,055	\$ 9,543,756	\$ 8,722,687	\$ 4,752,124
<u>Center Board</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 180,382	\$ 180,382	\$ 0
Due from Joint Ventures	64	62	64	62
Total Assets	\$ 64	\$ 180,444	\$ 180,446	\$ 62
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 180,382	\$ 180,382	\$ 0
Other Current Liabilities	64	62	64	62
Total Liabilities	\$ 64	\$ 180,444	\$ 180,446	\$ 62
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,355,931	\$ 9,295,486	\$ 9,297,998	\$ 1,353,419
Accounts Receivable	4,505	6,123	4,505	6,123
Total Assets	\$ 1,360,436	\$ 9,301,609	\$ 9,302,503	\$ 1,359,542

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,360,436	\$ 9,301,609	\$ 9,302,503	\$ 1,359,542
Total Liabilities	\$ 1,360,436	\$ 9,301,609	\$ 9,302,503	\$ 1,359,542
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,135,653	\$ 1,256,594	\$ 872,520	\$ 2,519,727
Total Assets	\$ 2,135,653	\$ 1,256,594	\$ 872,520	\$ 2,519,727
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,135,653	\$ 1,256,594	\$ 872,520	\$ 2,519,727
Total Liabilities	\$ 2,135,653	\$ 1,256,594	\$ 872,520	\$ 2,519,727
<u>Loudon County Metro Narcotic Unit</u>				
<u>Assets</u>				
Cash	\$ 868	\$ 10,440	\$ 10,440	\$ 868
Equity in Pooled Cash and Investments	59,807	10,960	81	70,686
Total Assets	\$ 60,675	\$ 21,400	\$ 10,521	\$ 71,554
<u>Liabilities</u>				
Due to Joint Ventures	\$ 60,675	\$ 21,400	\$ 10,521	\$ 71,554
Total Liabilities	\$ 60,675	\$ 21,400	\$ 10,521	\$ 71,554
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,356,799	\$ 9,305,926	\$ 9,308,438	\$ 1,354,287
Equity in Pooled Cash and Investments	2,323,520	9,987,616	9,539,447	2,771,689
Accounts Receivable	4,505	6,123	4,505	6,123
Due from Other Governments	826,550	866,055	826,550	866,055
Due from Joint Ventures	64	62	64	62
Taxes Receivable	3,640,381	4,387,042	3,640,381	4,387,042
Allowance for Uncollectible Taxes	(62,604)	(54,779)	(62,604)	(54,779)
Total Assets	\$ 8,089,215	\$ 24,498,045	\$ 23,256,781	\$ 9,330,479
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,532,387	\$ 13,737,998	\$ 12,890,791	\$ 5,379,594
Due to Litigants, Heirs, and Others	1,360,436	9,301,609	9,302,503	1,359,542
Due to Joint Venture	2,196,328	1,458,376	1,063,423	2,591,281
Other Current Liabilities	64	62	64	62
Total Liabilities	\$ 8,089,215	\$ 24,498,045	\$ 23,256,781	\$ 9,330,479

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# Loudon County School Department

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

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

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

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

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Exhibit J-1

Loudon County, Tennessee  
Statement of Activities  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 23,960,008	\$ 1,406	\$ 3,456,407	\$ 3,489,117	\$ (17,013,078)		
Support Services	11,947,893	0	141,992	0	(11,805,901)		
Operation of Non-Instructional Services	3,741,583	1,243,540	1,221,229	0	(1,276,814)		
Total Governmental Activities	\$ 39,649,484	\$ 1,244,946	\$ 4,819,628	\$ 3,489,117	\$ (30,095,793)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 7,990,529		
Local Option Sales Taxes					2,983,774		
Other Local Taxes					53,506		
Grants and Contributions Not Restricted for Specific Programs					20,395,554		
Unrestricted Investment Income					181,354		
Miscellaneous					30,321		
Total General Revenues					\$ 31,635,038		
Change in Net Assets					\$ 1,539,245		
Net Assets, July 1, 2007					32,913,579		
Net Assets, June 30, 2008					\$ 34,452,824		

Exhibit J-2

Loudon County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Loudon County School Department  
June 30, 2008

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Other Governmental Fund School Federal Projects</u>	
<b><u>ASSETS</u></b>				
Equity in Pooled Cash and Investments	\$ 2,600,866	\$ 3,244,006	\$ 174,913	\$ 6,019,785
Accounts Receivable	54,000	0	0	54,000
Due from Other Governments	1,252,390	0	131,640	1,384,030
Due from Other Funds	3,670	0	21,935	25,605
Property Taxes Receivable	9,778,414	0	0	9,778,414
Allowance for Uncollectible Property Taxes	(122,099)	0	0	(122,099)
Prepaid Items	384,432	0	598	385,030
<b>Total Assets</b>	<b>\$ 13,951,673</b>	<b>\$ 3,244,006</b>	<b>\$ 329,086</b>	<b>\$ 17,524,765</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 172,644	\$ 0	\$ 11,787	\$ 184,431
Accrued Payroll	2,810	0	0	2,810
Payroll Deductions Payable	298,193	0	6,771	304,964
Contracts Payable	0	292,019	0	292,019
Retainage Payable	0	23,457	0	23,457
Due to Other Funds	21,935	0	3,670	25,605
Deferred Revenue - Current Property Taxes	9,459,855	0	0	9,459,855
Deferred Revenue - Delinquent Property Taxes	177,447	0	0	177,447
Other Deferred Revenues	297,718	0	0	297,718
<b>Total Liabilities</b>	<b>\$ 10,430,602</b>	<b>\$ 315,476</b>	<b>\$ 22,228</b>	<b>\$ 10,768,306</b>
<b><u>Fund Balances</u></b>				
Reserved for Encumbrances	\$ 7,351	\$ 495,004	\$ 3,970	\$ 506,325
Reserved for Prepaid Items	384,432	0	0	384,432
Reserved for Title I Grants to Local Education Agencies	0	0	102,949	102,949
Reserved for Special Education - Grants to States	0	0	183,915	183,915
Other Federal Reserves	13,401	0	16,024	29,425
Unreserved, Reported In:				
General Fund	3,115,887	0	0	3,115,887
Capital Projects Funds	0	2,433,526	0	2,433,526
<b>Total Fund Balances</b>	<b>\$ 3,521,071</b>	<b>\$ 2,928,530</b>	<b>\$ 306,858</b>	<b>\$ 6,756,459</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,951,673</b>	<b>\$ 3,244,006</b>	<b>\$ 329,086</b>	<b>\$ 17,524,765</b>

Exhibit J-3

Loudon County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
Discretely Presented Loudon County School Department  
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 6,756,459
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,945,297	
Add: construction in progress	1,098,060	
Add: buildings and improvements net of accumulated depreciation	26,055,331	
Add: other capital assets net of accumulated depreciation	<u>209,144</u>	31,307,832
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		475,165
(3) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,994,395)	
Less: other postemployment benefits	<u>(92,237)</u>	<u>(4,086,632)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 34,452,824</u>

Exhibit J-4

Loudon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General	Education	Other	
	Purpose School	Capital Projects	School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 10,983,322	\$ 0	\$ 0	\$ 10,983,322
Licenses and Permits	1,406	0	0	1,406
Charges for Current Services	1,243,540	0	0	1,243,540
Other Local Revenues	203,575	8,100	0	211,675
State of Tennessee	21,429,946	0	0	21,429,946
Federal Government	1,945,264	0	1,789,732	3,734,996
Other Governments and Citizens Groups	24,540	3,489,117	0	3,513,657
<b>Total Revenues</b>	<b>\$ 35,831,593</b>	<b>\$ 3,497,217</b>	<b>\$ 1,789,732</b>	<b>\$ 41,118,542</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 22,355,653	\$ 0	\$ 1,535,014	\$ 23,890,667
Support Services	9,814,413	0	151,125	9,965,538
Operation of Non-Instructional Services	3,740,899	0	0	3,740,899
Capital Outlay	1,649	0	0	1,649
Debt Service:				
Principal on Debt	259,861	0	0	259,861
Capital Projects	0	1,803,306	0	1,803,306
<b>Total Expenditures</b>	<b>\$ 36,172,475</b>	<b>\$ 1,803,306</b>	<b>\$ 1,686,139</b>	<b>\$ 39,661,920</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (340,882)	\$ 1,693,911	\$ 103,593	\$ 1,456,622
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,457	\$ 0	\$ 0	\$ 1,457
Transfers In	0	514,160	0	514,160
Transfers Out	(514,160)	0	0	(514,160)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (512,703)</b>	<b>\$ 514,160</b>	<b>\$ 0</b>	<b>\$ 1,457</b>
Net Change in Fund Balances	\$ (853,585)	\$ 2,208,071	\$ 103,593	\$ 1,458,079
Fund Balance, July 1, 2007	4,374,656	720,459	203,265	5,298,380
<b>Fund Balance, June 30, 2008</b>	<b>\$ 3,521,071</b>	<b>\$ 2,928,530</b>	<b>\$ 306,858</b>	<b>\$ 6,756,459</b>

Exhibit J-5

Loudon County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,458,079
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 756,465	
Less: current-year depreciation expense	(901,280)	
Less: book value of capital assets disposed	<u>(11,830)</u>	(156,645)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (404,978)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>475,165</u>	70,187
(3) Some expenses reported in the statement of activities that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits		(92,237)
(4) The issuance of long-term debt (e.g., notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes		<u>259,861</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,539,245</u>

Exhibit J-6

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,983,322	\$ 0	\$ 0	\$ 10,983,322	\$ 10,670,591	\$ 10,640,591	\$ 342,731
Licenses and Permits	1,406	0	0	1,406	1,500	1,500	(94)
Charges for Current Services	1,243,540	0	0	1,243,540	952,903	1,081,735	161,805
Other Local Revenues	203,575	0	0	203,575	300,000	330,000	(126,425)
State of Tennessee	21,429,946	0	0	21,429,946	19,526,428	21,415,851	14,095
Federal Government	1,945,264	0	0	1,945,264	1,736,355	1,904,452	40,812
Other Governments and Citizens Groups	24,540	0	0	24,540	23,000	30,450	(5,910)
Total Revenues	\$ 35,831,593	\$ 0	\$ 0	\$ 35,831,593	\$ 33,210,777	\$ 35,404,579	\$ 427,014

<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,078,480	\$ 0	\$ 0	\$ 19,078,480	\$ 18,982,155	\$ 19,072,694	\$ (5,786)
Special Education Program	2,111,588	(8,645)	3,810	2,106,753	2,157,268	2,170,856	64,103
Vocational Education Program	1,165,585	0	0	1,165,585	1,131,935	1,202,126	36,541
<u>Support Services</u>							
Attendance	38,776	0	0	38,776	47,000	39,200	424
Health Services	89,009	0	0	89,009	80,305	91,413	2,404
Other Student Support	1,343,282	0	0	1,343,282	1,497,579	1,454,482	111,200
Regular Instruction Program	1,691,578	0	0	1,691,578	1,696,511	1,791,091	99,513
Special Education Program	391,591	0	0	391,591	335,739	394,061	2,470
Vocational Education Program	151,241	0	0	151,241	158,408	164,108	12,867
Other Programs	309,974	0	1,396	311,370	106,586	415,555	104,185
Board of Education	477,668	0	0	477,668	559,472	528,766	51,098
Director of Schools	365,032	0	2,145	367,177	309,254	395,153	27,976

(Continued)

Exhibit J-6

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 746,393	\$ 0	\$ 0	\$ 746,393	\$ 827,554	\$ 775,517	\$ 29,124
Fiscal Services	55,315	0	0	55,315	55,279	56,039	724
Operation of Plant	2,280,057	0	0	2,280,057	2,153,583	2,326,515	46,458
Maintenance of Plant	158,643	0	0	158,643	287,700	211,200	52,557
Transportation	1,404,262	0	0	1,404,262	90,623	1,447,400	43,138
Central and Other	311,592	0	0	311,592	252,100	323,567	11,975
<u>Operation of Non-Instructional Services</u>							
Food Service	2,467,503	0	0	2,467,503	2,220,350	2,350,644	(116,859)
Community Services	437,912	0	0	437,912	356,727	492,917	55,005
Early Childhood Education	835,484	(6,250)	0	829,234	609,489	831,620	2,386
Capital Outlay	1,649	(1,649)	0	0	0	0	0
Regular Capital Outlay							
Principal on Debt	259,861	0	0	259,861	283,613	256,436	(3,425)
Education	\$ 36,172,475	\$ (16,544)	\$ 7,351	\$ 36,163,282	\$ 34,199,230	\$ 36,791,360	\$ 628,078
Total Expenditures							
	\$ (340,882)	\$ 16,544	\$ (7,351)	\$ (331,689)	\$ (988,453)	\$ (1,386,781)	\$ 1,055,092
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures							
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,457	\$ 0	\$ 0	\$ 1,457	\$ 5,000	\$ 5,000	\$ (3,543)
Transfers Out	(514,160)	0	0	(514,160)	0	(514,160)	0
Total Other Financing Sources (Uses)	\$ (512,703)	\$ 0	\$ 0	\$ (512,703)	\$ 5,000	\$ (509,160)	\$ (3,543)
Net Change in Fund Balance	\$ (853,585)	\$ 16,544	\$ (7,351)	\$ (844,392)	\$ (983,453)	\$ (1,895,941)	\$ 1,051,549
Fund Balance, July 1, 2007	4,374,656	(16,544)	0	4,358,112	3,979,964	3,979,964	378,148
Fund Balance, June 30, 2008	\$ 3,521,071	\$ 0	\$ (7,351)	\$ 3,513,720	\$ 2,996,511	\$ 2,084,023	\$ 1,429,697

Exhibit J-7

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,789,732 \$	0 \$	0 \$	1,789,732 \$	1,857,608 \$	1,858,641 \$	(68,909)
Total Revenues	\$ 1,789,732 \$	0 \$	0 \$	1,789,732 \$	1,857,608 \$	1,858,641 \$	(68,909)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 712,238 \$	(5,690) \$	3,970 \$	710,518 \$	685,571 \$	735,121 \$	24,603
Special Education Program	757,446	(23,727)	0	733,719	852,760	838,580	104,861
Vocational Education Program	65,330	0	0	65,330	64,316	65,330	0
<u>Support Services</u>							
Other Student Support	13,112	0	0	13,112	4,000	13,112	0
Regular Instruction Program	83,394	0	0	83,394	188,461	143,998	60,604
Special Education Program	14,156	0	0	14,156	22,000	22,000	7,844
Vocational Education Program	3,500	0	0	3,500	3,500	3,500	0
Transportation	36,963	0	0	36,963	37,000	37,000	37
Total Expenditures	\$ 1,686,139 \$	(29,417) \$	3,970 \$	1,660,692 \$	1,857,608 \$	1,858,641 \$	197,949
Excess (Deficiency) of Revenues Over Expenditures	\$ 103,593 \$	29,417 \$	(3,970) \$	129,040 \$	0 \$	0 \$	129,040
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 103,593 \$	29,417 \$	(3,970) \$	129,040 \$	0 \$	0 \$	129,040
	203,265	(29,417)	0	173,848	144,326	144,326	29,522
Fund Balance, June 30, 2008	\$ 306,858 \$	0 \$	(3,970) \$	302,888 \$	144,326 \$	144,326 \$	158,562

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Loudon County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
Primary Government and Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Highway Capital Projects	\$ 330,000	4.43%	3-29-06	3-29-11	\$ 254,209	\$ 0	\$ 63,722	\$ 190,487
Payable through Education Debt Service Fund								
Capital Outlay Note - Learning Cottages	493,117	3.95	9-6-07	4-22-08	\$ 0	\$ 493,117	\$ 493,117	\$ 0
Capital Outlay Note - HVAC and Safety	3,000,000	2.77	4-15-08	4-15-11	0	3,000,000	160,214	2,839,786
Local Government Energy Efficiency Loan Program	499,981	0	10-20-05	12-1-12	428,555	0	71,426	357,129
Total Payable through Education Debt Service Fund					\$ 428,555	\$ 3,493,117	\$ 724,757	\$ 3,196,915
Total Notes Payable					\$ 682,764	\$ 3,493,117	\$ 788,479	\$ 3,387,402
<u>OTHER LOANS PAYABLE</u>								
Payable through General Fund								
City of Loudon - Highlands Business Center	475,000	0	5-01-00	(1)	\$ 431,636	\$ 0	\$ 10,580	\$ 421,056
City of Loudon - Tennessee National Drive	390,000	Variable	9-14-05	5-25-08	375,960	0	375,960	0
Total Payable through General Fund					\$ 807,596	\$ 0	\$ 386,540	\$ 421,056
Payable through General Debt Service Fund								
Sevier County PBA Loan Agreement Series II F-4	1,000,000	Variable	9-17-97	6-1-08	\$ 215,000	\$ 0	\$ 215,000	\$ 0
Sevier County PBA Loan Agreement Series II E-3	2,700,000	Variable	4-24-97	6-1-08	835,000	0	835,000	0
Montgomery County PBA Loan Agreement	5,000,000	Variable	5-8-03	5-25-18	3,900,000	0	300,000	3,600,000
Sevier County PBA Loan Agreement Series VI-C-4	3,000,000	Variable	10-21-04	6-1-20	2,700,000	0	150,000	2,550,000
Total Payable through General Debt Service Fund					\$ 7,650,000	\$ 0	\$ 1,500,000	\$ 6,150,000
Payable through Education Debt Service Fund								
Sevier County PBA Loan Agreement Series IV H-1	12,500,000	(2)	10-25-01	6-1-25	\$ 12,345,000	\$ 0	\$ 165,000	\$ 12,180,000
Qualified Zone Academy Bonds - Energy Efficiency	4,129,500	0	12-28-05	12-1-20	3,825,701	0	188,435	3,637,266
Total Payable through Education Debt Service Fund					\$ 16,170,701	\$ 0	\$ 353,435	\$ 15,817,266
Total Other Loans Payable					\$ 24,628,297	\$ 0	\$ 2,239,975	\$ 22,388,322

(Continued)

Exhibit K-1

Loudon County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
Primary Government and Discretely Presented Loudon County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Matured During Period	Outstanding 6-30-08
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>CAPITAL LEASES</u>								
Payable through Solid Waste/Sanitation Fund Compactors and Containers	\$ 135,000	0 %	7-1-05	3-31-10	\$ 74,250	\$ 0	\$ 27,000	\$ 47,250
Total Capital Leases					\$ 74,250	\$ 0	\$ 27,000	\$ 47,250
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
General Obligation Public Improvement Series 1999	5,360,000	5 to 5.7	12-1-1999	4-1-09	\$ 335,000	\$ 0	\$ 155,000	\$ 180,000
General Obligation Refunding Series 2002	1,960,000	3.25 to 4	3-1-02	3-1-09	235,000	0	115,000	120,000
General Obligation Refunding Series 2004	5,225,000	1.8 to 4	3-31-04	4-1-20	5,075,000	0	55,000	5,020,000
Total Bonds Payable					\$ 5,645,000	\$ 0	\$ 325,000	\$ 5,320,000
<u>DISCRETELY PRESENTED LOUDON COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
Energy Efficiency Note - Borrowed from Primary Government	499,981	0	10-20-05	12-1-12	\$ 428,555	\$ 0	\$ 71,426	\$ 357,129
Energy Efficiency QZAB - Borrowed from Primary Government	4,129,500	0	12-28-05	12-1-20	3,825,701	0	188,435	3,637,266
Total Notes Payable					\$ 4,254,256	\$ 0	\$ 259,861	\$ 3,994,395

- (1) The county has pledged its incremental tax revenues (excess of current taxes over base year amounts) from properties within the development toward the retirement of this obligation. The agreement requires only the payment of the tax increment each year (with no interest accruing on the unpaid balance). Therefore, no maturity date can be established.
- (2) This issue was swapped from variable to synthetic fixed rate by execution of a swap agreement.

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 1,114,987	\$ 73,418	\$ 1,188,405
2010	1,145,407	42,998	1,188,405
2011	984,157	11,944	996,101
2012	71,426	0	71,426
2013	71,425	0	71,425
Total	<u>\$ 3,387,402</u>	<u>\$ 128,360</u>	<u>\$ 3,515,762</u>

Year Ending June 30	Other Loan Principal	(1) Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 915,300	\$ 987,276	\$ 73,855	\$ 1,976,431
2010	955,300	960,650	70,962	1,986,912
2011	1,286,300	932,208	67,931	2,286,439
2012	1,332,300	883,267	63,618	2,279,185
2013	1,398,300	831,839	59,106	2,289,245
2014	1,444,300	776,990	54,355	2,275,645
2015	1,516,300	719,654	49,406	2,285,360
2016	1,569,300	658,556	44,193	2,272,049
2017	1,646,300	594,605	38,749	2,279,654
2018	1,704,300	526,576	33,023	2,263,899
2019	1,335,300	455,378	27,048	1,817,726
2020	1,405,300	391,686	23,376	1,820,362
2021	1,243,666	323,900	19,475	1,587,041
2022	965,000	266,388	16,017	1,247,405
2023	1,020,000	205,400	12,350	1,237,750
2024	1,085,000	140,936	8,474	1,234,410
2025	1,145,000	72,364	4,351	1,221,715
Total	<u>\$ 21,967,266</u>	<u>\$ 9,727,673</u>	<u>\$ 666,289</u>	<u>\$ 32,361,228</u>

(1) Does not include the City of Loudon - Highland Business Center note (\$421,056) since the annual requirements for that note are dependent upon the amount of incremental tax revenues generated within the development each year.

(Continued)

Exhibit K-2

Loudon County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
Primary Government and Discretely Presented  
Loudon County School Department (Cont.)

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 27,000	\$ 0	\$ 27,000
2010	20,250	0	20,250
Total	<u>\$ 47,250</u>	<u>\$ 0</u>	<u>\$ 47,250</u>

Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 355,000	\$ 192,240	\$ 547,240
2010	285,000	177,450	462,450
2011	320,000	170,325	490,325
2012	345,000	160,725	505,725
2013	395,000	148,650	543,650
2014	425,000	134,825	559,825
2015	450,000	119,950	569,950
2016	480,000	104,425	584,425
2017	510,000	87,385	597,385
2018	550,000	68,515	618,515
2019	585,000	47,615	632,615
2020	620,000	24,800	644,800
Total	<u>\$ 5,320,000</u>	<u>\$ 1,436,905</u>	<u>\$ 6,756,905</u>

(Continued)

Exhibit K-2

Loudon County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
Primary Government and Discretely Presented  
Loudon County School Department (Cont.)

DISCRETELY PRESENTED LOUDON COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 346,726	\$ 0	\$ 346,726
2010	346,726	0	346,726
2011	346,726	0	346,726
2012	346,726	0	346,726
2013	346,725	0	346,725
2014	275,300	0	275,300
2015	275,300	0	275,300
2016	275,300	0	275,300
2017	275,300	0	275,300
2018	275,300	0	275,300
2019	275,300	0	275,300
2020	275,300	0	275,300
2021	333,666	0	333,666
Total	<u>\$ 3,994,395</u>	<u>\$ 0</u>	<u>\$ 3,994,395</u>

Exhibit K-3

Loudon County, Tennessee  
Schedule of Notes Receivable  
June 30, 2008

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Notes</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance</u>
<u>Education Debt Service Fund</u>						
Payment of Capital Outlay Note	Loudon County School Department	\$ 499,981	0%	10-20-05	12-01-12	\$ 357,129
<u>Education Debt Service Fund</u>						
Payment of QZAB Loan	Loudon County School Department	4,129,500	0	12-28-05	12-01-20	<u>3,637,266</u>
Total Notes Receivable						<u>\$ 3,994,395</u>

The county borrows funds through the Tennessee Department of Economic and Community Development and the Tennessee State School Bond Authority and loans those amounts to the Loudon County School Department.

Exhibit K-4

Loudon County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Retirement of debt	\$ 680,000
General	General Capital Projects	Capital projects	1,000,000
Drug Control	General	Equipment	9,997
Other Special Revenue	General	Equipment	4,998
Highway/Public Works	General Debt Service	Retirement of debt	<u>163,800</u>
Total Transfers Primary Government			<u>\$ 1,858,795</u>
<u>DISCRETELY PRESENTED LOUDON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital projects	<u>\$ 514,160</u>

Exhibit K-5

Loudon County, Tennessee  
 Schedule of Salaries and Official Bonds of Principal Officials  
 Primary Government and Discretely Presented Loudon County School Department  
 For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 75,585	\$ 50,000	Western Surety Company
Highway Superintendent	Section 8-24-102, <u>TCA</u> , and County Commission	77,070 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	100,344 (2)	50,000	"
Trustee	County Board of Education	60,972	934,500	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	60,972	10,000	"
Director of Accounts and Budgets	Section 8-24-102, <u>TCA</u>	57,972	25,000	"
Purchasing Agent	County Commission	51,500	50,000	"
County Clerk	County Commission	60,972	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	60,972	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	60,972	50,000	"
Register	Section 8-24-102, <u>TCA</u>	60,972	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	71,985 (3)	25,000	"
Employee Blanket Bonds - All County Employees:			250,000	Coregis Insurance Organization - Blanket Policy

(1) Includes county engineering services fee of \$10,000.  
 (2) Includes chief executive officer training supplement of \$1,000.  
 (3) Includes county workhouse supervisor pay of \$4,915.

Exhibit K-6

Loudon County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2008

	Special Revenue Funds				
	General	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,847,779	\$ 0	\$ 126,375	\$ 0	\$ 0
Trustee's Collections - Prior Year	152,701	0	2,424	0	0
Trustee's Collections - Bankruptcy	1,191	0	5	0	0
Circuit/Clerk & Master Collections - Prior Years	75,313	0	1,637	0	0
Interest and Penalty	34,613	0	529	0	0
Payments in-Lieu-of Taxes - Other	2,186	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	247,289	0	494,576	0	0
Hotel/Motel Tax	386,874	0	0	0	0
Litigation Tax - General	116,393	0	0	0	0
Litigation Tax - Special Purpose	197,094	7,650	0	0	0
Business Tax	361,593	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	54,955	0	785	0	0
Wholesale Beer Tax	97,849	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 10,575,830</b>	<b>\$ 7,650</b>	<b>\$ 626,331</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 54,372	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	193,849	0	0	0	0
<u>Permits</u>					
Beer Permits	2,185	0	0	0	0
Building Permits	301,230	0	0	0	0
Other Permits	35,824	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 587,460</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit K-6

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

	General	Law Library	Special Revenue Funds			
			Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,860	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Circuit Court	510	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Criminal Court</u>						
Fines	13,235	0	0	0	0	0
Officers Costs	26,647	0	0	0	0	0
Drug Control Fines	6,432	0	0	0	0	7,049
Jail Fees	2,339	0	0	0	0	0
DUI Treatment Fines	2,945	0	0	0	0	0
Data Entry Fee - Criminal Court	1,760	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	68,745	0	0	0	0	0
Officers Costs	155,281	0	0	0	0	0
Game and Fish Fines	2,086	0	0	0	0	0
Drug Control Fines	16,189	0	0	0	0	21,029
Jail Fees	13,706	0	0	0	0	0
DUI Treatment Fines	16,761	0	0	0	0	0
Data Entry Fee - General Sessions Court	20,724	0	0	0	0	0
Courtroom Security Fee	1,978	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,439	0	0	0	0	0
Drug Control Fines	1,525	0	0	0	0	0
Data Entry Fee - Juvenile Court	196	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	5,376	0	0	0	0	0
Data Entry Fee - Chancery Court	1,542	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	17,204	0	0	0	0	0
DUI Treatment Fines	4,300	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,986
Courtroom Security Fee	34	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	29,242	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 414,058	\$ 0	\$ 0	\$ 0	\$ 140,064
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other General Service Charges	\$ 128,656	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>					
Copy Fees	56	0	0	0	0
Telephone Commissions	25,709	0	0	0	0
Vending Machine Collections	124	0	0	0	0
Data Processing Fee - Register	27,600	0	0	0	0
Data Processing Fee - Sheriff	13,763	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,055	0	0	0	0
Total Charges for Current Services	\$ 197,963	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 341,607	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	7,278	0	0	8,567	0
Sale of Materials and Supplies	200	0	0	0	0
Commissary Sales	9,089	0	0	0	0
Sale of Maps	2,253	0	0	0	0
Sale of Recycled Materials	0	0	130,823	0	0
Miscellaneous Refunds	21,333	0	0	0	0
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	0	0	0	0	0
Sale of Property	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items (Cont.)</u>					
Contributions and Gifts	2,761 \$	0 \$	0 \$	0 \$	38,406
<u>Other Local Revenues</u>	59,000	0	0	0	0
Total Other Local Revenues	\$ 443,521 \$	0 \$	130,823 \$	8,567 \$	38,406
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	385,319 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	115,519	0	0	0	0
General Sessions Court Clerk	589,557	0	0	0	0
Clerk and Master	80,843	0	0	0	0
Register	390,111	0	0	0	0
Sheriff	15,881	0	0	0	0
Trustee	685,139	0	0	0	0
Total Fees Received from County Officials	\$ 2,262,369 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	10,700 \$	0 \$	0 \$	0 \$	0
Aging Programs	10,054	0	0	0	0
State Reappraisal Grant	19,437	0	0	0	0
Solid Waste Grants	0	0	6,423	0	0
Other General Government Grants	38,032	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	22,800	0	0	0	0
Other Public Safety Grants	6,000	0	0	0	0
Health and Welfare Grants	453,923	0	0	0	0
Other Health and Welfare Grants	15,789	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Litter Program	\$ 0	\$ 0	\$ 24,666	\$ 0	\$ 0
Other Public Works Grants	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	1,111,933	0	0	0	0
Beer Tax	19,312	0	0	0	0
Alcoholic Beverage Tax	46,408	0	0	0	0
Mixed Drink Tax	2,167	0	0	0	0
Board of Jurors	287	0	0	0	0
Contracted Prisoner Boarding	59,290	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	53,151	0	0	0	0
Other State Revenues	258,693	0	0	0	0
Total State of Tennessee	\$ 2,144,356	\$ 0	\$ 31,089	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	12,198	0	0	0	0
Homeland Security Grants	36,668	0	0	0	0
Law Enforcement Grants	44,986	0	0	0	0
Other Federal through State	32,893	0	0	0	0
<u>Direct Federal Revenue</u>					
Asset Forfeiture Funds	0	0	0	0	0
Other Direct Federal Revenue	0	0	0	0	0
Total Federal Government	\$ 126,745	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				
	General	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	8,282	0	0	0	0
Contracted Services	307,875	0	0	0	0
<u>Citizens Groups</u>					
Donations	56,252	0	0	0	0
<u>Other</u>					
Other	11,947	0	0	0	0
Total Other Governments and Citizens Groups	\$ 385,356	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 17,137,658	\$ 7,650	\$ 788,243	\$ 8,567	\$ 178,470

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0	\$ 379,213	\$ 1,200,782	\$ 1,119,000	\$ 315,998	\$ 11,989,147			
Trustee's Collections - Prior Year	0	7,272	23,026	17,905	6,059	209,387			
Trustee's Collections - Bankruptcy	0	54	242	21	51	1,564			
Circuit/Clerk & Master Collections - Prior Years	0	3,819	10,365	0	2,729	93,863			
Interest and Penalty	0	1,591	5,106	4,024	1,325	47,188			
Payments in-Lieu-of Taxes - Other	0	0	33,483	0	0	35,669			
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	0	0	0	0	741,865			
Hotel/Motel Tax	0	0	0	0	0	386,874			
Litigation Tax - General	0	0	0	0	0	116,393			
Litigation Tax - Special Purpose	0	0	0	0	0	204,744			
Business Tax	0	0	0	0	0	361,593			
Mineral Severance Tax	0	89,270	0	0	0	89,270			
Adequate Facilities/Development Tax	0	0	0	297,502	0	297,502			
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	2,355	7,458	7,851	1,963	75,367			
Wholesale Beer Tax	0	0	0	0	0	97,849			
Total Local Taxes	\$ 0	\$ 483,574	\$ 1,280,462	\$ 1,446,303	\$ 328,125	\$ 14,748,275			
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,372			
Cable TV Franchise	0	0	0	0	0	193,849			
<u>Permits</u>									
Beer Permits	0	0	0	0	0	2,185			
Building Permits	0	0	0	0	0	301,230			
Other Permits	0	0	0	0	0	35,824			
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 587,460			

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Other Special Revenue	Highway / Public Works	Education Debt Service	General Debt Service	Education Debt Service	General Capital Projects	Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,860
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	510
Courtroom Security Fee	0	0	0	0	0	0	0	0	2
<u>Criminal Court</u>									
Fines	0	0	0	0	0	0	0	0	13,235
Officers Costs	0	0	0	0	0	0	0	0	26,647
Drug Control Fines	0	0	0	0	0	0	0	0	13,481
Jail Fees	0	0	0	0	0	0	0	0	2,339
DUI Treatment Fines	0	0	0	0	0	0	0	0	2,945
Data Entry Fee - Criminal Court	0	0	0	0	0	0	0	0	1,760
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	68,745
Officers Costs	0	0	0	0	0	0	0	0	155,281
Game and Fish Fines	0	0	0	0	0	0	0	0	2,086
Drug Control Fines	0	0	0	0	0	0	0	0	37,218
Jail Fees	0	0	0	0	0	0	0	0	13,706
DUI Treatment Fines	0	0	0	0	0	0	0	0	16,761
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	20,724
Courtroom Security Fee	0	0	0	0	0	0	0	0	1,978
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	2,439
Drug Control Fines	0	0	0	0	0	0	0	0	1,525
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	196
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	5,376
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	1,542
<u>Other Courts - In-county</u>									
Fines	0	0	0	0	0	0	0	0	17,204
DUI Treatment Fines	0	0	0	0	0	0	0	0	4,300

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	\$ 24,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136,111
Courtroom Security Fee	0	0	0	0	0	0	0	0	34
<u>Other Fines, Forfeitures, and Penalties</u>									
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	29,242
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 24,125</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 578,247</b>
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Other General Service Charges	\$ 0	\$ 653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 129,309
<u>Fees</u>									
Copy Fees	0	0	0	0	0	0	0	0	56
Telephone Commissions	0	0	0	0	0	0	0	0	25,709
Vending Machine Collections	0	0	0	0	0	0	0	0	124
Data Processing Fee - Register	0	0	0	0	0	0	0	0	27,600
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	13,763
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	2,055
<b>Total Charges for Current Services</b>	<b>\$ 0</b>	<b>\$ 653</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 198,616</b>
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 0	\$ 70,272	\$ 0	\$ 229,462	\$ 0	\$ 0	\$ 0	\$ 641,341
Lease/Rentals	0	0	0	0	0	0	0	0	15,845
Sale of Materials and Supplies	0	11,997	0	0	0	0	0	0	12,197
Commissary Sales	0	0	0	0	0	0	0	0	9,089
Sale of Maps	0	0	0	0	0	0	0	0	2,253
Sale of Recycled Materials	0	0	0	0	0	0	0	0	130,823
Miscellaneous Refunds	0	0	0	0	0	0	0	0	21,333
<u>Nonrecurring Items</u>									
Revenue from Joint Ventures	0	0	35,072	0	0	0	0	0	35,072
Sale of Property	0	0	181,087	0	0	0	0	0	181,087

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Other Special Revenue	Highway / Public Works	General Debt Service	Education Debt Service	General Debt Service	Education Debt Service	General Capital Projects	Capital Projects	
<u>Other Local Revenues (Cont.)</u>									
<u>Nonrecurring Items (Cont.)</u>									
Contributions and Gifts	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,955 \$	0 \$	51,122
<u>Other Local Revenues</u>									
Other Local Revenues	0	0	0	0	0	0	0	0	59,000
<b>Total Other Local Revenues</b>	<b>\$ 0 \$</b>	<b>11,997 \$</b>	<b>286,431 \$</b>	<b>229,462 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>9,955 \$</b>	<b>0 \$</b>	<b>1,159,162</b>
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	385,319
Circuit Court Clerk	0	0	0	0	0	0	0	0	115,519
General Sessions Court Clerk	0	0	0	0	0	0	0	0	589,557
Clerk and Master	0	0	0	0	0	0	0	0	80,843
Register	0	0	0	0	0	0	0	0	390,111
Sheriff	0	0	0	0	0	0	0	0	15,881
Trustee	0	0	0	0	0	0	0	0	685,139
<b>Total Fees Received from County Officials</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>2,262,369</b>
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	10,700
Aging Programs	0	0	0	0	0	0	0	0	10,054
State Reappraisal Grant	0	0	0	0	0	0	0	0	19,437
Solid Waste Grants	0	0	0	0	0	0	0	0	6,423
Other General Government Grants	0	0	0	0	0	0	0	0	38,032
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	22,800
Other Public Safety Grants	0	0	0	0	0	0	0	0	6,000
Health and Welfare Grants	0	0	0	0	0	0	0	0	453,923
Health Department Programs	0	0	0	0	0	0	0	0	15,789
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects		
<u>State of Tennessee (Cont.)</u>									
<u>Public Works Grants</u>									
Litter Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	24,666
Other Public Works Grants	0	0	0	0	0	0	665,483	0	665,483
<u>Other State Revenues</u>									
Income Tax	0	0	0	0	0	0	0	0	1,111,933
Beer Tax	0	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	46,408
Mixed Drink Tax	0	0	0	0	0	0	0	0	2,167
Board of Jurors	0	0	0	0	0	0	0	0	287
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	59,290
Gasoline and Motor Fuel Tax	0	1,592,865	0	0	0	0	0	0	1,592,865
Petroleum Special Tax	0	31,390	0	0	0	0	0	0	31,390
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	0	0	53,151
Other State Revenues	0	0	0	0	0	0	0	0	258,693
Total State of Tennessee	0 \$	1,624,255 \$	0 \$	0 \$	0 \$	0 \$	665,483 \$	0 \$	4,465,183
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	493,036 \$	0 \$	493,036
Civil Defense Reimbursement	0	0	0	0	0	0	0	0	12,198
Homeland Security Grants	0	0	0	0	0	0	0	0	36,668
Law Enforcement Grants	0	0	0	0	0	0	0	0	44,986
Other Federal through State	0	0	0	0	0	0	0	0	32,893
<u>Direct Federal Revenue</u>									
Asset Forfeiture Funds	1,088	0	0	0	0	0	0	0	1,088
Other Direct Federal Revenue	0	0	0	0	0	0	7,261	0	7,261
Total Federal Government	1,088 \$	0 \$	0 \$	0 \$	0 \$	0 \$	500,297 \$	0 \$	628,130

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund		Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects		
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000
Contributions	0	0	0	0	0	0	0	0	8,282
Contracted Services	0	0	163,766	0	0	0	632,242	0	1,103,883
<u>Citizens Groups</u>									
Donations	0	0	0	0	0	0	0	0	56,252
<u>Other</u>									
Other	0	0	0	0	0	0	0	0	11,947
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 163,766</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 632,242</b>	<b>\$ 0</b>	<b>\$ 1,181,364</b>
<b>Total</b>	<b>\$ 25,213</b>	<b>\$ 2,120,479</b>	<b>\$ 1,730,659</b>	<b>\$ 1,675,765</b>	<b>\$ 2,136,102</b>	<b>\$ 25,808,806</b>			

Exhibit K-7

Loudon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 7,678,132	\$ 0	\$ 0	\$ 7,678,132
Trustee's Collections - Prior Year	158,747	0	0	158,747
Trustee's Collections - Bankruptcy	1,118	0	0	1,118
Circuit/Clerk & Master Collections - Prior Years	73,846	0	0	73,846
Interest and Penalty	34,199	0	0	34,199
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,983,774	0	0	2,983,774
<u>Statutory Local Taxes</u>				
Bank Excise Tax	47,690	0	0	47,690
Interstate Telecommunications Tax	5,816	0	0	5,816
<b>Total Local Taxes</b>	<b>\$ 10,983,322</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,983,322</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,406	\$ 0	\$ 0	\$ 1,406
<b>Total Licenses and Permits</b>	<b>\$ 1,406</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,406</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 1,028,112	\$ 0	\$ 0	\$ 1,028,112
Community Service Fees - Children	215,428	0	0	215,428
<b>Total Charges for Current Services</b>	<b>\$ 1,243,540</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,243,540</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 181,354	\$ 0	\$ 0	\$ 181,354
Refund of Telecommunication and Internet Fees (E-Rate)	19,467	0	0	19,467
Miscellaneous Refunds	1,071	0	0	1,071
<u>Nonrecurring Items</u>				
Sale of Equipment	1,683	0	0	1,683
Sale of Property	0	0	8,100	8,100
<b>Total Other Local Revenues</b>	<b>\$ 203,575</b>	<b>\$ 0</b>	<b>\$ 8,100</b>	<b>\$ 211,675</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 141,992	\$ 0	\$ 0	\$ 141,992
<u>State Education Funds</u>				
Basic Education Program	18,865,000	0	0	18,865,000
School Food Service	28,086	0	0	28,086
Other State Education Funds	1,017,597	0	0	1,017,597
Career Ladder Program	216,290	0	0	216,290
Career Ladder - Extended Contract	191,033	0	0	191,033
<u>Other State Revenues</u>				
Mixed Drink Tax	1,496	0	0	1,496
State Revenue Sharing - T.V.A.	922,408	0	0	922,408
Other State Revenues	46,044	0	0	46,044
<b>Total State of Tennessee</b>	<b>\$ 21,429,946</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 21,429,946</b>

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 856,938	\$ 0	\$ 0	\$ 856,938
Breakfast	322,858	0	0	322,858
USDA - Other	13,347	0	0	13,347
Vocational Education - Basic Grants to States	0	75,929	0	75,929
Title I Grants to Local Education Agencies	0	549,252	0	549,252
Innovative Education Program Strategies	0	7,158	0	7,158
Special Education - Grants to States	27,169	875,814	0	902,983
Special Education Preschool Grants	0	15,897	0	15,897
Eisenhower Professional Development State Grants	0	198,582	0	198,582
Other Federal through State	668,657	67,100	0	735,757
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	56,295	0	0	56,295
Total Federal Government	\$ 1,945,264	\$ 1,789,732	\$ 0	\$ 3,734,996
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 3,489,117	\$ 3,489,117
<u>Citizens Groups</u>				
Donations	21,115	0	0	21,115
<u>Other</u>				
Other	3,425	0	0	3,425
Total Other Governments and Citizens Groups	\$ 24,540	\$ 0	\$ 3,489,117	\$ 3,513,657
Total	\$ 35,831,593	\$ 1,789,732	\$ 3,497,217	\$ 41,118,542

Exhibit K-8

Loudon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	75,586	
Social Security		4,451	
State Retirement		4,295	
Life Insurance		244	
Medical Insurance		15,419	
Dental Insurance		2,939	
Employer Medicare		1,068	
Consultants		8,320	
Dues and Memberships		3,394	
Printing, Stationery, and Forms		3,020	
Travel		2,414	
Other Contracted Services		543	
Office Supplies		1,140	
Other Supplies and Materials		2,658	
In Service/Staff Development		1,033	
Data Processing Equipment		4,734	
Total County Commission			\$ 131,258

Board of Equalization

Board and Committee Members Fees	\$	650	
Total Board of Equalization			650

Beer Board

Board and Committee Members Fees	\$	3,462	
Total Beer Board			3,462

Other Boards and Committees

Board and Committee Members Fees	\$	6,550	
Total Other Boards and Committees			6,550

County Mayor/Executive

County Official/Administrative Officer	\$	75,585	
Assistant(s)		35,538	
Secretary(ies)		35,934	
Overtime Pay		1,860	
Social Security		9,142	
State Retirement		14,165	
Life Insurance		147	
Medical Insurance		15,419	
Dental Insurance		1,118	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Employer Medicare	\$	2,138	
Communication		3,122	
Dues and Memberships		1,615	
Maintenance and Repair Services - Vehicles		346	
Travel		2,534	
Other Contracted Services		1,053	
Gasoline		1,104	
Office Supplies		2,302	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		215	
Furniture and Fixtures		850	
Office Equipment		1,483	
Total County Mayor/Executive			\$ 205,845

Personnel Office

Medical and Dental Services	\$	500	
Other Charges		4	
Total Personnel Office			504

County Attorney

Legal Services	\$	11,019	
Other Contracted Services		105,438	
Total County Attorney			116,457

Election Commission

County Official/Administrative Officer	\$	54,875	
Secretary(ies)		35,108	
Temporary Personnel		3,708	
Overtime Pay		1,439	
Election Commission		12,000	
Election Workers		28,145	
Social Security		7,533	
State Retirement		8,671	
Life Insurance		95	
Medical Insurance		7,893	
Dental Insurance		511	
Employer Medicare		1,762	
Advertising		2,222	
Communication		3,173	
Dues and Memberships		225	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Licenses	\$	8,015	
Maintenance and Repair Services - Equipment		1,481	
Postal Charges		3,042	
Printing, Stationery, and Forms		3,626	
Travel		5,032	
Other Contracted Services		13,248	
Office Supplies		3,583	
Office Equipment		10,098	
Total Election Commission			\$ 215,485

Register of Deeds

County Official/Administrative Officer	\$	60,972	
Clerical Personnel		114,572	
Social Security		10,465	
State Retirement		16,716	
Life Insurance		246	
Medical Insurance		44,277	
Dental Insurance		2,731	
Employer Medicare		2,448	
Communication		1,811	
Dues and Memberships		782	
Travel		779	
Other Contracted Services		20,541	
Office Supplies		4,027	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			280,467

Development

Other Contracted Services	\$	18,278	
Total Development			18,278

Planning

Supervisor/Director	\$	66,136	
Secretary(ies)		54,284	
Social Security		7,343	
State Retirement		11,375	
Life Insurance		134	
Medical Insurance		12,130	
Dental Insurance		1,299	
Employer Medicare		1,717	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Communication	\$	2,814	
Consultants		15,500	
Maintenance and Repair Services - Buildings		52	
Maintenance and Repair Services - Vehicles		777	
Travel		2,556	
Other Contracted Services		57	
Gasoline		2,174	
Office Supplies		4,361	
Utilities		2,376	
In Service/Staff Development		2,755	
Office Equipment		892	
Total Planning			\$ 188,732

Codes Compliance

Assistant(s)	\$	115,147	
Supervisor/Director		51,500	
Secretary(ies)		30,130	
Social Security		12,016	
State Retirement		18,729	
Life Insurance		235	
Medical Insurance		33,158	
Dental Insurance		2,883	
Employer Medicare		2,810	
Communication		4,849	
Dues and Memberships		805	
Maintenance and Repair Services - Vehicles		1,269	
Postal Charges		469	
Printing, Stationery, and Forms		1,279	
Travel		6	
Gasoline		10,603	
Office Supplies		4,053	
Tires and Tubes		948	
Uniforms		282	
Other Supplies and Materials		123	
In Service/Staff Development		615	
Furniture and Fixtures		2,810	
Motor Vehicles		18,794	
Office Equipment		1,120	
Total Codes Compliance			314,633

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Supervisor/Director	\$	36,143	
Overtime Pay		909	
Social Security		2,181	
State Retirement		3,538	
Life Insurance		50	
Medical Insurance		7,525	
Dental Insurance		607	
Employer Medicare		510	
Travel		90	
Other Contracted Services		3,117	
Office Supplies		1,774	
Total Geographical Information Systems			\$ 56,444

County Buildings

Supervisor/Director	\$	41,008
Laborers		272,269
Custodial Personnel		23,837
Overtime Pay		5,341
Other Salaries and Wages		2,871
Social Security		20,394
State Retirement		32,706
Life Insurance		493
Medical Insurance		88,467
Dental Insurance		5,777
Employer Medicare		4,770
Communication		33,939
Operating Lease Payments		51,680
Maintenance and Repair Services - Buildings		70,457
Maintenance and Repair Services - Vehicles		5,049
Pest Control		4,725
Other Contracted Services		156,307
Custodial Supplies		6,455
Duplicating Supplies		8,673
Gasoline		17,918
Office Supplies		1,152
Tires and Tubes		936
Uniforms		4,361
Utilities		219,288
Other Supplies and Materials		554
Communication Equipment		11,951

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Furniture and Fixtures	\$	800	
Maintenance Equipment		3,384	
Office Equipment		450	
Total County Buildings			\$ 1,096,012

Finance

Accounting and Budgeting

Supervisor/Director	\$	57,972	
Accountants/Bookkeepers		212,802	
Overtime Pay		2,999	
Social Security		16,533	
State Retirement		25,463	
Life Insurance		339	
Medical Insurance		41,396	
Dental Insurance		2,763	
Employer Medicare		3,866	
Audit Services		8,922	
Communication		3,369	
Maintenance and Repair Services - Office Equipment		668	
Printing, Stationery, and Forms		2,830	
Travel		1,196	
Other Contracted Services		14,447	
Office Supplies		10,851	
Premiums on Corporate Surety Bonds		117	
In Service/Staff Development		1,419	
Office Equipment		25,123	
Total Accounting and Budgeting			433,075

Purchasing

Supervisor/Director	\$	51,500
Purchasing Personnel		59,130
Overtime Pay		991
Social Security		6,795
State Retirement		10,600
Life Insurance		127
Medical Insurance		13,445
Dental Insurance		1,022
Employer Medicare		1,589
Advertising		1,112
Communication		1,971

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Dues and Memberships	\$	455	
Travel		807	
Other Contracted Services		20	
Office Supplies		2,897	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		1,365	
Furniture and Fixtures		6,012	
Office Equipment		<u>5,297</u>	
Total Purchasing			\$ 165,310

Property Assessor's Office

County Official/Administrative Officer	\$	60,972	
Secretary(ies)		136,543	
Overtime Pay		276	
Social Security		11,861	
State Retirement		18,840	
Life Insurance		295	
Medical Insurance		54,188	
Dental Insurance		3,525	
Employer Medicare		2,774	
Communication		3,460	
Data Processing Services		7,824	
Dues and Memberships		1,480	
Maintenance Agreements		10,627	
Maintenance and Repair Services - Vehicles		78	
Travel		455	
Other Contracted Services		9,804	
Gasoline		1,620	
Office Supplies		6,422	
Premiums on Corporate Surety Bonds		100	
In Service/Staff Development		645	
Motor Vehicles		16,942	
Office Equipment		<u>273</u>	
Total Property Assessor's Office			349,004

County Trustee's Office

County Official/Administrative Officer	\$	60,972
Clerical Personnel		95,977
Temporary Personnel		2,230
Part-time Personnel		8,837

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	10,009	
State Retirement		14,559	
Life Insurance		210	
Medical Insurance		30,053	
Dental Insurance		2,554	
Unemployment Compensation		4,091	
Employer Medicare		2,341	
Audit Services		5,500	
Communication		2,502	
Dues and Memberships		617	
Maintenance Agreements		5,492	
Printing, Stationery, and Forms		1,626	
Travel		1,371	
Other Contracted Services		22,234	
Office Supplies		9,155	
Premiums on Corporate Surety Bonds		6,320	
Total County Trustee's Office			\$ 286,650

County Clerk's Office

County Official/Administrative Officer	\$	60,972	
Clerical Personnel		193,267	
Temporary Personnel		3,600	
Part-time Personnel		10,900	
Social Security		15,792	
State Retirement		23,943	
Life Insurance		388	
Medical Insurance		52,446	
Dental Insurance		3,175	
Employer Medicare		3,693	
Communication		3,215	
Dues and Memberships		632	
Other Contracted Services		16,115	
Office Supplies		10,925	
Premiums on Corporate Surety Bonds		250	
Total County Clerk's Office			399,313

Data Processing

Computer Programmer(s)	\$	36,744
Overtime Pay		206
Social Security		2,291

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

State Retirement	\$	3,498	
Life Insurance		37	
Medical Insurance		2,467	
Dental Insurance		202	
Employer Medicare		536	
Communication		2,552	
Other Contracted Services		125	
Office Supplies		1,949	
Data Processing Equipment		16,915	
Furniture and Fixtures		635	
Office Equipment		1,741	
Total Data Processing			\$ 69,898

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	60,972	
Clerical Personnel		108,108	
Temporary Personnel		3,520	
Overtime Pay		1,494	
Social Security		10,722	
State Retirement		16,234	
Life Insurance		244	
Medical Insurance		18,828	
Dental Insurance		1,118	
Employer Medicare		2,508	
Communication		1,756	
Dues and Memberships		632	
Printing, Stationery, and Forms		1,059	
Travel		2,724	
Other Contracted Services		8,806	
Office Supplies		8,728	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		1,446	
Data Processing Equipment		5,805	
Office Equipment		6,657	
Total Circuit Court			261,536

General Sessions Court

Clerical Personnel	\$	246,688
Temporary Personnel		7,138

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Part-time Personnel	\$	19,622	
Overtime Pay		1,504	
Social Security		16,722	
State Retirement		23,693	
Life Insurance		450	
Medical Insurance		45,719	
Dental Insurance		3,922	
Employer Medicare		3,911	
Communication		656	
Dues and Memberships		295	
Printing, Stationery, and Forms		4,892	
Travel		2,559	
Other Contracted Services		9,822	
Office Supplies		13,150	
In Service/Staff Development		1,009	
Communication Equipment		11,932	
Office Equipment		13,384	
Total General Sessions Court			\$ 427,068

General Sessions Judge

County Official/Administrative Officer	\$	129,960	
Clerical Personnel		46,712	
Temporary Personnel		1,200	
Social Security		8,961	
State Retirement		16,768	
Life Insurance		97	
Medical Insurance		3,947	
Dental Insurance		862	
Employer Medicare		2,535	
Communication		786	
Dues and Memberships		377	
Travel		574	
Office Supplies		575	
Office Equipment		729	
Total General Sessions Judge			214,083

Chancery Court

County Official/Administrative Officer	\$	60,972
Clerical Personnel		62,556
Social Security		7,380

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

State Retirement	\$	11,746	
Life Insurance		99	
Medical Insurance		25,986	
Dental Insurance		1,214	
Employer Medicare		1,726	
Communication		1,655	
Dues and Memberships		612	
Postal Charges		5,495	
Travel		1,117	
Office Supplies		3,125	
Premiums on Corporate Surety Bonds		219	
In Service/Staff Development		215	
Office Equipment		2,401	
Total Chancery Court			\$ 186,518

Juvenile Court

Supervisor/Director	\$	60,440	
Social Workers		164,222	
Part-time Personnel		12,767	
Overtime Pay		4,877	
Social Security		14,743	
State Retirement		21,898	
Life Insurance		292	
Medical Insurance		26,233	
Dental Insurance		2,587	
Employer Medicare		3,448	
Communication		8,029	
Maintenance and Repair Services - Vehicles		738	
Travel		4,694	
Other Contracted Services		27,265	
Gasoline		3,638	
Office Supplies		2,082	
Tires and Tubes		47	
Other Supplies and Materials		837	
In Service/Staff Development		2,499	
Office Equipment		3,696	
Total Juvenile Court			365,032

Other Administration of Justice

Jury and Witness Fees	\$	12,081	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Other Contracted Services	\$	4,236	
Furniture and Fixtures		1,458	
Office Equipment		48,198	
Total Other Administration of Justice			\$ 65,973

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,985
Assistant(s)		107,193
Deputy(ies)		1,015,529
Investigator(s)		172,359
Captain(s)		70,856
Sergeant(s)		130,417
Salary Supplements		22,800
Secretary(ies)		25,607
Clerical Personnel		53,474
Part-time Personnel		65,791
School Resource Officer		157,313
Overtime Pay		112,245
Social Security		122,675
State Retirement		182,865
Life Insurance		2,183
Medical Insurance		358,349
Dental Insurance		22,703
Unemployment Compensation		6,670
Employer Medicare		28,718
Communication		17,623
Dues and Memberships		1,880
Maintenance Agreements		1,850
Maintenance and Repair Services - Vehicles		100,078
Travel		7,964
Other Contracted Services		8,639
Data Processing Supplies		2,245
Drugs and Medical Supplies		960
Gasoline		227,627
Office Supplies		16,199
Tires and Tubes		21,839
Uniforms		15,927
Other Supplies and Materials		4,933
Premiums on Corporate Surety Bonds		125

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Vehicle and Equipment Insurance	\$	20,000	
Workers' Compensation Insurance		20,000	
In Service/Staff Development		8,588	
Motor Vehicles		141,720	
Office Equipment		3,081	
Total Sheriff's Department			\$ 3,351,010

Special Patrols

Contributions	\$	25,000	
Maintenance and Repair Services - Vehicles		1,188	
Other Contracted Services		835	
Uniforms		1,142	
Other Supplies and Materials		870	
Law Enforcement Equipment		1,965	
Total Special Patrols			31,000

Traffic Control

Utilities	\$	682	
Total Traffic Control			682

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	2,033	
Total Administration of the Sexual Offender Registry			2,033

Jail

Guards	\$	567,399	
Cafeteria Personnel		56,176	
Part-time Personnel		1,586	
Overtime Pay		42,909	
Social Security		40,444	
State Retirement		63,611	
Life Insurance		923	
Medical Insurance		146,747	
Dental Insurance		8,819	
Unemployment Compensation		171	
Employer Medicare		9,459	
Legal Services		14,268	
Travel		5,231	
Other Contracted Services		7,591	
Custodial Supplies		10,548	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	86,589	
Food Supplies		66,346	
Office Supplies		3,262	
Uniforms		6,113	
Other Supplies and Materials		13,850	
Total Jail			\$ 1,152,042

Juvenile Services

Other Salaries and Wages	\$	15,047	
Other Per Diem and Fees		900	
Social Security		925	
State Retirement		1,399	
Employer Medicare		216	
Other Supplies and Materials		1,138	
Total Juvenile Services			19,625

Rural Fire Protection

Contributions	\$	56,000	
Total Rural Fire Protection			56,000

Civil Defense

Supervisor/Director	\$	51,500	
Secretary(ies)		23,805	
Overtime Pay		9	
Social Security		4,549	
State Retirement		7,151	
Life Insurance		95	
Medical Insurance		7,893	
Dental Insurance		511	
Employer Medicare		1,064	
Communication		1,689	
Maintenance and Repair Services - Vehicles		835	
Travel		318	
Other Contracted Services		1,187	
Gasoline		1,843	
Office Supplies		2,678	
Uniforms		482	
In Service/Staff Development		410	
Motor Vehicles		28,729	
Total Civil Defense			134,748

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 95,000	
Total Rescue Squad		\$ 95,000

Other Emergency Management

Communication	\$ 12,058	
Other Contracted Services	10,275	
Food Supplies	584	
Other Supplies and Materials	4,226	
Communication Equipment	45,307	
Total Other Emergency Management		72,450

County Coroner/Medical Examiner

Medical Personnel	\$ 9,000	
Drugs and Medical Supplies	31,200	
Total County Coroner/Medical Examiner		40,200

Public Safety Grant Programs

Other Salaries and Wages	\$ 4,871	
Social Security	287	
State Retirement	461	
Employer Medicare	67	
Travel	1,366	
Other Charges	3,600	
Total Public Safety Grant Programs		10,652

Other Public Safety

Supervisor/Director	\$ 51,500
Deputy(ies)	30,911
Dispatchers/Radio Operators	323,773
Part-time Personnel	29,524
Overtime Pay	19,537
Social Security	27,857
State Retirement	39,961
Life Insurance	618
Medical Insurance	64,512
Dental Insurance	4,339
Unemployment Compensation	3,297
Employer Medicare	6,515
Communication	1,109
Travel	2,665

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Other Contracted Services	\$	10,652	
Gasoline		1,543	
Office Supplies		3,755	
Uniforms		2,703	
In Service/Staff Development		3,937	
Total Other Public Safety			\$ 628,708

Public Health and Welfare

Local Health Center

Assistant(s)	\$	20,951	
Social Security		1,299	
State Retirement		2,001	
Life Insurance		47	
Medical Insurance		10,935	
Dental Insurance		607	
Employer Medicare		304	
Communication		5,017	
Contributions		3,704	
Dues and Memberships		120	
Postal Charges		778	
Travel		709	
Other Contracted Services		9,526	
Drugs and Medical Supplies		3,046	
Office Supplies		6,352	
Other Supplies and Materials		1,443	
Total Local Health Center			66,839

Rabies and Animal Control

Assistant(s)	\$	24,228
Temporary Personnel		31,550
Part-time Personnel		25,662
Overtime Pay		5,950
Other Salaries and Wages		96,073
Social Security		11,130
State Retirement		12,057
Life Insurance		233
Medical Insurance		50,118
Dental Insurance		2,531
Employer Medicare		2,603
Communication		2,887

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Maintenance and Repair Services - Vehicles	\$	963	
Travel		208	
Veterinary Services		24,227	
Animal Food and Supplies		455	
Custodial Supplies		4,855	
Gasoline		6,844	
Office Supplies		1,457	
Tires and Tubes		479	
Uniforms		1,396	
Utilities		6,050	
Other Supplies and Materials		4,894	
In Service/Staff Development		310	
Motor Vehicles		26,433	
Total Rabies and Animal Control			\$ 343,593

Other Local Health Services

Other Salaries and Wages	\$	299,948	
Social Security		18,323	
State Retirement		27,767	
Life Insurance		322	
Medical Insurance		70,578	
Dental Insurance		5,210	
Employer Medicare		4,317	
Travel		7,413	
Liability Insurance		1,570	
Total Other Local Health Services			435,448

Other Local Welfare Services

Supervisor/Director	\$	35,469	
Clerical Personnel		25,615	
Temporary Personnel		19,602	
Other Salaries and Wages		5,092	
Social Security		5,290	
State Retirement		5,758	
Life Insurance		95	
Medical Insurance		7,893	
Dental Insurance		511	
Employer Medicare		1,237	
Advertising		407	
Maintenance Agreements		2,394	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Postal Charges	\$	100	
Printing, Stationery, and Forms		65	
Travel		2,033	
Tuition		44,028	
Office Supplies		1,844	
Other Supplies and Materials		86,693	
In Service/Staff Development		1,052	
Total Other Local Welfare Services			\$ 245,178

Other Public Health and Welfare

Other Supplies and Materials	\$	15,789	
Total Other Public Health and Welfare			15,789

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	5,000	
Total Adult Activities			5,000

Senior Citizens Assistance

Assistant(s)	\$	36,050	
Secretary(ies)		27,228	
Part-time Personnel		10,109	
Other Salaries and Wages		41,885	
Social Security		6,909	
State Retirement		10,015	
Life Insurance		197	
Medical Insurance		10,195	
Dental Insurance		2,076	
Employer Medicare		1,616	
Communication		2,571	
Maintenance and Repair Services - Vehicles		78	
Travel		1,679	
Other Contracted Services		1,579	
Custodial Supplies		163	
Gasoline		1,922	
Office Supplies		1,568	
Utilities		12,767	
Other Supplies and Materials		695	
Total Senior Citizens Assistance			169,302

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Clerical Personnel	\$	115,613	
Temporary Personnel		2,988	
Part-time Personnel		34,958	
Social Security		9,438	
State Retirement		11,076	
Life Insurance		244	
Medical Insurance		22,944	
Dental Insurance		2,076	
Employer Medicare		2,207	
Contributions		5,000	
Total Libraries			\$ 206,544

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	4,689	
Contracts with Government Agencies		122,550	
Other Contracted Services		1,394	
Office Supplies		441	
Other Supplies and Materials		356	
Office Equipment		1,303	
Total Agriculture Extension Service			130,733

Forest Service

Contributions	\$	1,000	
Total Forest Service			1,000

Soil Conservation

Salary Supplements	\$	2,000	
Clerical Personnel		11,771	
Social Security		854	
Employer Medicare		200	
Communication		485	
Contributions		2,000	
Travel		425	
Total Soil Conservation			17,735

Flood Control

Contributions	\$	2,000	
Total Flood Control			2,000

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management

Permits	\$ 2,500	
Total Storm Water Management	<u>2,500</u>	\$ 2,500

Other Operations

Tourism

Contributions	\$ 135,000	
Total Tourism	<u>135,000</u>	135,000

Industrial Development

Other Salaries and Wages	\$ 144,056	
Social Security	8,904	
State Retirement	11,938	
Life Insurance	97	
Medical Insurance	3,947	
Dental Insurance	862	
Employer Medicare	2,082	
Contributions	135,519	
Dues and Memberships	<u>15,127</u>	
Total Industrial Development		322,532

Housing and Urban Development

Pauper Burials	\$ 1,500	
Total Housing and Urban Development		1,500

Veterans' Services

Other Salaries and Wages	\$ 6,162	
Social Security	382	
Employer Medicare	89	
Communication	<u>598</u>	
Total Veterans' Services		7,231

Contributions to Other Agencies

Contributions	\$ 62,119	
Dues and Memberships	<u>7,571</u>	
Total Contributions to Other Agencies		69,690

Employee Benefits

Employee and Dependent Insurance	\$ 58,850
Unemployment Compensation	14
Workers' Compensation Insurance	127,384

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Fines, Assessments, and Penalties	\$ 1,844	
Total Employee Benefits		\$ 188,092

Miscellaneous

Contracts with Government Agencies	\$ 1,833	
Building and Contents Insurance	189,976	
Trustee's Commission	<u>226,590</u>	
Total Miscellaneous		418,399

Principal on Debt

General Government

Principal on Other Loans	\$ 386,540	
Total General Government		386,540

Interest on Debt

General Government

Interest on Other Loans	\$ 12,851	
Total General Government		<u>12,851</u>

Total General Fund		\$ 14,635,883
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Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 4,755	
Total Libraries		\$ 4,755

Other Operations

Miscellaneous

Trustee's Commission	\$ 70	
Total Miscellaneous		<u>70</u>

Total Law Library Fund		4,825
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Guards	\$ 5,309
Social Security	329
State Retirement	503

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Life Insurance	\$	3	
Medical Insurance		248	
Dental Insurance		16	
Employer Medicare		77	
Maintenance and Repair Services - Vehicles		187	
Travel		32	
Other Contracted Services		1,960	
Diesel Fuel		3,203	
Tires and Tubes		594	
Other Supplies and Materials		3,628	
Total Sanitation Education/Information			\$ 16,089

Convenience Centers

Foremen	\$	81,000
Attendants		77,689
Part-time Personnel		76,624
Overtime Pay		2,200
Social Security		14,263
State Retirement		15,278
Life Insurance		289
Medical Insurance		33,342
Dental Insurance		3,113
Employer Medicare		3,351
Communication		3,283
Dues and Memberships		277
Legal Notices, Recording, and Court Costs		49
Maintenance and Repair Services - Equipment		6,409
Maintenance and Repair Services - Vehicles		532
Pest Control		300
Rentals		16,961
Travel		415
Disposal Fees		110,654
Other Contracted Services		36,476
Custodial Supplies		3,407
Fuel Oil		935
Gasoline		3,651
Propane Gas		2,694
Uniforms		2,616
Utilities		8,372
Other Supplies and Materials		3,073

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Solid Waste Equipment	\$	1,900	
Other Equipment		134	
Total Convenience Centers			\$ 509,287

Recycling Center

Other Contracted Services	\$	3,850	
Other Supplies and Materials		2,573	
Total Recycling Center			6,423

Other Operations

Miscellaneous

Trustee's Commission	\$	7,687	
Total Miscellaneous			7,687

Principal on Debt

General Government

Principal on Capital Leases	\$	27,000	
Total General Government			27,000

Total Solid Waste/Sanitation Fund \$ 566,486

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Contracted Services	\$	4,623	
Trustee's Commission		86	
Total Industrial Development			\$ 4,709

Total Industrial/Economic Development Fund 4,709

Drug Control Fund

Public Health and Welfare

Alcohol and Drug Programs

Dues and Memberships	\$	930
Travel		1,178
Law Enforcement Supplies		21,450
Other Supplies and Materials		8,453
Trustee's Commission		267
In Service/Staff Development		8,777
Other Charges		14,940

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs (Cont.)

Law Enforcement Equipment	\$ 18,393	
Total Alcohol and Drug Programs		\$ 74,388

Total Drug Control Fund \$ 74,388

Other Special Revenue Fund

Public Safety

Sheriff's Department

Salary Supplements	\$ 20,000	
Overtime Pay	7,549	
Law Enforcement Supplies	10,910	
Other Supplies and Materials	4,134	
Law Enforcement Equipment	49,904	
Motor Vehicles	15,065	
Total Sheriff's Department		\$ 107,562

Total Other Special Revenue Fund 107,562

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,070	
Salary Supplements	10,000	
Foremen	80,500	
Mechanic(s)	61,243	
Equipment Operators	131,532	
Truck Drivers	212,049	
Clerical Personnel	27,624	
Part-time Personnel	18,249	
Overtime Pay	15,326	
Dues and Memberships	3,610	
Postal Charges	282	
Travel	862	
Office Supplies	1,095	
Office Equipment	90	
Total Administration		\$ 629,532

Highway and Bridge Maintenance

Explosive and Drilling Services	\$ 150
Rentals	987

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	9,478	
Asphalt - Cold Mix		2,311	
Asphalt - Hot Mix		481,815	
Crushed Stone		11,352	
Pipe		17,281	
Road Signs		12,528	
Chemicals		5,467	
Other Supplies and Materials		26,010	
Total Highway and Bridge Maintenance			\$ 567,379

Operation and Maintenance of Equipment

Maintenance and Repair Services - Vehicles	\$	4,610	
Disposal Fees		7,399	
Diesel Fuel		54,851	
Equipment Parts - Heavy		7,232	
Equipment Parts - Light		72,205	
Gasoline		18,498	
Lubricants		3,510	
Tires and Tubes		15,937	
Other Supplies and Materials		6,163	
Other Charges		400	
Total Operation and Maintenance of Equipment			190,805

Other Charges

Communication	\$	2,139	
Pest Control		360	
Other Contracted Services		10,029	
Drugs and Medical Supplies		635	
Electricity		7,516	
Garage Supplies		5,709	
Ice		322	
Uniforms		13,099	
Liability Insurance		69,516	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		25,192	
Total Other Charges			134,867

Employee Benefits

Social Security	\$	37,476	
State Retirement		57,006	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	6,313	
Life Insurance		764	
Medical Insurance		133,407	
Dental Insurance		9,708	
Unemployment Compensation		2,467	
Employer Medicare		8,759	
Workers' Compensation Insurance		<u>42,682</u>	
Total Employee Benefits	\$		298,582

Capital Outlay

Highway Equipment	\$	<u>172,203</u>	
Total Capital Outlay			<u>172,203</u>

Total Highway/Public Works Fund \$ 1,993,368

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	325,000	
Principal on Other Loans		<u>1,500,000</u>	
Total General Government	\$		1,825,000

Highways and Streets

Principal on Notes	\$	<u>63,722</u>	
Total Highways and Streets			63,722

Interest on Debt

General Government

Interest on Bonds	\$	205,580	
Interest on Other Loans		<u>298,730</u>	
Total General Government			504,310

Highways and Streets

Interest on Notes	\$	<u>9,978</u>	
Total Highways and Streets			9,978

Other Debt Service

General Government

Trustee's Commission	\$	25,085	
Other Debt Service		<u>171,143</u>	
Total General Government			<u>196,228</u>

Total General Debt Service Fund 2,599,238

(Continued)

Exhibit K-8

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

Education Debt Service Fund

Principal on Debt

Education

Principal on Notes	\$ 724,757	
Principal on Other Loans	353,435	
Total Education	<u>1,078,192</u>	\$ 1,078,192

Interest on Debt

Education

Interest on Notes	\$ 21,535	
Interest on Other Loans	580,552	
Total Education	<u>602,087</u>	602,087

Other Debt Service

Education

Trustee's Commission	\$ 22,893	
Other Debt Service	2,316	
Total Education	<u>25,209</u>	25,209

Total Education Debt Service Fund \$ 1,705,488

General Capital Projects Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 13,024	
Total Miscellaneous	<u>13,024</u>	\$ 13,024

Other Debt Service

Education

Other Debt Issuance Charges	\$ 4,000	
Total Education	<u>4,000</u>	4,000

Capital Projects

General Administration Projects

Engineering Services	\$ 1,060	
Permits	83	
Other Contracted Services	355	
Communication Equipment	1,601	
Furniture and Fixtures	38,119	
Other Construction	<u>222,619</u>	
Total General Administration Projects		263,837

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Administration of Justice Projects

Other Contracted Services	\$ 5,922	
Total Administration of Justice Projects		\$ 5,922

Public Health and Welfare Projects

Other Contracted Services	\$ 37,140	
Other Supplies and Materials	1,112	
Disabilities Act Improvements	<u>164,608</u>	
Total Public Health and Welfare Projects		202,860

Social, Cultural, and Recreation Projects

Furniture and Fixtures	\$ 6,768	
Total Social, Cultural, and Recreation Projects		6,768

Public Utility Projects

Other Construction	\$ 458,558	
Total Public Utility Projects		458,558

Other General Government Projects

Other Contracted Services	\$ 176,316	
Total Other General Government Projects		176,316

Highway and Street Capital Projects

Advertising	\$ 1,867	
Engineering Services	835	
Legal Services	191	
Small Tools	980	
Other Construction	<u>1,318,429</u>	
Total Highway and Street Capital Projects		1,322,302

Education Capital Projects

Contributions	\$ 3,489,117	
Total Education Capital Projects		<u>3,489,117</u>

Total General Capital Projects Fund		<u>\$ 5,942,704</u>
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Total Governmental Funds - Primary Government		<u>\$ 27,634,651</u>
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Exhibit K-9

Loudon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,279,603	
Career Ladder Program	149,750	
Career Ladder Extended Contracts	124,000	
Homebound Teachers	11,525	
Educational Assistants	1,059,463	
Other Salaries and Wages	7,576	
Certified Substitute Teachers	46,015	
Non-certified Substitute Teachers	193,546	
Social Security	827,457	
State Retirement	857,724	
Life Insurance	72,851	
Medical Insurance	2,170,297	
Dental Insurance	110,838	
Unemployment Compensation	18,917	
Employer Medicare	194,180	
Other Contracted Services	56,785	
Instructional Supplies and Materials	564,671	
Textbooks	299,733	
Other Supplies and Materials	11,477	
Other Charges	21,480	
Regular Instruction Equipment	592	
Total Regular Instruction Program		\$ 19,078,480

Special Education Program

Teachers	\$ 1,154,594
Career Ladder Program	10,000
Career Ladder Extended Contracts	4,000
Homebound Teachers	900
Educational Assistants	210,805
Speech Pathologist	36,430
Certified Substitute Teachers	2,035
Non-certified Substitute Teachers	21,725
Social Security	86,830
State Retirement	94,853
Life Insurance	7,892
Medical Insurance	238,403
Dental Insurance	10,034
Employer Medicare	20,325
Other Contracted Services	147,307

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	40,089	
Special Education Equipment		<u>25,366</u>	
Total Special Education Program	\$		2,111,588

Vocational Education Program

Teachers	\$	720,990	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		2,000	
Educational Assistants		31,178	
Certified Substitute Teachers		240	
Non-certified Substitute Teachers		10,625	
Social Security		45,988	
State Retirement		48,629	
Life Insurance		3,479	
Medical Insurance		132,626	
Dental Insurance		5,338	
Employer Medicare		10,774	
Maintenance and Repair Services - Equipment		7,000	
Travel		3,705	
Instructional Supplies and Materials		<u>134,013</u>	
Total Vocational Education Program			1,165,585

Support Services

Attendance

Travel	\$	842	
Other Contracted Services		24,734	
Other Charges		<u>13,200</u>	
Total Attendance			38,776

Health Services

Medical Personnel	\$	64,007	
Social Security		3,936	
State Retirement		6,061	
Life Insurance		519	
Medical Insurance		4,149	
Dental Insurance		487	
Employer Medicare		921	
Drugs and Medical Supplies		4,973	
In Service/Staff Development		205	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Charges	\$ 3,751	
Total Health Services		\$ 89,009

Other Student Support

Career Ladder Program	\$ 7,000	
Guidance Personnel	596,989	
Career Ladder Extended Contracts	7,000	
Clerical Personnel	97,995	
Social Security	43,162	
State Retirement	45,334	
Life Insurance	2,797	
Medical Insurance	85,701	
Dental Insurance	4,002	
Employer Medicare	10,094	
Communication	1,360	
Contracts with Government Agencies	8,350	
Evaluation and Testing	48,456	
Other Charges	385,042	
Total Other Student Support		1,343,282

Regular Instruction Program

Supervisor/Director	\$ 310,408
Career Ladder Program	10,500
Career Ladder Extended Contracts	11,000
Librarians	396,956
Instructional Computer Personnel	190,339
Secretary(ies)	254,887
Social Security	70,320
State Retirement	85,873
Life Insurance	5,136
Medical Insurance	157,019
Dental Insurance	7,191
Employer Medicare	16,472
Travel	4,181
Other Contracted Services	60,864
Library Books/Media	43,672
Office Supplies	2,614
Other Supplies and Materials	990
In Service/Staff Development	58,309

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Charges	\$	2,406	
Other Equipment		2,441	
Total Regular Instruction Program			\$ 1,691,578

Special Education Program

Supervisor/Director	\$	71,040	
Career Ladder Program		4,000	
Psychological Personnel		180,440	
Career Ladder Extended Contracts		6,000	
Speech Pathologist		46,849	
Social Security		18,811	
State Retirement		19,240	
Life Insurance		1,068	
Medical Insurance		28,077	
Dental Insurance		1,285	
Employer Medicare		4,399	
Travel		10,382	
Total Special Education Program			391,591

Vocational Education Program

Clerical Personnel	\$	58,227	
Other Salaries and Wages		48,002	
Social Security		6,537	
State Retirement		8,509	
Life Insurance		732	
Medical Insurance		23,099	
Dental Insurance		1,063	
Employer Medicare		1,529	
Travel		3,043	
In Service/Staff Development		500	
Total Vocational Education Program			151,241

Other Programs

Supervisor/Director	\$	107,487	
Social Security		6,322	
State Retirement		6,289	
Life Insurance		517	
Medical Insurance		17,253	
Dental Insurance		751	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs (Cont.)

Employer Medicare	\$	1,479	
On-Behalf Payments to OPEB		141,992	
Communication		588	
Travel		2,598	
Instructional Supplies and Materials		22,963	
In Service/Staff Development		1,735	
Total Other Programs			\$ 309,974

Board of Education

Board and Committee Members Fees	\$	36,240	
Social Security		2,222	
State Retirement		1,724	
Life Insurance		903	
Dental Insurance		1,063	
Employer Medicare		520	
Audit Services		18,000	
Dues and Memberships		13,791	
Legal Services		9,452	
Liability Insurance		11,919	
Trustee's Commission		232,042	
Workers' Compensation Insurance		149,234	
Fines, Assessments, and Penalties		558	
Total Board of Education			477,668

Director of Schools

County Official/Administrative Officer	\$	99,344	
Career Ladder Program		1,000	
Secretary(ies)		38,592	
Social Security		8,244	
State Retirement		9,916	
Life Insurance		366	
Medical Insurance		13,974	
Dental Insurance		532	
Employer Medicare		1,928	
Communication		48,851	
Dues and Memberships		9,505	
Postal Charges		4,368	
Travel		57,305	
Other Contracted Services		31,212	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Office Supplies	\$	5,697	
Periodicals		6,302	
Fines, Assessments, and Penalties		391	
Other Charges		26,616	
Administration Equipment		889	
Total Director of Schools			\$ 365,032

Office of the Principal

Principals	\$	560,706	
Career Ladder Program		8,718	
Career Ladder Extended Contracts		9,000	
Social Security		34,332	
State Retirement		29,630	
Life Insurance		1,357	
Medical Insurance		41,385	
Dental Insurance		1,949	
Employer Medicare		8,263	
Communication		51,053	
Total Office of the Principal			746,393

Fiscal Services

Accountants/Bookkeepers	\$	43,831	
Social Security		2,718	
State Retirement		2,735	
Life Insurance		183	
Medical Insurance		4,946	
Dental Insurance		266	
Employer Medicare		636	
Total Fiscal Services			55,315

Operation of Plant

Custodial Personnel	\$	102,108	
Other Salaries and Wages		45,583	
Social Security		8,249	
State Retirement		13,911	
Life Insurance		914	
Medical Insurance		36,930	
Dental Insurance		2,027	
Employer Medicare		1,967	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$ 1,016,897	
Electricity	751,831	
Natural Gas	114,291	
Water and Sewer	57,841	
Building and Contents Insurance	125,676	
Other Charges	<u>1,832</u>	
Total Operation of Plant		\$ 2,280,057

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$ 158,643	
Total Maintenance of Plant		158,643

Transportation

Contracts with Parents	\$ 26,002	
Contracts with Vehicle Owners	1,331,067	
Vehicle and Equipment Insurance	19,000	
Other Charges	<u>28,193</u>	
Total Transportation		1,404,262

Central and Other

Maintenance and Repair Services - Equipment	\$ 122,535	
Travel	9,849	
Other Contracted Services	9,388	
Other Supplies and Materials	2,991	
Other Charges	5,096	
Data Processing Equipment	70,069	
Other Equipment	<u>91,664</u>	
Total Central and Other		311,592

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 61,940	
Clerical Personnel	34,771	
Cafeteria Personnel	799,476	
Social Security	52,861	
State Retirement	66,330	
Life Insurance	3,641	
Medical Insurance	89,041	
Dental Insurance	6,198	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Employer Medicare	\$	12,363	
Payments to Schools - Breakfast		323,657	
Payments to Schools - Lunch		856,930	
Payments to Schools - Other		12,273	
Travel		1,002	
Other Contracted Services		1,392	
Food Supplies		140,928	
In Service/Staff Development		3,049	
Other Charges		1,651	
Total Food Service			\$ 2,467,503

Community Services

Supervisor/Director	\$	40,217	
Clerical Personnel		7,217	
Educational Assistants		77,179	
Part-time Personnel		31,276	
Other Salaries and Wages		194,400	
Social Security		21,369	
State Retirement		13,861	
Life Insurance		579	
Medical Insurance		10,648	
Dental Insurance		554	
Employer Medicare		5,015	
Communication		2,425	
Rentals		136	
Travel		4,892	
Other Contracted Services		6,925	
Food Supplies		971	
Other Supplies and Materials		12,537	
Other Charges		54	
Data Processing Equipment		1,728	
Office Equipment		2,200	
Other Equipment		3,729	
Total Community Services			437,912

Early Childhood Education

Teachers	\$	294,866
Educational Assistants		196,375
Social Security		29,501

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	36,860	
Life Insurance		3,836	
Medical Insurance		104,597	
Dental Insurance		5,056	
Employer Medicare		6,899	
Contracts with Other School Systems		83,895	
Instructional Supplies and Materials		1,874	
Other Supplies and Materials		41,447	
In Service/Staff Development		5,066	
Other Charges		462	
Other Equipment		24,750	
Total Early Childhood Education			\$ 835,484

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	1,649	
Total Regular Capital Outlay			1,649

Principal on Debt

Education

Principal on Notes	\$	259,861	
Total Education			259,861

Total General Purpose School Fund \$ 36,172,475

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	439,733	
Educational Assistants		29,396	
Certified Substitute Teachers		2,155	
Non-certified Substitute Teachers		9,075	
Social Security		29,224	
State Retirement		29,689	
Life Insurance		1,862	
Medical Insurance		63,236	
Dental Insurance		2,924	
Employer Medicare		6,834	
Other Contracted Services		6,399	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	43,941	
Other Supplies and Materials		27,426	
Regular Instruction Equipment		20,344	
Total Regular Instruction Program			\$ 712,238

Special Education Program

Homebound Teachers	\$	14,312	
Educational Assistants		333,507	
Other Salaries and Wages		12,800	
Social Security		21,976	
State Retirement		32,973	
Life Insurance		3,876	
Medical Insurance		103,946	
Dental Insurance		5,094	
Employer Medicare		5,139	
Other Contracted Services		174,148	
Instructional Supplies and Materials		49,675	
Total Special Education Program			757,446

Vocational Education Program

Clerical Personnel	\$	3,000	
Social Security		186	
State Retirement		236	
Employer Medicare		44	
Other Charges		25,000	
Vocational Instruction Equipment		36,864	
Total Vocational Education Program			65,330

Support Services

Other Student Support

Travel	\$	5,486	
In Service/Staff Development		7,626	
Total Other Student Support			13,112

Regular Instruction Program

Supervisor/Director	\$	33,153	
Secretary(ies)		10,431	
Social Security		2,702	
State Retirement		3,057	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	632	
Travel		5,883	
Other Supplies and Materials		1,035	
In Service/Staff Development		22,919	
Other Charges		<u>3,582</u>	
Total Regular Instruction Program			\$ 83,394

Special Education Program

Travel	\$	715	
In Service/Staff Development		<u>13,441</u>	
Total Special Education Program			14,156

Vocational Education Program

In-Service Training	\$	1,500	
Travel		<u>2,000</u>	
Total Vocational Education Program			3,500

Transportation

Contracts with Parents	\$	1,963	
Contracts with Vehicle Owners		<u>35,000</u>	
Total Transportation			<u>36,963</u>

Total School Federal Projects Fund \$ 1,686,139

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	70,695	
Engineering Services		10,754	
Maintenance and Repair Services - Buildings		221,338	
Other Contracted Services		184,542	
Building Improvements		131,705	
Furniture and Fixtures		32,214	
Heating and Air Conditioning Equipment		501,286	
Plant Operation Equipment		17,886	
Building Purchases		<u>632,886</u>	
Total Education Capital Projects			\$ <u>1,803,306</u>

Total Education Capital Projects Fund 1,803,306

Total Governmental Funds - Loudon County School Department \$ 39,661,920

Exhibit K-10

Loudon County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund	City School ADA - Lenoir City Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 3,436,223	\$ 3,436,223
Trustee's Collections - Prior Years	0	78,260	78,260
Trustee's Collections - Bankruptcy	0	503	503
Circuit/Clerk and Master Collections - Prior Years	0	33,119	33,119
Interest and Penalty	0	15,344	15,344
Local Option Sales Tax	3,566,772	1,332,258	4,899,030
Adequate Facilities/Development Tax	0	52,584	52,584
Bank Excise Tax	0	21,396	21,396
Interstate Telecommunications Tax	0	2,588	2,588
Mixed Drink Tax	0	633	633
Total Cash Receipts	<u>\$ 3,566,772</u>	<u>\$ 4,972,908</u>	<u>\$ 8,539,680</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,531,104	\$ 4,835,458	\$ 8,366,562
Trustee's Commission	35,668	84,234	119,902
Total Cash Disbursements	<u>\$ 3,566,772</u>	<u>\$ 4,919,692</u>	<u>\$ 8,486,464</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ 53,216	\$ 53,216
Cash Balance, July 1, 2007	0	128,060	128,060
Cash Balance, June 30, 2008	<u>\$ 0</u>	<u>\$ 181,276</u>	<u>\$ 181,276</u>

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## **SINGLE AUDIT SECTION**

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

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

February 18, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Loudon County's basic financial statements and have issued our report thereon dated February 18, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Loudon County Emergency Communications District as described in our report on Loudon County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Loudon County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Loudon County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Loudon County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01 and 08.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Loudon County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

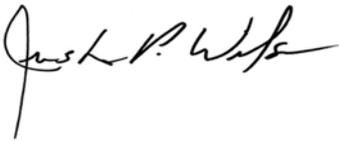
As part of obtaining reasonable assurance about whether Loudon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.03, 08.04, 08.05, and 08.06.

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

Loudon County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Loudon County's responses and, accordingly, we express no opinion on them.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 18, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Loudon County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Loudon County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Loudon County's management. Our responsibility is to express an opinion on Loudon County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Loudon County's compliance with those requirements and performing

such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Loudon County's compliance with those requirements.

In our opinion, Loudon County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

The management of Loudon County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Loudon County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loudon County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

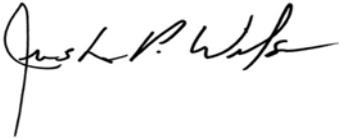
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County as of and for the year ended June 30, 2008, and have issued our report thereon dated February 18, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Loudon County's basic financial statements. The accompanying Schedule of Expenditures of

Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Loudon County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Loudon County's responses and, accordingly, we express no opinion on them.

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

Yours very truly,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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Loudon County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2008

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
National School Lunch Program (Commodities Letter of Credit)	10.555	N/A	\$ 140,928 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	322,858
National School Lunch Program	10.555	N/A	870,285 (3)
Total U.S. Department of Agriculture			\$ 1,334,071
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11803-00	\$ 493,036
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	N/A	7,261
Total U.S. Department of Housing and Urban Development			\$ 500,297
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	Z-99-088437-00	\$ 44,986
Total U.S. Department of Justice			\$ 44,986
U.S. Department of Military:			
Passed-through State Department of Military:			
Off-site Emergency Planning and Response	81.502	GG-07-20530-00	\$ 12,198
Total U.S. Department of Military			\$ 12,198
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 543,388
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	796,110
Special Education - Preschool Grants	84.173	N/A	15,897
Career and Technical Education - Basic Grants to States	84.048	N/A	75,928
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	6,558
Fund for the Improvement of Education	84.215	(2)	443,583
Twenty-First Century Community Learning Centers	84.287	(2)	95,000
State Grants for Innovative Programs	84.298	N/A	7,157

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Education Technology State Grants	84.318	N/A	\$ 3,728
English Language Acquisition Grants	84.365	N/A	36,548
Improving Teacher Quality State Grants	84.367	N/A	198,578
Total U.S. Department of Education			\$ 2,222,475
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency, Inc.:			
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 32,893
Total U.S. Department of Health and Human Services			\$ 32,893
U.S. Department of Homeland Security:			
Passed through State Department of Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	(4)	36,668
Total U.S. Department of Homeland Security			\$ 36,668
Total Expenditures of Federal Awards			\$ 4,183,588

<u>State Grants</u>		Contract Number	
Juvenile Services Program - State Children's Services Commission	N/A	(2)	\$ 10,700
Aging Program - State Office on Aging	N/A	(2)	10,054
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	19,437
Health Department Grants - State Department of Health	N/A	(2)	453,923
Tobacco Use Prevention and Cessation Grant - State Department of Health	N/A	(2)	15,789
Court Safety Grant - Administrative Office of Courts	N/A	(2)	51,378
Litter Program - State Department of Transportation	N/A	(2)	24,666
Waste Tire Grant - State Department of Transportation	N/A	(2)	6,423
State Industrial Access Grant - State Department of Transportation	N/A	(2)	665,483
Coordinated School Health - State Department of Education	N/A	(2)	165,000
Early Childhood Development - State Department of Education	N/A	(2)	419,479
Lottery for Education - Preschool - State Department of Education	N/A	(2)	335,583
Family Resource - State Department of Education	N/A	(2)	33,300
Total State Grants			\$ 2,211,215

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total for CFDA No. 10.555 is \$1,011,213.  
(4) Z-05-025182-02: \$11,503; GG-07-22009-01: \$25,165.

Loudon County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2008

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Loudon County, Tennessee, for the year ended June 30, 2007, which have not been corrected.

**OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND PURCHASING AGENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04	187	The offices had deficiencies in purchasing procedures

**OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.05	188	The county did not have a written agreement for processing payroll transactions for a nonprofit agency
07.06	188-189	Financial activity of the public libraries was not audited, and the libraries were not subject to budgetary control of the county commission

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.07	189	Some purchases were not made through the county purchasing agent

**OFFICE OF GENERAL SESSIONS COURT CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.09	191	The docket trial balance was not reconciled with cash control records in General Sessions Court

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**LOUDON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Loudon County is unqualified.
2. The audit of the financial statements of Loudon County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Loudon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grants/State's Program (CFDA No. 14.228), and the Special Education Cluster: the Special Education Grants to States and the Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Loudon County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the director of schools and general sessions court clerk are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICES OF DIRECTOR OF SCHOOLS, DIRECTOR OF ACCOUNTS AND BUDGETS, AND PURCHASING AGENT**

#### **FINDING 08.01      **THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES** (Internal Control – Significant Deficiency Under Government Auditing Standards)**

Our examination of purchasing procedures revealed the following deficiencies. These deficiencies can be attributed to the lack of management's oversight of the purchasing process and management's failure to correct purchasing deficiencies noted in the prior audit report.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. For example, there were no purchase orders issued for \$160,000 of set-up costs related to the purchase of several portable classrooms.
- B. In several instances, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risk of paying for goods and/or services that were never received.
- C. In some instances it appeared that purchase orders were issued after the invoice date or the date that goods or services were received. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

#### **RECOMMENDATION**

To strengthen internal controls over purchasing procedures and to document purchasing commitments, purchase orders should be issued for all applicable purchases before the purchase is made. The purchasing office should maintain documentation that goods have been received or services have been rendered before invoices are paid.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

These deficiencies were the direct result of previously unknown and unallocated requirements for the set-up of modular educational facilities (portables) at several schools. While all known costs associated with this set-up was accounted for in the original bid process, the local Deputy State Fire Marshall required several additional modifications to comply with apparent safety issues surrounding portable facilities under his control. Due to the immediate needs for these facilities and the requirement to make all State Fire Marshall's Office (SFMO) modifications prior to being approved to occupy these portables, it was necessary to rush the process without knowing an exact cost before completing the required work. Since these SFMO requirements are now known, this situation should not happen in the future.

## AUDITOR'S REBUTTAL

The exact cost of a purchase does not have to be known for a purchase order to be issued. An estimated amount may be used to verify the availability of funding and to document the approval for the purchase. The Purchasing Law of 1957 requires the purchasing agent to make all purchases for the county and requires a purchase order for all purchases.

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## OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

**FINDING 08.02      THE COUNTY DID NOT HAVE A WRITTEN AGREEMENT TO PROCESS PAYROLL TRANSACTIONS FOR A NONPROFIT AGENCY**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Three employees of the Loudon County Economic Development Agency, a nonprofit agency, were paid through the county's General Fund. The agency then reimbursed the county for the costs of the payroll including the matching share of benefits (insurance, social security, medicare, retirement, etc.). However, there was no written agreement between the agency and the county establishing the nature of this arrangement, the county's responsibility, or the county's liability. Sound business practices dictate that a written agreement between the county and the nonprofit should document each party's responsibilities. This deficiency exists because management failed to correct the finding noted in the prior audit report.

## RECOMMENDATION

The county should enter into a written agreement with the nonprofit agency setting forth each party's responsibilities.

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**FINDING 08.03 FINANCIAL ACTIVITY OF THE PUBLIC LIBRARIES WAS NOT AUDITED, AND THE LIBRARIES WERE NOT SUBJECT TO BUDGETARY CONTROL OF THE COUNTY COMMISSION**  
(Noncompliance Under Government Auditing Standards)

The libraries in Loudon County operate as a department within the county's General Fund. A significant portion of the libraries' expenditures for the year was paid through the county's General Fund (\$206,544), which is included in the financial statements of this report. However, the various libraries maintained checking and savings accounts outside of the county's control to deposit various revenues and to pay certain operating and capital expenses. The funds channeled through the checking and savings accounts did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

Section 5-9-401, Tennessee Code Annotated (TCA), states, "All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." Sections 5-13-107 and 5-14-105, TCA, require all invoices be reviewed by the director of accounts and budgets prior to disbursement, and all purchases be made through the Office of Purchasing Agent. Also, Section 10-3-106, TCA, states, "All library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body." This deficiency remains uncorrected from prior years as a result of management's failure to take corrective action.

**RECOMMENDATION**

The libraries in Loudon County should remit all collections to the county's General Fund or contract for an audit of their accounts. All revenues and expenditures related to the libraries' operation should be audited and subject to the budgetary control of the County Commission as required by state statutes.

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 08.04 SOME PURCHASES WERE NOT MADE THROUGH THE COUNTY PURCHASING AGENT**  
(Noncompliance Under Government Auditing Standards)

During the year, the School Department disbursed funds to the various individual schools' activity accounts and allowed the individual schools to make purchases of equipment and various other items. These disbursements resulted in the following deficiencies. These deficiencies existed because management failed to correct this finding noted in prior audit reports.

- A. The practice of individual schools disbursing funds violates provisions of the County Purchasing Law of 1957, Section 5-14-101 et seq., Tennessee Code Annotated (TCA). This act requires the county purchasing agent to make all purchases for the various county departments.
- B. The funds the individual schools received were expended through the schools' activity funds. This violates provisions of Section 49-2-110, TCA, which provides that school activity funds should be used to account for funds received from student activities and events. Activity funds should not be used to account for county school funds, which are tax dollars generated from state and local sources.

### RECOMMENDATION

The School Department should not disburse funds to individual schools for the purchase of equipment and various other items. All purchases should be made by the purchasing agent in compliance with the County Purchasing Law of 1957. School activity funds should not be used to disburse county school funds.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Loudon County Schools has for many years distributed supply funds for various school needs to each school and held the principal accountable for the expenditure of these funds. These funds are accounted for in the annual school audits performed by a licensed certified public accounting firm contracted to the Loudon County Board of Education. Since this has become an annual finding by the Division of County Audit, and they have recommended that all purchases be made through the Office of Loudon County Purchasing Agent, for the 2008-2009 fiscal year the School Department will request that the Loudon County Commission provide the necessary means to have all school purchases made through the Office of County Purchasing Agent.

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### FINDING 08.05      EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under Government Auditing Standards)

General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in Regular Instruction Program (\$5,786), Food Service (\$116,859), and Principal on Debt – Education (\$3,425) major appropriation categories (the legal level of control). Section 5-9-401, Tennessee Code Annotated, states, “All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds and fines that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

### RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

## MANAGEMENT'S RESPONSE –DIRECTOR OF SCHOOLS

These issues occurred because of the expenditure of more funds in the three specific accounts than had been approved by the Loudon County Commission. The approval process in Loudon County requires a period of six to eight weeks for completion of the budget amendment process. The Loudon County Board of Education approves budget amendments on the second Thursday of the month, and the Loudon County Commission will not meet until the first Monday of the following month to consider these amendments. As the end of the fiscal year approaches, it becomes increasingly difficult to pin-point exact dollar amounts in a few expenditure categories. The matter involving Food Service will be monitored more closely to attempt to determine the exact amounts of federal and state reimbursements to be received at year-end to keep this account more in line. Other accounts will be monitored as well, but there may be last minute needs that arise after the amendment process had to be terminated for the current fiscal year (June 30).

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## OFFICE OF GENERAL SESSIONS COURT CLERK

### FINDING 08.06      **THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS** (Noncompliance Under Government Auditing Standards)

At June 30, 2008, the general sessions court clerk had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, this trial balance did not reconcile with general ledger accounts by \$38,475. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to take corrective action for the finding reported in prior audit reports.

### RECOMMENDATION

The execution docket trial balance should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

## MANAGEMENT'S RESPONSE – GENERAL SESSIONS COURT CLERK

We are continuing our efforts of taking steps to resolve docket trial balance and general ledger questions through continuous communication with the software provider and others. Furthermore, the clerk and the bookkeeper have developed a plan of action to resolve the trial balance and unclaimed property questions by June 30, 2009.

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

There were no findings and questioned costs for federal awards.

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**LOUDON COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2008**

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