
ANNUAL FINANCIAL REPORT LOUDON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
LOUDON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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Auditor 4

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

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

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Audit Highlights

Annual Financial Report
Loudon County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Loudon County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in no findings.

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INTRODUCTORY SECTION

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Loudon County Officials
June 30, 2009

Officials

Doyle Arp, County Mayor
Sean Giles, Highway Superintendent
Wayne Honeycutt, Director of Schools
Estelle Herron, Trustee
Charles Jenkins, Assessor of Property
Riley Wampler, County Clerk
Lisa Niles, Circuit, General Sessions, and Juvenile 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	Nancy Marcus
Harold Duff	David Meers
Bob Franke	Don Miller
Wayne Gardin	Chris Park
Earlena Maples	Austin Shaver

Board of Education

Leroy Tate, Chairman	Steve Harrelson
Bobby Johnson, Jr.	Gary Ubben
Bill Marcus	Scott Newman
Craig Simon	Larry Proaps
Van Shaver	Lisa Russell

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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

January 26, 2010

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, 2009, 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 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 provides a reasonable basis for our opinions.

The financial statements of the Loudon County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Loudon County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Loudon County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Loudon County, Tennessee, at June 30, 2009, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of June 30, 2009, 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 January 26, 2010, 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.

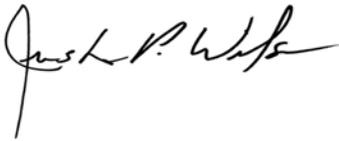
As described in Note V.B., Loudon County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

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 other postemployment benefits information on pages 79 through 85 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Loudon County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service 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 and the Education Debt Service 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 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 written in a cursive style with a large initial "J" and a long horizontal 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, 2009

	Primary Government Governmental Activities	Component Unit Loudon County School Department
<u>ASSETS</u>		
Cash	\$ 60,817	\$ 0
Equity in Pooled Cash and Investments	17,938,160	4,006,106
Accounts Receivable	367,948	21,657
Due from Other Governments	2,260,692	832,688
Property Taxes Receivable	13,297,192	10,023,611
Allowance for Uncollectible Property Taxes	(288,283)	(220,857)
Prepaid Items	710,328	377,588
Notes Receivable - Long-term	3,713,054	0
Unamortized Debt Issuance Cost	294,145	0
Capital Assets:		
Assets Not Depreciated:		
Land	5,915,130	3,946,406
Construction in Progress	11,926	2,104,243
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	12,090,889	26,097,240
Other Capital Assets	1,734,800	2,428,772
Infrastructure - Roads, Streets, and Bridges	30,055,438	0
Total Assets	<u>\$ 88,162,236</u>	<u>\$ 49,617,454</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 187,166	\$ 243,781
Accrued Payroll	208,002	20,936
Accrued Interest Payable	44,363	0
Payroll Deductions Payable	4,688	291,897
Contracts Payable	180	295,078
Retainage Payable	0	5,000
Due to State of Tennessee	16,193	0
Due to Litigants, Heirs, and Others	52,630	0
Deferred Revenue - Property Taxes	12,475,874	9,385,922
Noncurrent Liabilities:		
Due Within One Year	2,833,675	346,726
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	26,807,866	3,593,824
Total Liabilities	<u>\$ 42,630,637</u>	<u>\$ 14,183,164</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u> Loudon County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 39,091,755	\$ 30,863,607
Restricted for:		
Highways	1,599,795	0
Debt Service	2,150,147	0
Capital Projects	2,068,127	479,926
Sanitation/Solid Waste	543,661	0
Drug Control	135,756	0
Constitutional Officers' Data Processing Systems	89,336	0
Drug Task Force Operations	75,028	0
Courtroom Security	52,784	0
Federal Assistance Programs	98,044	173,093
Other Purposes	53,468	0
Unrestricted	<u>(426,302)</u>	<u>3,917,664</u>
Total Net Assets	<u>\$ 45,531,599</u>	<u>\$ 35,434,290</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, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Government		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Loudon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 3,160,002	\$ 787,582	\$ 53,632	\$ 0	\$ (2,318,788)	\$ 0
Finance	1,874,027	1,085,944	40,850	0	(747,233)	0
Administration of Justice	1,582,887	1,129,467	10,700	0	(442,720)	0
Public Safety	6,199,624	278,982	410,979	0	(5,509,663)	0
Public Health and Welfare	2,084,409	128,464	789,018	113,090	(1,053,837)	0
Social, Cultural, and Recreational Services	455,618	0	67,513	0	(388,105)	0
Agriculture and Natural Resources	148,719	0	0	0	(148,719)	0
Other Operations	1,040,738	0	46,149	0	(994,589)	0
Highways	1,877,519	0	1,535,009	394,140	51,630	0
Education	1,120,657	320,657	0	0	(800,000)	0
Interest on Long-term Debt	827,643	0	0	0	(827,643)	0
Other Debt Service	309,322	0	141,552	0	(167,770)	0
Total Primary Government	\$ 20,681,165	\$ 3,731,096	\$ 3,095,402	\$ 507,230	\$ (13,347,437)	\$ 0
Component Unit:						
Loudon County School Department	\$ 39,503,349	\$ 1,317,950	\$ 5,277,704	\$ 800,000	\$ 0	\$ (32,107,695)
Total Component Unit	\$ 39,503,349	\$ 1,317,950	\$ 5,277,704	\$ 800,000	\$ 0	\$ (32,107,695)

(Continued)

Exhibit B

Loudon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit Loudon County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Governmental Total	School Department	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$	8,190,202		\$	9,360,026	
Property Taxes Levied for Solid Waste/Sanitation			69,120			0	
Property Taxes Levied for Highway/Public Works			545,085			0	
Property Taxes Levied for General Debt Service			1,315,255			0	
Property Taxes Levied for Education Debt Service			1,782,464			0	
Property Taxes Levied for Capital Projects			273,095			0	
Sales Taxes			750,978			2,876,695	
Hotel/Motel Tax			357,822			0	
Business Tax			378,150			0	
Litigation Tax			293,454			0	
Adequate Facilities/Development Tax			561,572			0	
Other Local Taxes			89,595			56,661	
Grants and Contributions Not Restricted to Specific Programs			1,372,194			20,664,319	
Unrestricted Investment Income			349,385			85,958	
Miscellaneous			9,874			45,502	
Revenue from Joint Ventures			28,061			0	
Total General Revenues		\$	16,366,306		\$	33,089,161	
Change in Net Assets		\$	3,018,869		\$	981,466	
Net Assets, July 1, 2008			42,512,730			34,452,824	
Net Assets, June 30, 2009		\$	45,531,599		\$	35,434,290	

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, 2009

	Major Funds		Nonmajor	Total
	General	Education	Other	
		Debt	Govern-	
	Service	mental	Governmental	
		Funds	Funds	
<u>ASSETS</u>				
Cash	\$ 932	\$ 0	\$ 1,040	\$ 1,972
Equity in Pooled Cash and Investments	6,545,071	5,168,253	6,224,836	17,938,160
Accounts Receivable	328,799	0	39,149	367,948
Due from Other Governments	1,838,537	0	422,155	2,260,692
Due from Other Funds	6,570	0	0	6,570
Property Taxes Receivable	7,856,135	3,296,372	2,144,685	13,297,192
Allowance for Uncollectible Property Taxes	(181,134)	(58,269)	(48,880)	(288,283)
Prepaid Items	588,380	0	121,948	710,328
Notes Receivable - Long-term	0	3,713,054	0	3,713,054
Total Assets	\$ 16,983,290	\$ 12,119,410	\$ 8,904,933	\$ 38,007,633
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 57,422	\$ 0	\$ 85,761	\$ 143,183
Accrued Payroll	181,885	0	26,117	208,002
Payroll Deductions Payable	3,582	0	1,106	4,688
Contracts Payable	0	0	180	180
Due to Other Funds	0	0	6,570	6,570
Due to State of Tennessee	16,193	0	0	16,193
Due to Litigants, Heirs, and Others	0	0	52,630	52,630
Deferred Revenue - Current Property Taxes	7,316,282	3,159,445	2,000,147	12,475,874
Deferred Revenue - Delinquent Property Taxes	330,277	72,403	88,074	490,754
Other Deferred Revenues	689,021	0	204,812	893,833
Total Liabilities	\$ 8,594,662	\$ 3,231,848	\$ 2,465,397	\$ 14,291,907
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 44,913	\$ 0	\$ 135,882	\$ 180,795
Reserved for Sexual Offender Registration	4,446	0	0	4,446
Reserved for Courtroom Security	52,784	0	0	52,784
Reserved for Computer System - Register	44,688	0	0	44,688
Reserved for Automation Purposes - General Sessions Court	9,930	0	0	9,930
Reserved for Automation Purposes - Chancery Court	4,974	0	0	4,974
Reserved for Automation Purposes - Sheriff	26,644	0	0	26,644
Reserved for Automation Purposes - County Clerk	3,100	0	0	3,100
Reserved for Prepaid Items	588,380	0	121,948	710,328
Reserved for Long-term Notes Receivable	0	3,713,054	0	3,713,054
Reserved for Other General Purposes	75,028	713,500	0	788,528
Unreserved, Reported In:				
General Fund	7,533,741	0	0	7,533,741
Special Revenue Funds	0	0	2,118,254	2,118,254
Debt Service Funds	0	4,461,008	2,142,216	6,603,224
Capital Projects Funds	0	0	1,921,236	1,921,236
Total Fund Balances	\$ 8,388,628	\$ 8,887,562	\$ 6,439,536	\$ 23,715,726
Total Liabilities and Fund Balances	\$ 16,983,290	\$ 12,119,410	\$ 8,904,933	\$ 38,007,633

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, 2009

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)		\$ 23,715,726
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,915,130	
Add: construction in progress	11,926	
Add: infrastructure net of accumulated depreciation	30,055,438	
Add: buildings and improvements net of accumulated depreciation	12,090,889	
Add: other capital assets net of accumulated depreciation	<u>1,734,800</u>	49,808,183
(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.		14,862
(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	\$ (2,272,415)	
Less: capital leases payable	(20,250)	
Less: bonds payable	(4,965,000)	
Less: other loans payable	(21,623,101)	
Add: deferred amount on refunding	407,553	
Add: deferred charges - debt issuance costs	294,145	
Less: unamortized portion of debt premiums	(11,210)	
Less: accrued interest on notes, bonds, and other loans	(44,363)	
Less: other postemployment benefits liability	(657,561)	
Less: compensated absences payable	<u>(499,557)</u>	(29,391,759)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,384,587</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 45,531,599</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, 2009

	Major Funds		Nonmajor	Total Governmental Funds
	General	Education	Other	
		Debt Service	Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 9,480,717	\$ 2,308,875	\$ 2,764,810	\$ 14,554,402
Licenses and Permits	472,589	0	0	472,589
Fines, Forfeitures, and Penalties	390,662	0	44,244	434,906
Charges for Current Services	197,999	0	0	197,999
Other Local Revenues	301,973	137,244	279,688	718,905
Fees Received from County Officials	2,141,124	0	0	2,141,124
State of Tennessee	2,021,470	0	1,781,712	3,803,182
Federal Government	203,470	0	211,569	415,039
Other Governments and Citizens Groups	238,013	0	308,393	546,406
Total Revenues	<u>\$ 15,448,017</u>	<u>\$ 2,446,119</u>	<u>\$ 5,390,416</u>	<u>\$ 23,284,552</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 2,686,577	\$ 0	\$ 0	\$ 2,686,577
Finance	1,771,300	0	0	1,771,300
Administration of Justice	1,503,711	0	0	1,503,711
Public Safety	5,883,513	0	22,934	5,906,447
Public Health and Welfare	1,072,482	0	784,910	1,857,392
Social, Cultural, and Recreational Services	402,233	0	1,922	404,155
Agriculture and Natural Resources	148,719	0	0	148,719
Other Operations	1,004,474	0	9,835	1,014,309
Highways	0	0	1,645,884	1,645,884
Debt Service:				
Principal on Debt	10,306	2,243,299	913,603	3,167,208
Interest on Debt	0	596,136	311,630	907,766
Other Debt Service	0	119,765	189,557	309,322
Capital Projects	0	0	553,016	553,016
Capital Projects - Donated	0	0	800,000	800,000
Total Expenditures	<u>\$ 14,483,315</u>	<u>\$ 2,959,200</u>	<u>\$ 5,233,291</u>	<u>\$ 22,675,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 964,702</u>	<u>\$ (513,081)</u>	<u>\$ 157,125</u>	<u>\$ 608,746</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 800,000	\$ 800,000
Refunding Debt Issued	0	12,265,000	2,570,000	14,835,000
Insurance Recovery	17,855	0	0	17,855
Transfers In	0	0	143,243	143,243
Transfers Out	0	0	(143,243)	(143,243)
Payments to Refunded Debt Escrow Agent	0	(12,180,000)	(2,550,000)	(14,730,000)
Total Other Financing Sources (Uses)	<u>\$ 17,855</u>	<u>\$ 85,000</u>	<u>\$ 820,000</u>	<u>\$ 922,855</u>
Net Change in Fund Balances	\$ 982,557	\$ (428,081)	\$ 977,125	\$ 1,531,601
Fund Balance, July 1, 2008	<u>7,406,071</u>	<u>9,315,643</u>	<u>5,462,411</u>	<u>22,184,125</u>
Fund Balance, June 30, 2009	<u>\$ 8,388,628</u>	<u>\$ 8,887,562</u>	<u>\$ 6,439,536</u>	<u>\$ 23,715,726</u>

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, 2009

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)		\$ 1,531,601
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,673,900	
Less: current year depreciation expense	<u>(1,672,830)</u>	1,070
(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		(429,465)
(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, 2008	\$ (1,133,944)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>1,384,587</u>	250,643
(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	\$ (800,000)	
Less: refunding proceeds	(14,835,000)	
Add: principal payments on notes	1,914,987	
Add: principal payments on other loans	870,221	
Add: principal payments on capital leases	27,000	
Add: principal payments on bonds	355,000	
Add: payment to refunding agent	14,730,000	
Add: amortization of debt issuance premiums	1,047	
Less: amortization of debt issuance costs	(84,030)	
Add: deferred charge on refunding amortized during year	<u>109,971</u>	2,289,196

(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	\$	54,183
Change in compensated absences payable		(12,506)
Change in other postemployment benefits liability		<u>(657,561)</u>
	\$	(615,884)
(6) An 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>(8,292)</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u>3,018,869</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, 2009

	Governmental Activities - Internal Service <hr/> Employee Dental Insurance Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 58,845
Total Assets	<u>\$ 58,845</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 43,983
Total Liabilities	<u>\$ 43,983</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 14,862</u>
Total Net Assets	<u><u>\$ 14,862</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, 2009

	Governmental Activities - Internal Service <hr/> Employee Dental Insurance Fund <hr/>
<u>Operating Revenues</u>	
Charges for Services	\$ 493,126
Total Operating Revenues	<u>\$ 493,126</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 501,418
Total Operating Expenses	<u>\$ 501,418</u>
Operating Income (Loss)	<u>\$ (8,292)</u>
Change in Net Assets	\$ (8,292)
Net Assets, July 1, 2008	<u>23,154</u>
Net Assets, June 30, 2009	<u><u>\$ 14,862</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, 2009

	Governmental Activities - Internal Service
	<u>Employee Dental Insurance Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 493,126
Payments for Claims	<u>(473,325)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 19,801</u>
Increase (Decrease) in Cash	\$ 19,801
Cash, July 1, 2008	<u>39,044</u>
Cash, June 30, 2009	<u><u>\$ 58,845</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (8,292)
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>28,093</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 19,801</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 952,601
Equity in Pooled Cash and Investments	3,032,966
Accounts Receivable	5,005
Due from Other Governments	812,959
Taxes Receivable	4,690,667
Allowance for Uncollectible Taxes	<u>(101,333)</u>
Total Assets	<u>\$ 9,392,865</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,577,702
Due to Litigants, Heirs, and Others	957,606
Due to Joint Ventures	<u>2,857,557</u>
Total Liabilities	<u>\$ 9,392,865</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, 2009

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.

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 financial statements of the Loudon County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Loudon

County Emergency Communications District were not available in time for inclusion, as previously mentioned. 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 \$800,000 for the benefit of the School Department during the year ended June 30, 2009.

Separate financial statements are provided for governmental funds, the proprietary fund (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.

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.

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.

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

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 fund:

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

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

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

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

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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. No investments required to be reported at fair value were held at the balance sheet date.

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 1.16 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 2009-10 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, 2009. 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, 2009, Loudon County had \$17,655,882 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 an amount 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the 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. Library Transactions

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 (\$217,860), which is included in the financial statements of this report. However, various libraries maintained bank accounts outside of the county's control to deposit revenues and to pay certain expenses. The funds channeled through the 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. Steps have been taken to channel future such transactions through the General Fund beginning July 1, 2009.

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

agreements. Repurchase agreements must be approved by the state 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, 2009, 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.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 8,977,232

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, 2009, 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 (\$3,713,054) 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 \$3,366,328.

C. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance		Balance	
	7-1-08	Increases	Decreases	6-30-09
Capital Assets Not Depreciated:				
Land	\$ 6,115,140	\$ 0	\$ (200,010)	\$ 5,915,130
Construction in Progress	1,692,818	33,828	(1,714,720)	11,926
Total Capital Assets Not Depreciated	\$ 7,807,958	\$ 33,828	\$ (1,914,730)	\$ 5,927,056
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,858,596	\$ 242,375	\$ 0	\$ 14,100,971
Infrastructure	45,105,646	2,640,201	(391,987)	47,353,860
Other Capital Assets	5,100,212	472,216	(23,279)	5,549,149
Total Capital Assets Depreciated	\$ 64,064,454	\$ 3,354,792	\$ (415,266)	\$ 67,003,980
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,747,762	\$ 262,320	\$ 0	\$ 2,010,082
Infrastructure	16,572,859	890,363	(164,800)	17,298,422
Other Capital Assets	3,315,213	520,147	(21,011)	3,814,349
Total Accumulated Depreciation	\$ 21,635,834	\$ 1,672,830	\$ (185,811)	\$ 23,122,853
Total Capital Assets Depreciated, Net	\$ 42,428,620	\$ 1,681,962	\$ (229,455)	\$ 43,881,127
Governmental Activities Capital Assets, Net	\$ 50,236,578	\$ 1,715,790	\$ (2,144,185)	\$ 49,808,183

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 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	\$	156,250
Finance		4,425
Administration of Justice		19,560
Public Safety		323,488
Public Health and Welfare		73,939
Social, Cultural, and Recreational Services		25,443
Other General Government		41,149
Highways/Public Works		<u>1,028,576</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,672,830</u></u>

Discretely Presented Loudon County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 3,945,297	\$ 1,109	\$ 3,946,406
Construction in Progress	1,098,060	1,006,183	2,104,243
Total Capital Assets Not Depreciated	<u>\$ 5,043,357</u>	<u>\$ 1,007,292</u>	<u>\$ 6,050,649</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 35,721,634	\$ 775,334	\$ 36,496,968
Other Capital Assets	361,354	2,286,760	2,648,114
Total Capital Assets Depreciated	<u>\$ 36,082,988</u>	<u>\$ 3,062,094</u>	<u>\$ 39,145,082</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,666,303	\$ 733,425	\$ 10,399,728
Other Capital Assets	152,210	67,132	219,342
Total Accumulated Depreciation	<u>\$ 9,818,513</u>	<u>\$ 800,557</u>	<u>\$ 10,619,070</u>

Governmental Activities: (Cont.)	Balance 7-1-08	Increases	Balance 6-30-09
Total Capital Assets			
Depreciated, Net	\$ 26,264,475	\$ 2,261,537	\$ 28,526,012
Governmental Activities			
Capital Assets, Net	\$ 31,307,832	\$ 3,268,829	\$ 34,576,661

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

Governmental Activities:

Instruction	\$ 136,331
Support Services	662,584
Operation of Non-Instructional Services	<u>1,642</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 800,557</u>

D. Construction Commitments

At June 30, 2009, the General Capital Projects Fund had uncompleted construction contracts totaling \$135,882 for various projects. At June 30, 2009, the discretely presented School Department's Education Capital Projects Fund had uncompleted architectural and construction contracts totaling \$203,714 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, 2009, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 6,570
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	763
Nonmajor governmental	General Purpose School	15,320

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, 2009, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Nonmajor governmental Funds
Nonmajor governmental funds	\$ 143,243

Discretely Presented Loudon County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 132,322

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 \$5,000 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 \$52,630 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, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 20,250
Total Minimum Lease Payments	\$ 20,250

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 17 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, 2009, 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, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds -			
Refunding	1.8 to 4 %	\$ 5,225,000	\$ 4,965,000
Capital Outlay Notes	0 to 4.43	3,829,981	2,272,415
Other Loans - City of Loudon	0	475,000	410,750
Other Loans - PBA Variable Rate -			
Refunding	variable	19,835,000	17,785,000
Loan Agreement - State School			
Bond Authority	0	4,129,500	3,427,351
Capital Leases	0	135,000	20,250

Loudon County has entered into various loan agreements with Public Building Authorities (PBAs) to finance capital projects for the county and the discretely presented Loudon County School Department. The following table summarizes PBA loan agreements outstanding at June 30, 2009:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Variable Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
Montgomery County					
Public Building Authority:					
Various Purposes	\$ 5,000,000	\$ 3,290,000	Variable	0.32 %	0.6 %
Blount County					
Public Building Authority:					
School Projects-Refunding	12,265,000	12,080,000	Variable	0.31 (1)	0.66
Various Purposes-Refunding	2,570,000	<u>2,415,000</u>	Variable	1.72	0.66
Total		<u>\$ 17,785,000</u>			

(1) In addition to the interest requirements on the refunding debt, the county is also obligated for payments under a swap agreement that was entered into in connection with the refunded debt. See the swap agreement section of this note.

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 6-30-09	Interest Rates
<u>City of Loudon</u>			
Highlands Business Center	\$ 475,000	\$ 410,750	0 %

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 \$10,306 under the agreement.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including estimated interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2015-2019	2,575,000	427,890	3,002,890
2020	620,000	24,800	644,800
Total	\$ 4,965,000	\$ 1,244,665	\$ 6,209,665

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 2,272,415	\$ 54,942	\$ 2,327,357

Year Ending June 30	Other Loans - PBA and QZAB			
	Principal	Interest	Other Fees	Total
2010	\$ 965,300	\$ 402,386	\$ 115,407	\$ 1,483,093
2011	1,296,300	392,756	111,045	1,800,101
2012	1,342,300	373,811	104,505	1,820,616
2013	1,403,300	353,815	97,668	1,854,783
2014	1,449,300	332,571	90,435	1,872,306
2015-2019	7,796,500	1,300,157	330,615	9,427,272
2020-2024	5,809,351	610,830	139,755	6,559,936
2025	1,150,000	33,350	7,590	1,190,940
Total	\$ 21,212,351	\$ 3,799,676	\$ 997,020	\$ 26,009,047

Annual requirements for the \$410,750 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 \$6,603,224 unreserved fund balance and \$713,500 reserved for specific debt issues available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$127, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$287 for residents inside Lenoir City, and \$834 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 the Local Government Improvement Bonds, Series IV-H-1. The Local Government Improvement Bonds, Series IV-H-1 were refunded by the county during the year with another variable rate loan agreement. However, the swap agreement remained in effect at June 30, 2009.

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. The Series IV-H-1 have since been refunded with a portion of the proceeds of the Series E-3-C bonds and the interest rate swap is now associated with the Series E-3-C bonds.

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. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-3-C bonds. The bonds variable-rates have historically approximated the Securities Industry and Financial Markets Association (SIFMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2009, 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>-0.54</u>
Net interest rate swap payments		2.59 %
Variable-rate bond coupon payments		<u>0.31</u>
Synthetic interest rate on bonds		<u><u>2.9 %</u></u>

Fair Value. As of June 30, 2009, the swap had a negative fair value of \$600,895. 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, 2009, 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 AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and

Ba3 by Moody’s Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

Basis Risk. As noted above, the swap exposes the county to basis risk should the rate on the bonds increase 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 rate on the bonds 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, 2009, 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		
2010	\$ 185,000	\$ 37,200	\$ 310,944	\$ 533,144
2011	505,000	36,627	306,150	847,777
2012	540,000	35,061	293,065	868,126
2013	570,000	33,387	279,072	882,459
2014	605,000	31,620	264,302	900,922
2015-2019	3,615,000	127,627	1,066,797	4,809,424
2020-2024	4,835,000	64,480	538,970	5,438,450
2025	1,145,000	3,550	29,669	1,178,219
Total	\$ 12,000,000	\$ 369,552	\$ 3,088,969	\$ 15,458,521

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Bonds	Notes	Other Loans - City of Loudon
Balance, July 1, 2008	\$ 5,320,000	\$ 3,387,402	\$ 421,056
Additions	0	800,000	0
Deductions	(355,000)	(1,914,987)	(10,306)
Balance, June 30, 2009	\$ 4,965,000	\$ 2,272,415	\$ 410,750
Balance Due Within One Year	\$ 285,000	\$ 1,145,407	\$ 0

	Other Loans - PBA and QZAB	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 21,967,266	\$ 47,250	\$ 487,051	\$ 0
Additions	14,835,000	0	430,224	746,758
Deductions	(859,915)	(27,000)	(417,718)	(89,197)
Refunded	(14,730,000)	0	0	0
Balance, June 30, 2009	\$ 21,212,351	\$ 20,250	\$ 499,557	\$ 657,561
Balance Due Within One Year	\$ 965,300	\$ 20,250	\$ 417,718	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 30,037,884
Less: Balance Due Within One Year	(2,833,675)
Less: Deferred Amount on Refunding	(407,553)
Add: Unamortized Premium on Debt	11,210
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,807,866</u>

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

Current Refunding

During the year ended June 30, 2009, Loudon County refunded \$14,730,000 of variable rate loan agreements with another variable rate loan agreement. The county issued refunding loans totaling \$14,835,000 to provide resources for the current refunding of the old debt. The county's financial advisors

were not able to determine the cumulative savings or economic gain from the refunding transactions due to the variable rate debt instruments involved.

Discretely Presented Loudon County School Department

Capital Outlay Notes

Loudon County issues capital outlay notes for the School Department 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, 2009, are as follows:

Purpose	Interest Rate	Original Amount of Issue	Balance 6-30-09
Energy Efficiency Projects	0 %	\$ 4,629,481	\$ 3,713,054

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, 2009, are presented in the following table:

Year Ending June 30	Notes - Principal
2010	\$ 346,726
2011	346,726
2012	346,726
2013	346,725
2014	275,300
2015-2019	1,376,500
2020-2021	674,351
Total	\$ 3,713,054

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, 2009:

	Notes	Other Postemployment Benefits
Balance, July 1, 2008	\$ 3,994,395	\$ 92,237
Additions	0	411,111
Deductions	(281,341)	(275,852)
Balance, June 30, 2009	<u>\$ 3,713,054</u>	<u>\$ 227,496</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, 2009	\$ 3,940,550
Less: Balance Due Within One Year	<u>(346,726)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,593,824</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, 2009, is \$410,750. 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, 2009, were \$128,163 and \$21,963, 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, 2009, was as follows:

Fund	Balance 7-1-08	Issued	Redeemed	Balance 6-30-09
School Federal Projects (Borrowed from General Purpose School)	\$ 0	\$ 400,000	\$ (400,000)	\$ 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
2007-2008	\$ 8,480	\$ 414,228	\$ (406,818)	\$ 15,890
2008-2009	15,890	501,418	(473,325)	43,983

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. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

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 were required to implement provisions of GASB Statement No. 45 for the year ending June 30, 2009; however, the Loudon County School Department early implemented GASB Statement No. 45 for the year ended June 30, 2008. The primary government implemented GASB Statement No. 45 during the year ended June 30, 2009. In previous years, the primary government had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented with a zero net OPEB obligation at transition.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Loudon County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Loudon County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Loudon County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Loudon County could have endowment investments in subsequent years.

C. Subsequent Events

Subsequent to June 30, 2009, Loudon County issued capital outlay notes of \$912,627 and \$1,000,000 for school construction projects.

Subsequent to June 30, 2009, the County Commission authorized the novation of the interest rate swap agreements discussed in Note IV I., with Morgan Keegan Financial Products, Inc., and Deutsche Bank being new counterparties to the agreements. The swap agreements were originally entered into with Ambac Financial Services and were insured by Ambac Assurance Corporation.

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, 2009, future principal and interest requirements of these bonds were \$1,034,652 and \$806,458, 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, 2009, future principal and interest requirements of this loan were \$486,250 and \$287,500, 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 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 operation and maintenance for 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. Two years ago the Loudon County Commission passed a motion to cease all activity in the Metro Narcotic Unit. At June 30, 2009, residual funds for this joint venture were still being held by the county, pending a disbursement agreement between the law enforcement agencies. 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 \$148,429 in financial support during the 2008-09 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 www.tn.gov/treasury/tcrs.

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, 2009, was 9.34 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, 2009, Loudon County's annual pension cost of \$1,078,532 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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 post retirement 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, 2007, was eight 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
6-30-09	\$1,078,532	100%	\$0
6-30-08	1,061,679	100	0
6-30-07	990,014	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 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

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, 2009, was 6.42 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, 2009, 2008, and 2007, were \$1,153,972, \$1,086,070, and \$994,071, 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. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission.

Funding Policy

The premium requirements are established and may be amended by the County Commission. The plan is through a commercial insurance company. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 60 with five years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. Retirees are required to pay 50 percent of the medical premium per month for their insurance coverage. The retiree's spouse is eligible while the retiree is eligible for coverage until the spouse's age of 65.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan
	<hr/>
ARC	\$ 746,758
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 746,758
Amount of contribution	(89,197)
Increase/decrease in NPO	<hr/> \$ 657,561
Net OPEB obligation, 7-1-08	<hr/> 0
Net OPEB obligation, 6-30-09	<hr/> <hr/> \$ 657,561

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Loudon County Plan	\$ 746,758	11.9	% \$ 657,561

* Data only available for one year.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	<u>Local Government Group Plan</u>
Actuarial valuation date	7-1-08
Actuarial accrued liability (AAL)	\$ 5,347,014
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,347,014
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 7,387,721
UAAL as a % of covered payroll	72.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of five percent. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls over a 30-year period beginning with June 30, 2009.

Discretely Presented Loudon County School Department

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://tn.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, 2009, the discretely presented Loudon County School Department contributed \$275,852 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 411,000
Interest on the NPO	4,151
Adjustment to the ARC	(4,040)
	<hr/>
Annual OPEB cost	\$ 411,111
Amount of contribution	(275,852)
	<hr/>
Increase/decrease in NPO	\$ 135,259
Net OPEB obligation, 7-1-08	<hr/> 92,237 <hr/>
 Net OPEB obligation, 6-30-09	 \$ 227,496 <hr/> <hr/>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-08	Local Education Group Plan	\$ 406,000	77%	\$ 92,237
6-30-09	"	411,000	67	227,496

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-07
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)	\$ 22,309,253
UAAL as a % of covered payroll	17.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 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 payrolls 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 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.

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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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,480,717	\$ 0	\$ 0	\$ 9,480,717	\$ 9,469,093	\$ 9,441,793	\$ 38,924
Licenses and Permits	472,589	0	0	472,589	603,500	418,500	54,089
Fines, Forfeitures, and Penalties	390,662	0	0	390,662	381,200	376,200	14,462
Charges for Current Services	197,999	0	0	197,999	184,105	182,105	15,894
Other Local Revenues	301,973	0	0	301,973	485,000	329,631	(27,658)
Fees Received from County Officials	2,141,124	0	0	2,141,124	2,422,000	2,147,000	(5,876)
State of Tennessee	2,021,470	0	0	2,021,470	1,355,297	1,415,551	605,919
Federal Government	203,470	0	0	203,470	223,910	257,193	(53,723)
Other Governments and Citizens Groups	238,013	0	0	238,013	314,089	223,986	14,027
Total Revenues	\$ 15,448,017	\$ 0	\$ 0	\$ 15,448,017	\$ 15,438,194	\$ 14,791,959	\$ 656,058
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 123,502	\$ 0	\$ 7,500	\$ 131,002	\$ 154,657	\$ 154,657	\$ 23,655
Board of Equalization	1,900	0	0	1,900	2,200	2,200	300
Beer Board	3,590	0	0	3,590	5,000	5,500	1,910
Other Boards and Committees	6,450	0	0	6,450	9,200	9,200	2,750
County Mayor/Executive	160,491	0	0	160,491	167,599	168,186	7,695
Personnel Office	54,898	0	0	54,898	55,671	56,427	1,529
County Attorney	109,159	0	0	109,159	132,370	132,370	23,211
Election Commission	276,709	(3,507)	1,313	274,515	297,216	302,927	28,412
Register of Deeds	300,441	0	0	300,441	304,448	315,723	15,282
Planning	166,559	(4,415)	0	162,144	220,855	193,414	31,270
Codes Compliance	306,412	(882)	0	305,530	312,958	319,305	13,775
Geographical Information Systems	55,819	0	0	55,819	61,647	62,117	6,298

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
County Buildings	\$ 1,120,647	\$ 0	\$ 9,551	\$ 1,130,198	\$ 1,196,517	\$ 1,204,332	\$ 74,134
<u>Finance</u>							
Accounting and Budgeting	455,823	0	0	455,823	450,790	462,146	6,323
Purchasing	174,879	0	0	174,879	173,688	177,762	2,883
Property Assessor's Office	359,757	0	13,560	373,317	396,676	396,815	23,498
County Trustee's Office	279,938	0	0	279,938	294,263	295,198	15,260
County Clerk's Office	427,946	0	0	427,946	421,731	436,237	8,291
Data Processing	72,957	0	0	72,957	99,546	101,836	28,879
<u>Administration of Justice</u>							
Circuit Court	266,996	0	2,886	269,882	290,094	291,113	21,231
General Sessions Court	443,687	0	741	444,428	462,249	465,124	20,696
General Sessions Judge	224,358	(1,535)	0	222,823	234,585	234,685	11,862
Chancery Court	193,081	0	0	193,081	191,985	196,885	3,804
Juvenile Court	365,618	0	0	365,618	402,181	401,831	36,213
Other Administration of Justice	9,971	0	0	9,971	25,500	25,500	15,529
<u>Public Safety</u>							
Sheriff's Department	3,426,221	0	0	3,426,221	3,494,667	3,577,778	151,557
Special Patrols	25,000	0	0	25,000	25,000	25,000	0
Traffic Control	817	0	0	817	1,800	1,800	983
Administration of the Sexual Offender Registry	687	0	0	687	1,800	1,800	1,113
Jail	1,262,505	0	0	1,262,505	1,302,775	1,360,000	97,495
Juvenile Services	20,101	0	0	20,101	20,803	20,803	702
Rural Fire Protection	56,000	0	0	56,000	56,000	56,000	0
Civil Defense	110,340	0	0	110,340	113,285	113,760	3,420

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Rescue Squad	\$ 95,000	\$ 0	\$ 0	\$ 95,000	\$ 95,000	\$ 0	0
Disaster Relief	3,141	0	0	3,141	0	3,429	288
Other Emergency Management	112,969	0	0	112,969	205,189	227,594	114,625
County Coroner/Medical Examiner	66,400	0	0	66,400	34,000	69,000	2,600
Public Safety Grant Programs	3,889	(3,889)	0	0	0	5,000	5,000
Other Public Safety	700,443	0	0	700,443	713,623	728,743	28,300
<u>Public Health and Welfare</u>							
Local Health Center	118,479	0	4,892	123,371	125,364	126,271	2,900
Rabies and Animal Control	329,439	(3,602)	4,470	330,307	315,828	365,311	35,004
Other Local Health Services	382,608	0	0	382,608	473,813	475,400	92,792
Other Local Welfare Services	241,956	0	0	241,956	232,632	269,421	27,465
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	5,000	0	0	5,000	5,000	5,000	0
Senior Citizens Assistance	179,373	0	0	179,373	181,839	184,905	5,532
Libraries	217,860	0	0	217,860	233,545	234,945	17,085
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	125,086	0	0	125,086	138,233	138,233	13,147
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	18,133	0	0	18,133	15,923	19,116	983
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	129,474	0	0	129,474	135,000	139,400	9,926
Industrial Development	206,990	0	0	206,990	339,205	206,994	4

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Housing and Urban Development	\$ 2,250	\$ 0	\$ 0	\$ 2,250	\$ 3,000	\$ 3,000	\$ 750
Veterans' Services	9,159	0	0	9,159	10,336	10,336	1,177
Contributions to Other Agencies	75,774	0	0	75,774	75,774	75,774	0
Employee Benefits	180,569	0	0	180,569	710,773	235,063	54,494
Miscellaneous	400,258	0	0	400,258	500,000	446,334	46,076
<u>Principal on Debt</u>							
General Government	10,306	0	0	10,306	9,500	10,306	0
Total Expenditures	\$ 14,483,315	\$ (17,830)	\$ 44,913	\$ 14,510,398	\$ 15,938,833	\$ 15,648,506	\$ 1,138,108
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 964,702	\$ 17,830	\$ (44,913)	\$ 937,619	\$ (500,639)	\$ (856,547)	\$ 1,794,166
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 17,855	\$ 0	\$ 0	\$ 17,855	\$ 0	\$ 12,061	\$ 5,794
Total Other Financing Sources (Uses)	\$ 17,855	\$ 0	\$ 0	\$ 17,855	\$ 0	\$ 12,061	\$ 5,794
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 982,557	\$ 17,830	\$ (44,913)	\$ 955,474	\$ (500,639)	\$ (844,486)	\$ 1,799,960
	7,406,071	(17,830)	0	7,388,241	7,230,172	7,230,172	158,069
Fund Balance, June 30, 2009	\$ 8,388,628	\$ 0	\$ (44,913)	\$ 8,343,715	\$ 6,729,533	\$ 6,385,686	\$ 1,958,029

Exhibit F-2

Loudon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Loudon County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	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)
6-30-09	7-01-07	\$ 22,189	\$ 26,276	\$ 4,087	84.45 %	\$ 10,267	39.81 %
6-30-08	7-01-07	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 2007-08 year; therefore, data is only presented for two years.

Exhibit F-3

Loudon County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plans
 Primary Government and Discretely Presented Loudon County School Department
 June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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 Government Group Plan*	6-30-09	\$ 0	\$ 5,347	\$ 5,347	0 %	\$ 7,388	72.37 %
Local Education Group Plan**	6-30-08	0	3,885	3,885	0	18,060	21.51
"	6-30-09	0	3,885	3,885	0	18,060	21.51

* Two additional years will be reported as data becomes available.

**One additional year will be reported as data becomes available.

LOUDON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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. LIBRARY TRANSACTIONS

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 (\$217,860), which is included in the financial statements of this report. However, the various libraries maintained bank accounts outside of the county's control to deposit various revenues and to pay certain expenses. The funds channeled through the 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. Steps have been taken to channel future such transactions through the General Fund beginning July 1, 2009.

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

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Nonmajor Governmental Funds

Special Revenue Funds

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.

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.

Debt Service Fund

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.

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.

Capital Projects Fund

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

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.

London County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds				
	Law Library	Solid Waste/ Sanitation	Industrial/ Economic Development	Drug Control	Other Special Revenue
\$	0	0	0	0	0
18,105	456,171	30,917	188,421	0	98,044
0	3,602	0	0	0	0
0	109,763	0	0	0	0
0	89,895	0	0	0	0
0	(1,793)	0	0	0	0
0	0	0	150	0	0
\$	18,105	657,638	30,917	188,571	98,044

ASSETS

Cash	0
Equity in Pooled Cash and Investments	0
Accounts Receivable	18,105
Due from Other Governments	456,171
Property Taxes Receivable	3,602
Allowance for Uncollectible Property Taxes	(1,793)
Prepaid Items	0
Total Assets	657,638

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0	15,219	0	185	0
Accrued Payroll	0	7,824	0	0	0
Payroll Deductions Payable	0	0	0	0	0
Contracts Payable	0	0	0	0	0
Due to Other Funds	0	5,821	0	0	0
Due to Litigants, Heirs, and Others	0	0	0	52,630	0
Deferred Revenue - Current Property Taxes	0	85,113	0	0	0
Deferred Revenue - Delinquent Property Taxes	0	2,752	0	0	0
Other Deferred Revenues	0	67,856	0	0	0
Total Liabilities	0	184,585	0	52,815	0
<u>Fund Balances</u>					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	0	0	150	0
Unreserved	18,105	473,053	30,917	135,606	98,044
Total Fund Balances	18,105	473,053	30,917	135,756	98,044
Total Liabilities and Fund Balances	18,105	657,638	30,917	188,571	98,044

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	Constitutional Officers - Fees	Highway / Public Works	Total	General Debt Service	General Capital Projects			
\$ 100 \$	940 \$	1,040 \$	0 \$	0 \$	0 \$	0 \$	1,040	
0	1,286,188	2,077,846	2,103,035	2,043,955	6,224,836	0	39,149	
649	220	4,471	34,678	0	0	0	422,155	
0	299,997	409,760	0	12,395	273,468	0	2,144,685	
0	589,991	679,886	1,191,331	(6,173)	(48,880)	0	121,948	
0	(12,844)	(14,637)	(28,070)	0	0	0	8,904,933	
0	121,798	121,948	0	0	0	0		
\$ 749 \$	2,286,290 \$	3,280,314 \$	3,300,974 \$	2,323,645 \$	8,904,933	0		

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Prepaid Items

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Contracts Payable
 Due to Other Funds
 Due to Litigants, Heirs, and Others
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Reserved for Encumbrances
 Reserved for Prepaid Items
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

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, 2009

	Special Revenue Funds					Other Special Revenue
	Law Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control		
Revenues						
Local Taxes	\$ 6,360	\$ 565,370	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	44,244	0	0
Other Local Revenues	0	52,215	8,567	26,750	0	0
State of Tennessee	0	23,799	0	0	0	0
Federal Government	0	0	0	0	0	97,355
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 6,360	\$ 641,384	\$ 8,567	\$ 70,994	\$ 0	\$ 97,355
Expenditures						
Current:						
Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,934
Public Health and Welfare	0	613,241	0	171,669	0	0
Social, Cultural, and Recreational Services	1,922	0	0	0	0	0
Other Operations	65	0	2,709	0	0	0
Highways	0	0	0	0	0	0
Debt Service:						
Principal on Debt	0	27,000	0	0	0	0
Interest on Debt	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 1,987	\$ 640,241	\$ 2,709	\$ 171,669	\$ 0	\$ 22,934
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,373	\$ 1,143	\$ 5,858	\$ (100,675)	\$ 74,421	\$ 74,421
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Refunding Debt Issued	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Payments to Refunded Debt Escrow Agent	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 4,373	\$ 1,143	\$ 5,858	\$ (100,675)	\$ 74,421	\$ 74,421
Fund Balance, July 1, 2008	13,732	471,910	25,059	236,431	23,623	23,623
Fund Balance, June 30, 2009	\$ 18,105	\$ 473,053	\$ 30,917	\$ 135,756	\$ 98,044	\$ 98,044

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Debt Service Fund		Capital Projects Fund	Total Nonmajor Governmental Funds
	Highway/ Public Works	Total	General Debt Service	Capital Projects		
Revenues						
Local Taxes	\$ 624,406	\$ 1,196,136	\$ 1,297,794	\$ 270,880	\$ 2,764,810	
Fines, Forfeitures, and Penalties	0	44,244	0	0	44,244	
Other Local Revenues	6,386	93,918	182,977	2,793	279,688	
State of Tennessee	1,546,753	1,570,552	0	211,160	1,781,712	
Federal Government	0	97,355	0	114,214	211,569	
Other Governments and Citizens Groups	0	0	141,552	166,841	308,393	
Total Revenues	\$ 2,177,545	\$ 3,002,205	\$ 1,622,323	\$ 765,888	\$ 5,390,416	
Expenditures						
Current:						
Public Safety	\$ 0	\$ 22,934	\$ 0	\$ 0	\$ 22,934	
Public Health and Welfare	0	784,910	0	0	784,910	
Social, Cultural, and Recreational Services	0	1,922	0	0	1,922	
Other Operations	0	2,774	0	7,061	9,835	
Highways	1,645,884	1,645,884	0	0	1,645,884	
Debt Service:						
Principal on Debt	0	27,000	886,603	0	913,603	
Interest on Debt	0	0	311,630	0	311,630	
Other Debt Service	0	0	189,557	0	189,557	
Capital Projects	0	0	0	553,016	553,016	
Capital Projects - Donated	0	0	0	800,000	800,000	
Total Expenditures	\$ 1,645,884	\$ 2,485,424	\$ 1,387,790	\$ 1,360,077	\$ 5,233,291	
Excess (Deficiency) of Revenues Over Expenditures	\$ 531,661	\$ 516,781	\$ 234,533	\$ (594,189)	\$ 157,125	
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 800,000	\$ 800,000	
Refunding Debt Issued	0	0	2,570,000	0	2,570,000	
Transfers In	0	0	143,243	0	143,243	
Transfers Out	(143,243)	(143,243)	0	0	(143,243)	
Payments to Refunded Debt Escrow Agent	0	0	(2,550,000)	0	(2,550,000)	
Total Other Financing Sources (Uses)	\$ (143,243)	\$ (143,243)	\$ 163,243	\$ 800,000	\$ 820,000	
Net Change in Fund Balances	\$ 388,418	\$ 373,538	\$ 397,776	\$ 205,811	\$ 977,125	
Fund Balance, July 1, 2008	1,095,909	1,866,664	1,744,440	1,851,307	5,462,411	
Fund Balance, June 30, 2009	\$ 1,484,327	\$ 2,240,202	\$ 2,142,216	\$ 2,057,118	\$ 6,439,536	

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,360	\$ 6,200	\$ 6,200	\$ 160
Total Revenues	\$ 6,360	\$ 6,200	\$ 6,200	\$ 160
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,922	\$ 6,000	\$ 6,000	\$ 4,078
<u>Other Operations</u>				
Miscellaneous	65	150	150	85
Total Expenditures	\$ 1,987	\$ 6,150	\$ 6,150	\$ 4,163
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,373	\$ 50	\$ 50	\$ 4,323
Net Change in Fund Balance	\$ 4,373	\$ 50	\$ 50	\$ 4,323
Fund Balance, July 1, 2008	13,732	13,732	13,732	0
Fund Balance, June 30, 2009	\$ 18,105	\$ 13,782	\$ 13,782	\$ 4,323

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 565,370	\$ 0	\$ 565,370	\$ 565,442	\$ 569,527	\$ (4,157)
Other Local Revenues	52,215	0	52,215	75,000	50,000	2,215
State of Tennessee	23,799	0	23,799	36,391	36,391	(12,592)
Total Revenues	\$ 641,384	\$ 0	\$ 641,384	\$ 676,833	\$ 655,918	\$ (14,534)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Education/Information	\$ 39,104	\$ (2,713)	\$ 36,391	\$ 36,391	\$ 36,391	\$ 0
Convenience Centers	574,137	0	574,137	651,024	661,024	86,887
<u>Other Operations</u>						
Miscellaneous	0	0	0	10,000	0	0
<u>Principal on Debt</u>						
General Government	27,000	0	27,000	27,000	27,000	0
Total Expenditures	\$ 640,241	\$ (2,713)	\$ 637,528	\$ 724,415	\$ 724,415	\$ 86,887
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,143	\$ 2,713	\$ 3,856	\$ (47,582)	\$ (68,497)	\$ 72,353
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 1,143	\$ 2,713	\$ 3,856	\$ (47,582)	\$ (68,497)	\$ 72,353
	471,910	(2,713)	469,197	469,153	469,153	44
Fund Balance, June 30, 2009	\$ 473,053	\$ 0	\$ 473,053	\$ 421,571	\$ 400,656	\$ 72,397

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 44,244	\$ 0	\$ 44,244	\$ 68,000	\$ 54,000	\$ (9,756)
Other Local Revenues	26,750	0	26,750	15,000	15,000	11,750
Total Revenues	\$ 70,994	\$ 0	\$ 70,994	\$ 83,000	\$ 69,000	\$ 1,994
<u>Expenditures</u>						
Public Health and Welfare	\$ 171,669	\$ (2,084)	\$ 169,585	\$ 130,400	\$ 210,900	\$ 41,315
Alcohol and Drug Programs	\$ 171,669	\$ (2,084)	\$ 169,585	\$ 130,400	\$ 210,900	\$ 41,315
Total Expenditures	\$ (100,675)	\$ 2,084	\$ (98,591)	\$ (47,400)	\$ (141,900)	\$ 43,309
Excess (Deficiency) of Revenues Over Expenditures	\$ (100,675)	\$ 2,084	\$ (98,591)	\$ (47,400)	\$ (141,900)	\$ 43,309
Net Change in Fund Balance Fund Balance, July 1, 2008	236,431	(2,084)	234,347	234,250	234,250	97
Fund Balance, June 30, 2009	\$ 135,756	\$ 0	\$ 135,756	\$ 186,850	\$ 92,350	\$ 43,406

Exhibit G-6

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 50,000	\$ 25,000	\$ (25,000)
Federal Government	97,355	0	0	97,355
Total Revenues	<u>\$ 97,355</u>	<u>\$ 50,000</u>	<u>\$ 25,000</u>	<u>\$ 72,355</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 22,934	\$ 59,500	\$ 39,500	\$ 16,566
Total Expenditures	<u>\$ 22,934</u>	<u>\$ 59,500</u>	<u>\$ 39,500</u>	<u>\$ 16,566</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 74,421</u>	<u>\$ (9,500)</u>	<u>\$ (14,500)</u>	<u>\$ 88,921</u>
Net Change in Fund Balance	\$ 74,421	\$ (9,500)	\$ (14,500)	\$ 88,921
Fund Balance, July 1, 2008	<u>23,623</u>	<u>23,623</u>	<u>23,623</u>	<u>0</u>
Fund Balance, June 30, 2009	<u>\$ 98,044</u>	<u>\$ 14,123</u>	<u>\$ 9,123</u>	<u>\$ 88,921</u>

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 624,406	\$ 634,940	\$ 627,940	\$ (3,534)
Other Local Revenues	6,386	20,000	9,000	(2,614)
State of Tennessee	1,546,753	1,882,735	1,882,735	(335,982)
Total Revenues	<u>\$ 2,177,545</u>	<u>\$ 2,537,675</u>	<u>\$ 2,519,675</u>	<u>\$ (342,130)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 643,837	\$ 705,994	\$ 710,909	\$ 67,072
Highway and Bridge Maintenance	167,073	406,750	401,750	234,677
Operation and Maintenance of Equipment	191,132	307,700	286,700	95,568
Other Charges	138,568	173,850	173,850	35,282
Employee Benefits	323,654	346,664	354,664	31,010
Capital Outlay	181,620	574,912	574,912	393,292
Total Expenditures	<u>\$ 1,645,884</u>	<u>\$ 2,515,870</u>	<u>\$ 2,502,785</u>	<u>\$ 856,901</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 531,661</u>	<u>\$ 21,805</u>	<u>\$ 16,890</u>	<u>\$ 514,771</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (143,243)	\$ (171,440)	\$ (171,440)	\$ 28,197
Total Other Financing Sources (Uses)	<u>\$ (143,243)</u>	<u>\$ (171,440)</u>	<u>\$ (171,440)</u>	<u>\$ 28,197</u>
Net Change in Fund Balance	\$ 388,418	\$ (149,635)	\$ (154,550)	\$ 542,968
Fund Balance, July 1, 2008	1,095,909	1,095,909	1,095,909	0
Fund Balance, June 30, 2009	<u>\$ 1,484,327</u>	<u>\$ 946,274</u>	<u>\$ 941,359</u>	<u>\$ 542,968</u>

Exhibit G-8

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,297,794	\$ 1,331,906	\$ 1,321,406	\$ (23,612)
Other Local Revenues	182,977	100,000	152,873	30,104
Other Governments and Citizens Groups	141,552	164,685	164,685	(23,133)
Total Revenues	<u>\$ 1,622,323</u>	<u>\$ 1,596,591</u>	<u>\$ 1,638,964</u>	<u>\$ (16,641)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 820,000	\$ 815,000	\$ 820,000	\$ 0
Highways and Streets	66,603	66,603	66,603	0
<u>Interest on Debt</u>				
General Government	304,533	523,950	523,950	219,417
Highways and Streets	7,097	7,097	7,097	0
<u>Other Debt Service</u>				
General Government	189,557	202,185	222,185	32,628
Total Expenditures	<u>\$ 1,387,790</u>	<u>\$ 1,614,835</u>	<u>\$ 1,639,835</u>	<u>\$ 252,045</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 234,533</u>	<u>\$ (18,244)</u>	<u>\$ (871)</u>	<u>\$ 235,404</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,570,000	\$ 0	\$ 2,570,000	\$ 0
Transfers In	143,243	171,440	171,440	(28,197)
Payments to Refunded Debt Escrow Agent	(2,550,000)	0	(2,550,000)	0
Total Other Financing Sources (Uses)	<u>\$ 163,243</u>	<u>\$ 171,440</u>	<u>\$ 191,440</u>	<u>\$ (28,197)</u>
Net Change in Fund Balance	\$ 397,776	\$ 153,196	\$ 190,569	\$ 207,207
Fund Balance, July 1, 2008	1,744,440	1,744,438	1,744,438	2
Fund Balance, June 30, 2009	<u>\$ 2,142,216</u>	<u>\$ 1,897,634</u>	<u>\$ 1,935,007</u>	<u>\$ 207,209</u>

Exhibit G-9

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 270,880	\$ 0	\$ 0	\$ 270,880	\$ 273,270	\$ 273,270	\$ (2,390)
Other Local Revenues	2,793	0	0	2,793	15,000	5,000	(2,207)
State of Tennessee	211,160	0	0	211,160	0	905,396	(694,236)
Federal Government	114,214	0	0	114,214	33,123	33,123	81,091
Other Governments and Citizens Groups	166,841	0	0	166,841	0	887,385	(720,544)
Total Revenues	\$ 765,888	\$ 0	\$ 0	\$ 765,888	\$ 321,393	\$ 2,104,174	\$ (1,338,286)
<u>Expenditures</u>							
Other Operations	\$ 7,061	\$ 0	\$ 0	\$ 7,061	\$ 6,500	\$ 7,500	\$ 439
Miscellaneous							
<u>Capital Projects</u>							
General Administration Projects	7,950	0	94,610	102,560	45,000	135,000	32,440
Public Safety Projects	22,024	0	41,272	63,296	155,000	65,000	1,704
Public Health and Welfare Projects	2,089	0	0	2,089	98,239	98,239	96,150
Social, Cultural, and Recreation Projects	1,125	0	0	1,125	33,123	33,123	31,998
Public Utility Projects	157,568	(147,568)	0	10,000	0	10,000	0
Highway and Street Capital Projects	362,260	(205,618)	0	156,642	59,000	1,850,946	1,694,304
Capital Projects - Donated							
Capital Projects Donated to School Department	800,000	0	0	800,000	0	800,000	0
Total Expenditures	\$ 1,360,077	\$ (353,186)	\$ 135,882	\$ 1,142,773	\$ 396,862	\$ 2,999,808	\$ 1,857,035
Excess (Deficiency) of Revenues Over Expenditures	\$ (594,189)	\$ 353,186	\$ (135,882)	\$ (376,885)	\$ (75,469)	\$ (895,634)	\$ 518,749
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 800,000	\$ 0	\$ 0	\$ 800,000	\$ 0	\$ 800,000	\$ 0
Total Other Financing Sources (Uses)	\$ 800,000	\$ 0	\$ 0	\$ 800,000	\$ 0	\$ 800,000	\$ 0
Net Change in Fund Balance	\$ 205,811	\$ 353,186	\$ (135,882)	\$ 423,115	\$ (75,469)	\$ (95,634)	\$ 518,749
Fund Balance, July 1, 2008	1,851,307	(353,186)	0	1,498,121	1,479,388	1,479,388	18,733
Fund Balance, June 30, 2009	\$ 2,057,118	\$ 0	\$ (135,882)	\$ 1,921,236	\$ 1,403,919	\$ 1,383,754	\$ 537,482

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Major Governmental Fund

Debt Service Fund

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.

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.

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Exhibit H

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,308,875	\$ 2,043,983	\$ 2,217,683	\$ 91,192
Other Local Revenues	137,244	300,000	132,572	4,672
Other Governments and Citizens Groups	0	346,426	0	0
Total Revenues	<u>\$ 2,446,119</u>	<u>\$ 2,690,409</u>	<u>\$ 2,350,255</u>	<u>\$ 95,864</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,243,299	\$ 1,503,426	\$ 2,243,341	\$ 42
<u>Interest on Debt</u>				
Education	596,136	797,300	811,117	214,981
<u>Other Debt Service</u>				
General Government	85,000	0	85,000	0
Education	34,765	35,000	45,000	10,235
Total Expenditures	<u>\$ 2,959,200</u>	<u>\$ 2,335,726</u>	<u>\$ 3,184,458</u>	<u>\$ 225,258</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (513,081)</u>	<u>\$ 354,683</u>	<u>\$ (834,203)</u>	<u>\$ 321,122</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 12,265,000	\$ 0	\$ 12,265,000	\$ 0
Payments to Refunded Debt Escrow Agent	(12,180,000)	0	(12,180,000)	0
Total Other Financing Sources (Uses)	<u>\$ 85,000</u>	<u>\$ 0</u>	<u>\$ 85,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (428,081)	\$ 354,683	\$ (749,203)	\$ 321,122
Fund Balance, July 1, 2008	<u>9,315,643</u>	<u>3,906,668</u>	<u>3,906,668</u>	<u>5,408,975</u>
Fund Balance, June 30, 2009	<u>\$ 8,887,562</u>	<u>\$ 4,261,351</u>	<u>\$ 3,157,465</u>	<u>\$ 5,730,097</u>

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Fiduciary Funds

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.

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, 2009

	Agency Funds						Total
	Cities - Sales Tax	City School ADA - Lenoir City	Constitu- tional Officers - Agency	Other Agency	Loudon County Metro Narcotic Unit		
Cash	\$ 0	\$ 0	\$ 952,601	\$ 0	\$ 0	\$ 0	\$ 952,601
Equity in Pooled Cash and Investments	0	175,409	0	2,768,896	88,661	0	3,032,966
Accounts Receivable	0	0	5,005	0	0	0	5,005
Due from Other Governments	581,571	231,388	0	0	0	0	812,959
Taxes Receivable	0	4,690,667	0	0	0	0	4,690,667
Allowance for Uncollectible Taxes	0	(101,333)	0	0	0	0	(101,333)
Total Assets	\$ 581,571	\$ 4,996,131	\$ 957,606	\$ 2,768,896	\$ 88,661	\$ 0	\$ 9,392,865
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 581,571	\$ 4,996,131	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,577,702
Due to Litigants, Heirs, and Others	0	0	957,606	0	0	0	957,606
Due to Joint Ventures	0	0	0	2,768,896	88,661	0	2,857,557
Total Liabilities	\$ 581,571	\$ 4,996,131	\$ 957,606	\$ 2,768,896	\$ 88,661	\$ 0	\$ 9,392,865

Exhibit I-2

Loudon County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,489,025	\$ 3,489,025	\$ 0
Due from Other Governments	627,470	581,571	627,470	581,571
Total Assets	\$ 627,470	\$ 4,070,596	\$ 4,116,495	\$ 581,571
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 627,470	\$ 4,070,596	\$ 4,116,495	\$ 581,571
Total Liabilities	\$ 627,470	\$ 4,070,596	\$ 4,116,495	\$ 581,571
<u>City School ADA - Lenoir City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 181,276	\$ 5,762,090	\$ 5,767,957	\$ 175,409
Due from Other Governments	238,585	231,388	238,585	231,388
Taxes Receivable	4,387,042	4,690,667	4,387,042	4,690,667
Allowance for Uncollectible Taxes	(54,779)	(101,333)	(54,779)	(101,333)
Total Assets	\$ 4,752,124	\$ 10,582,812	\$ 10,338,805	\$ 4,996,131
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,752,124	\$ 10,582,812	\$ 10,338,805	\$ 4,996,131
Total Liabilities	\$ 4,752,124	\$ 10,582,812	\$ 10,338,805	\$ 4,996,131
<u>Center Board</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 148,546	\$ 148,546	\$ 0
Due from Joint Ventures	62	0	62	0
Total Assets	\$ 62	\$ 148,546	\$ 148,608	\$ 0
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 148,546	\$ 148,546	\$ 0
Other Current Liabilities	62	0	62	0
Total Liabilities	\$ 62	\$ 148,546	\$ 148,608	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,353,419	\$ 8,066,213	\$ 8,467,031	\$ 952,601
Accounts Receivable	6,123	5,005	6,123	5,005
Total Assets	\$ 1,359,542	\$ 8,071,218	\$ 8,473,154	\$ 957,606

(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	\$ 1,359,542	\$ 8,071,218	\$ 8,473,154	\$ 957,606
Total Liabilities	\$ 1,359,542	\$ 8,071,218	\$ 8,473,154	\$ 957,606
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,519,727	\$ 376,860	\$ 127,691	\$ 2,768,896
Total Assets	\$ 2,519,727	\$ 376,860	\$ 127,691	\$ 2,768,896
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,519,727	\$ 376,860	\$ 127,691	\$ 2,768,896
Total Liabilities	\$ 2,519,727	\$ 376,860	\$ 127,691	\$ 2,768,896
<u>Loudon County Metro Narcotic Unit</u>				
<u>Assets</u>				
Cash	\$ 868	\$ 0	\$ 868	\$ 0
Equity in Pooled Cash and Investments	70,686	18,099	124	88,661
Total Assets	\$ 71,554	\$ 18,099	\$ 992	\$ 88,661
<u>Liabilities</u>				
Due to Joint Ventures	\$ 71,554	\$ 18,099	\$ 992	\$ 88,661
Total Liabilities	\$ 71,554	\$ 18,099	\$ 992	\$ 88,661
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,354,287	\$ 8,066,213	\$ 8,467,899	\$ 952,601
Equity in Pooled Cash and Investments	2,771,689	9,794,620	9,533,343	3,032,966
Accounts Receivable	6,123	5,005	6,123	5,005
Due from Other Governments	866,055	812,959	866,055	812,959
Due from Joint Ventures	62	0	62	0
Taxes Receivable	4,387,042	4,690,667	4,387,042	4,690,667
Allowance for Uncollectible Taxes	(54,779)	(101,333)	(54,779)	(101,333)
Total Assets	\$ 9,330,479	\$ 23,268,131	\$ 23,205,745	\$ 9,392,865
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,379,594	\$ 14,653,408	\$ 14,455,300	\$ 5,577,702
Due to Litigants, Heirs, and Others	1,359,542	8,071,218	8,473,154	957,606
Due to Joint Venture	2,591,281	543,505	277,229	2,857,557
Other Current Liabilities	62	0	62	0
Total Liabilities	\$ 9,330,479	\$ 23,268,131	\$ 23,205,745	\$ 9,392,865

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Loudon County School Department

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.

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, 2009

Functions/Programs	Program Revenues			Charges for Services	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions				Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 24,410,624	\$ 1,382	\$ 3,840,527	\$ 800,000	\$	\$ (19,768,715)	
Support Services	11,237,745	0	150,126	0		(11,087,619)	
Operation of Non-Instructional Services	3,854,980	1,316,568	1,287,051	0		(1,251,361)	
Total Governmental Activities	\$ 39,503,349	\$ 1,317,950	\$ 5,277,704	\$ 800,000	\$	\$ (32,107,695)	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes						\$ 9,360,026	
Local Option Sales Taxes						2,876,695	
Other Local Taxes						56,661	
Grants and Contributions Not Restricted for Specific Programs						20,664,319	
Unrestricted Investment Income						85,958	
Miscellaneous						45,502	
Total General Revenues						\$ 33,089,161	
Change in Net Assets						\$ 981,466	
Net Assets, July 1, 2008						34,452,824	
Net Assets, June 30, 2009						\$ 35,434,290	

Exhibit J-2

Loudon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,004,937	\$ 1,001,169	\$ 4,006,106
Accounts Receivable	21,400	257	21,657
Due from Other Governments	778,169	54,519	832,688
Due from Other Funds	763	15,320	16,083
Property Taxes Receivable	10,023,611	0	10,023,611
Allowance for Uncollectible Property Taxes	(220,857)	0	(220,857)
Prepaid Items	375,520	2,068	377,588
Total Assets	<u>\$ 13,983,543</u>	<u>\$ 1,073,333</u>	<u>\$ 15,056,876</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 149,075	\$ 94,706	\$ 243,781
Accrued Payroll	20,936	0	20,936
Payroll Deductions Payable	267,130	24,767	291,897
Contracts Payable	0	295,078	295,078
Retainage Payable	0	5,000	5,000
Due to Other Funds	15,320	763	16,083
Deferred Revenue - Current Property Taxes	9,385,922	0	9,385,922
Deferred Revenue - Delinquent Property Taxes	383,782	0	383,782
Other Deferred Revenues	294,724	0	294,724
Total Liabilities	<u>\$ 10,516,889</u>	<u>\$ 420,314</u>	<u>\$ 10,937,203</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 17,057	\$ 203,714	\$ 220,771
Reserved for Prepaid Items	375,520	0	375,520
Reserved for Title I Grants to Local Education Agencies	0	67,252	67,252
Reserved for Special Education - Grants to States	0	90,353	90,353
Other Federal Reserves	0	15,488	15,488
Unreserved, Reported In:			
General Fund	3,074,077	0	3,074,077
Capital Projects Funds	0	276,212	276,212
Total Fund Balances	<u>\$ 3,466,654</u>	<u>\$ 653,019</u>	<u>\$ 4,119,673</u>
Total Liabilities and Fund Balances	<u>\$ 13,983,543</u>	<u>\$ 1,073,333</u>	<u>\$ 15,056,876</u>

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, 2009

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)		\$	4,119,673
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	3,946,406	
Add: construction in progress		2,104,243	
Add: buildings and improvements net of accumulated depreciation		26,097,240	
Add: other capital assets net of accumulated depreciation		<u>2,428,772</u>	34,576,661
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			678,506
(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	\$	(3,713,054)	
Less: other postemployment benefits liability		<u>(227,496)</u>	<u>(3,940,550)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 35,434,290</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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 12,109,709	\$ 0	\$ 12,109,709
Licenses and Permits	1,382	0	1,382
Charges for Current Services	1,316,568	0	1,316,568
Other Local Revenues	131,460	0	131,460
State of Tennessee	21,673,694	0	21,673,694
Federal Government	2,271,541	1,960,217	4,231,758
Other Governments and Citizens Groups	16,903	800,000	816,903
Total Revenues	<u>\$ 37,521,257</u>	<u>\$ 2,760,217</u>	<u>\$ 40,281,474</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,185,442	\$ 1,774,554	\$ 24,959,996
Support Services	10,388,055	187,106	10,575,161
Operation of Non-Instructional Services	3,853,337	0	3,853,337
Debt Service:			
Principal on Debt	281,341	0	281,341
Capital Projects	0	3,248,604	3,248,604
Total Expenditures	<u>\$ 37,708,175</u>	<u>\$ 5,210,264</u>	<u>\$ 42,918,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (186,918)</u>	<u>\$ (2,450,047)</u>	<u>\$ (2,636,965)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 179	\$ 0	\$ 179
Transfers In	132,322	0	132,322
Transfers Out	0	(132,322)	(132,322)
Total Other Financing Sources (Uses)	<u>\$ 132,501</u>	<u>\$ (132,322)</u>	<u>\$ 179</u>
Net Change in Fund Balances	\$ (54,417)	\$ (2,582,369)	\$ (2,636,786)
Fund Balance, July 1, 2008	3,521,071	3,235,388	6,756,459
Fund Balance, June 30, 2009	<u>\$ 3,466,654</u>	<u>\$ 653,019</u>	<u>\$ 4,119,673</u>

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (2,636,786)
(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	\$ 4,069,386	
Less: current-year depreciation expense	<u>(800,557)</u>	3,268,829
(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, 2008	\$ (475,165)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>678,506</u>	203,341
(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 liability		(135,259)
(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>281,341</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 981,466</u>

Exhibit J-6

Loudon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2009

	Special Revenue Fund School Federal Projects	Capital Projects Fund Education Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 221,165	\$ 780,004	\$ 1,001,169
Accounts Receivable	257	0	257
Due from Other Governments	54,519	0	54,519
Due from Other Funds	15,320	0	15,320
Prepaid Items	2,068	0	2,068
	<hr/>		
Total Assets	<u>\$ 293,329</u>	<u>\$ 780,004</u>	<u>\$ 1,073,333</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 94,706	\$ 0	\$ 94,706
Payroll Deductions Payable	24,767	0	24,767
Contracts Payable	0	295,078	295,078
Retainage Payable	0	5,000	5,000
Due to Other Funds	763	0	763
	<hr/>		
Total Liabilities	<u>\$ 120,236</u>	<u>\$ 300,078</u>	<u>\$ 420,314</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 203,714	\$ 203,714
Reserved for Title I Grants to Local Education Agencies	67,252	0	67,252
Reserved for Special Education - Grants to States	90,353	0	90,353
Other Federal Reserves	15,488	0	15,488
Unreserved	0	276,212	276,212
	<hr/>		
Total Fund Balances	<u>\$ 173,093</u>	<u>\$ 479,926</u>	<u>\$ 653,019</u>
	<hr/>		
Total Liabilities and Fund Balances	<u>\$ 293,329</u>	<u>\$ 780,004</u>	<u>\$ 1,073,333</u>

Exhibit J-7

Loudon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2009

	Special Revenue Fund <u>School Federal Projects</u>	Capital Projects Fund <u>Education Capital Projects</u>	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 1,960,217	\$ 0	\$ 1,960,217
Other Governments and Citizens Groups	0	800,000	800,000
Total Revenues	<u>\$ 1,960,217</u>	<u>\$ 800,000</u>	<u>\$ 2,760,217</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,774,554	\$ 0	\$ 1,774,554
Support Services	187,106	0	187,106
Capital Projects	0	3,248,604	3,248,604
Total Expenditures	<u>\$ 1,961,660</u>	<u>\$ 3,248,604</u>	<u>\$ 5,210,264</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,443)</u>	<u>\$ (2,448,604)</u>	<u>\$ (2,450,047)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (132,322)	\$ 0	\$ (132,322)
Total Other Financing Sources (Uses)	<u>\$ (132,322)</u>	<u>\$ 0</u>	<u>\$ (132,322)</u>
Net Change in Fund Balances	\$ (133,765)	\$ (2,448,604)	\$ (2,582,369)
Fund Balance, July 1, 2008	<u>306,858</u>	<u>2,928,530</u>	<u>3,235,388</u>
Fund Balance, June 30, 2009	<u>\$ 173,093</u>	<u>\$ 479,926</u>	<u>\$ 653,019</u>

Exhibit J-8

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,109,709	\$ 0	\$ 0	\$ 12,109,709	\$ 12,386,350	\$ 12,386,350	\$ (276,641)
Licenses and Permits	1,382	0	0	1,382	1,500	1,500	(118)
Charges for Current Services	1,316,568	0	0	1,316,568	1,347,700	1,437,114	(120,546)
Other Local Revenues	131,460	0	0	131,460	280,000	285,467	(154,007)
State of Tennessee	21,673,694	0	0	21,673,694	21,270,608	21,676,542	(2,848)
Federal Government	2,271,541	0	0	2,271,541	1,913,474	2,462,065	(190,524)
Other Governments and Citizens Groups	16,903	0	0	16,903	23,000	30,754	(13,851)
Total Revenues	\$ 37,521,257	\$ 0	\$ 0	\$ 37,521,257	\$ 37,222,632	\$ 38,279,792	\$ (758,536)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,761,728	\$ 0	\$ 0	\$ 19,761,728	\$ 19,972,267	\$ 20,152,110	\$ 390,382
Special Education Program	2,247,901	(3,810)	2,692	2,246,783	2,282,430	2,316,113	69,330
Vocational Education Program	1,175,813	0	0	1,175,813	1,191,099	1,204,099	28,286
<u>Support Services</u>							
Health Services	86,383	0	0	86,383	90,542	91,242	4,859
Other Student Support	1,341,488	0	0	1,341,488	1,400,394	1,470,655	129,167
Regular Instruction Program	1,650,713	0	0	1,650,713	1,722,147	1,720,317	69,604
Special Education Program	400,787	0	0	400,787	402,790	408,790	8,003
Vocational Education Program	155,638	0	0	155,638	160,213	160,213	4,575
Other Programs	660,464	(1,396)	825	659,893	204,178	666,785	6,892
Board of Education	515,346	0	0	515,346	531,828	544,904	29,558
Director of Schools	325,330	(2,145)	0	323,185	368,009	338,849	15,664
Office of the Principal	771,701	0	0	771,701	799,447	797,317	25,616

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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 59,023	\$ 0	\$ 0	\$ 59,023	\$ 52,876	\$ 59,663	\$ 640
Operation of Plant	2,424,233	0	4,500	2,428,733	2,394,439	2,477,439	48,706
Maintenance of Plant	196,762	0	0	196,762	200,000	209,000	12,238
Transportation	1,397,285	0	9,040	1,406,325	1,577,213	1,559,913	153,588
Central and Other	402,902	0	0	402,902	342,768	407,991	5,089
<u>Operation of Non-Instructional Services</u>							
Food Service	2,546,311	0	0	2,546,311	2,339,396	2,582,343	36,032
Community Services	443,860	0	0	443,860	210,961	505,223	61,363
Early Childhood Education	863,166	0	0	863,166	844,904	864,124	958
<u>Principal on Debt</u>							
Education	281,341	0	0	281,341	283,613	284,767	3,426
Total Expenditures	\$ 37,708,175	\$ (7,351)	\$ 17,057	\$ 37,717,881	\$ 37,371,514	\$ 38,821,857	\$ 1,103,976
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (186,918)	\$ 7,351	\$ (17,057)	\$ (196,624)	\$ (148,882)	\$ (542,065)	\$ 345,441
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 179	\$ 0	\$ 0	\$ 179	\$ 0	\$ 0	\$ 179
Transfers In	132,322	0	0	132,322	0	132,322	0
Total Other Financing Sources (Uses)	\$ 132,501	\$ 0	\$ 0	\$ 132,501	\$ 0	\$ 132,322	\$ 179
Net Change in Fund Balance	\$ (54,417)	\$ 7,351	\$ (17,057)	\$ (64,123)	\$ (148,882)	\$ (409,743)	\$ 345,620
Fund Balance, July 1, 2008	3,521,071	(7,351)	0	3,513,720	3,483,732	3,483,732	29,988
Fund Balance, June 30, 2009	\$ 3,466,654	\$ 0	\$ (17,057)	\$ 3,449,597	\$ 3,334,850	\$ 3,073,989	\$ 375,608

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,960,217 \$	0 \$	1,960,217 \$	1,896,754 \$	2,189,143 \$	(228,926)
Total Revenues	\$ 1,960,217 \$	0 \$	1,960,217 \$	1,896,754 \$	2,189,143 \$	(228,926)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 947,747 \$	(3,970) \$	943,777 \$	637,620 \$	986,573 \$	42,796
Special Education Program	774,306	0	774,306	737,212	871,074	96,768
Vocational Education Program	52,501	0	52,501	52,501	52,501	0
<u>Support Services</u>						
Other Student Support	20,319	0	20,319	20,600	20,600	281
Regular Instruction Program	136,554	0	136,554	284,809	183,709	47,155
Special Education Program	21,986	0	21,986	28,190	28,190	6,204
Vocational Education Program	3,500	0	3,500	3,500	3,500	0
Transportation	4,747	0	4,747	0	34,681	29,934
Total Expenditures	\$ 1,961,660 \$	(3,970) \$	1,957,690 \$	1,764,432 \$	2,180,828 \$	223,138
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,443) \$	3,970 \$	2,527 \$	132,322 \$	8,315 \$	(5,788)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (132,322) \$	0 \$	(132,322) \$	(132,322) \$	(132,322) \$	0
Total Other Financing Sources (Uses)	\$ (132,322) \$	0 \$	(132,322) \$	(132,322) \$	(132,322) \$	0
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (133,765) \$	3,970 \$	(129,795) \$	0 \$	(124,007) \$	(5,788)
	306,858	(3,970)	302,888	302,890	302,890	(2)
Fund Balance, June 30, 2009	\$ 173,093 \$	0 \$	173,093 \$	302,890 \$	178,883 \$	(5,790)

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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or			Outstanding 6-30-09
						Issued During Period	Matured During Period	Refunded During Period	
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
Highway Capital Projects	\$ 330,000	4.43%	3-29-06	3-29-11	\$ 190,487	\$ 0	\$ 66,603	\$ 0	\$ 123,884
Total Payable through General Debt Service Fund					\$ 190,487	\$ 0	\$ 66,603	\$ 0	\$ 123,884
Payable through Education Debt Service Fund									
Capital Outlay Note - HVAC and Safety	3,000,000	2.77	4-15-08	4-15-11	\$ 2,839,786	\$ 0	\$ 976,958	\$ 0	\$ 1,862,828
Local Government Energy Efficiency Loan Program	499,981	0	10-20-05	12-1-12	357,129	0	71,426	0	285,703
Capital Outlay Note - Roof and Bleachers	800,000	4.1	9-17-08	3-3-09	0	800,000	800,000	0	0
Total Payable through Education Debt Service Fund					\$ 3,196,915	\$ 800,000	\$ 1,848,384	\$ 0	\$ 2,148,531
Total Notes Payable					\$ 3,387,402	\$ 800,000	\$ 1,914,987	\$ 0	\$ 2,272,415
OTHER LOANS PAYABLE									
Payable through General Fund									
City of Loudon - Highlands Business Center	475,000	0	5-01-00	(1)	\$ 421,056	\$ 0	\$ 10,306	\$ 0	\$ 410,750
Total Payable through General Fund					\$ 421,056	\$ 0	\$ 10,306	\$ 0	\$ 410,750
Payable through General Debt Service Fund									
Montgomery County PBA Loan	5,000,000	Variable	5-8-03	5-25-18	\$ 3,600,000	\$ 0	\$ 310,000	\$ 0	\$ 3,290,000
Sevier County PBA Loan, Series VI-C-4	3,000,000	Variable	10-21-04	6-1-20	2,550,000	0	0	2,550,000	0
Blount County PBA Loan, Series E-3-C - Refunding	2,570,000	Variable	7-31-08	6-1-20	0	2,570,000	155,000	0	2,415,000
Total Payable through General Debt Service Fund					\$ 6,150,000	\$ 2,570,000	\$ 465,000	\$ 2,550,000	\$ 5,705,000
Payable through Education Debt Service Fund									
Sevier County PBA Loan, Series IV H-1	12,500,000	(2)	10-25-01	6-1-25	\$ 12,180,000	\$ 0	\$ 0	\$ 12,180,000	\$ 0
Blount County PBA Loan, Series E-3-C - Refunding	12,265,000	(2)	7-31-08	6-1-25	0	12,265,000	185,000	0	12,080,000
Qualified Zone Academy Bonds - Energy Efficiency	4,129,500	0	12-28-05	12-1-20	3,637,266	0	209,915	0	3,427,351
Total Payable through Education Debt Service Fund					\$ 15,817,266	\$ 12,265,000	\$ 394,915	\$ 12,180,000	\$ 15,507,351
Total Other Loans Payable					\$ 22,988,322	\$ 14,835,000	\$ 870,221	\$ 14,730,000	\$ 21,623,101

(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 7-1-08	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT (CONT.)									
CAPITAL LEASES									
Payable through Solid Waste/Sanitation Fund Compactors and Containers	\$ 135,000	0 %	7-1-05	3-31-10	\$ 47,250	0 \$	27,000 \$	0 \$	20,250
Total Capital Leases	\$				\$ 47,250	0 \$	27,000 \$	0 \$	20,250
BONDS PAYABLE									
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	\$ 180,000	0 \$	180,000 \$	0 \$	0
General Obligation Refunding Series 2002	1,960,000	3.25 to 4	3-1-02	3-1-09	120,000	0	120,000	0	0
General Obligation Refunding Series 2004	5,225,000	1.8 to 4	3-31-04	4-1-20	5,020,000	0	55,000	0	4,965,000
Total Bonds Payable	\$				\$ 5,320,000	0 \$	355,000 \$	0 \$	4,965,000
DISCRETELY PRESENTED LOUDON COUNTY SCHOOL DEPARTMENT									
NOTES PAYABLE									
Payable through General Purpose School Fund									
Energy Efficiency Note - Borrowed from Primary Government	499,981	0	10-20-05	12-1-12	\$ 357,129	0 \$	71,426 \$	0 \$	285,703
Energy Efficiency QZAB - Borrowed from Primary Government	4,129,500	0	12-28-05	12-1-20	3,637,266	0	209,915	0	3,427,351
Total Notes Payable	\$				\$ 3,994,395	0 \$	281,341 \$	0 \$	3,713,054

- (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) The Series IV-H-1 issue was swapped from variable to synthetic fixed rate by execution of a swap agreement. That issue was refunded during the year with proceeds of the E-3-C issue.

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
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>\$ 2,272,415</u>	<u>\$ 54,942</u>	<u>\$ 2,327,357</u>

Year Ending June 30	Other Loan Principal (1)	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2010	\$ 965,300	\$ 402,386	\$ 115,407	\$ 1,483,093
2011	1,296,300	392,756	111,045	1,800,101
2012	1,342,300	373,811	104,505	1,820,616
2013	1,403,300	353,815	97,668	1,854,783
2014	1,449,300	332,571	90,435	1,872,306
2015	1,521,300	310,276	82,905	1,914,481
2016	1,574,300	286,498	74,907	1,935,705
2017	1,651,300	261,518	66,567	1,979,385
2018	1,709,300	234,910	57,726	2,001,936
2019	1,340,300	206,955	48,510	1,595,765
2020	1,410,300	179,020	41,481	1,630,801
2021	1,314,051	149,350	33,990	1,497,391
2022	970,000	122,815	27,951	1,120,766
2023	1,025,000	94,685	21,549	1,141,234
2024	1,090,000	64,960	14,784	1,169,744
2025	1,150,000	33,350	7,590	1,190,940
Total	<u>\$ 21,212,351</u>	<u>\$ 3,799,676</u>	<u>\$ 997,020</u>	<u>\$ 26,009,047</u>

(1) Does not include the City of Loudon - Highland Business Center note (\$410,750) 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
2010	\$ 20,250	\$ 0	\$ 20,250
Total	\$ 20,250	\$ 0	\$ 20,250

Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	\$ 4,965,000	\$ 1,244,665	\$ 6,209,665

(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
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	399,051	0	399,051
Total	<u>\$ 3,713,054</u>	<u>\$ 0</u>	<u>\$ 3,713,054</u>

Exhibit K-3

Loudon County, Tennessee
Schedule of Notes Receivable
June 30, 2009

<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 6-30-09</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	\$ 285,703
<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>3,427,351</u>
Total Notes Receivable						<u>\$ 3,713,054</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, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Retirement of debt	<u>\$ 143,243</u>
<u>DISCRETELY PRESENTED LOUDON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Early Intervention Services	<u>\$ 132,322</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, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 79,028	\$ 50,000	Western Surety Company
Highway Superintendent	Section 8-24-102, <u>TCA</u> , and County Commission	75,265 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	114,889 (2)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,214,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,954	10,000	"
Director of Accounts and Budgets	County Commission	60,954	25,000	"
Purchasing Agent	County Commission	52,537	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Register	Section 8-24-102, <u>TCA</u>	63,954	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	75,265 (3)	25,000	"

Employee Blanket Bonds - All County Employees: 250,000 Coregis Insurance Organization - Blanket Policy

- (1) Includes county engineering services fee of \$4,915.
- (2) Includes chief executive officer training supplement of \$1,000, living expenses of \$400, and certified personnel payment of \$289.
- (3) Includes county workhouse supervisor pay of \$4,915.

London County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2009

	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	\$ 7,788,280	\$ 0	\$ 64,892	\$ 0	\$ 0
Trustee's Collections - Prior Year	162,386	0	2,319	0	0
Trustee's Collections - Bankruptcy	1,349	0	11	0	0
Circuit/Clerk & Master Collections - Prior Years	74,297	0	1,615	0	0
Interest and Penalty	35,994	0	452	0	0
Payments in-Lieu-of Taxes - Other	2,096	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	247,855	0	495,708	0	0
Hotel/Motel Tax	357,822	0	0	0	0
Litigation Tax - General	93,332	0	0	0	0
Litigation Tax - Special Purpose	193,762	6,360	0	0	0
Business Tax	378,150	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	44,726	0	373	0	0
Wholesale Beer Tax	100,668	0	0	0	0
Total Local Taxes	\$ 9,480,717	\$ 6,360	\$ 565,370	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 56,578	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	267,848	0	0	0	0
<u>Permits</u>					
Beer Permits	2,518	0	0	0	0
Building Permits	115,092	0	0	0	0
Other Permits	30,553	0	0	0	0
Total Licenses and Permits	\$ 472,589	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

London 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	\$ 635	\$ 0	\$ 0	\$ 0	\$ 0	0
Interpreter Fees	200	0	0	0	0	0
Data Entry Fee - Circuit Court	550	0	0	0	0	0
Courtroom Security Fee	2,102	0	0	0	0	0
<u>Criminal Court</u>						
Fines	9,615	0	0	0	0	0
Officers Costs	16,281	0	0	0	0	0
Drug Control Fines	2,114	0	0	0	0	4,368
Jail Fees	1,406	0	0	0	0	0
DUI Treatment Fines	2,058	0	0	0	0	0
Data Entry Fee - Criminal Court	3,106	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	63,331	0	0	0	0	0
Officers Costs	135,608	0	0	0	0	0
Game and Fish Fines	2,110	0	0	0	0	0
Drug Control Fines	10,746	0	0	0	0	8,407
Jail Fees	11,372	0	0	0	0	0
DUI Treatment Fines	15,786	0	0	0	0	0
Data Entry Fee - General Sessions Court	16,327	0	0	0	0	0
Courtroom Security Fee	49,896	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,457	0	0	0	0	0
Drug Control Fines	1,600	0	0	0	0	0
Data Entry Fee - Juvenile Court	168	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	4,707	0	0	0	0	0
Data Entry Fee - Chancery Court	1,774	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	10,858	0	0	0	0	0
DUI Treatment Fines	2,325	0	0	0	0	0

(Continued)

London 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	\$ 31,469
Courtroom Security Fee	44	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	24,486	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 390,662	\$ 0	\$ 0	\$ 0	\$ 44,244
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other General Service Charges	\$ 139,603	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>					
Copy Fees	207	0	0	0	0
Telephone Commissions	17,071	0	0	0	0
Data Processing Fee - Register	25,458	0	0	0	0
Data Processing Fee - Sheriff	11,435	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,125	0	0	0	0
Data Processing Fee - County Clerk	3,100	0	0	0	0
Total Charges for Current Services	\$ 197,999	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 179,286	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	7,300	0	0	8,567	0
Sale of Materials and Supplies	350	0	0	0	0
Commissary Sales	11,002	0	0	0	0
Sale of Maps	1,224	0	0	0	0
Sale of Recycled Materials	0	0	52,215	0	0
Miscellaneous Refunds	4,387	0	0	0	300
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	0	0	0	0	0
Sale of Property	34,804	0	0	0	0

(Continued)

London 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>					
Damages Recovered from Individuals	\$ 1,300	\$ 0	\$ 0	\$ 0	\$ 0
Contributions and Gifts	3,320	0	0	0	26,450
<u>Other Local Revenues</u>	59,000	0	0	0	0
Total Other Local Revenues	\$ 301,973	\$ 0	\$ 52,215	\$ 8,567	\$ 26,750
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 383,734	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	96,825	0	0	0	0
General Sessions Court Clerk	507,016	0	0	0	0
Clerk and Master	90,720	0	0	0	0
Register	348,884	0	0	0	0
Sheriff	14,835	0	0	0	0
Trustee	699,110	0	0	0	0
Total Fees Received from County Officials	\$ 2,141,124	\$ 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	12,903	0	0	0	0
State Reappraisal Grant	20,211	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	23,400	0	0	0	0
Health and Welfare Grants	397,996	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	0	0	23,799	0	0
Other Public Works Grants	0	0	0	0	0

(Continued)

London 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>Other State Revenues</u>					
Income Tax	\$ 1,110,227	\$ 0	\$ 0	\$ 0	0
Beer Tax	18,701	0	0	0	0
Alcoholic Beverage Tax	48,094	0	0	0	0
Mixed Drink Tax	1,938	0	0	0	0
Contracted Prisoner Boarding	64,890	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	14,912	0	0	0	0
State Shared Sales Tax - Cities	343	0	0	0	0
Other State Revenues	297,155	0	0	0	0
Total State of Tennessee	\$ 2,021,470	\$ 0	\$ 23,799	\$ 0	0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	82,000	0	0	0	0
Disaster Relief	3,599	0	0	0	0
Homeland Security Grants	77,103	0	0	0	0
Other Federal through State	40,768	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	\$ 203,470	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 4,400	\$ 0	\$ 0	\$ 0	0
Contributions	8,282	0	0	0	0
Contracted Services	152,696	0	0	0	0

(Continued)

London 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 (Cont.)</u>					
<u>Citizens Groups</u>					
<u>Donations</u>	\$ 55,733	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>	16,902	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 238,013</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total</u>	<u>\$ 15,448,017</u>	<u>\$ 6,360</u>	<u>\$ 641,384</u>	<u>\$ 8,567</u>	<u>\$ 70,994</u>

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital
	Other Special Revenue	Highway/ Public Works	General Debt Service	Education Debt Service	Projects		Fund
					General Debt Service	Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 519,247	\$ 1,233,130	\$ 1,713,386	\$ 259,585	\$ 11,578,520	
Trustee's Collections - Prior Year	0	6,960	22,038	17,645	5,800	217,148	
Trustee's Collections - Bankruptcy	0	61	242	66	55	1,784	
Circuit/Clerk & Master Collections - Prior Years	0	3,769	10,229	0	2,692	92,602	
Interest and Penalty	0	1,792	5,623	5,025	1,257	50,143	
Payments in-Lieu-of Taxes - Other	0	0	19,450	0	0	21,546	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	743,563	
Hotel/Motel Tax	0	0	0	0	0	357,822	
Litigation Tax - General	0	0	0	0	0	93,332	
Litigation Tax - Special Purpose	0	0	0	0	0	200,122	
Business Tax	0	0	0	0	0	378,150	
Mineral Severance Tax	0	89,595	0	0	0	89,595	
Adequate Facilities/Development Tax	0	0	0	561,572	0	561,572	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	2,982	7,082	11,181	1,491	67,835	
Wholesale Beer Tax	0	0	0	0	0	100,668	
Total Local Taxes	\$ 0	\$ 624,406	\$ 1,297,794	\$ 2,308,875	\$ 270,880	\$ 14,554,402	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 0	0	0	0	0	56,578	
Cable TV Franchise	0	0	0	0	0	267,848	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	2,518	
Building Permits	0	0	0	0	0	115,092	
Other Permits	0	0	0	0	0	30,553	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 472,589	

(Continued)

London 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	Capital Projects Fund			
						General	Capital		
\$	0	0	0	0	0	0	0	0	635
<u>Fines</u>	0	0	0	0	0	0	0	0	200
Interprete Fees	0	0	0	0	0	0	0	0	550
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	2,102
Courtroom Security Fee	0	0	0	0	0	0	0	0	9,615
<u>Criminal Court</u>	0	0	0	0	0	0	0	0	16,281
Fines	0	0	0	0	0	0	0	0	6,482
Officers Costs	0	0	0	0	0	0	0	0	1,406
Drug Control Fines	0	0	0	0	0	0	0	0	2,058
Jail Fees	0	0	0	0	0	0	0	0	3,106
DUI Treatment Fines	0	0	0	0	0	0	0	0	63,331
Data Entry Fee - Criminal Court	0	0	0	0	0	0	0	0	135,608
<u>General Sessions Court</u>	0	0	0	0	0	0	0	0	2,110
Fines	0	0	0	0	0	0	0	0	19,153
Officers Costs	0	0	0	0	0	0	0	0	11,372
Game and Fish Fines	0	0	0	0	0	0	0	0	15,786
Drug Control Fines	0	0	0	0	0	0	0	0	16,327
Jail Fees	0	0	0	0	0	0	0	0	49,896
DUI Treatment Fines	0	0	0	0	0	0	0	0	1,457
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	1,600
Courtroom Security Fee	0	0	0	0	0	0	0	0	168
<u>Juvenile Court</u>	0	0	0	0	0	0	0	0	4,707
Fines	0	0	0	0	0	0	0	0	1,774
Drug Control Fines	0	0	0	0	0	0	0	0	10,858
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	2,325
<u>Chancery Court</u>	0	0	0	0	0	0	0	0	
Officers Costs	0	0	0	0	0	0	0	0	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	
<u>Other Courts - In-county</u>	0	0	0	0	0	0	0	0	
Fines	0	0	0	0	0	0	0	0	
DUI Treatment Fines	0	0	0	0	0	0	0	0	

(Continued)

London 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	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,469
Courtroom Security Fee	0	0	0	0	0	0	0	44
<u>Other Fines, Forfeitures, and Penalties</u>								
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	24,486
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 434,906
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Other General Service Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 139,603
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	207
Telephone Commissions	0	0	0	0	0	0	0	17,071
Data Processing Fee - Register	0	0	0	0	0	0	0	25,458
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	11,435
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	1,125
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	3,100
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 197,999
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 32,855	\$ 137,244	\$ 0	\$ 0	\$ 349,385
Lease/Rentals	0	0	0	0	0	0	0	15,867
Sale of Materials and Supplies	0	3,546	0	0	0	0	0	3,896
Commissary Sales	0	0	0	0	0	0	0	11,002
Sale of Maps	0	0	0	0	0	0	0	1,224
Sale of Recycled Materials	0	0	0	0	0	0	0	52,215
Miscellaneous Refunds	0	2,740	0	0	0	0	0	7,427
<u>Nonrecurring Items</u>								
Revenue from Joint Ventures	0	0	0	28,061	0	0	0	28,061
Sale of Property	0	0	0	122,061	0	0	0	156,865

(Continued)

London 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	Capital Projects		
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items (Cont.)</u>								
Damages Recovered from Individuals	\$ 0	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,400
Contributions and Gifts	0	0	0	0	0	2,793	0	32,563
<u>Other Local Revenues</u>	0	0	0	0	0	0	0	59,000
Total Other Local Revenues	\$ 0	\$ 6,386	\$ 182,977	\$ 137,244	\$ 0	\$ 2,793	\$ 0	\$ 718,905
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 383,734
Circuit Court Clerk	0	0	0	0	0	0	0	96,825
General Sessions Court Clerk	0	0	0	0	0	0	0	507,016
Clerk and Master	0	0	0	0	0	0	0	90,720
Register	0	0	0	0	0	0	0	348,884
Sheriff	0	0	0	0	0	0	0	14,835
Trustee	0	0	0	0	0	0	0	699,110
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,141,124
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,700
Aging Programs	0	0	0	0	0	0	0	12,903
State Reappraisal Grant	0	0	0	0	0	0	0	20,211
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	0	23,400
Health and Welfare Grants	0	0	0	0	0	0	0	397,996
<u>Public Works Grants</u>								
State Aid Program	0	16,139	0	0	0	0	0	16,139
Litter Program	0	0	0	0	0	0	0	23,799
Other Public Works Grants	0	0	0	0	0	0	211,160	211,160

(Continued)

London 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>Other State Revenues</u>								
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,110,227	
Beer Tax	0	0	0	0	0	0	18,701	
Alcoholic Beverage Tax	0	0	0	0	0	0	48,094	
Mixed Drink Tax	0	0	0	0	0	0	1,938	
Contracted Prisoner Boarding	0	0	0	0	0	0	64,890	
Gasoline and Motor Fuel Tax	0	1,499,224	0	0	0	0	1,499,224	
Petroleum Special Tax	0	31,390	0	0	0	0	31,390	
Registrar's Salary Supplement	0	0	0	0	0	0	14,912	
State Shared Sales Tax - Cities	0	0	0	0	0	0	343	
Other State Revenues	0	0	0	0	0	0	297,155	
Total State of Tennessee	\$ 0	\$ 1,546,753	\$ 0	\$ 0	\$ 211,160	\$ 0	\$ 3,803,182	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,090	\$ 0	113,090	
Civil Defense Reimbursement	0	0	0	0	0	0	82,000	
Disaster Relief	0	0	0	0	0	0	3,599	
Homeland Security Grants	0	0	0	0	0	0	77,103	
Other Federal through State	0	0	0	0	0	0	40,768	
<u>Direct Federal Revenue</u>								
Asset Forfeiture Funds	97,355	0	0	0	0	0	97,355	
Other Direct Federal Revenue	0	0	0	0	1,124	0	1,124	
Total Federal Government	\$ 97,355	\$ 0	\$ 0	\$ 0	\$ 114,214	\$ 0	\$ 415,039	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,400	
Contributions	0	0	0	0	0	0	8,282	
Contracted Services	0	0	141,552	0	166,841	0	461,089	

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund
	Other Special Revenue	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Total	
Other Governments and Citizens Groups (Cont.)							
<u>Citizens Groups</u>							
Donations	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	55,733
Other	0	0	0	0	0	0	16,902
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 0 \$</u>	<u>0 \$</u>	<u>141,552 \$</u>	<u>0 \$</u>	<u>166,841 \$</u>	<u>0 \$</u>	<u>546,406</u>
<u>Total</u>	<u>\$ 97,355 \$</u>	<u>2,177,545 \$</u>	<u>1,622,323 \$</u>	<u>2,446,119 \$</u>	<u>765,888 \$</u>	<u>23,284,552</u>	

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, 2009

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,930,368	\$ 0	\$ 0	\$ 8,930,368
Trustee's Collections - Prior Year	138,966	0	0	138,966
Trustee's Collections - Bankruptcy	1,260	0	0	1,260
Circuit/Clerk & Master Collections - Prior Years	71,912	0	0	71,912
Interest and Penalty	33,847	0	0	33,847
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,876,695	0	0	2,876,695
<u>Statutory Local Taxes</u>				
Bank Excise Tax	51,249	0	0	51,249
Interstate Telecommunications Tax	5,412	0	0	5,412
Total Local Taxes	<u>\$ 12,109,709</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,109,709</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,382	\$ 0	\$ 0	\$ 1,382
Total Licenses and Permits	<u>\$ 1,382</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,382</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 1,109,349	\$ 0	\$ 0	\$ 1,109,349
Community Service Fees - Children	207,219	0	0	207,219
Total Charges for Current Services	<u>\$ 1,316,568</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,316,568</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 85,958	\$ 0	\$ 0	\$ 85,958
Refund of Telecommunication and Internet Fees (E-Rate)	28,903	0	0	28,903
Miscellaneous Refunds	11,132	0	0	11,132
<u>Nonrecurring Items</u>				
Sale of Equipment	5,467	0	0	5,467
Total Other Local Revenues	<u>\$ 131,460</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 131,460</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 150,126	\$ 0	\$ 0	\$ 150,126
<u>State Education Funds</u>				
Basic Education Program	18,910,671	0	0	18,910,671
School Food Service	27,544	0	0	27,544
Other State Education Funds	1,223,958	0	0	1,223,958
Career Ladder Program	224,632	0	0	224,632
Career Ladder - Extended Contract	166,200	0	0	166,200
<u>Other State Revenues</u>				
Mixed Drink Tax	1,321	0	0	1,321
State Revenue Sharing - T.V.A.	953,329	0	0	953,329
Other State Revenues	15,913	0	0	15,913
Total State of Tennessee	<u>\$ 21,673,694</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,673,694</u>

(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	\$ 908,894	\$ 0	\$ 0	\$ 908,894
Breakfast	340,017	0	0	340,017
USDA - Other	10,596	0	0	10,596
Vocational Education - Basic Grants to States	0	69,601	0	69,601
Title I Grants to Local Education Agencies	0	762,427	0	762,427
Special Education - Grants to States	56,581	845,536	0	902,117
Special Education Preschool Grants	0	15,769	0	15,769
Eisenhower Professional Development State Grants	0	204,895	0	204,895
Other Federal through State	895,763	61,989	0	957,752
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	59,690	0	0	59,690
Total Federal Government	<u>\$ 2,271,541</u>	<u>\$ 1,960,217</u>	<u>\$ 0</u>	<u>\$ 4,231,758</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 800,000	\$ 800,000
<u>Citizens Groups</u>				
Donations	15,749	0	0	15,749
<u>Other</u>				
Other	1,154	0	0	1,154
Total Other Governments and Citizens Groups	<u>\$ 16,903</u>	<u>\$ 0</u>	<u>\$ 800,000</u>	<u>\$ 816,903</u>
Total	<u>\$ 37,521,257</u>	<u>\$ 1,960,217</u>	<u>\$ 800,000</u>	<u>\$ 40,281,474</u>

Exhibit K-8

Loudon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	79,194	
Social Security		4,772	
State Retirement		4,445	
Life Insurance		200	
Medical Insurance		13,370	
Dental Insurance		2,912	
Employer Medicare		1,116	
Dues and Memberships		10,966	
Travel		2,126	
Office Supplies		1,437	
Other Supplies and Materials		1,874	
In Service/Staff Development		1,090	
Total County Commission			\$ 123,502

Board of Equalization

Board and Committee Members Fees	\$	1,690	
Travel		210	
Total Board of Equalization			1,900

Beer Board

Board and Committee Members Fees	\$	3,329	
Advertising		261	
Total Beer Board			3,590

Other Boards and Committees

Board and Committee Members Fees	\$	6,450	
Total Other Boards and Committees			6,450

County Mayor/Executive

County Official/Administrative Officer	\$	79,028	
Salary Supplements		317	
Secretary(ies)		36,582	
Overtime Pay		377	
Social Security		7,096	
State Retirement		10,827	
Life Insurance		95	
Medical Insurance		12,647	
Dental Insurance		925	
Employer Medicare		1,660	
Communication		2,553	

(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.)

Dues and Memberships	\$	1,700	
Maintenance and Repair Services - Vehicles		451	
Travel		2,808	
Other Contracted Services		539	
Gasoline		571	
Office Supplies		1,730	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		410	
Total County Mayor/Executive			\$ 160,491

Personnel Office

Salary Supplements	\$	317	
Clerical Personnel		36,185	
Overtime Pay		962	
Social Security		2,289	
State Retirement		3,445	
Life Insurance		48	
Medical Insurance		4,339	
Dental Insurance		654	
Employer Medicare		535	
Medical and Dental Services		5,016	
Postal Charges		160	
Travel		274	
Office Supplies		347	
Other Supplies and Materials		327	
Total Personnel Office			54,898

County Attorney

Legal Services	\$	27,867	
Other Contracted Services		81,292	
Total County Attorney			109,159

Election Commission

County Official/Administrative Officer	\$	58,534	
Salary Supplements		317	
Secretary(ies)		35,870	
Temporary Personnel		3,751	
Overtime Pay		3,338	
Election Commission		12,028	
Election Workers		60,486	

(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.)

Social Security	\$	9,165	
State Retirement		8,760	
Life Insurance		90	
Medical Insurance		9,277	
Dental Insurance		571	
Unemployment Compensation		1,100	
Employer Medicare		2,143	
Advertising		5,390	
Communication		3,296	
Dues and Memberships		225	
Operating Lease Payments		2,000	
Licenses		8,265	
Maintenance and Repair Services - Equipment		2,858	
Postal Charges		5,121	
Printing, Stationery, and Forms		8,000	
Travel		8,375	
Other Contracted Services		14,218	
Office Supplies		4,072	
Office Equipment		9,459	
Total Election Commission			\$ 276,709

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Salary Supplements		1,267	
Clerical Personnel		117,121	
Social Security		10,900	
State Retirement		17,031	
Life Insurance		241	
Medical Insurance		48,723	
Dental Insurance		3,232	
Employer Medicare		2,549	
Communication		1,505	
Dues and Memberships		622	
Travel		1,439	
Other Contracted Services		26,392	
Office Supplies		5,365	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			300,441

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Planning

Supervisor/Director	\$	67,173	
Salary Supplements		835	
Secretary(ies)		37,017	
Overtime Pay		677	
Social Security		6,434	
State Retirement		9,780	
Life Insurance		107	
Medical Insurance		13,370	
Dental Insurance		1,346	
Unemployment Compensation		193	
Employer Medicare		1,505	
Communication		2,473	
Consultants		11,616	
Maintenance and Repair Services - Vehicles		593	
Travel		757	
Other Contracted Services		440	
Gasoline		1,655	
Office Supplies		3,825	
Utilities		2,598	
Building and Contents Insurance		3,012	
Workers' Compensation Insurance		366	
In Service/Staff Development		787	
Total Planning			\$ 166,559

Codes Compliance

Assistant(s)	\$	123,693
Supervisor/Director		52,537
Salary Supplements		1,785
Secretary(ies)		30,777
Social Security		12,705
State Retirement		19,501
Life Insurance		242
Medical Insurance		40,668
Dental Insurance		3,265
Employer Medicare		2,971
Communication		4,419
Dues and Memberships		235
Maintenance and Repair Services - Vehicles		1,695
Postal Charges		343
Printing, Stationery, and Forms		485

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Travel	\$	49	
Gasoline		5,731	
Office Supplies		1,593	
Uniforms		572	
Other Supplies and Materials		181	
In Service/Staff Development		460	
Furniture and Fixtures		1,242	
Office Equipment		1,263	
Total Codes Compliance			\$ 306,412

Geographical Information Systems

Supervisor/Director	\$	36,791	
Salary Supplements		317	
Overtime Pay		278	
Social Security		2,206	
State Retirement		3,492	
Life Insurance		49	
Medical Insurance		8,309	
Dental Insurance		654	
Employer Medicare		516	
Travel		9	
Other Contracted Services		3,000	
Office Supplies		198	
Total Geographical Information Systems			55,819

County Buildings

Supervisor/Director	\$	41,656	
Salary Supplements		3,372	
Laborers		281,323	
Custodial Personnel		24,576	
Overtime Pay		2,884	
Social Security		20,926	
State Retirement		33,046	
Life Insurance		482	
Medical Insurance		96,299	
Dental Insurance		6,158	
Employer Medicare		4,894	
Communication		31,108	
Operating Lease Payments		49,122	
Maintenance and Repair Services - Buildings		66,695	

(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.)

Maintenance and Repair Services - Equipment	\$	1,305	
Maintenance and Repair Services - Vehicles		7,356	
Pest Control		4,960	
Other Contracted Services		143,897	
Custodial Supplies		5,373	
Duplicating Supplies		9,714	
Gasoline		14,914	
Office Supplies		168	
Tires and Tubes		1,240	
Uniforms		4,319	
Utilities		239,898	
Other Supplies and Materials		354	
Maintenance Equipment		2,024	
Motor Vehicles		21,376	
Office Equipment		1,208	
Total County Buildings			\$ 1,120,647

Finance

Accounting and Budgeting

Supervisor/Director	\$	60,954	
Accountants/Bookkeepers		240,302	
Salary Supplements		2,216	
Overtime Pay		2,850	
Social Security		18,516	
State Retirement		28,584	
Life Insurance		378	
Medical Insurance		51,006	
Dental Insurance		3,170	
Employer Medicare		4,330	
Audit Services		11,726	
Communication		2,174	
Postal Charges		3,855	
Printing, Stationery, and Forms		4,299	
Travel		785	
Other Contracted Services		9,211	
Office Supplies		9,365	
Premiums on Corporate Surety Bonds		117	
In Service/Staff Development		1,985	
Total Accounting and Budgeting			455,823

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing

Supervisor/Director	\$	52,537	
Purchasing Personnel		69,072	
Salary Supplements		1,151	
Overtime Pay		995	
Social Security		7,491	
State Retirement		11,559	
Life Insurance		142	
Medical Insurance		16,986	
Dental Insurance		1,196	
Employer Medicare		1,752	
Advertising		893	
Communication		1,789	
Dues and Memberships		565	
Travel		1,934	
Other Contracted Services		90	
Office Supplies		2,610	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		895	
Office Equipment		3,047	
Total Purchasing			\$ 174,879

Property Assessor's Office

County Official/Administrative Officer	\$	63,954
Salary Supplements		1,583
Secretary(ies)		129,924
Overtime Pay		2,405
Social Security		11,826
State Retirement		18,481
Life Insurance		288
Medical Insurance		57,032
Dental Insurance		3,534
Employer Medicare		2,766
Communication		3,618
Data Processing Services		8,018
Dues and Memberships		1,475
Maintenance Agreements		10,657
Maintenance and Repair Services - Vehicles		105
Postal Charges		11,045
Travel		1,360
Other Contracted Services		26,510

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Gasoline	\$	1,122	
Office Supplies		3,001	
Premiums on Corporate Surety Bonds		117	
In Service/Staff Development		771	
Office Equipment		165	
Total Property Assessor's Office			\$ 359,757

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Salary Supplements		950	
Clerical Personnel		91,308	
Temporary Personnel		1,675	
Part-time Personnel		8,870	
Social Security		9,885	
State Retirement		14,590	
Life Insurance		194	
Medical Insurance		32,359	
Dental Insurance		2,611	
Unemployment Compensation		653	
Employer Medicare		2,312	
Communication		2,136	
Dues and Memberships		647	
Maintenance Agreements		5,677	
Printing, Stationery, and Forms		592	
Travel		1,053	
Other Contracted Services		22,622	
Office Supplies		11,075	
Premiums on Corporate Surety Bonds		6,320	
Office Equipment		455	
Total County Trustee's Office			279,938

County Clerk's Office

County Official/Administrative Officer	\$	63,954	
Salary Supplements		2,340	
Clerical Personnel		196,439	
Temporary Personnel		4,240	
Part-time Personnel		19,564	
Social Security		16,991	
State Retirement		24,528	
Life Insurance		381	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Medical Insurance	\$	57,769	
Dental Insurance		3,325	
Employer Medicare		3,974	
Communication		2,858	
Dues and Memberships		662	
Other Contracted Services		16,161	
Office Supplies		14,007	
Premiums on Corporate Surety Bonds		250	
Office Equipment		503	
Total County Clerk's Office	\$		427,946

Data Processing

Computer Programmer(s)	\$	40,841	
Salary Supplements		317	
Overtime Pay		232	
Social Security		2,545	
State Retirement		3,844	
Life Insurance		47	
Medical Insurance		4,339	
Dental Insurance		273	
Employer Medicare		595	
Communication		3,831	
Office Supplies		354	
Data Processing Equipment		14,135	
Office Equipment		1,604	
Total Data Processing			72,957

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Salary Supplements		950	
Clerical Personnel		108,396	
Temporary Personnel		578	
Overtime Pay		1,789	
Social Security		10,765	
State Retirement		15,962	
Life Insurance		228	
Medical Insurance		20,816	
Dental Insurance		1,300	
Employer Medicare		2,518	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$	1,629	
Dues and Memberships		662	
Printing, Stationery, and Forms		1,849	
Travel		3,326	
Other Contracted Services		22,524	
Office Supplies		4,999	
Premiums on Corporate Surety Bonds		175	
In Service/Staff Development		2,825	
Office Equipment		1,751	
Total Circuit Court			\$ 266,996

General Sessions Court

Salary Supplements	\$	2,850	
Clerical Personnel		252,963	
Temporary Personnel		10,636	
Part-time Personnel		26,468	
Overtime Pay		4,648	
Social Security		17,979	
State Retirement		24,115	
Life Insurance		401	
Medical Insurance		50,449	
Dental Insurance		4,462	
Employer Medicare		4,205	
Communication		559	
Dues and Memberships		240	
Printing, Stationery, and Forms		5,581	
Travel		2,792	
Other Contracted Services		21,608	
Office Supplies		8,561	
In Service/Staff Development		2,766	
Office Equipment		2,404	
Total General Sessions Court			443,687

General Sessions Judge

County Official/Administrative Officer	\$	133,599	
Salary Supplements		317	
Clerical Personnel		47,269	
Temporary Personnel		2,400	
Overtime Pay		181	
Social Security		9,297	

(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 Judge (Cont.)

State Retirement	\$	16,940	
Life Insurance		95	
Medical Insurance		4,339	
Dental Insurance		923	
Employer Medicare		2,604	
Communication		896	
Dues and Memberships		265	
Travel		2,045	
Office Supplies		1,653	
Office Equipment		1,535	
Total General Sessions Judge			\$ 224,358

Chancery Court

County Official/Administrative Officer	\$	63,954	
Salary Supplements		633	
Clerical Personnel		64,047	
Social Security		7,765	
State Retirement		11,915	
Life Insurance		89	
Medical Insurance		25,254	
Dental Insurance		1,184	
Employer Medicare		1,816	
Communication		1,541	
Dues and Memberships		642	
Postal Charges		5,324	
Travel		1,500	
Office Supplies		1,810	
Premiums on Corporate Surety Bonds		219	
In Service/Staff Development		225	
Furniture and Fixtures		4,740	
Office Equipment		423	
Total Chancery Court			193,081

Juvenile Court

Supervisor/Director	\$	61,477	
Social Workers		162,678	
Salary Supplements		1,785	
Part-time Personnel		13,162	
Overtime Pay		6,408	
Social Security		14,991	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

State Retirement	\$	21,376	
Life Insurance		271	
Medical Insurance		26,560	
Dental Insurance		2,683	
Employer Medicare		3,506	
Communication		7,132	
Maintenance and Repair Services - Vehicles		488	
Travel		4,900	
Other Contracted Services		27,717	
Gasoline		2,820	
Office Supplies		2,786	
Tires and Tubes		1,023	
Other Supplies and Materials		1,322	
In Service/Staff Development		2,283	
Office Equipment		250	
Total Juvenile Court			\$ 365,618

Other Administration of Justice

Jury and Witness Fees	\$	9,446	
Other Contracted Services		525	
Total Other Administration of Justice			9,971

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,265	
Assistant(s)		108,460	
Deputy(ies)		1,051,463	
Investigator(s)		179,658	
Captain(s)		48,264	
Sergeant(s)		132,423	
Salary Supplements		37,648	
Secretary(ies)		26,494	
Clerical Personnel		81,486	
Part-time Personnel		69,051	
School Resource Officer		151,577	
Overtime Pay		127,372	
Social Security		127,526	
State Retirement		187,803	
Life Insurance		2,163	
Medical Insurance		425,093	

(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.)

Dental Insurance	\$	25,918	
Employer Medicare		29,825	
Communication		14,276	
Dues and Memberships		1,775	
Maintenance Agreements		4,090	
Maintenance and Repair Services - Equipment		667	
Maintenance and Repair Services - Vehicles		93,338	
Travel		7,796	
Other Contracted Services		5,069	
Drugs and Medical Supplies		2,007	
Gasoline		172,029	
Office Supplies		16,423	
Tires and Tubes		17,190	
Uniforms		14,369	
Other Supplies and Materials		3,261	
Premiums on Corporate Surety Bonds		125	
Vehicle and Equipment Insurance		20,000	
Workers' Compensation Insurance		24,480	
In Service/Staff Development		8,701	
Communication Equipment		2,921	
Motor Vehicles		129,203	
Office Equipment		1,012	
Total Sheriff's Department			\$ 3,426,221

Special Patrols

Contributions	\$	25,000	
Total Special Patrols			25,000

Traffic Control

Utilities	\$	817	
Total Traffic Control			817

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	687	
Total Administration of the Sexual Offender Registry			687

Jail

Lieutenant(s)	\$	44,333	
Salary Supplements		5,066	
Guards		540,704	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	57,417	
Part-time Personnel		1,170	
Overtime Pay		39,411	
Social Security		41,710	
State Retirement		64,029	
Life Insurance		911	
Medical Insurance		150,289	
Dental Insurance		9,662	
Unemployment Compensation		4,875	
Employer Medicare		9,755	
Legal Services		10,000	
Travel		2,298	
Other Contracted Services		1,695	
Custodial Supplies		12,271	
Drugs and Medical Supplies		152,815	
Food Supplies		85,317	
Office Supplies		7,078	
Uniforms		6,480	
Other Supplies and Materials		14,286	
Office Equipment		933	
Total Jail			\$ 1,262,505

Juvenile Services

Other Salaries and Wages	\$	15,607	
Other Per Diem and Fees		1,100	
Social Security		954	
State Retirement		1,458	
Employer Medicare		223	
Travel		456	
Other Supplies and Materials		303	
Total Juvenile Services			20,101

Rural Fire Protection

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

Civil Defense

Supervisor/Director	\$	51,442	
Salary Supplements		835	
Secretary(ies)		26,100	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Overtime Pay	\$	38	
Social Security		4,767	
State Retirement		7,324	
Life Insurance		93	
Medical Insurance		8,605	
Dental Insurance		540	
Employer Medicare		1,115	
Communication		2,476	
Maintenance and Repair Services - Vehicles		332	
Travel		240	
Other Contracted Services		1,551	
Gasoline		1,704	
Office Supplies		2,094	
Uniforms		452	
Other Supplies and Materials		342	
In Service/Staff Development		290	
Total Civil Defense			\$ 110,340

Rescue Squad

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

Disaster Relief

Supervisor/Director	\$	1,996	
Social Security		123	
State Retirement		186	
Life Insurance		1	
Medical Insurance		72	
Dental Insurance		5	
Employer Medicare		29	
Travel		574	
Gasoline		155	
Total Disaster Relief			3,141

Other Emergency Management

Food Supplies	\$	40	
Office Supplies		554	
Other Supplies and Materials		13,469	
Communication Equipment		90,932	
Office Equipment		7,974	
Total Other Emergency Management			112,969

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical Personnel	\$	9,000	
Other Contracted Services		57,400	
Total County Coroner/Medical Examiner			\$ 66,400

Public Safety Grant Programs

Other Supplies and Materials	\$	3,889	
Total Public Safety Grant Programs			3,889

Other Public Safety

Supervisor/Director	\$	52,537	
Deputy(ies)		36,949	
Salary Supplements		4,318	
Dispatchers/Radio Operators		348,747	
Part-time Personnel		44,378	
Overtime Pay		17,464	
Social Security		30,772	
State Retirement		42,711	
Life Insurance		646	
Medical Insurance		75,825	
Dental Insurance		4,842	
Employer Medicare		7,197	
Communication		11,759	
Travel		4,760	
Other Contracted Services		7,275	
Gasoline		1,115	
Office Supplies		4,283	
Uniforms		2,629	
In Service/Staff Development		2,236	
Total Other Public Safety			700,443

Public Health and Welfare

Local Health Center

Assistant(s)	\$	21,552	
Salary Supplements		296	
Social Security		1,355	
State Retirement		2,041	
Life Insurance		47	
Medical Insurance		12,025	
Dental Insurance		654	
Employer Medicare		317	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	5,806	
Contributions		3,585	
Dues and Memberships		270	
Postal Charges		1,407	
Travel		367	
Other Contracted Services		11,133	
Drugs and Medical Supplies		50,219	
Office Supplies		2,718	
Other Supplies and Materials		1,731	
Furniture and Fixtures		2,956	
Total Local Health Center			\$ 118,479

Rabies and Animal Control

Assistant(s)	\$	30,810	
Salary Supplements		1,933	
Temporary Personnel		30,573	
Part-time Personnel		23,233	
Overtime Pay		5,874	
Other Salaries and Wages		92,664	
Social Security		11,128	
State Retirement		12,123	
Life Insurance		221	
Medical Insurance		55,116	
Dental Insurance		2,981	
Employer Medicare		2,603	
Communication		2,795	
Maintenance and Repair Services - Vehicles		3,268	
Travel		613	
Veterinary Services		20,549	
Animal Food and Supplies		52	
Custodial Supplies		6,978	
Gasoline		5,355	
Office Supplies		1,092	
Tires and Tubes		230	
Uniforms		2,016	
Utilities		7,080	
Other Supplies and Materials		4,137	
In Service/Staff Development		1,875	
Furniture and Fixtures		2,390	
Motor Vehicles		1,750	
Total Rabies and Animal Control			329,439

(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 Health Services

Salary Supplements	\$	2,575	
Other Salaries and Wages		239,671	
Social Security		14,861	
State Retirement		19,996	
Life Insurance		303	
Medical Insurance		88,769	
Dental Insurance		5,383	
Employer Medicare		3,475	
Travel		7,575	
Total Other Local Health Services			\$ 382,608

Other Local Welfare Services

Supervisor/Director	\$	35,469	
Salary Supplements		800	
Clerical Personnel		25,115	
Temporary Personnel		20,312	
Overtime Pay		2	
Other Salaries and Wages		11,089	
Social Security		5,725	
State Retirement		5,733	
Life Insurance		94	
Medical Insurance		8,677	
Dental Insurance		544	
Employer Medicare		1,339	
Advertising		352	
Maintenance Agreements		2,155	
Postal Charges		100	
Travel		1,815	
Tuition		28,317	
Office Supplies		3,842	
Other Supplies and Materials		89,627	
In Service/Staff Development		849	
Total Other Local Welfare Services			241,956

Social, Cultural, and Recreational Services

Adult Activities

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

(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.)

Senior Citizens Assistance

Assistant(s)	\$	37,087	
Salary Supplements		1,592	
Secretary(ies)		28,251	
Part-time Personnel		10,425	
Other Salaries and Wages		43,180	
Social Security		7,243	
State Retirement		10,273	
Life Insurance		194	
Medical Insurance		13,016	
Dental Insurance		2,230	
Employer Medicare		1,693	
Communication		2,613	
Maintenance and Repair Services - Vehicles		650	
Travel		1,776	
Other Contracted Services		3,051	
Custodial Supplies		305	
Gasoline		1,355	
Office Supplies		2,128	
Utilities		11,880	
Other Supplies and Materials		431	
Total Senior Citizens Assistance			\$ 179,373

Libraries

Salary Supplements	\$	1,960	
Clerical Personnel		117,291	
Temporary Personnel		2,725	
Part-time Personnel		39,559	
Overtime Pay		43	
Social Security		9,873	
State Retirement		11,085	
Life Insurance		239	
Medical Insurance		25,295	
Dental Insurance		2,235	
Employer Medicare		2,309	
Contributions		5,000	
In Service/Staff Development		246	
Total Libraries			217,860

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	4,355	
Contracts with Government Agencies		116,396	
Other Contracted Services		1,506	
Office Supplies		694	
Other Supplies and Materials		551	
Office Equipment		1,584	
Total Agriculture Extension Service			\$ 125,086

Forest Service

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

Soil Conservation

Salary Supplements	\$	2,124	
Clerical Personnel		11,587	
Social Security		850	
Employer Medicare		199	
Communication		783	
Contributions		2,000	
Travel		590	
Total Soil Conservation			18,133

Flood Control

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

Storm Water Management

Permits	\$	2,500	
Total Storm Water Management			2,500

Other Operations

Tourism

Contributions	\$	129,474	
Total Tourism			129,474

Industrial Development

Other Salaries and Wages	\$	38,419	
Social Security		2,375	
State Retirement		3,160	
Life Insurance		24	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Medical Insurance	\$	1,085	
Dental Insurance		216	
Employer Medicare		555	
Contributions		148,429	
Dues and Memberships		12,727	
Total Industrial Development			\$ 206,990

Housing and Urban Development

Pauper Burials	\$	2,250	
Total Housing and Urban Development			2,250

Veterans' Services

Other Salaries and Wages	\$	6,162	
Social Security		382	
Employer Medicare		89	
Communication		662	
Contributions		1,800	
Office Supplies		64	
Total Veterans' Services			9,159

Contributions to Other Agencies

Contributions	\$	75,774	
Total Contributions to Other Agencies			75,774

Employee Benefits

Employee and Dependent Insurance	\$	54,606	
Workers' Compensation Insurance		125,963	
Total Employee Benefits			180,569

Miscellaneous

Contracts with Government Agencies	\$	1,333	
Building and Contents Insurance		195,011	
Trustee's Commission		203,914	
Total Miscellaneous			400,258

Principal on Debt

General Government

Principal on Other Loans	\$	10,306	
Total General Government			10,306

Total General Fund \$ 14,483,315

(Continued)

Exhibit K-8

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

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 1,922		
Total Libraries		\$	1,922

Other Operations

Miscellaneous

Trustee's Commission	\$ 65		
Total Miscellaneous			<u>65</u>

Total Law Library Fund			\$ 1,987
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Guards	\$ 13,943		
Part-time Personnel	2,745		
Social Security	996		
State Retirement	560		
Life Insurance	17		
Medical Insurance	1,569		
Dental Insurance	134		
Employer Medicare	232		
Maintenance and Repair Services - Vehicles	796		
Other Contracted Services	9,303		
Diesel Fuel	3,207		
Other Supplies and Materials	<u>5,602</u>		
Total Sanitation Education/Information		\$	39,104

Convenience Centers

Assistant(s)	\$ 13,504		
Salary Supplements	2,680		
Foremen	83,016		
Attendants	66,777		
Part-time Personnel	87,888		
Overtime Pay	1,695		
Social Security	15,461		
State Retirement	14,302		
Life Insurance	202		
Medical Insurance	36,698		
Dental Insurance	2,889		
Employer Medicare	3,616		

(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.)

Communication	\$	2,966	
Dues and Memberships		294	
Maintenance and Repair Services - Equipment		2,736	
Maintenance and Repair Services - Vehicles		1,396	
Pest Control		320	
Rentals		14,267	
Travel		762	
Disposal Fees		104,651	
Other Contracted Services		35,617	
Custodial Supplies		4,263	
Fuel Oil		233	
Gasoline		2,719	
Office Supplies		458	
Propane Gas		2,727	
Tires and Tubes		675	
Uniforms		2,010	
Utilities		9,394	
Other Supplies and Materials		1,816	
Trustee's Commission		6,593	
In Service/Staff Development		550	
Office Equipment		1,230	
Solid Waste Equipment		49,732	
Total Convenience Centers			\$ 574,137

Principal on Debt

General Government

Principal on Capital Leases	\$	27,000	
Total General Government			<u>27,000</u>

Total Solid Waste/Sanitation Fund \$ 640,241

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Contracted Services	\$	2,623	
Trustee's Commission		86	
Total Industrial Development			<u>\$ 2,709</u>

Total Industrial/Economic Development Fund 2,709

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Health and Welfare

Alcohol and Drug Programs

Salary Supplements	\$	20,000	
Overtime Pay		5,000	
Law Enforcement Supplies		20,163	
Other Supplies and Materials		10,917	
Trustee's Commission		127	
In Service/Staff Development		5,600	
Other Charges		11,500	
Law Enforcement Equipment		34,282	
Motor Vehicles		64,080	
Total Alcohol and Drug Programs			\$ 171,669

Total Drug Control Fund \$ 171,669

Other Special Revenue Fund

Public Safety

Sheriff's Department

Law Enforcement Supplies	\$	3,385	
Other Supplies and Materials		1,030	
In Service/Staff Development		1,851	
Law Enforcement Equipment		7,168	
Motor Vehicles		9,500	
Total Sheriff's Department			\$ 22,934

Total Other Special Revenue Fund 22,934

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,265	
Assistant(s)		51,156	
Salary Supplements		5,383	
Foremen		33,784	
Mechanic(s)		58,806	
Equipment Operators		111,409	
Truck Drivers		219,007	
Clerical Personnel		28,272	
Temporary Personnel		39,308	
Overtime Pay		15,365	
Advertising		108	
Dues and Memberships		3,610	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Postal Charges	\$	211	
Travel		1,150	
Office Supplies		1,003	
Total Administration			\$ 643,837

Highway and Bridge Maintenance

Rentals	\$	1,045	
Other Contracted Services		271	
Asphalt - Cold Mix		2,250	
Asphalt - Hot Mix		115,355	
Concrete		508	
Crushed Stone		7,403	
Pipe		5,223	
Road Signs		5,418	
Sand		444	
Chemicals		1,798	
Other Supplies and Materials		27,358	
Total Highway and Bridge Maintenance			167,073

Operation and Maintenance of Equipment

Maintenance and Repair Services - Vehicles	\$	15,185	
Disposal Fees		7,079	
Diesel Fuel		57,114	
Equipment Parts - Heavy		10,175	
Equipment Parts - Light		55,620	
Gasoline		17,850	
Lubricants		3,888	
Tires and Tubes		18,150	
Other Supplies and Materials		6,019	
Other Charges		52	
Total Operation and Maintenance of Equipment			191,132

Other Charges

Communication	\$	2,384	
Pest Control		339	
Other Contracted Services		10,649	
Drugs and Medical Supplies		358	
Electricity		6,790	
Garage Supplies		5,910	
Ice		113	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Uniforms	\$	9,274	
Liability Insurance		74,800	
Premiums on Corporate Surety Bonds		700	
Trustee's Commission		26,911	
Other Charges		340	
Total Other Charges			\$ 138,568

Employee Benefits

Social Security	\$	38,387	
State Retirement		55,901	
Employee and Dependent Insurance		12,459	
Life Insurance		785	
Medical Insurance		148,624	
Dental Insurance		10,382	
Unemployment Compensation		1,902	
Employer Medicare		8,978	
Workers' Compensation Insurance		46,236	
Total Employee Benefits			323,654

Capital Outlay

Matching Share	\$	14,655	
Furniture and Fixtures		1,538	
Highway Equipment		102,925	
State Aid Projects		62,502	
Total Capital Outlay			181,620

Total Highway/Public Works Fund \$ 1,645,884

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	355,000	
Principal on Other Loans		465,000	
Total General Government			\$ 820,000

Highways and Streets

Principal on Notes	\$	66,603	
Total Highways and Streets			66,603

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 192,240	
Interest on Other Loans	112,293	
Total General Government		\$ 304,533

Highways and Streets

Interest on Notes	\$ 7,097	
Total Highways and Streets		7,097

Other Debt Service

General Government

Trustee's Commission	\$ 26,613	
Other Debt Issuance Charges	20,000	
Other Debt Service	142,944	
Total General Government		189,557

Total General Debt Service Fund \$ 1,387,790

Education Debt Service Fund

Principal on Debt

Education

Principal on Notes	\$ 1,848,384	
Principal on Other Loans	394,915	
Total Education		\$ 2,243,299

Interest on Debt

Education

Interest on Notes	\$ 80,055	
Interest on Other Loans	516,081	
Total Education		596,136

Other Debt Service

General Government

Underwriter's Discount	\$ 85,000	
Total General Government		85,000

Education

Trustee's Commission	\$ 34,765	
Total Education		34,765

Total Education Debt Service Fund 2,959,200

(Continued)

Exhibit K-8

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

General Capital Projects Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 7,061	
Total Miscellaneous	<u>7,061</u>	\$ 7,061

Capital Projects

General Administration Projects

Other Contracted Services	\$ 7,950	
Total General Administration Projects		7,950

Public Safety Projects

Other Contracted Services	\$ 22,024	
Total Public Safety Projects		22,024

Public Health and Welfare Projects

Other Contracted Services	\$ 2,089	
Total Public Health and Welfare Projects		2,089

Social, Cultural, and Recreation Projects

Furniture and Fixtures	\$ 1,125	
Total Social, Cultural, and Recreation Projects		1,125

Public Utility Projects

Engineering Services	\$ 12,310	
Permits	2,380	
Other Charges	10,000	
Other Construction	107,878	
Other Capital Outlay	<u>25,000</u>	
Total Public Utility Projects		157,568

Highway and Street Capital Projects

Engineering Services	\$ 2,316	
Other Construction	<u>359,944</u>	
Total Highway and Street Capital Projects		362,260

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 800,000	
Total Capital Projects Donated to School Department		<u>800,000</u>

Total General Capital Projects Fund		<u>\$ 1,360,077</u>
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Total Governmental Funds - Primary Government		<u><u>\$ 22,675,806</u></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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,611,820	
Career Ladder Program	128,282	
Career Ladder Extended Contracts	109,700	
Homebound Teachers	17,304	
Educational Assistants	1,119,038	
Other Salaries and Wages	23,741	
Certified Substitute Teachers	52,155	
Non-certified Substitute Teachers	166,218	
Social Security	849,195	
State Retirement	907,269	
Life Insurance	76,917	
Medical Insurance	2,318,116	
Dental Insurance	123,061	
Unemployment Compensation	12,499	
Employer Medicare	199,135	
Other Contracted Services	58,010	
Instructional Supplies and Materials	582,622	
Textbooks	379,856	
Other Supplies and Materials	6,790	
In Service/Staff Development	20,000	
Total Regular Instruction Program		\$ 19,761,728

Special Education Program

Teachers	\$ 1,209,939
Career Ladder Program	11,650
Career Ladder Extended Contracts	3,000
Homebound Teachers	23,138
Educational Assistants	198,709
Speech Pathologist	37,360
Certified Substitute Teachers	2,055
Non-certified Substitute Teachers	27,250
Social Security	91,237
State Retirement	101,033
Life Insurance	8,114
Medical Insurance	244,767
Dental Insurance	11,709
Employer Medicare	21,339
Other Contracted Services	167,776
Instructional Supplies and Materials	38,373

(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.)

Special Education Equipment	\$ 50,452	
Total Special Education Program		\$ 2,247,901

Vocational Education Program

Teachers	\$ 735,952	
Career Ladder Program	10,000	
Career Ladder Extended Contracts	2,000	
Educational Assistants	33,448	
Certified Substitute Teachers	440	
Non-certified Substitute Teachers	10,225	
Social Security	47,307	
State Retirement	51,143	
Life Insurance	3,430	
Medical Insurance	124,407	
Dental Insurance	5,393	
Employer Medicare	11,085	
Maintenance and Repair Services - Equipment	7,000	
Instructional Supplies and Materials	133,983	
Total Vocational Education Program		1,175,813

Support Services

Health Services

Medical Personnel	\$ 60,864	
Social Security	3,741	
State Retirement	5,220	
Life Insurance	566	
Medical Insurance	11,131	
Dental Insurance	733	
Employer Medicare	875	
Other Contracted Services	999	
Drugs and Medical Supplies	554	
In Service/Staff Development	980	
Other Charges	720	
Total Health Services		86,383

Other Student Support

Career Ladder Program	\$ 7,000	
Guidance Personnel	614,548	
Career Ladder Extended Contracts	10,000	

(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 Student Support (Cont.)

Clerical Personnel	\$	124,767	
Social Security		46,404	
State Retirement		52,081	
Life Insurance		3,157	
Medical Insurance		95,051	
Dental Insurance		4,900	
Employer Medicare		10,853	
Communication		1,970	
Evaluation and Testing		20,725	
Other Charges		350,032	
Total Other Student Support			\$ 1,341,488

Regular Instruction Program

Supervisor/Director	\$	245,239	
Career Ladder Program		9,935	
Career Ladder Extended Contracts		10,000	
Librarians		402,408	
Instructional Computer Personnel		199,218	
Secretary(ies)		244,137	
Social Security		66,950	
State Retirement		82,634	
Life Insurance		4,972	
Medical Insurance		150,573	
Dental Insurance		7,517	
Employer Medicare		15,680	
Travel		8,255	
Other Contracted Services		86,370	
Library Books/Media		63,658	
Office Supplies		1,383	
Other Supplies and Materials		1,189	
In Service/Staff Development		48,412	
Other Equipment		2,183	
Total Regular Instruction Program			1,650,713

Special Education Program

Supervisor/Director	\$	72,461
Career Ladder Program		4,000
Psychological Personnel		184,444
Career Ladder Extended Contracts		4,000

(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.)

Special Education Program (Cont.)

Speech Pathologist	\$	44,582	
Social Security		18,878	
State Retirement		19,869	
Life Insurance		1,098	
Medical Insurance		30,120	
Dental Insurance		1,411	
Employer Medicare		4,415	
Travel		15,509	
Total Special Education Program			\$ 400,787

Vocational Education Program

Clerical Personnel	\$	59,421	
Other Salaries and Wages		48,962	
Social Security		6,679	
State Retirement		8,693	
Life Insurance		732	
Medical Insurance		24,132	
Dental Insurance		1,129	
Employer Medicare		1,573	
Travel		3,420	
In Service/Staff Development		897	
Total Vocational Education Program			155,638

Other Programs

Supervisor/Director	\$	120,611	
Clerical Personnel		5,000	
Social Security		7,471	
State Retirement		7,198	
Life Insurance		565	
Medical Insurance		19,514	
Dental Insurance		873	
Employer Medicare		1,747	
On-Behalf Payments to OPEB		150,126	
Communication		732	
Travel		5,541	
Instructional Supplies and Materials		15,636	
Office Supplies		93	
In Service/Staff Development		5,736	
Data Processing Equipment		1,598	

(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.)

Other Equipment	\$ 318,023	
Total Other Programs		\$ 660,464

Board of Education

Board and Committee Members Fees	\$ 36,240	
Social Security	2,242	
State Retirement	1,423	
Life Insurance	897	
Dental Insurance	1,129	
Employer Medicare	524	
Audit Services	18,400	
Dues and Memberships	6,342	
Legal Services	6,647	
Liability Insurance	20,225	
Refunds	8,123	
Trustee's Commission	257,950	
Workers' Compensation Insurance	<u>155,204</u>	
Total Board of Education		515,346

Director of Schools

County Official/Administrative Officer	\$ 113,200	
Career Ladder Program	1,000	
Secretary(ies)	41,123	
Social Security	9,630	
State Retirement	11,173	
Life Insurance	1,398	
Medical Insurance	19,902	
Dental Insurance	1,123	
Employer Medicare	2,252	
Communication	19,109	
Contributions	16,000	
Dues and Memberships	10,814	
Postal Charges	4,613	
Travel	38,787	
Other Contracted Services	20,901	
Office Supplies	10,518	
Periodicals	1,457	
Administration Equipment	<u>2,330</u>	
Total Director of Schools		325,330

(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.)

Office of the Principal

Principals	\$	565,311	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		10,000	
Social Security		34,481	
State Retirement		37,320	
Life Insurance		1,479	
Medical Insurance		63,789	
Dental Insurance		2,551	
Employer Medicare		8,065	
Communication		42,705	
Total Office of the Principal			\$ 771,701

Fiscal Services

Accountants/Bookkeepers	\$	46,748	
Social Security		2,898	
State Retirement		3,170	
Life Insurance		183	
Medical Insurance		5,065	
Dental Insurance		281	
Employer Medicare		678	
Total Fiscal Services			59,023

Operation of Plant

Custodial Personnel	\$	104,242	
Other Salaries and Wages		46,495	
Social Security		8,399	
State Retirement		14,023	
Life Insurance		695	
Medical Insurance		30,922	
Dental Insurance		1,680	
Employer Medicare		2,023	
Other Contracted Services		1,033,721	
Electricity		798,252	
Natural Gas		141,283	
Water and Sewer		72,800	
Building and Contents Insurance		169,698	
Total Operation of Plant			2,424,233

(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.)

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$	177,802	
Other Equipment		18,960	
Total Maintenance of Plant			\$ 196,762

Transportation

Contracts with Parents	\$	26,360	
Contracts with Vehicle Owners		1,334,446	
Vehicle and Equipment Insurance		19,000	
Other Charges		14,095	
Other Equipment		3,384	
Total Transportation			1,397,285

Central and Other

Maintenance and Repair Services - Equipment	\$	173,315	
Travel		7,183	
Other Contracted Services		12,000	
Other Supplies and Materials		4,926	
Other Charges		5,233	
Data Processing Equipment		164,053	
Other Equipment		36,192	
Total Central and Other			402,902

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,179	
Clerical Personnel		35,462	
Cafeteria Personnel		817,357	
Social Security		53,545	
State Retirement		67,013	
Life Insurance		3,665	
Medical Insurance		86,751	
Dental Insurance		6,778	
Employer Medicare		12,523	
Payments to Schools - Breakfast		345,902	
Payments to Schools - Lunch		903,009	
Payments to Schools - Other		7,432	
Travel		1,100	
Other Contracted Services		2,600	
Food Supplies		137,033	

(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.)

In Service/Staff Development	\$	1,097	
Other Charges		1,865	
Total Food Service			\$ 2,546,311

Community Services

Supervisor/Director	\$	41,021	
Clerical Personnel		20,897	
Educational Assistants		98,772	
Part-time Personnel		10,277	
Other Salaries and Wages		174,167	
Social Security		21,381	
State Retirement		20,832	
Life Insurance		958	
Medical Insurance		19,287	
Dental Insurance		1,157	
Employer Medicare		5,001	
Communication		2,379	
Travel		5,663	
Other Contracted Services		2,900	
Food Supplies		4,442	
Other Supplies and Materials		11,386	
Office Equipment		3,340	
Total Community Services			443,860

Early Childhood Education

Teachers	\$	311,331	
Educational Assistants		230,711	
Certified Substitute Teachers		1,590	
Non-certified Substitute Teachers		12,275	
Social Security		33,149	
State Retirement		41,537	
Life Insurance		4,301	
Medical Insurance		118,652	
Dental Insurance		6,085	
Employer Medicare		7,753	
Contracts with Other School Systems		83,047	
Other Supplies and Materials		9,106	
In Service/Staff Development		2,343	
Other Charges		1,286	
Total Early Childhood Education			863,166

(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.)

Principal on Debt

Education

Principal on Notes	\$ 281,341	
Total Education		\$ 281,341

Total General Purpose School Fund \$ 37,708,175

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 398,672	
Educational Assistants	28,865	
Certified Substitute Teachers	8,960	
Non-certified Substitute Teachers	20,850	
Social Security	27,675	
State Retirement	28,285	
Life Insurance	1,815	
Medical Insurance	48,327	
Dental Insurance	2,844	
Employer Medicare	6,472	
Other Contracted Services	3,729	
Instructional Supplies and Materials	88,898	
Other Supplies and Materials	63,370	
Other Charges	4,600	
Regular Instruction Equipment	190,129	
Other Equipment	24,256	
Total Regular Instruction Program		\$ 947,747

Special Education Program

Educational Assistants	\$ 342,790
Other Salaries and Wages	6,500
Social Security	20,912
State Retirement	32,493
Life Insurance	3,996
Medical Insurance	110,154
Dental Insurance	5,651
Employer Medicare	4,891
Maintenance and Repair Services - Equipment	501
Other Contracted Services	168,180
Instructional Supplies and Materials	55,805
Other Supplies and Materials	19,269

(Continued)

Exhibit K-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Instruction (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
In Service/Staff Development	\$ 3,164	
Total Special Education Program		\$ 774,306
 <u>Vocational Education Program</u>		
Vocational Instruction Equipment	\$ 52,501	
Total Vocational Education Program		52,501
 <u>Support Services</u>		
<u>Other Student Support</u>		
Travel	\$ 11,869	
In Service/Staff Development	8,450	
Total Other Student Support		20,319
 <u>Regular Instruction Program</u>		
Supervisor/Director	\$ 33,816	
Secretary(ies)	10,639	
Social Security	2,756	
State Retirement	3,165	
Employer Medicare	645	
Travel	14,750	
Other Supplies and Materials	51	
In Service/Staff Development	61,113	
Other Charges	9,619	
Total Regular Instruction Program		136,554
 <u>Special Education Program</u>		
Other Salaries and Wages	\$ 4,000	
Social Security	248	
State Retirement	257	
Employer Medicare	58	
In Service/Staff Development	17,333	
Other Charges	90	
Total Special Education Program		21,986
 <u>Vocational Education Program</u>		
Travel	\$ 2,000	
In Service/Staff Development	1,500	
Total Vocational Education Program		3,500

(Continued)

Exhibit K-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Transportation</u>		
Contracts with Parents	\$ 4,747	
Total Transportation		\$ 4,747
Total School Federal Projects Fund		\$ 1,961,660
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Advertising	\$ 373	
Architects	83,624	
Maintenance and Repair Services - Buildings	977	
Other Contracted Services	413,424	
Building Improvements	680,994	
Furniture and Fixtures	16,406	
Heating and Air Conditioning Equipment	1,250,038	
Transportation Equipment	47,980	
Other Construction	754,788	
Total Education Capital Projects		\$ 3,248,604
Total Education Capital Projects Fund		<u>3,248,604</u>
Total Governmental Funds - Loudon County School Department		<u>\$ 42,918,439</u>

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, 2009

	Cities - Sales Tax Fund	City School ADA - Lenoir City Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 4,173,514	\$ 4,173,514
Trustee's Collections - Prior Years	0	65,175	65,175
Trustee's Collections - Bankruptcy Circuit/Clerk and Master Collections - Prior Years	0	585	585
Interest and Penalty	0	33,611	33,611
Local Option Sales Tax	0	15,874	15,874
Adequate Facilities/Development Tax	3,489,025	1,346,891	4,835,916
Bank Excise Tax	0	99,100	99,100
Interstate Telecommunications Tax	0	24,040	24,040
Mixed Drink Tax	0	2,647	2,647
Total Cash Receipts	<u>\$ 3,489,025</u>	<u>\$ 5,762,090</u>	<u>\$ 9,251,115</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,454,135	\$ 5,671,553	\$ 9,125,688
Trustee's Commission	34,890	96,404	131,294
Total Cash Disbursements	<u>\$ 3,489,025</u>	<u>\$ 5,767,957</u>	<u>\$ 9,256,982</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ (5,867)	\$ (5,867)
Cash Balance, July 1, 2008	0	181,276	181,276
Cash Balance, June 30, 2009	<u>\$ 0</u>	<u>\$ 175,409</u>	<u>\$ 175,409</u>

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

January 26, 2010

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, 2009, which collectively comprise Loudon County's basic financial statements and have issued our report thereon dated January 26, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Loudon County Emergency Communications District, which were not available from other auditors as of the date of this report. 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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

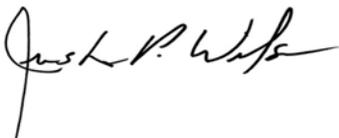
Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, highway superintendent, director of accounts and budgets, Board of County Commissioners, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

January 26, 2010

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, 2009. 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, 2009.

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.

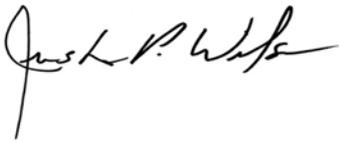
Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated January 26, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Loudon County Emergency Communications District, which were not available from other auditors as of the date of this report. 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.

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, Board of County Commissioners, 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 beginning.

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, 2009

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	\$ 137,033 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	340,017
National School Lunch Program	10.555	N/A	919,490 (3)
Total U.S. Department of Agriculture			\$ 1,396,540
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	\$ 113,090
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	N/A	1,124
Total U.S. Department of Housing and Urban Development			\$ 114,214
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Federal Asset Forfeiture Program	16.XXX	(2)	\$ 97,355
Total U.S. Department of Justice			\$ 97,355
U.S. Department of Military:			
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	GG-08-25250-00	\$ 7,000
Total U.S. Department of Military			\$ 7,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 596,754
School Improvement Grant	84.377	(2)	201,370
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	995,680
Special Education - Preschool Grants	84.173	(2)	15,769
Career and Technical Education - Basic Grants to States	84.048	(2)	69,322
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	14,265
Funds for the Improvement of Education	84.215	(2)	685,054
Twenty-first Century Community Learning Centers	84.287	(2)	91,687
Education Technology State Grants	84.318	N/A	11,819
English Language Acquisition Grants	84.365	N/A	40,003
Improving Teacher Quality	84.367	N/A	201,613
Total U.S. Department of Education			\$ 2,923,336

(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 Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 3,000
Total U.S. Department of Election Assistance Commission			\$ 3,000
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)	\$ 30,768
Total U.S. Department of Health and Human Services			\$ 30,768
U.S. Department of Homeland Security:			
Passed through State Department of Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	GG-07-22009-01	\$ 77,103
Emergency Management Performance Grants	97.042	GG-08-26026-00	26,000 (4)
Emergency Management Performance Grants	97.042	(2)	26,000 (4)
Total U.S. Department of Homeland Security			\$ 129,103
Total Expenditures of Federal Awards			\$ 4,701,316

<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)	12,903
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	20,211
Law Enforcement Training	N/A	(2)	23,400
Health Department Grants - State Department of Health	N/A	(2)	397,996
Litter Program - State Department of Transportation	N/A	(2)	23,799
State Industrial Access Grant - State Department of Transportation	N/A	(2)	211,160
BEP Funded Teacher Bonus - State Department of Education	N/A	(2)	131,694
Coordinated School Health - State Department of Education	N/A	(2)	165,000
Safe Schools Act - State Department of Education	N/A	(2)	25,500
Early Childhood Development - State Department of Education	N/A	(2)	420,223
Internet Connectivity Grant - Department of Education	N/A	(2)	29,183
Lottery for Education - Preschool - State Department of Education	N/A	(2)	345,398
Family Resource - State Department of Education	N/A	(2)	33,300
Leaps - State Department of Education	N/A	(2)	41,145
Total State Grants			\$ 1,891,612

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 \$1,056,523.

(4) Total for CFDA No. 97.042 is \$52,000.

Loudon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. All findings from the Annual Financial Report for Loudon County, Tennessee, for the year ended June 30, 2008, have been corrected.

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LOUDON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Loudon County disclosed no significant deficiencies in internal control.
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), Title 1 Grants to Local Educational Agencies (CFDA No. 84.010), and Funds for the Improvement of Education (CFDA No. 84.215) 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

There were no findings related to the financial statements of Loudon County, Tennessee, as a result of our examination for the year ended 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, 2009**

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